FEDERAL HOME LOAN BANK

REVIEW

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Because the costs of war go on long after the last gun is silent, to "Share the Care" becomes no less important than to "Back the Attack." The Victory Loan—our last public drive—is at once an opportunity and an obligation to show that the people of this country intend to follow through on the many responsibilities that remain.

Members of the Federal Home Loan Bank System have made a wartime record of which they may well be proud. Their support of the previous war loan drives, as well as their interim bond activities, has been a real contribution to the Treasury's financing and anti-inflationary programs. This splendid record gives us every reason to look to them for one more successful campaign.

Ted R Gamble

Director, War Finance Division
United States Treasury

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Each issue is written for executives of thrift and home financing institutions, especially those whose organizations are insured by the Federal Savings and Loan Insurance Corporation and are members of the Federal Home Loan Bank System.

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Contents

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APPROVED BY THE BUREAU OF THE BUDGET

THE OUTLOOK FOR HOME FINANCING

The lifting of wartime restrictions on construction, materials and the utilization of credit for home repairs, together with the extension of the period of notification of eviction under OPA regulations, holds important implications for home financing. Some possible effects of these changes are discussed in this article.

■ FOR almost three and one-half years the home building industry has operated within the confined scope allowed it under Order L-41. For four full years it has functioned under a system of materials priorities. With the war now over, these restraints upon residential construction have been abandoned. Builders everywhere are turning to meet the demand for new homes which has accumulated during the war years and to meet the added demand which has been given voice by generally higher income payments.

As this transition to peacetime construction is occurring, mortgage lending institutions are taking stock of the present situtation—identifying sound markets, probing for danger points. With an unprecedented amount of liquid resources available for investment, lenders are anxious that the rising volume of postwar building be financed on a sound basis, that mistakes of the past not be repeated.

Cost Considerations

Of concern to all is the upward movement of home prices which has been particularly noticeable in overcrowded war production centers of the country. Not being subject to price control regulations, prices for existing houses rose abruptly in many localities during the war as the supply of rental units was absorbed by inmigrant workers. To what extent will this rising price trend for homes be carried over into the postwar period? Although not identical with the situation following the last war, there is sufficient similarity between that period and the present to give pertinence to an examination of trends of 27 to 25 years ago. Then, it will be recalled, the greatest general price inflation occurred after hostilities had ceased rather than during the war years of 1917 and 1918. So great was the rise in the cost of building materials that the decline which took place in the number of new homes placed under construction in 1920 resulted in only a leveling of construction expenditures. The record indicates that new nonfarm residential construction did not go into high gear until building costs returned to more realistic proportions.

If the forecasts of a record volume of postwar home building are to be realized, unwarranted increases in the prices of new homes must be avoided, for the earlier estimates have been predicated upon a construction program which will furnish new homes for as broad a market as can be reached. From both private and public sources have come warnings that inflated prices may kill housing markets or arrest their full development. The lending institution, by the nature of its business, is concerned with the outlook for sustained values, the prospect of spreading its risks over as broad a market as possible and the assurance of a sound and active future market.

The greatest interest in construction and lending naturally centers upon the provision of new homes. However, there is also a pent-up demand for repair and reconditioning of existing residences, largely neglected during the war because of the limitations upon the use of manpower and materials, as well as credit restrictions under Regulation W. The lifting of the curbs on the use of credit for these purposes, the removal of priority regulations and the abandonment of Order L-41 will permit increased activity in these lines to improve the existing homes.

The recent revision of eviction regulations by the OPA to require a six-month instead of a three-month period of notice may produce a slowdown in the turnover of existing homes. If this is the case, lending institutions will probably notice an increase in construction lending and in loans for the repair and modernization of homes, with some letdown in lending for home purchase. It does not seem likely that the volume of new building expected next year will appreciably affect the demand for existing homes. However, there may be some reluctance to bid on this market in view of the definite assurance that new dwellings are again being built in volume and will be available in quantity in the foreseeable future. To the extent that this is true, reproduction costs will regain importance in value determination.

Building costs, however, may be many months in settling to a realistic postwar level. The time involved may be expected to be influenced by the

(*Continued on p. 15*)

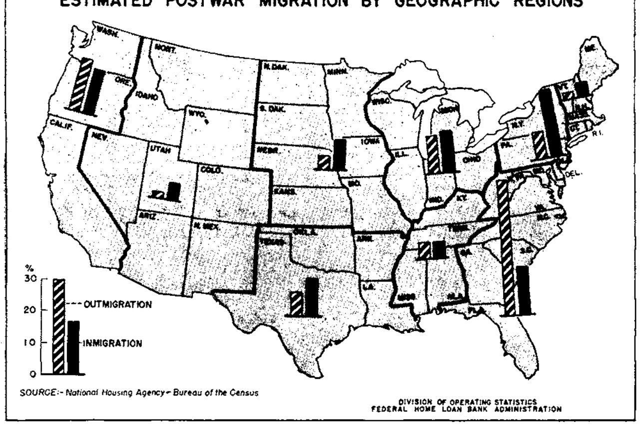
POST-VJ DAY MIGRATION

■ THE shifting tides of World War II produced the greatest mass migration the United States has ever seen within such a short time. Between December 1941 and March 1945 more than 27,000,000 Americans, including those men and women who entered the armed forces, changed their places of residence. Jobs in the nation's unparalleled war activities motivated the moving of over 15,000,000 persons, with long distance migration tending to flow primarily westward toward the aircraft and shipbuilding centers on the Pacific Coast. The West experienced a net gain of about 1,200,000 in civilian population; the South showed a net loss of some 900,000, while the North lost approximately 300,000 civilians.

Among the most significant problems of the reconversion period are (1) the permanence of wartime population shifts and (2) the volume and direction of probable migration in the next few months. Under the title, *Migration After VJ Day*, NHA has assembled and summarized several independent sample surveys which attempt to answer these questions for the country as a whole, for specific areas and for selected groups of the population.

One difficulty in drawing conclusions from these surveys is that all were made before VJ Day and many before VE Day, when the individuals interviewed had not felt so acutely the necessity for personal postwar planning. This would probably affect materially the current validity of surveys, especially if the employment prospects had changed radically. Keeping in mind these limitations, however, it is possible to draw certain general conclusions from the available data.

ESTIMATED POSTWAR MIGRATION BY GEOGRAPHIC REGIONS



Postwar migrations of important proportions seem likely to occur, despite the expressed intentions of a sizable group of civilian war-migrants to "stay put." This reshuffling of civilians will probably be about two-thirds as great as took place during the war period. Unless it occurs within a brief interval, however, it will have much less serious effects than did wartime shifts on the individual communities and on the economy as a whole. Existing community facilities and services can be reestablished to accommodate returning families much more readily than such services and facilities could be instituted during the war in areas unprepared for a sudden influx.

Geographic Effects

The South will probably see the greatest outmigration, resulting in a considerable net loss of population for the section as a whole. The Southern Atlantic Coast states anticipate the heaviest drain, although the newer industrial centers throughout the South may retain a fairly high percentage of their population gains. The North may expect the largest net increase as inmigration into that area, estimated at twice the volume of the outmigration, will probably be concentrated in the Middle Atlantic and East North Central states. Very little net change is indicated for the West where, it is believed, departures will approximate arrivals. From the data available it seems likely that localities which grew most during the war will shrink most in the postwar exodus. Communities with relatively stable populations during the war will probably not lose many families through outmigration.

The type of employment available is also expected to influence the rate and volume of population changes. One-industry areas, for example, will lose more people more rapidly than those with diversified occupations, especially when the latter can offer job opportunities in peacetime production. Outmigration will be most extensive from communities where war agencies and military installations are situated, and next in order are shipbuilding and aircraft centers.

A survey made among Army enlisted men in the summer of 1944 revealed that 80 percent of those interviewed expected, when discharged, to return to the state of their prewar residence. Only 9 percent planned to go to a different state, while 11 percent were undecided.

GROWTH OF THE SAVINGS AND LOAN INDUSTRY IN A YEAR OF FULL PRODUCTION

Although 1944 was a year of full production, there was little change in the size of the mortgage portfolio despite a record volume of lending. New funds were diverted principally to the purchase of Government securities. While the ratio of reserves to total resources declined slightly, additions to reserve and undivided profits accounts were the largest reported since the depression.

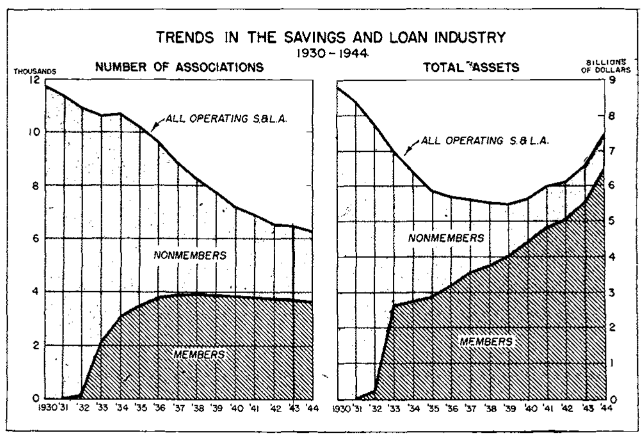
■ THE continued rapid expansion of resources of all operating savings and loan associations throughout 1944 is attributable principally to the sustained high production level throughout the year. As income payments mounted to a new peak in annual volume, savings of individuals[1] invested in these institutions rose to the highest figure on record, standing about 0.1 percent above the previous high point established in 1930. The gain of almost 15 percent in private savings which occurred last year was the principal factor contributing to the 13-percent rise in total assets. As a result, by the end of 1944, the industry had attained a size[1] substantially equivalent to the pre-depression peak in resources.

The war-induced forces which contributed to the rapid growth in private savings were also showing their influence on the asset side of the balance sheet. Larger incomes and restricted spending opportunities were increasing the amount of savable cash in the hands of individuals, and available data indicate that the flow of these funds was directed toward debt reduction as well as into savings accounts. Although the dollar amount of loans closed by savings and loan associations last year was greater than in any similar period since 1929, the high volume of repayments by borrowers restrained to 3.5 percent the growth in the outstanding balance of loans and contracts. Thus, an accelerated turnover of mortgage funds as well as the wartime curtailment of construction virtually precluded the investment of the bulk of new savings in home loans.

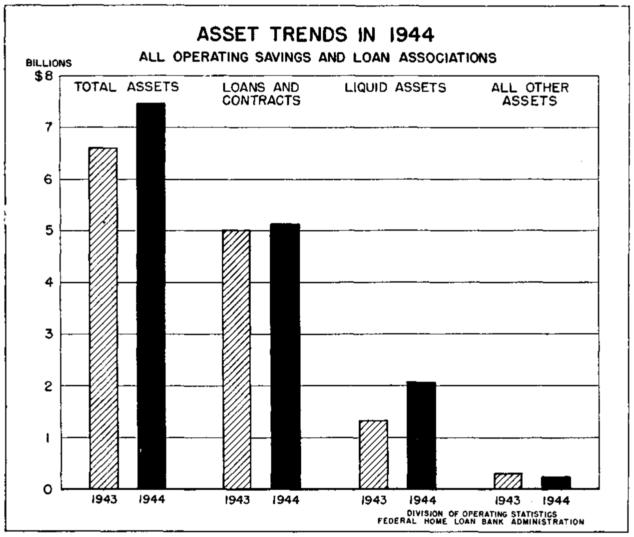
In response to our war-financing needs and in order to find employment for the expanding volume of private investment capital, savings and loan associations further expanded their holdings of U. S. Government securities, almost doubling this item during the single year, with the result that liquid assets mounted to an unprecedented proportion of total industry resources. Although this large accumulation of liquid resources brought about a lower effective rate of earnings on the capital of the industry, this expansion has occurred at a time when dividend rates had, to a large extent, lost their old significance as a factor in the attraction of savings. This is witnessed by the rapid growth in new investments which took place uninterrupted by a rather general decline in the rate of return paid on these savings.

