

The Foreclosure Crisis that Caused the 2008 Crash Is Now Ending

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Region: [USA](#)

Theme: [Global Economy](#)

The St. Louis Federal Reserve Bank study, [“The End Is in Sight for the U.S. Foreclosure Crisis”](#) states:

The Foreclosure Crisis at a National Level

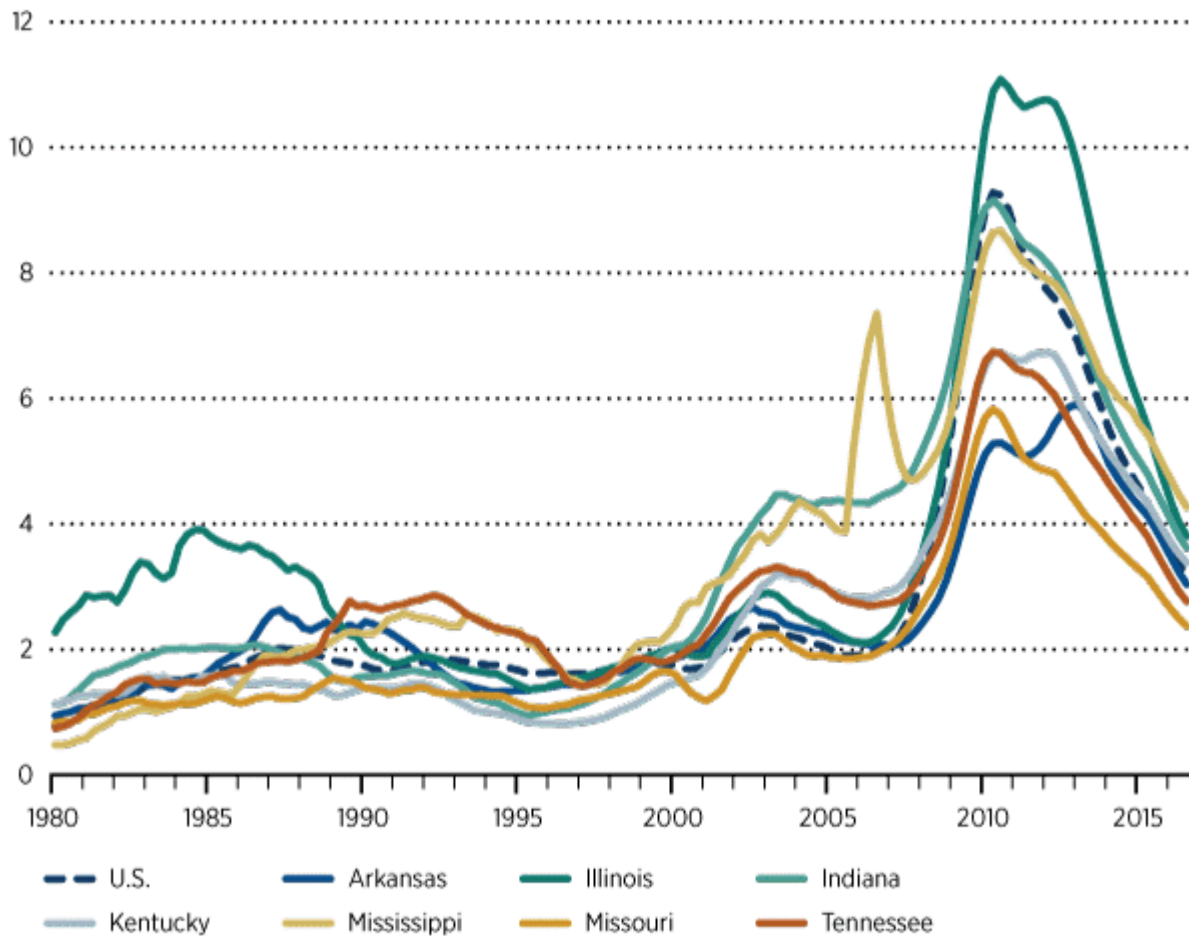
Mortgage Bankers Association data show that the U.S. foreclosure crisis started in the fourth quarter of 2007, when the combined rate reached 2.81 percent, a level that exceeded its five-year moving average by 0.67 percentage points, more than any other previous level. Given that the combined rate stood at 3.2 percent in the third quarter of 2016, this suggests that the nationwide foreclosure crisis has not yet quite ended. However, based on the rate of decline in recent quarters, the data-defined end of the crisis on a national scale is likely to occur as soon as the first quarter of 2017. (See [Table 1](#).) Indeed, comparable data from Lender Processing Services, as shown in the recently released [Housing Market Conditions](#) report from the St. Louis Fed, also suggest the foreclosure crisis is nearing its end.

