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Shift in Purchase-Mortgage Market Share Toward GSEs, Current Homeowners Part Of a Seasonal Trend

Fannie Mae and Freddie Mac have been gaining purchase-mortgage market share from the FHA in recent months, according to the *Campbell/Inside Mortgage Finance HousingPulse Tracking Survey*.

The shifts appear to be part of seasonal home-buying patterns rather than direct competition for mortgages with low downpayments.

"From our statistics, we see that current homeowners more often buy homes in the summer," said Tom Popik, research director of Campbell Surveys. "We hear from real estate agents that families with children often like to have completed these transactions before the start of school in the fall."

He noted that current homeowners more frequently use financing from the two government-sponsored enterprises because they typically have more money saved for downpayment.
May was an inflection point as the FHA's eight months of gains in market share for homebuyer financing ground to a halt. In September 2014, FHA's share of homebuyer financing hit the lowest level recorded after the financial crisis at 18.3 percent. By May, the FHA's market share had increased to 23.9 percent.

The FHA's share of homebuyer financing declined in each of the two following months, hitting 22.2 percent in July.

The GSEs' share of homebuyer financing was 19.1 percent in September, 17.7 percent in May and 20.9 percent in July.

In recent years, the market share for current homeowners has hit a trough around May, with peaks typically seen in September. The market share for first-time buyers has followed an opposite pattern, with peaks around the time of the year when the current homeowner share is at its lowest level.

In 2014, the current homeowner share of home purchases was at its lowest level in June at 45.6 percent. The share peaked that year in September at 49.0 percent. The first-time homebuyer share of home purchases peaked at 37.6 percent in July 2014 and fell to 34.9 percent in November.

First-time homebuyers are much more reliant on FHA financing than GSE

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financing. In July, 40.8 percent of purchases by first-time homebuyers used FHA financing while the GSEs had a 19.3 percent share of first-time buyer financing.

Current homeowners who complete a home purchase more often receive financing from the GSEs. For purchases completed by current homeowners in July, the GSEs had a 25.3 percent share of financing while the FHA had a 13.7 percent share. ♦