The most important aspect of the large proportion of liquid resources, though, lies in the added strength which they have given to the industry. As the volume of new home building mounts during the postwar years, savings and loan associations will be in condition to assure a ready supply of funds to finance new home construction and purchase as well as the repair and reconditioning of existing properties. In addition, liquid funds should be ample to meet withdrawal demands of savers during the period of reconversion.

Again, the rate of growth in the general reserves and undivided profits accounts was unable to pace the growth in assets. However, both the dollar gain during the year and the combined year-end balance shown in these accounts are the largest since the depression, possibly the largest in the history of the industry.



[1] Excluding pledged shares.



Progress of Associations

As in 16 of the past 17 years, there was a shrinkage in the number of operating savings and loan associations, a net decline of 219 being reported during 1944. At the end of that year, though, the 6,279 operating institutions had assets totaling $7,458,-265,000, or almost 13 percent more than the total held by operating associations at the end of 1943. As a result of the contraction in the number of institutions (which resulted in large part from consolidation and merger) and the $854,000,000 gain in resources, the largest on record, the size of the average institution increased about 17 percent during 1944, standing at $1,188,000 at the end of the year. Adjusted to eliminate pledged shares, an item which has virtually disappeared from the savings and loan balance sheet with the abandonment of the share-account sinking fund loan, this average was $1,159,-000 on December 31.

Savings and loan association members of the Federal Home Loan Bank System accounted for more than 86 percent of the resources of the industry at the close of last year, their assets totaling $6,423,000,000. During the 12-month period, the resources of these Bank System members expanded by $884,162,000, or 16 percent, while nonmember assets declined by $29,966,000. These figures reflect in part the further absorption of industry assets by the System. A continuing gradual decline in the number of member associations resulted from the process of consolidation and merger referred to above. These changes produced an increase in the average size of member associations from $1,497,000 at the end of 1943 to $1,757,000 at the close of last year.

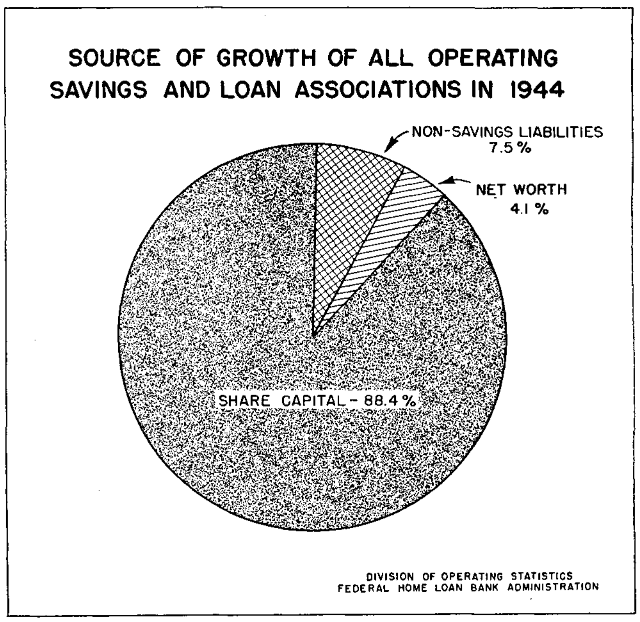
Source of Gain

The gain of $854,196,000 in the assets of all operating institutions, as is indicated by its magnitude alone, resulted primarily from the continued growth in the volume of private savings which, as of December 31, 1944, was almost 15 percent, or $811,225,300, greater than reported 12 months earlier.

Again, adjusting the data to eliminate a slight distortion arising through the inclusion of pledged shares, it will be seen that about 88.4 percent of industry growth last year resulted from increased investment (a rise of about 15 percent in private savings offset by a decline of almost 49 percent in investments by the Federal Government). Non-savings liabilities, principally borrowed money, accounted for 7.5 percent, and net worth (deferred credits, guaranty stock, reserves and undivided profits) was responsible for 4.1 percent of the expansion.

Thus, on the adjusted basis, the increase which occurred during 1944 in the assets of all operating savings and loan associations may be summarized as follows:

Item group	*Increase*
New investment (net)	$777, 428, 000
Non-savings liabilities	66, 009, 000
Net worth	36, 475, 000
Total gain (adjusted)	879, 912, 000
Less: Decline in pledged shares	25, 716, 000
Total gain (unadjusted)	854, 196, 000



What effects did this growth in resources produce upon the composition of assets? As was previously indicated, the foremost development of the year was the continued expansion of holdings of Government securities, up 96 percent from the end of 1943. Offsetting a drop of more than 11 percent in cash on hand and in banks, this rise in Government security holdings resulted in an increase of over 58 percent in liquid assets, the net addition in that category ($765,653,000) being more than four and one-half times as great as the expansion in the balance of loans and contracts outstanding ($167,933,000). Holdings of stock of the Federal Home Loan Banks increased by 11 percent ($6,227,000).

Other investment securities held by these institutions showed a decline last year, dropping almost 8 percent below the 1943 year-end figure, while the book value of real estate owned was diminished by more than 48 percent. Also, decreases were shown in the book value of office premises, furniture and fixtures and other assets.

As a result of these changes, there was a continuation of trends generally observable in the proportionate distribution of resources during recent years. Loans and contracts outstanding, which had represented about 76 percent of industry assets at the end of 1943, were but 69 percent of the total at the close of last year, while liquid resources, which had represented about 20 percent of resources on the earlier date, mounted to almost 28 percent by December 31, 1944. Fixed assets, including office premises, furniture and fixtures and other items, declined to less than 1 percent from slightly above that proportion at the end of 1943.

Insured Associations

Associations covered by Federal savings and loan insurance reported assets totaling $4,995,184,000 at the end of last year, about 20 percent above the figure shown at the close of 1943, and representing approximately 67 percent of all industry assets. Resources of Federals increased 21 percent, while the gain for state-chartered insured associations was 17 percent. Uninsured institutions showed a 1-percent rise in assets during the year.

At the close of 1944, Federally chartered associations had the highest ratio of liquid resources, 30.9 percent, followed by insured state-chartered institutions with 28 percent and uninsured state-chartered associations with 24 percent. Following expectations, the ratio for loans and contracts was in inverse progression, uninsured state-chartered institutions reporting 73 percent of resources, while insured state-chartered associations showed 69 percent and Federals indicated a ratio of 67 percent.

Estimated number and amount of assets held by all operating savings and loan associations, 1944 and 1943

[Dollar amounts are shown in thousands]

Federal Home Loan Bank District	Number		Assets	
	1944	1943	1944	1943
UNITED STATES	6, 279	r 6,498	$7,458,265	r $6,604,069
No. 1—Boston	347	347	820, 568	753, 302
No. 2—New York	777	826	892, 862	797, 064
No. 3—Pittsburgh	1, 080	1, 198	561, 145	513, 234
No. 4—Winston-Salem	897	r 911	884, 719	r 773, 964
No. 5—Cincinnati	808	826	1, 333, 641	1, 193, 033
No. 6—Indianapolis	317	318	437, 967	385, 490
No. 7—Chicago	749	758	687, 283	614, 443
No. 8—Des Moines	371	380	417, 058	360, 201
No. 9—Little Rock	304	307	295, 736	271, 258
No. 10—Topeka	289	286	292, 562	264, 280
No. 11—Portland	154	155	294, 360	241, 135
No. 12—Los Angeles	186	186	540, 365	436, 665

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Bank District Comparison

As in the past, the Cincinnati District showed the greatest concentration of savings and loan assets with 18 percent of the industry's resources. New York ranked second with 12 percent and was followed by the Winston-Salem Bank District, with slightly less than 12 percent, and the Boston region, 11 percent. Five of the twelve Bank Districts showed ratios of loans and contracts greater than the national average, 69 percent. These were the Pittsburgh District, 78 percent; the Little Rock region, 76 percent; the Boston area, 74 percent; the Chicago Bank District, 73 percent, and the Winston-Salem region, 71 percent.

Associations in the Portland Bank District, showing the lowest ratio of loans and contracts to resources, 55 percent, indicated the highest proportion of assets in cash and Government securities, 42 percent. Institutions in this area and in four other Districts showed ratios of liquid resources to total in excess of the national average of 28 percent, the four remaining regions being Indianapolis, 34 percent; Cincinnati, 34 percent; Des Moines, 29 percent; and Los Angeles, 29 percent. The lowest ratio of liquid items to total assets was reported in the Pittsburgh District which, as mentioned above, indicated the highest regional ratio for loans and contracts.

Conclusion

The expansion of savings and loan resources which took place in 1944 was the direct result of the high level of income payments, supported in large part, if not in bulk, by Government expenditures for war. In view of the problems of reconversion which now face the country, it is possible that developments in 1945 may show some slackening in the rate of asset growth. Certainly, in the years ahead, associations will find a return of competition in the attraction of savings, and an important part of their planning for the future will be directed toward the encouragement of systematic savings. The revival of mortgage lending opportunities and a possible lower rate of savings flowing into these institutions in the months ahead might mean that reserve ratios would show a sudden expansion in the next year. Large allocations to the reserve account, it will be recalled, were unable to match wartime growth in assets.

Earlier, it was noted that resources, adjusted to eliminate pledged shares, now approximate the predepression peak. Although the assets of the industry are as great as they were in 1930, savings and loan associations today are immeasurably stronger than they were then—stronger in their own right by virtue of their unprecedented proportion of liquid assets and the virtual extinction of the owned real estate account; stronger also as a result of their line of credit provided by the Federal Home Loan Banks and the protection of accounts afforded by the Federal Savings and Loan Insurance Corporation.

Comparative statement of condition for all operating savings and loan associations in the United States, 1944 and 1943

[Source: Annual reports of state savings and loan supervisors—Summary of members' consolidated annual reports]

[Dollar amounts are shown in thousands]

Item	All operating associations		Ratio to total assets		Increase or decrease	
	1944	1943	1944	1943	Amount	Percent change
ASSETS			*Percent*	*Percent*		
Mortgage loans	$4, 982, 556	$4, 793, 184	66. 81	72. 58	+$189, 372	+4. 0
Other loans	19, 298	32, 826	0. 26	0. 50	−13, 528	−41. 2
Real estate sold on contract	147, 965	181, 591	1. 98	2. 75	−33, 626	−18. 5
Real estate owned	60, 383	116, 969	0. 81	1. 77	−56, 586	−48. 4
FHLB stock	62, 251	56, 024	0. 83	0. 85	+6, 227	+11. 1
U. S. Government obligations	1, 671, 115	853, 217	22. 41	12. 92	+817, 898	+95. 9
Other investment securities	31, 495	34, 125	0. 42	0. 52	−2, 630	−7. 7
Cash on hand and in banks	413, 065	465, 311	5. 54	7. 04	−52, 246	−11. 2
Office building	52, 366	52, 594	0. 70	0. 79	−228	−0. 4
Furniture and fixtures	6, 808	6, 957	0. 09	0. 11	−150	−2. 1
Other assets	10, 963	11, 271	0. 15	0. 17	−308	−2. 7
Total assets	7, 458, 265	6, 604, 069	100. 00	100. 0	+854, 196	+12. 9
LIABILITIES AND CAPITAL						
U. S. Government investments	35, 529	69, 326	0. 48	1. 05	−33, 797	−48. 8
Private repurchasable capital [1]	6, 305, 167	5, 493, 942	84. 54	83. 19	+811, 225	+14. 8
Mortgage pledged shares	183, 288	209, 003	2. 46	3. 17	−25, 715	−12. 3
Advances from Federal Home Loan Banks	126, 882	107, 869	1. 70	1. 63	+19, 013	+17. 6
Other borrowed money	72, 009	26, 540	0. 96	0. 40	+45, 469	+71. 3
Loans in process	37, 863	39, 509	0. 51	0. 60	−1, 646	−4. 2
Advance payments by borrowers	34, 856	31, 023	0. 47	0. 47	+3, 833	+12. 4
Other liabilities	28, 885	29, 546	0. 39	0. 45	−661	−2. 2
Permanent, reserve or guaranty stock	30, 380	31, 769	0. 41	0. 48	−1, 389	−4. 4
Deferred credits	12, 682	16, 136	0. 17	0. 24	−3, 454	−21. 4
Specific reserves	18, 401	15, 821	0. 24	0. 24	+2, 580	+16. 3
General reserves	388, 785	359, 792	5. 21	5. 45	+28, 993	+8. 1
Undivided profits	183, 538	173, 793	2. 46	2. 63	+9, 745	+5. 6
Total liabilities and capital	7, 458, 265	6, 604, 069	100. 00	100. 0	+854, 196	+12. 9

[1] Includes deposits and investment certificates.