The Foreclosure Crisis in the St. Louis Fed’s Eighth District

[Figure 1](#) displays the share of mortgages that are seriously delinquent or in foreclosure in all seven Eighth District states for the period 1980 through 2016. To determine the duration of state-level foreclosure crises, we examine two thresholds: a nationwide benchmark and a threshold unique to each state.³

Mortgage Serious-Delininquency Rate in Percent

Four-quarter moving average



SOURCE: Mortgage Bankers Association

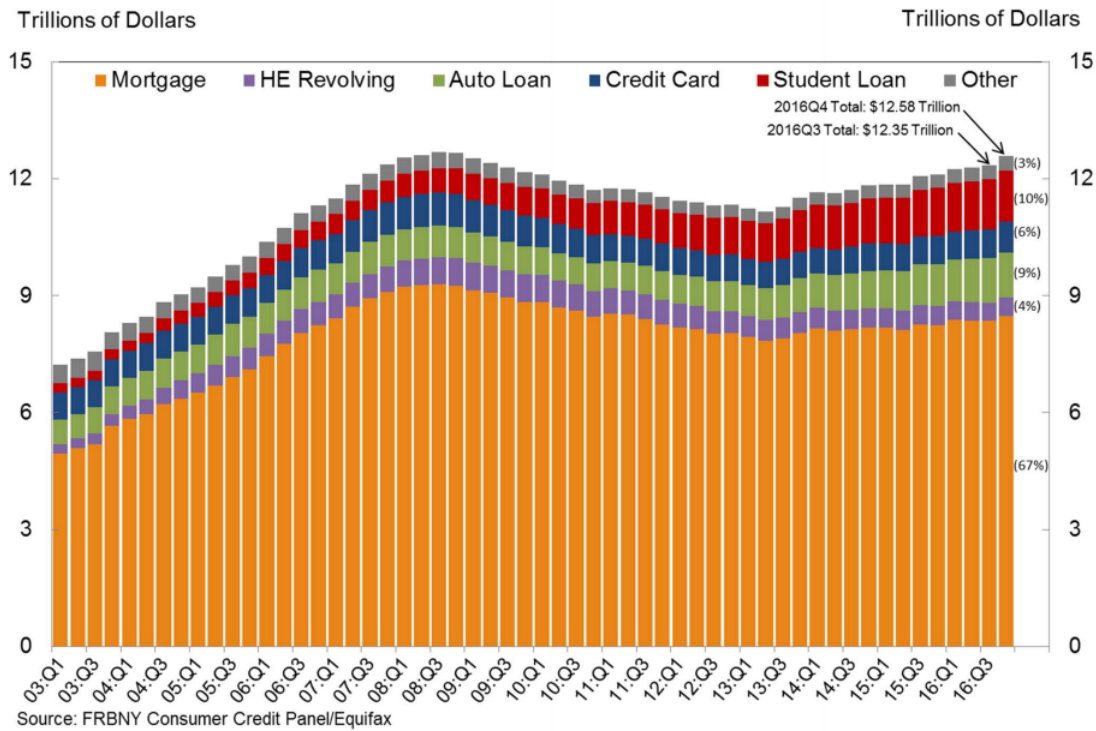
NOTE: See Endnote 3 for information on Mississippi's pre-foreclosure crisis spike.

■ FEDERAL RESERVE BANK OF ST. LOUIS

[Table 1](#) provides beginning and ending dates for the foreclosure crisis nationwide and for Eighth District states using the nationwide benchmark.

[That study, by William Emmons, was dated December 2016](#), and it predicted that the trendline nationally was that the “end of the crisis on a national scale is likely to occur as soon as the first quarter of 2017. (See Table 1.)”; so, one can reasonably assume that the end of the cause of the ‘recession’ of 2008-2009, is finally being reached, just about now. However, unfortunately, after mortgage-debt having soared to unprecedented heights right before the 2008 crash, it has remained overall (irrespective of foreclosures) rather stable at or near that peak, and has been slightly rising again since 2013:

Total Debt Balance and its Composition



Investigative historian Eric Zuesse is the author, most recently, of [They're Not Even Close: The Democratic vs. Republican Economic Records, 1910-2010](#), and of [CHRIST'S VENTRILOQUISTS: The Event that Created Christianity](#).

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