PROBABLE VOLUME OF POSTWAR CONSTRUCTION

Recent estimates by the Bureau of Labor Statistics indicate a rapid rise in the volume of residential building during the first five postwar years. Average construction costs are expected to drop as the high-cost market is saturated and builders turn to less expensive houses.

RUNNING on the average about one-third of the anticipated total for all types of construction, private nonfarm residential building[1] is expected to climb steadily during the first five postwar years to an annual volume of $4,450,000,000, according to recent estimates of the Bureau of Labor Statistics. This would place expenditures for this purpose during the fifth postwar year at the highest level since the late twenties. The average annual outlay over the five-year period, $3,950,000,000, would be greater than the amount spent by private sources in any year since 1929. In relation to more recent activity, such average expenditures would be one-third more than the post-depression peak of $2,973,000,000 estimated for 1941.[2] Indications point to brisk sales of privately built "promotional" houses but private rental units seem likely to form a considerably smaller part of residential building than in the past. Rental quarters again will probably be concentrated in apartment buildings, although the volume of construction will lag considerably behind prewar peaks.

It is estimated that an average of about 900,000 nonfarm dwellings will be started each year for the five years immediately after VJ Day. This figure includes approximately 50,000 publicly financed units. The first postwar year will probably see approximately 550,000 private nonfarm homes started, increasing each year to reach an anticipated total of 1,040,000 private dwelling units placed under construction during the fifth postwar year. Stated in terms of 1940 construction costs, the average cost of privately built dwellings is expected to be highest—$4,200—during the first year. It seems probable that the annual average will range downward to $3,550 by the end of the five-year period. This assumes that simpler and cheaper houses will become a larger part of the increasing volume of residential construction.

[1] Including additions, alterations and major repairs for which building permits are customarily issued. All estimates are in 1940 dollars.

[2] Forecasts relate to work started; estimates for prior years relate to work performed.

Conditions revealed by the 1940 Census and accentuated by war-spawned influences have produced a huge potential demand for residential construction after the war. Since 1940, housing shortages, military service by family heads and economic pressures have caused families to "double up" or share living quarters. Furthermore, according to the Census Bureau, the number of families has increased rapidly since 1940. This trend is expected to continue, reaching almost 7,300,000 by 1955. Many of the recently formed families have never been set up as households or have temporarily abandoned that status. The National Housing Agency predicts that 1,400,000 servicemen's households will be created or revived soon after the war.

Effective Demand

World War II has produced tremendous migrations of people, reminiscent of the pioneer movements of the 19th century. This time, however, the flow has been toward the war production centers—for the most part a rural-to-urban drift which is likely to result in a permanent major shift of population to the industrial urban centers of the West and South. Total housing needs will probably be affected only slightly by these shifts but the *effective* demand will be increased since only in rare instances have these families been able to take along their living quarters. Geographically, then, the pattern of housing needs will be quite different from that recognized before the war. Even in areas of declining population there will seldom be any surplus of dwellings meeting reasonable standards of adequacy because usually there will be more substandard units than migrating families.

Effective demand for residential construction will probably respond to home financing terms which are more favorable to prospective purchasers or builders than those available during previous periods of active building. Anticipating that FHA mortgage lending procedures will be continued with certain minor changes after the war, the Bureau of Labor Statistics

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does not believe there will be any significant change in interest rate in the five immediate postwar years. "Although the long-range trend is unquestionably downward as risk is reduced with greater stability of neighborhoods and higher construction standards, this is not expected to be effective in the early postwar years," according to the BLS study. There must also be taken into consideration the stimulus provided by the GI Bill of Rights which will affect the market for houses selling as high as $10,000.

Supply

Despite wartime shortages of labor and materials, there have been additions to the 1940 housing inventory. Excluding the 313,000 temporary public units, during the 1940–1943 period 1,870,000 dwelling units were constructed. Many of these were built in areas where postwar reduction in employment is inevitable. Some were definitely of inferior types, accepted because of the financial circumstances of their occupants but not as a long-time housing asset. Others were converted units, only some of which are permanently useful. The net increase of permanent housing resources was, therefore, probably not more than 1,700,000 units between 1940 and 1943.

Even at the time of the Census in 1940, the national vacancy rate for habitable units was only approximately 3 percent. While this was not alarming, in itself, it did not allow any surplus housing for future needs since a vacancy rate of 5 percent is generally accepted as a necessary "cushion." The several million substandard dwellings—estimated by the NHA at 7,000,000 in 1940—could in many cases only at prohibitive expense be brought up to reasonable standards for occupancy. By the end of the war, at least 500,000 more pre-1940 units will have deteriorated each year into substandard state. In addition, about 50,000 nonfarm dwellings will have been lost each year by fire or other disaster, demolition, abandonment or conversion to non-dwelling uses.

However, counterbalancing conditions will partially offset potential demand. Noncorporate savings have reached an all-time high and wages in general may be higher after the war than in prewar years. Nonetheless many families will continue to have postwar incomes below $1,500. Few nonfarm families with such incomes will be able to rent or buy unsubsidized new units. Uncertainties regarding future employment or permanent residence, and preference for investments other than home ownership will also tend to retard home purchase or building. Common misconceptions concerning radical changes in postwar home construction or equipment may for a time hinder home purchases when experience demonstrates that early over-optimistic promises of postwar "dream houses" cannot be realized on a mass scale in the near future.

Composition of Building Activity

Wartime experience will affect operations in the home building field. While there is always likely to be a place in the industry for builders of one or two houses at a time, the average size of projects will probably be larger than in the prewar era. An increasing volume of construction is forecast in projects ranging from 25 to 100 houses. The most promising major sphere for early expansion seems to lie in the moderately expensive market for houses priced from $7,500 to $10,000. Competition for this market is likely to be based primarily on design, finish and equipment rather than price. However, since relatively few prospective purchasers can afford to pay $7,500 or more for a home, this field cannot sustain its expanded volume for more than a few years. On the other hand, although operations at lower sales prices require more careful planning because of a lower gross profit per unit, they probably offer a larger long-range opportunity to the home building industry.

As in the recent past, it seems probable that larger housing projects will be built in outlying sections of the community where large tracts of land are available at attractive prices. If utilities must be installed on raw land, however, it may prove cheaper to buy lots in sparsely built urban subdivisions and demolish existing shacks if necessary so that new houses can be interspersed on scattered vacant sites.

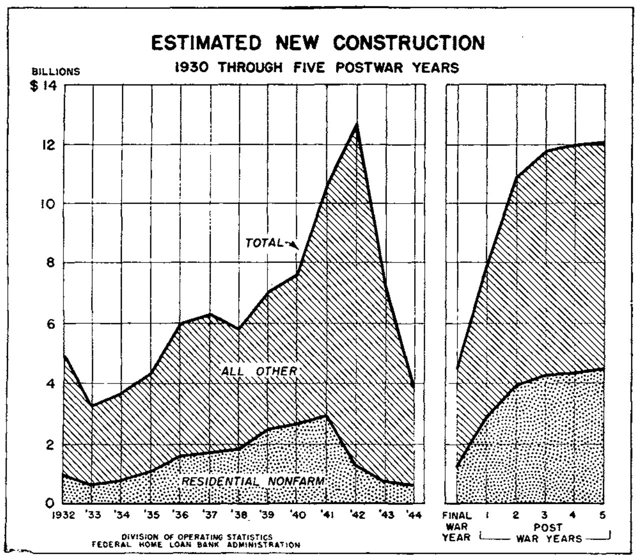
In the early postwar years it does not appear likely that private apartment construction will much exceed 100,000 units a year, below both the prewar peak of 257,000 and their anticipated future importance. Current trends seem toward smaller apartments, averaging about three rooms or less, to house families without children or temporary households of employed men or women. On the whole, apartment construction is foreseen as motivated primarily by investment considerations. Projects are therefore apt to be larger than formerly to protect investments through development of areas large enough to establish stable neighborhood characteristics. Bigger projects would also permit reduced management and maintenance costs.

Apartments

Apartments for average-income workers, close to places of employment, are mentioned by the BLS study as a relatively untouched field for development. Several difficult problems remain to be solved before this type of building would be practicable on a large scale. It is closely related to the problem of salvaging blighted urban areas. The cost and complexity of rehabilitating such regions, however, preclude their use for housing developments in the near future on any extensive scale.

The lower yield to owners and mortgage holders from low-rental apartment property calls for the utmost economy in construction costs. To achieve this, some sort of reorganization of the building industry is needed to bring about more direct procurement of materials and better integration between different kinds of site work. A uniform pattern of annual operation to cut seasonal unemployment of construction workers would probably also help reduce building costs.

Numerous "village" type projects in the higher rental class are expected to be erected in outlying suburbs of larger cities. Like those in similar categories today, such units would be designed mainly for families with incomes considerably above the average, families without children, and temporary housekeeping groups. Prior to the war, there were some outstanding examples of direct investment by insurance companies in apartment projects. Plans are already well advanced for a number of similar projects to be built in the early postwar period. Though permissive legislation will be necessary in a number of states to allow such use of fiduciary funds, it seems possible that housing will eventually become an accepted major field for institutional investment, the BLS reported.



The accumulated backlog of maintenance and minor repairs needed by privately owned living quarters is expected to average about $1,360,000,000 annually during the five-year period. Deferred because of the war, this type of work awaits only the release of necessary materials and manpower to reach an estimated volume of $1,500,000,000 the first year after the war. Although a drop to $1,300,000,000 is anticipated by the third postwar year, that annual rate is expected to continue through the fifth year.

Repairs and Alterations

A different pattern is predicted for annual expenditures covering additions, alterations, modernization and major repairs to nonfarm residential structures. In the first postwar year, the amount to be spent for these purposes is estimated at $550,000,000, rising to $850,000,000 in the third year and dropping back to $750,000,000 during the fifth year after the war. Since such jobs ordinarily require so much more material than does maintenance work, the former can reasonably be expected to trail the latter at first.

Construction volume of wartime public housing has been falling rapidly during the past two years. With the end of the war, however, local housing authorities are expected to begin construction of permanent slum clearance projects. Over the five-year period under discussion, it is thought that an average of 50,000 such dwelling units may be erected annually. The cost would rise from $95,000,000 in the first year to $190,000,000 by the end of the fifth year. This type of building is expected to continue on a moderate scale but the results achieved will probably be closely evaluated in light of the criticism of publicly financed housing. The right kind of slum clearance projects are slowly being recognized as civic assets, according to the BLS study. Not only do they add to the community's housing resources but they meet the acute need of those families unable to pay full commercial charges for decent used or new housing.

Based on an estimated increase from $7,890,000,000 in the first year to $12,065,000,000 in the fifth year after final victory, the total volume of all types of construction financed by both public and private sources is expected to average $10,900,000,000 annu-

(*Continued on p. 26*)

OUTSTANDING HOME MORTGAGE DEBT VIRTUALLY UNCHANGED

The downward trend in the outstanding debt on 1- to 4-family homes was halted last year. Repayments remained high but were almost matched by a large volume of new lending.

■ AT the end of 1944 the total debt outstanding on 1- to 4-family homes was substantially the same as it had been at the close of the preceding year, according to estimates by the Division of Operating Statistics of the Federal Home Loan Bank Administration. The 1944 figure of $19,528,000,000 represented a decline of $14,000,000, or less than 0.1 percent, during the year.

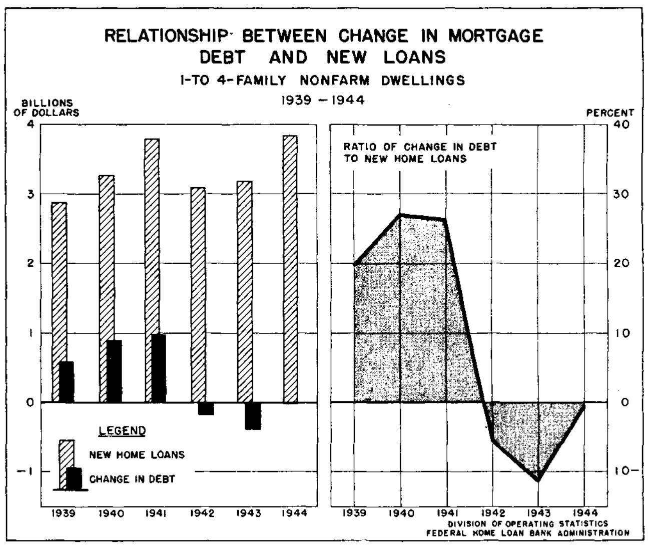
The fractional decrease shown by the Division's study indicates that the increased volume of new lending on dwellings in this category has, for all practical purposes, matched the high aggregate of repayments in 1944. Thus the decline that has been noticed since 1941 in the outstanding debt on 1- to 4-family homes was brought to a virtual halt last year. A recent Census analysis[1] showing an increase of about 28 percent in home ownership in nonfarm areas since 1941, however, would indicate a probable shift within the over-all debt figure with a tendency toward increased debt on owner-occupied homes. These data, of course, show only the net increase in the number of owner-occupied units and do not estimate the total number of transfers. However, they do provide a partial indication of the rapid turn over in existing structures; to the extent that mortgage financing of such purchases represented cancelation of previous contracts, it constituted no addition to net mortgage debt.

From the meager amount of new building which was possible under wartime restrictions, it is also apparent that the bulk of lending which added to the outstanding debt in 1944, as in the preceding year, was concentrated in loans for the purchase of existing properties and for their repair, maintenance and conversion. To a great extent, these loans replaced earlier loans for new construction which were being rapidly paid down as large wartime incomes permitted accelerated debt retirement. This has been bound to destroy the proportion as between the various kinds of mortgages held in a well balanced portfolio, and, in addition, has tended to increase the dollar volume of lending since so many of these mortgages were for home purchases, a large number based on rising property prices.

Estimates indicate that about $3,830,000,000 of new loans were closed by all types of lenders in 1944. A comparison of this figure with the net change in mortgage debt indicates more specifically the approximate equalization of debt reduction and new lending. For each $100 of new loans made, about $100.36 was received in repayments on outstanding debt balances. Although, as will be seen in the accompanying chart, 1944 was the third successive year in which repayments exceeded advances, last year showed a substantial drop from the 1943 ratio of $112 for each $100 of new loans.

Holdings by Type of Mortgagee

Last year miscellaneous lenders moved into the increase column along with savings and loan associations and life insurance companies which had been the only types of mortgagees to show a gain in the balance of mortgages outstanding on 1- to 4-family homes. As to the proportion of total loans made, the relative order of the various types of lenders remained substantially the same as in 1943—individuals and others first, followed by savings and loan associations



[1] *Characteristics of Occupied Dwelling Units, for the United States.* October 1944. Bureau of the Census. Series H-45, No. 2, July 21, 1945.

Estimated balance of ouststanding mortgage loans on 1- to 4-family nonfarm homes [1]

[Dollar amounts are shown in millions]

Type of lender	1944	1943	1942	1941	Percent of total debt	
					1944	1941
Savings and loan associations	$4,799	r $4,584	$4,556	$4,552	24.6	22.7
Life insurance companies	2,458	2,410	2,255	1,976	12.6	9.8
Mutual savings banks	2,570	2,660	2,700	2,730	13.2	13.6
Commercial banks	2,410	2,450	2,480	2,470	12.3	12.3
Home Owners' Loan Corporation	1,091	1,338	1,567	1,777	5.6	8.8
Individuals and others [2]	6,200	6,100	6,350	6,590	31.7	32.8
Total	19,528	r 19,542	19,908	20,095	100.0	100.0

r Revised.

[1] For a detailed description of the source of these estimates see FHLB REVIEW, November 1939, p. 51; September 1940, p. 410; September 1941, p. 412.

[2] Includes fiduciaries, trust departments of commercial banks, real estate bond companies, title and mortgage companies, philanthropic and educational institutions, fraternal organizations, construction companies, RFC Mortgage Company, etc.

and mutual savings banks. However, a 2-percent rise in holdings of insurance companies brought these institutions into fourth place, while commercial banks, showing an estimated decline of 1.6 percent, dropped back to fifth position. The Home Owners' Loan Corporation, which has been in liquidation since 1936, again had the smallest proportion of total holdings of this type.

In spite of a relatively small gain during 1944 (1.6 percent) the miscellaneous group of individuals and others continued to lead the field in their relative volume of outstanding nonfarm home mortgage debt. Following a rise of $100,000,000 to $6,200,000,000, they accounted for 31.7 percent of the balance compared with 31.2 percent the year before.

Savings and loan associations showed the greatest gain in holdings on small-family homes both percentagewise and in dollar volume—up almost 5 percent to $4,799,000,000. This increased their proportion of total holdings to 24.6 percent; in 1943 it was 23.5 with a dollar volume of $4,584,000,000.

Mutual savings banks reported a greater decline in 1944 than they had the year before—down 3.4 percent compared with 1.5 in 1943. At the end of last year their balance outstanding was $2,570,000,000, or 13.2 percent of the total for all types of lenders. In 1943, the estimated $2,660,000,000 accounted for slightly more—13.6 percent.

Life insurance companies reported a 2-percent increase in 1- to 4-family mortgage holdings, bringing their dollar volume to $2,458,000,000, or 12.6 percent of the over-all balance on 1- to 4-family properties. In 1943 they held $2,410,000,000—12.3 percent of the total. A drop of 1.6 percent in the balance estimated for commercial banks brought the outstanding balance of these institutions down to $2,410,000,000, or 12.3 percent of the total. In 1943 these institutions accounted for 12.5 percent.

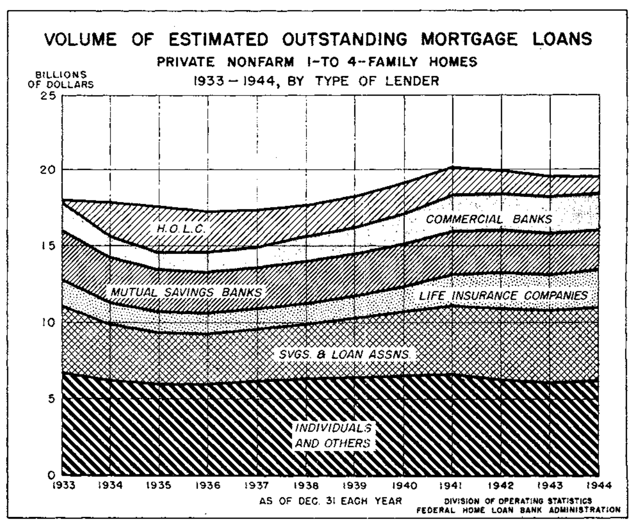
The HOLC again showed the largest dollar decline during 1944—reporting a decrease of $247,000,000 compared with a net increase of $233,000,000 for all other types of lenders combined. A total of $1,091,000,000 was carried on the books of HOLC at the end of 1944, 18.5 percent less than the year before. The holdings of this corporation continued to represent a decreasing proportion of the total balance outstanding—5.6 percent compared with 6.9 in 1943 and 16.5 percent in 1935, the year before HOLC commenced liquidation.

New Lending Operations

Total new mortgage lending last year (exclusive of sales contracts) amounted to $3,830,000,000, an increase of 20 percent during the year compared with a gain of only 1 percent in 1943. In contrast to 1943 when only savings and loan associations, miscellaneous lenders and the HOLC (through sales of owned properties) increased the volume of lending on 1- to 4-family homes, 1944 figures showed that all types of lenders, except the HOLC, shared in the year's gain. Changes in proportionate participation, however, did not alter their relative positions.

Savings and loan associations continued to account for the largest proportion of all new lending—38 percent compared with 37.2 in 1943. Their aggregate loans last year totaled $1,454,000,000, representing a 22.8 percent increase.

Miscellaneous lenders (individuals and others), in spite of the fact that they showed the largest per-



Estimated amounts loaned on 1- to 4-family nonfarm dwellings, 1944 and 1943

[Dollar amounts are shown in millions]

Type of lender	Loans made during 1944	Loans made during 1943	Dollar change from 1943	Percent change from 1943
Savings and loan associations	$1,454	$1,184	+$270	+22.8
Life insurance companies	300	272	+28	+10.3
Mutual savings banks	140	120	+20	+16.7
Commercial banks and their trust departments	601	515	+86	+16.7
Home Owners' Loan Corporation	31	54	−23	−42.6
Individuals and others	1,304	1,038	+266	+25.6
Total	3,830	3,183	+647	+20.3

centage increase during 1944, remained in second place in the volume of new loans made last year. A gain of 26 percent brought total loans for this group to $1,304,000,000, which represented 34 percent of the new lending of all types of mortgagees compared with 32.6 percent the year before.

Increased lending activity in 1944, coupled with the growing participation of savings and loan associations and miscellaneous lenders, was reflected in the declining proportionate activity of other types of lenders, in spite of the fact that all, except HOLC, showed dollar increases. Commercial banks, although experiencing a 16.7 percent gain in the volume of loans written ($601,000,000 in 1944), accounted for the same relative volume of all activity as in the previous year—16 percent. Life insurance company lending rose 10.3 percent to $300,000,000, but represented only 7.8 percent of the 1944 loan volume whereas the year before the proportion had been 8.5 percent.

Mutual savings banks came closer to maintaining their relative participation which amounted to 3.7 percent last year as against 3.8 in 1943. Loans amounting to $140,000,000 were written by these institutions last year—16.7 percent more than their 1943 volume. The HOLC, which did the smallest proportion of new lending (0.8 percent), reversed its 1943 increase (resulting from a larger volume of sales and greater advances during that year) and dropped 42.6 percent last year to $31,000,000.

FHA Activity

For the second successive year the annual volume of FHA mortgages insuring loans on 1- to 4-family homes declined—both in dollar volume and in proportion to the estimated amount of 1944 small-home mortgage lending. Small-home loans written under Title II dropped from $244,000,000 in 1943 to $216,000,000 in 1944, while Title VI lending (again reflecting the tapering off of war housing) declined to $491,000,000 from $518,000,000 in 1943. The 1944 total of $707,000,000—7 percent less than the volume of small-home loans insured under Titles II and VI the year before—represented 18.5 percent of the estimated 1944 amount of mortgage lending on 1- to 4-family houses. In 1943, small-home loans insured under Titles II and VI amounted to $762,000,000, or 24 percent of the estimated amount of all small-home loans written in that year.

Savings and loan associations and commercial banks were the only types of lenders to increase their insured lending activity during 1944. Commercial banks continued to be the heaviest participants in the insured lending program with a $293,000,000 volume of insured lending in 1944, representing 41.4 percent of the total amount of insured mortgages, and 48.8 percent of the mortgage lending done by these institutions in 1944. In 1943 insured loans taken by commercial banks amounted to $276,000,000, accounting for 36 percent of the total amount of insured mortgages for the year and 53.6 percent of commercial bank lending on small homes. Savings and loan associations were the only other type of private lending institution originating a larger proportion of insured mortgages on small homes in 1944 than in 1943 (15.3 percent last year compared with 12.3 percent in 1943), but the ratio of insured mortgages to the total lending of savings and loan associations declined again—from 7.9 percent in 1943 to 7.4 percent last year.

Insured Debt Outstanding

Despite the decline in FHA loans written during 1944, the balance of the insured debt outstanding at the end of 1944 showed a 3.7 percent increase to $4,146,000,000. This represented 21.2 percent of the total portfolio of all lending institutions compared with 20.5 in 1943 when insured loans totaled $3,998,000,000.

Again, as in 1943, the proportion of insured mortgages to total holdings increased for all types of lenders, except the miscellaneous class. However, the rate of increase in the estimated unpaid balance of insured loans showed several variations from the previous year. Mutual savings banks, which were second in 1943, led in percentage increase last year—up 19.2 percent, while the holdings of life insurance companies, which had gained 20 percent in 1943, rose only 6.8 percent last year. The 7.8 percent increase shown by savings and loan associations was considerably diminished from the 15.8 percent gain

Estimated holdings of FHA home mortgages, by type of institution, 1944 and 1943[1]

[Titles II and VI, premium-paying; dollar amounts in millions]

Type of institution	Amount 1944	Percent of total home mortgage portfolio	
		1944	1943
Savings and loan associations	$347	7.2	r 7.0
Insurance companies[2]	1,369	55.7	53.2
Mutual savings banks	360	14.0	11.4
Commercial banks	1,725	71.6	70.9
Others	345	5.6	5.8
Total	4,146	21.5	20.5

r Revised.

[1] No published data are available on the institutional distribution of Title I, Class 3 loans outstanding.

[2] As reported by FHA, insurance company figures include a small percentage for insurance companies other than "life."

the year before. Individuals and commercial banks recorded declines of 2.8 and 0.7 percent, respectively.

Future Prospects

It seems probable that 1944 has brought the low point in the balance of outstanding mortgage debt. With lending for purposes other than construction already at a high level in 1945, building done under the H–2 program supplemented by the lifting of L–41 late in the year, will undoubtedly bring a spurt in the total volume of lending. Also, it seems reasonable to expect a tendency toward a more normal rate of repayment, at least during reconversion.

Also it will probably be true that loans for repair and modernization will loom relatively large in next year's operations, both because of the tremendous pent-up demand and the probable short-range scarcity of materials for larger construction jobs. The combination of these factors indicates the probability of a more normal distribution of lending next year among the various loan purpose categories and an increase in the balance of outstanding home mortgage debt.

GI Housing Hints

■ *The Facts About Homes for Veterans,* published last month by the National Housing Agency, aims to give the returning veteran an explanation of the severe housing shortage and to advise him on the best steps to take to find a home in an admittedly difficult situation.

Following an explanation of that situation, the pamphlet points out the necessity of adequate housing services in all crowded communities and advises veterans on how to look for such services. It then deals with the advantages, processes and problems of home ownership.

Chief emphasis is on the GI Bill, the gist of which is given in brief and specific form. Procedures are outlined for obtaining a loan to build or buy a home, together with amortization tables, and veterans are urged to take advantage of all possible safeguards.

Questions on personal and financial considerations, and a checklist relating to the condition of the property, neighborhood and added costs give a realistic approach to the venture of home ownership. The pamphlet declares that many evidences of high purchase and building costs, while they do not mean that it is impossible to get a "good buy," make expert advice essential. It adds: "No ethical lending institution should finance a home you do not seem able to pay for—it would not be doing you a favor if it did. You would only lose the home and much of your investment in the end."

Copies of this pamphlet are available from the Government Printing Office, Washington 25, D. C., at 5¢ apiece, or $3.75 per 100 copies and up.

Home Financing Outlook

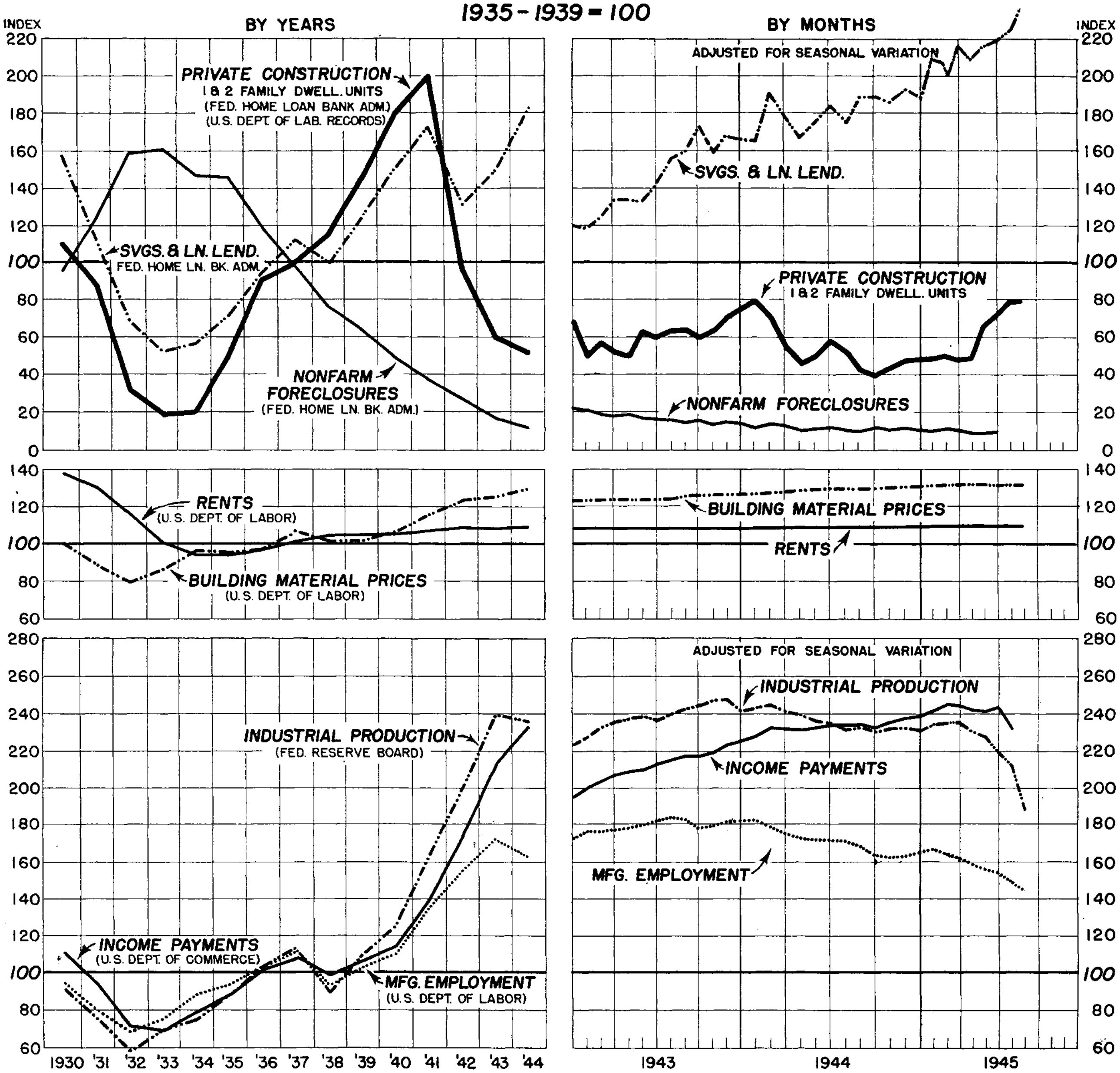
(Continued from p. 3)

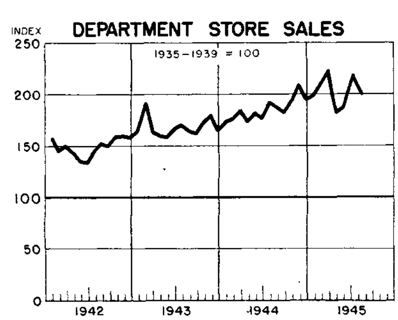
restoration of the flow of the proper materials through the normal distributive outlets and the adjustment of inventories, to say nothing of the problems of reconverting mill and factory production. Also, there is the matter of regaining or replacing skilled labor lost during the war. If this process is complicated by labor-management disputes and strikes, it too may have a drastic effect upon building cost trends. In addition to increasing the cost of materials and labor rates, delays in construction resulting from slow deliveries or strikes may add considerably to overhead expenses. While in the case of homes in the "luxury" price brackets, increased overhead might be absorbed to some extent in the builder's profit, construction for sale or rental in the lower ranges probably will show a greater degree of sensitivity to changes in overhead items.

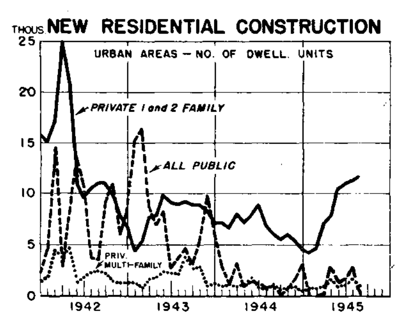
Not only to guard against the contingency of a reversal in values but also to assure the broadest possible market sustained over a long period of time, it is to the interest of every mortgage lending institution to avert unnecessary increases in home prices. To do this, there must be a continual evaluation of loan policies, not only for their immediate internal effects but for the influence that they will exert upon the real estate market.

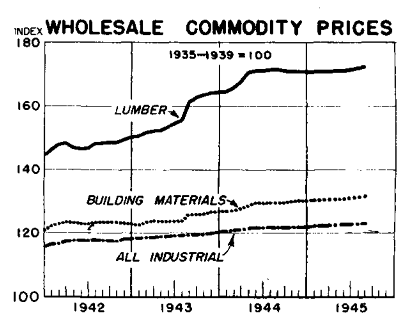
RESIDENTIAL BUILDING ACTIVITY AND SELECTED INFLUENCING FACTORS

1935-1939 = 100









« « « MONTHLY SURVEY » » »

HIGHLIGHTS

I. Savings and loan associations reported new mortgage loans of $173,663,000 in August—greatest monthly volume since the late twenties.
A. New construction loans registered a sharp rise of two and three-quarters times the August 1944 volume and accounted for more than one-third of the increase in total lending.
B. Lending for all purposes increased in August, with home purchase loans continuing to account for the largest portion.

II A new August record of $489,389,000 was set for recordings of nonfarm mortgages of $20,000 or less—almost 14 percent over the August 1944 figure.
A. All types of lenders shared in the 4-percent increase over July recordings.
B. Again leading all other lenders, savings and loan associations recorded 37 percent of the total.

III. Residential construction activity declined 19 percent during August but stood 48 percent above the same 1944 month.
A. An increasing proportion of privately financed construction was apparent in August 1945 compared with ratios in July and in August 1944.
B. The gain displayed in the January-August period of 1945 amounted to 3 percent over the like period last year.

IV. Extending the recent gradual upward trend, the index of construction costs for the FHLBA standard house rose slightly to 135.8.

V. Repayments to FHL Banks, totaling $18,951,000, reached the second highest volume ever recorded during August. The balance of advances outstanding fell to $112,451,000 by August 31.

VI. At the lowest ebb since March 1942, August industrial production fell to 188 on the Federal Reserve Board's seasonally adjusted index.

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BUSINESS CONDITIONS—Production reflected war's end

Cancelation of war contracts, which followed immediately after Japan's acceptance of peace terms, dropped industrial production for August to the lowest point since March 1942. As indicated by the Federal Reserve Board's seasonally adjusted index (1935–1939=100) it stood at 188, down 23 points from July. This decline was chiefly in the machine and transportation equipment industries.

By September, however, steel output had begun to show the effects of conversion to peacetime production. The receipt of a large volume of orders from the automobile and other steel-consuming industries brought a noticeable rise.

The first actual measure of net changes in total factory employment since the end of the war showed a decline of 1,600,000, or 11 percent, between July 31 and August 31. This survey, conducted by the Bureau of Labor Statistics, indicated that seven-eighths of the cut occurred in the metal-chemical-rubber industries which produced the bulk of munitions output. However, small decreases were noted during August in nearly all non-munitions industries. Total manufacturing employment declined from an estimated 13,900,000 to 12,300,000 during this period, compared with drops of 300,000 to 400,000 in the months immediately preceding VJ Day.

Early effects of industrial reconversion were also evident in data released by the Bureau of Employment Security. Total claims for unemployment compensation (including waiting period and compensable claims) jumped from a weekly average of about 300,000 to almost 1,000,000 by August 25.

Department store sales in August stood at 199 percent of the Federal Reserve Board's seasonally adjusted index, based on a 1935–1939 average. Although this was down 19 points from the July figure it was still well above the 187 shown in August 1944.

Currency in circulation has continued to show weekly gains since hostilities ceased. For the week ending August 11, the U. S. Treasury reported a daily average of $27,277,000,000 which increased progressively to a daily average of $27,999,000,000 for the week ending September 15. This was considerably above the corresponding figures for last year—$22,921,000,000 and $23,516,000,000 respectively.

[1935–1939=100]

Type of index	August 1945	July 1945	Percent change	August 1944	Percent change
Home construction (private) [1]	79.8	79.1	+0.9	41.7	+91.4
Rental index (BLS)	108.3	108.3	0.0	108.2	+0.1
Building material prices	131.5	131.2	+0.2	129.5	+1.5
Savings and loan lending [1]	236.6	224.7	+5.3	188.9	+25.3
Industrial production [1]	188.0	r 211.0	−10.9	232.0	−19.0
Manufacturing employment [1]	144.3	r 150.5	−4.1	170.4	−15.3
Income payments [1]	237.3	r 243.4	−2.5	234.0	+1.4

r Revised. [1] Adjusted for normal seasonal variation.

BUILDING ACTIVITY—Long-term increase still apparent

The increase in home building evident since early this year continued throughout August when the 12,903 new family dwelling units reported in that month represented a gain of approximately 48 percent over the same month last year. This was the result of a 75-percent increase in privately financed construction and a 90-percent drop in public building. All FHLB Districts shared in the 1945 gain.

The upswing is further evident in a comparison of cumulative eight-month activity in the two years. During the January–August period of 1945, a gain of 3 percent was noted over the same 1944 period. Cumulative seven-month figures, on the other hand, showed a 2-percent decline between 1944 and 1945.

Although above the level for the like 1944 month, activity during the month was lower than in July. August authorizations for the construction of new family dwellings slumped 19 percent to 12,903 from 15,911 the preceding month. This was almost entirely due to a decline of 2,813 in the number of publicly financed units which totaled only 144 in August and accounted for but 1 percent of all building. The decrease in private construction amounted to only about 1.5 percent. [TABLES 1 and 2.]

BUILDING COSTS—Gradual increase continued

Construction costs for the FHLBA standard house, which have been moving up gradually for the past several years, rose again during August. The index of labor costs advanced fractionally to 140.9 and materials rose to 133.1, bringing the total index to 135.8. In July the total cost index stood at 135.6 percent of the 1935–1939 base period. Since August of last year advances of 2.6 percent in labor costs and 1.4 percent in the cost of building materials have raised the total index 1.9 percent.

According to Department of Labor data, the wholesale prices of all building materials also moved upward from July, the composite index advancing fractionally to 131.5. During the year ending in August, the price index of all building materials increased 1.5 percent. [TABLES 3, 4 and 5.]

Construction costs for the standard house

[Average month of 1935–1939=100]

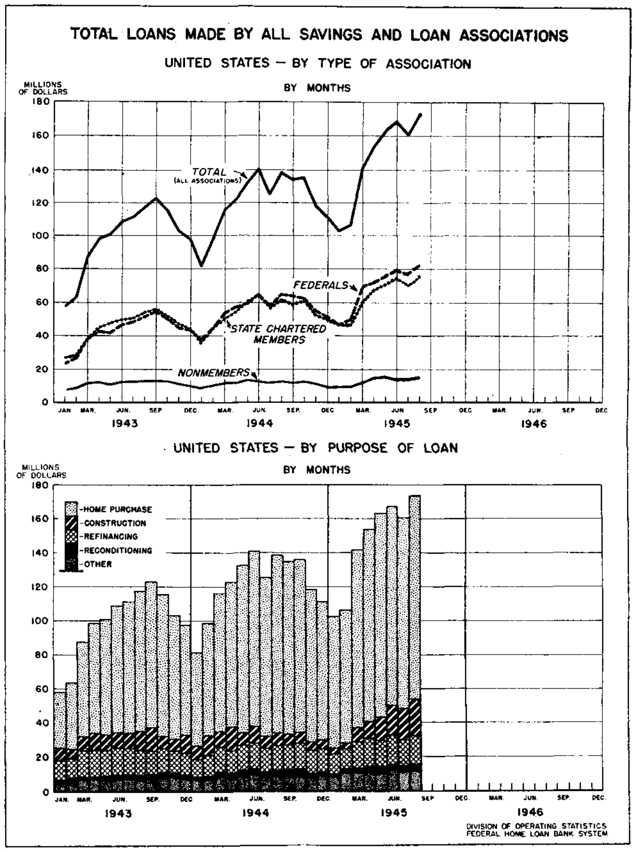
Element of cost	pAugust 1945	July 1945	Percent change	August 1944	Percent change
Material	133. 1	133. 0	+0. 1	131. 3	+1. 4
Labor	140. 9	140. 6	+0. 2	137. 3	+2. 6
Total	135. 8	135. 6	+0. 1	133. 3	+1. 9

p Preliminary.

MORTGAGE LENDING—Post-depression peak reached in August

New mortgage loans aggregating $173,663,000 were placed on the books of savings and loan associations in August, marking the greatest volume of lending in any month since the late twenties and exceeding by more than 25 percent the figure for the like month of last year. Although home purchase loans accounted for the largest portion of the $35,000,000 increase in lending over August 1944 (about 44 percent), the sharp gain in construction lending is the most significant feature of the month's activity. Construction loans, up to approximately two and three-quarters times the volume shown for the corresponding month of last year, accounted for more than one-third of the increase in total lending over the figure for that earlier month.

Home purchase loans represented almost 69 percent of the month's activity, showing a substantial proportionate decline from the better than 76 percent



New mortgage loans distributed by purpose

[Dollar amounts are shown in thousands]

Purpose	August 1945	July 1945	Percent change	August 1944	Percent change
Construction	$20, 730	$17, 658	+17. 4	$7, 589	+173. 2
Home purchase	120, 557	112, 761	+6. 9	105, 050	+14. 8
Refinancing	17, 146	15, 622	+9. 8	14, 152	+21. 2
Reconditioning	3, 971	3, 351	+18. 5	3, 067	+28. 5
Other purposes	11, 259	11, 007	+2. 3	8, 816	+27. 7
Total	173, 663	160, 399	+8. 3	138, 674	+25. 2

reported during August 1944. On the other hand, construction lending accounted for about 12 percent of the total, whereas in the like month last year it had constituted only 5 percent. Loans for reconditioning, which were almost 30 percent greater in dollar volume than a year ago, gained slightly as a proportion of total August lending—2.3 percent in 1945 compared with 2.2 percent in 1944.

By type of association, Federals loaned 47 percent of the total for the first eight months and state-chartered member institutions accounted for 44 percent, placing activity by members of the Federal Home Loan Bank System for this period at over nine-tenths of all lending by savings and loan associations. [TABLES 6 and 7.]

MORTGAGE RECORDINGS—New monthly record established

Reversing the slight declines of the two preceding months, nonfarm mortgages of $20,000 or less recorded during August rose to a new peak for the series which was established in 1939. The $489,389,000 reported during August was more than 4 percent above July recordings, almost 14 percent greater than the August 1944 total, and 45 percent above the volume of mortgages recorded during that month of 1942—the first year of war.

All types of lenders shared in the gain over July, the increases ranging from 0.9 percent for life insurance companies to 6.7 percent for savings and loan associations. These associations also led again in the relative proportion of total recordings, reaching a new high of 37 percent of the monthly volume.

In all Bank Districts the dollar volume of mortgage recordings during August exceeded the figures reported for that month of last year, with gains varying from 4 percent in the Indianapolis area to 22 percent in the Topeka region. In nine Districts, nonfarm recordings of $20,000 or less during the month were greater than activity reported in July. The most substantial increase in this respect occurred in the Chicago region—up 12 percent from the preceding month. The largest decline—more than 8 percent—occurred in the Pittsburgh area, while recordings in the New York District were nearly 4 percent less than in July and in the Boston region the August volume was fractionally below that for the preceding month.

Cumulative recordings through August of this year totaled $3,515,536,000, an advance of 16.5 percent over the $3,017,739,000 in the like period of 1944. In this comparison, life insurance companies were again the only type of lender that failed to show an increase over 1944. At the same time that their recordings declined 8.6 percent, increases shown by the remaining groups ranged from 2.1 percent for the miscellaneous class to 26.4 percent for individuals. [TABLES 8 and 9.]

Mortgage recordings by type of mortgagee

[Dollar amounts are shown in thousands]

Type of lender	Percent change from July 1945	Percent of Aug. 1945 amount	Cumulative recordings (8 months)	Percent of total recordings
Savings and loan associations	+6. 7	37. 0	$1, 230, 610	35. 0
Insurance companies	+0. 9	4. 2	158, 095	4. 5
Banks, trust companies	+3. 5	19. 1	663, 707	18. 9
Mutual savings banks	+2. 4	3. 8	126, 225	3. 6
Individuals	+2. 6	24. 5	910, 760	25. 9
Others	+3. 6	11. 4	426, 139	12. 1
Total	+4. 3	100. 0	3, 515, 536	100. 0

FHLB SYSTEM—August repayments approached record high

FHLB financing activity, although at a higher level than earlier in the year, brought a decrease in the balance of outstanding advances in August. The total at the end of the month stood at $112,451,000—down 7.5 percent from the July figure of $121,608,000. All Banks but Winston-Salem and Portland reported lower balances in August than at the end of the previous month. The over-all balance for the month was $1,000,000 less than in August 1944.

In August FHL Banks advanced a total of $9,794,000 to members. Although this represented a 31.6 percent increase over the total amount advanced in July, it still was only approximately one-ninth of the year's record advances of $86,734,000 made in June during the Seventh War Loan. The August figure was over twice that reported for the same month of 1944 and represented the largest advance made during any August since 1941. Only four Banks—Boston, New York, Little Rock and Cincinnati—did not share in the over-all gain.

Repayments of $18,951,000 to the 12 Banks during August this year approached the highest volume received in that month since the System was established in 1932, being exceeded only by the record $26,516,000 in August 1944. The August 1945 amount represented a gain of 8.3 percent over July repayments of $17,501,000 and was the largest monthly total since March 1945. The increase was concentrated in five Districts: Boston, Cincinnati, Chicago, Des Moines and Portland. [TABLE 12.]

Flow of Private Repurchasable Capital

During August new investments and withdrawals among all operating savings and loan associations were well above the levels of the corresponding month last year, although activity in these lines was considerably less than in July, when both new investments and repurchases reached record monthly volumes. Investment of private savings in these institutions during August was estimated at $196,-241,000, or 23 percent greater than in the like month of 1944. This placed total new investments during the first eight months of the year at $1,532,027,000, 22 percent above those in the corresponding period last year.

Showing a gain of about 21 percent over the like month of 1944, withdrawals for August were estimated at $104,265,000. The eight-month cumulative figure for 1945 reached $862,775,000 to stand 18 percent ahead of the 1944 total. In the first eight months of the current year $56.30 was withdrawn for each $100 of new savings received, while in the similar period a year ago the ratio stood at $58.40.

Share investments and repurchases, August 1945

[Dollar amounts are shown in thousands]

Item and period	All associations	All insured associations	Uninsured members	Nonmembers
Share investments:				
1st 8 mos. 1945	$1, 532, 027	$1, 239, 677	$182, 270	$110, 080
1st 8 mos. 1944	$1, 251, 993	$975, 167	$167, 542	$109, 284
Percent change	+22	+27	+9	+1
August 1945	$196, 241	$156, 189	$23, 778	$16, 274
August 1944	$159, 865	$126, 641	$19, 768	$13, 456
Percent change	+23	+23	+20	+21
Repurchases:				
1st 8 mos. 1945	$862, 775	$671, 769	$119, 458	$71, 548
1st 8 mos. 1944	$731, 119	$545, 745	$111, 804	$73, 570
Percent change	+18	+23	+7	−3
August 1945	$104, 265	$83, 357	$12, 770	$8, 138
August 1944	$85, 921	$64, 619	$12, 736	$8, 566
Percent change	+21	+29	(1)	−5
Repurchase ratio: (percent)				
1st 8 mos. 1945	56. 3	54. 2	65. 5	65. 0
1st 8 mos. 1944	58. 4	56. 0	66. 7	67. 3
August 1945	53. 1	53. 4	53. 7	50. 0
August 1944	53. 7	51. 0	64. 4	63. 7

(1) Less than 1% increase.

INSURED ASSOCIATIONS—High mark reached in new lending

At the close of August there were 2,475 insured savings and loan associations with total resources aggregating $5,666,000,000. New mortgage loans made during that month reached a new high of $131,200,000, an 8 percent gain over July and a 3.5 percent increase over the previous peak in June of this year.

Private capital accounts increased nearly $74,000,-000, or 1.5 percent during August, to a total of $4,913,900,000. [TABLE 13.]

Federal Savings and Loan Associations

The 1,469 Federal savings and loan associations on August 31 represented a gain of two for the month—one newly chartered association and one converted from a state association. The total assets of Federals amounted to approximately $3,595,000,-000 at the end of the month. These associations extended $82,200,000 for new loans, a 3-percent rise over the $79,600,000 loaned during June. Private capital accounts were increased by $48,000,000 to a total of $3,137,100,000.

Progress in number and assets of Federals

[Dollar amounts are shown in thousands]

Class of association	Number		Approximate assets	
	August 31, 1945	July 31, 1945	August 31, 1944	July 31, 1944
New	633	632	$1, 239, 875	$1, 220, 423
Converted	836	835	2, 355, 212	2, 331, 731
Total	1, 469	1, 467	3, 595, 087	3, 552, 154

Table 1.—BUILDING ACTIVITY—Estimated number and valuation of new family dwelling units provided in all urban areas in August 1945, by Federal Home Loan Bank District and by State

[Source: U. S. Department of Labor]
[Dollar amounts are shown in thousands]

Federal Home Loan Bank District and State	All residential structures				All private 1- and 2-family structures			
	Number of family dwelling units		Permit valuation		Number of family dwelling units		Permit valuation	
	August 1945	August 1944	August 1945	August 1944	August 1945	August 1944	August 1945	August 1944
UNITED STATES	12,903	8,738	$53,848	$27,412	11,676	6,098	$49,385	$19,500
No. 1—Boston	372	191	1,759	730	357	119	1,684	454
Connecticut	56	101	283	395	56	29	283	120
Maine	19	4	50	14	19	4	50	14
Massachusetts	199	70	940	287	199	70	940	286
New Hampshire	18	1	63	1	18	1	63	1
Rhode Island	80	13	423	27	65	13	348	27
Vermont		2		6		2		6
No. 2—New York	587	84	2,768	314	395	84	2,035	314
New Jersey	372	32	1,659	136	184	32	940	136
New York	215	52	1,109	178	211	52	1,095	178
No. 3—Pittsburgh	494	137	2,574	566	376	137	1,844	566
Delaware	15	44	90	132	15	44	90	132
Pennsylvania	425	87	2,295	425	307	87	1,565	425
West Virginia	54	6	189	9	54	6	189	9
No. 4—Winston-Salem	1,731	1,248	5,397	3,732	1,521	809	4,817	2,189
Alabama	287	157	508	196	287	149	508	167
District of Columbia	221	288	788	846	89	98	397	315
Florida	402	372	1,379	1,049	362	297	1,210	800
Georgia	244	75	622	113	220	75	616	113
Maryland	40	7	169	24	40	7	169	24
North Carolina	244	32	808	29	240	32	804	29
South Carolina	61	12	106	20	61	12	106	20
Virginia	232	305	1,017	1,455	222	139	1,007	721
No. 5—Cincinnati	954	647	4,996	2,235	918	616	4,856	2,147
Kentucky	51	14	146	26	35	14	106	26
Ohio	652	506	4,034	2,001	632	475	3,934	1,913
Tennessee	251	127	816	208	251	127	816	208
No. 6—Indianapolis	970	903	5,418	3,499	954	484	5,298	2,067
Indiana	246	196	1,233	713	246	188	1,233	693
Michigan	724	707	4,185	2,786	708	296	4,065	1,374
No. 7—Chicago	1,306	1,103	6,696	4,750	1,019	604	5,619	2,742
Illinois	961	746	4,848	3,100	691	289	3,841	1,229
Wisconsin	345	357	1,848	1,650	328	315	1,778	1,513
No. 8—Des Moines	764	100	3,359	226	764	100	3,359	226
Iowa	84	24	296	73	84	24	296	73
Minnesota	349	27	1,860	49	349	27	1,860	49
Missouri	257	43	928	100	257	43	928	100
North Dakota	35		143		35		143	
South Dakota	39	6	132	4	39	6	132	4
No. 9—Little Rock	1,826	1,458	3,964	2,987	1,751	1,151	3,695	2,245
Arkansas	148	45	274	23	148	45	274	23
Louisiana	128	399	208	1,084	128	151	208	464
Mississippi	134	146	197	108	129	138	196	104
New Mexico	21	47	116	134	21	47	116	134
Texas	1,395	821	3,169	1,638	1,325	770	2,901	1,520
No. 10—Topeka	480	233	1,742	473	468	207	1,702	406
Colorado	160	36	654	82	148	14	614	21
Kansas	123	16	373	16	123	12	373	10
Nebraska	77	57	349	233	77	57	349	233
Oklahoma	120	124	366	142	120	124	366	142
No. 11—Portland	651	500	2,655	1,761	599	492	2,522	1,734
Idaho	67	10	322	13	67	10	322	11
Montana	72	9	197	26	68	9	189	26
Oregon	215	138	698	362	167	135	573	362
Utah	104	135	556	546	104	130	556	522
Washington	176	207	821	812	176	207	821	811
Wyoming	17	1	61	2	17	1	61	2
No. 12—Los Angeles	2,768	2,134	12,520	6,139	2,554	1,295	11,954	4,410
Arizona	55	32	215	90	55	32	215	89
California	2,661	2,087	12,244	6,034	2,447	1,257	11,678	4,313
Nevada	52	15	61	15	52	6	61	8

Table 2.—BUILDING ACTIVITY—Estimated number and valuation of new family dwelling units provided in all urban areas of the United States

[Source: U. S. Department of Labor]

[Dollar amounts are shown in thousands]

Type of construction	Number of family dwelling units					Permit valuation				
	Monthly totals			January–August totals		Monthly totals			January–August totals	
	August 1945	July 1945	August 1944	1945	1944	August 1945	July 1945	August 1944	1945	1944
Private construction	12,759	12,954	7,273	76,769	68,735	$53,310	$51,675	$22,854	$280,212	$216,293
1-family dwellings	11,059	10,464	5,443	63,296	52,214	47,279	43,519	17,073	238,771	164,608
2-family dwellings [1]	617	780	655	5,216	7,418	2,106	2,701	2,427	17,446	25,119
3-and-more-family dwellings [2]	1,083	1,710	1,175	8,257	9,103	3,925	5,455	3,354	23,995	26,566
Public construction	144	2,957	1,465	9,013	14,333	538	8,149	4,558	18,899	36,486
Total urban construction	12,903	15,911	8,738	85,782	83,068	53,848	59,824	27,412	299,111	252,779

[1] Includes 1- and 2-family dwellings combined with stores.
[2] Includes multi-family dwellings combined with stores.

Table 3.—BUILDING COSTS—Index of building costs for the standard house in representative cities in specific months [1]

[Average month of 1935–1939=100]

Federal Home Loan Bank District and city	1945			1944		1943	1942	1941	1940	1939
	Sept.	June	Mar.	Dec.	Sept.	Sept.	Sept.	Sept.	Sept.	Sept.
No. 1—Boston:										
Hartford, Conn	137.3	136.8	136.8	136.5	135.2	130.3	128.5	123.7	103.2	100.0
Portland, Me	152.5	152.5	152.5	152.4	151.4	140.9	124.8	114.3	99.2	98.8
Boston, Mass	133.6	133.6	133.4	133.2	133.2	128.6	125.8	116.7	104.5	101.7
Manchester, N. H	127.1	127.1	127.1	124.4	124.2	115.4	108.7	103.7	98.1	97.0
Providence, R. I	142.2	141.9	141.8	141.4	139.7	132.3	120.7	116.1	106.9	103.2
No. 4—Winston-Salem:										
Birmingham, Ala	127.4	127.4	128.5	128.5	128.4	121.6	115.9	113.5	[r] 98.6	97.1
Washington, D. C	144.5	144.5	144.4	143.3	142.8	134.5	126.7	116.1	105.2	104.4
Atlanta, Ga	148.3	145.7	145.8	146.4	143.8	134.8	122.7	117.4	100.0	94.9
Baltimore, Md	152.7	150.5	150.2	150.1	148.8	142.7	128.7	119.5	[r] 106.5	100.0
Richmond, Va	133.8	133.5	133.5	133.1	130.2	123.0	116.0	109.7	96.8	98.9
No. 7—Chicago:										
Chicago, Ill	115.7	113.0	112.8	112.8	112.4	110.7	109.3	103.9	99.3	99.5
Milwaukee, Wis	145.8	144.4	142.3	142.4	142.1	133.9	131.6	116.3	109.1	106.2
No. 10—Topeka:										
Denver, Colo	127.3	128.2	128.0	125.3	122.8	115.9	113.4	109.2	96.8	99.8
Wichita, Kans	136.8	136.7	135.9	135.9	135.7	129.1	126.5	117.3	[r] 107.2	107.7
Omaha, Nebr	137.3	137.3	136.3	134.5	134.0	126.4	126.5	117.7	105.6	103.1
Oklahoma City, Okla	151.5	151.4	151.3	151.3	149.4	144.3	131.8	125.9	[r] 107.3	104.9

[1] Indexes of September 1941 and thereafter have been revised in order to use retail material prices collected by the Bureau of Labor Statistics.

This index is designed to measure the changes in the costs of constructing a standard frame house and to provide a basis for the study of the trend of costs within an individual community or in different cities. The various units of materials and labor are selected in accordance with their contribution to the total cost of the completed dwelling.

Material costs are based on prices for a limited bill of the more important items. Current prices are furnished by the Bureau of Labor Statistics and are based on information from a group of dealers in each city who report on prices for material delivered to job site, in average quantities, for residential construction. Because of wartime conditions, some of the regular items are not available at times and, therefore, substitutions must be made of similar products which are being sold in the current market.

Labor costs are based on prevailing rates for residential construction and reflect total earnings, including overtime and bonus pay. Either union or nonunion rates are used according to which prevails in the majority of cases within the community.

Figures presented in this table include all revisions up to the present time. Revisions are unavoidable, however, as more complete information is obtained and becomes available for inclusion in this table.

Cities in FHLB Districts 2, 6, 8, and 11 report in January, April, July, and October of each year; those in Districts 3, 5, 9 and 12 report in February, May, August and November; and those in Districts 1, 4, 7 and 10 report in March, June, September and December.

[r] Revised.

Table 4.—**BUILDING COSTS**—Index of building costs for the standard house

[Average month of 1935–1939=100]

Element of cost	p Aug. 1945	July 1945	June 1945	May 1945	Apr. 1945	Mar. 1945	Feb. 1945	Jan. 1945	Dec. 1944	Nov. 1944	Oct. 1944	Sept. 1944	Aug. 1944
Material	133.1	133.0	132.7	132.5	132.4	132.3	131.9	131.7	131.5	131.5	131.3	131.2	131.3
Labor	140.9	140.6	140.5	r 140.4	140.5	140.4	140.1	140.1	140.0	139.9	139.1	138.5	137.3
Total	135.8	135.6	135.3	r 135.1	135.1	135.0	134.7	134.5	134.4	134.4	133.9	133.7	133.3

r Revised.
p Preliminary.

Table 5.—**BUILDING COSTS**—Index of wholesale prices of building materials in the United States

[Source: U. S. Department of Labor]

[1935–1939=100; converted from 1926 base

Period	All building materials	Brick and tile	Cement	Lumber	Paint and paint materials	Plumbing and heating	Structural steel	Other
1943: August	125.3	109.0	102.7	r 161.5	126.4	118.8	103.5	109.7
1944: August	129.5	110.8	105.8	171.9	129.7	121.4	103.5	111.6
September	129.5	111.7	106.3	171.5	129.7	121.4	103.5	111.7
October	129.9	115.3	107.0	171.3	130.3	121.4	103.5	111.7
November	130.0	115.6	107.2	171.3	130.7	121.4	103.5	111.7
December	130.0	115.9	107.0	171.3	130.7	121.4	103.5	111.7
1945: January	130.4	121.5	106.9	171.3	130.7	121.4	103.5	111.9
February	130.6	121.6	108.7	171.4	130.8	121.4	103.5	112.0
March	130.8	121.8	109.1	171.3	130.7	121.4	103.5	112.3
April	130.8	121.7	109.1	171.4	130.7	121.4	103.5	112.3
May	131.0	121.8	109.1	171.9	130.8	121.4	103.5	112.6
June	131.1	122.1	109.1	172.5	130.7	121.7	103.5	112.8
July	131.2	122.9	109.1	172.7	130.4	121.7	103.5	112.8
August	131.5	122.8	109.1	172.9	131.9	122.7	103.5	112.8
Percent change:								
August 1945–July 1945	+0.2	−0.1	0.0	+0.1	+1.2	+0.8	0.0	0.0
August 1945–August 1944	+1.5	+10.8	+3.1	+0.6	+1.7	+1.1	0.0	+1.1

r Revised.

Table 6.—**MORTGAGE LENDING**—Estimated volume of new home mortgage loans by all savings and loan associations, by purpose and class of association

[Thousands of dollars]

Period	Purpose of loans					Total loans	Class of association		
	Construction	Home purchase,	Refinancing	Reconditioning	Loans for all other purposes		Federals	State members	Nonmembers
1943	$106,497	$802,371	$167,254	$30,441	$77,398	$1,183,961	$511,757	$539,299	$132,905
January–August	68,002	495,387	114,113	19,410	48,298	745,210	318,630	340,286	86,294
August	10,616	82,894	14,600	2,809	6,470	117,389	51,172	53,497	12,720
1944	95,243	1,064,017	163,813	30,751	100,228	1,454,052	669,433	648,670	135,949
January–August	73,346	688,982	107,245	20,258	65,026	954,857	437,415	426,401	91,041
August	7,589	105,050	14,152	3,067	8,816	138,674	64,400	61,377	12,897
September	5,923	101,884	14,495	3,160	8,993	134,455	63,489	59,162	11,804
October	6,095	101,461	15,253	2,699	9,720	135,228	61,965	60,945	12,318
November	4,635	90,182	13,265	2,507	7,785	118,374	54,978	52,241	11,155
December	5,244	81,508	13,555	2,127	8,704	111,138	51,586	49,921	9,631
1945 January–August	92,787	843,986	123,215	23,454	84,555	1,167,997	550,906	513,718	103,373
January	3,772	76,495	12,167	1,868	7,999	102,301	46,439	46,452	9,410
February	3,081	78,140	12,524	1,994	10,270	106,009	49,900	46,575	9,534
March	7,406	105,307	15,922	2,559	10,287	141,481	69,430	60,688	11,363
April	9,541	113,684	16,800	2,951	10,778	153,754	71,375	67,955	14,424
May	13,032	120,244	15,887	3,396	10,520	163,079	75,607	71,921	15,551
June	17,567	116,798	17,147	3,364	12,435	167,311	79,603	74,219	13,489
July	17,658	112,761	15,622	3,351	11,007	160,399	76,355	70,264	13,780
August	20,730	120,557	17,146	3,971	11,259	173,663	82,197	75,644	15,822

Table 7.—LENDING—Estimated volume of new loans by savings and loan associations

[Dollar amounts are shown in thousands]

Federal Home Loan Bank District and class of association	New loans: August 1945	New loans: July 1945	New loans: August 1944	Cumulative new loans (8 months): 1945	Cumulative new loans (8 months): 1944	Percent change
UNITED STATES	$173,663	$160,399	$138,674	$1,167,997	$954,857	+22.3
Federal	82,197	76,355	64,400	550,906	437,415	+25.9
State member	75,644	70,264	61,377	513,718	426,401	+20.5
Nonmember	15,822	13,780	12,897	103,373	91,041	+13.5
Boston	11,461	10,868	10,353	78,770	69,397	+13.5
Federal	4,760	4,381	4,045	32,437	25,410	+27.7
State member	5,081	4,687	5,176	36,598	35,099	+4.3
Nonmember	1,620	1,800	1,132	9,735	8,888	+9.5
New York	17,143	15,889	13,032	114,069	81,645	+39.7
Federal	6,181	5,483	4,359	40,188	24,941	+61.1
State member	8,266	7,773	6,620	54,766	42,387	+29.2
Nonmember	2,696	2,633	2,053	19,115	14,317	+33.5
Pittsburgh	13,881	12,094	11,866	97,009	79,380	+22.2
Federal	6,734	6,258	5,129	45,973	36,047	+27.5
State member	4,430	4,036	3,830	33,467	26,796	+24.9
Nonmember	2,717	1,800	2,907	17,569	16,537	+6.2
Winston-Salem	22,668	19,449	15,338	144,513	113,277	+27.6
Federal	11,581	10,314	7,673	76,643	59,846	+28.1
State member	9,476	7,923	6,651	59,311	46,512	+27.5
Nonmember	1,611	1,212	1,014	8,559	6,919	+23.7
Cincinnati	28,442	27,836	25,344	194,214	164,192	+18.3
Federal	12,363	11,596	11,345	83,389	68,187	+22.3
State member	13,601	14,329	12,228	97,173	82,368	+18.0
Nonmember	2,478	1,911	1,771	13,652	13,637	+0.1
Indianapolis	9,133	8,618	8,271	64,672	53,329	+21.3
Federal	5,038	4,646	4,071	34,706	26,001	+33.5
State member	3,757	3,711	3,777	27,059	24,807	+9.1
Nonmember	338	261	423	2,907	2,521	+15.3
Chicago	19,545	17,487	15,300	132,649	107,938	+22.9
Federal	8,227	7,221	6,817	56,223	44,736	+25.7
State member	10,018	9,073	7,288	66,365	54,244	+22.3
Nonmember	1,300	1,193	1,195	10,061	8,958	+12.3
Des Moines	11,203	9,572	9,396	69,867	59,260	+17.9
Federal	5,980	4,933	5,247	35,851	30,501	+17.5
State member	3,983	3,409	3,304	24,819	21,224	+16.9
Nonmember	1,340	1,230	845	9,197	7,535	+22.1
Little Rock	7,746	7,607	6,049	55,303	51,473	+7.4
Federal	3,665	3,871	2,768	27,376	21,345	+28.3
State member	3,985	3,609	3,199	27,186	29,552	−8.0
Nonmember	96	127	82	741	576	+28.6
Topeka	8,523	8,315	6,927	59,140	46,355	+27.6
Federal	4,657	4,677	3,732	32,053	24,135	+32.8
State member	2,346	2,280	1,997	17,095	13,003	+31.5
Nonmember	1,520	1,358	1,198	9,992	9,217	+8.4
Portland	5,485	5,178	4,528	40,007	30,690	+30.4
Federal	3,475	3,399	2,855	24,419	20,349	+20.0
State member	1,948	1,629	1,550	14,454	9,126	+58.4
Nonmember	62	150	123	1,134	1,215	−6.7
Los Angeles	18,333	17,486	12,270	117,784	97,921	+20.3
Federal	9,536	9,576	6,359	61,648	55,917	+10.2
State member	8,753	7,805	5,757	55,425	41,283	+34.3
Nonmember	44	105	154	711	721	−1.4

Table 8.—RECORDINGS—Estimated nonfarm mortgage recordings, $20,000 and under

AUGUST 1945

[Thousands of dollars]

Federal Home Loan Bank District and State	Savings and loan associations	Insurance companies	Banks and trust companies	Mutual savings banks	Individuals	Other mortgagees	Total
UNITED STATES	$181,156	$20,359	$93,358	$18,488	$120,015	$56,013	$489,389
Boston	14,098	364	4,377	9,623	6,577	2,642	37,681
Connecticut	1,643	221	1,890	1,904	1,938	902	8,498
Maine	653	13	281	724	517	55	2,243
Massachusetts	10,115	119	1,343	5,569	3,027	1,293	21,466
New Hampshire	415	11	192	715	305	38	1,676
Rhode Island	1,062	------	587	373	552	340	2,914
Vermont	210	------	84	338	238	14	884
New York	14,836	1,665	7,689	6,762	16,571	5,821	53,344
New Jersey	4,346	663	3,398	888	4,634	2,256	16,185
New York	10,490	1,002	4,291	5,874	11,937	3,565	37,159
Pittsburgh	13,590	1,689	7,951	536	6,960	2,762	33,488
Delaware	248	143	185	90	308	84	1,058
Pennsylvania	12,253	1,318	6,248	446	5,919	2,508	28,692
West Virginia	1,089	228	1,518	------	733	170	3,738
Winston-Salem	17,489	2,812	6,368	178	15,930	4,861	47,638
Alabama	674	227	430	------	1,020	351	2,702
District of Columbia	2,920	463	646	------	1,875	569	6,473
Florida	2,019	668	1,033	------	5,749	1,356	10,825
Georgia	1,866	239	1,294	------	1,418	590	5,407
Maryland	4,560	143	882	178	1,654	209	7,626
North Carolina	2,392	545	439	------	1,310	618	5,304
South Carolina	418	210	464	------	731	324	2,147
Virginia	2,640	317	1,180	------	2,173	844	7,154
Cincinnati	36,026	1,717	11,910	490	6,757	4,730	61,630
Kentucky	3,343	388	1,055	------	390	198	5,374
Ohio	31,624	713	9,532	490	5,813	1,700	49,872
Tennessee	1,059	616	1,323	------	554	2,832	6,384
Indianapolis	10,614	1,938	9,161	23	4,098	1,787	27,621
Indiana	6,865	859	3,688	23	1,199	795	13,429
Michigan	3,749	1,079	5,473	------	2,899	992	14,192
Chicago	21,589	1,342	7,351	34	8,325	9,773	48,414
Illinois	16,837	907	4,305	------	5,009	9,105	36,163
Wisconsin	4,752	435	3,046	34	3,316	668	12,251
Des Moines	10,810	1,964	7,873	316	5,602	4,716	31,281
Iowa	2,887	170	1,661	------	958	349	6,025
Minnesota	4,235	346	2,089	316	1,436	1,406	9,828
Missouri	3,063	1,387	3,719	------	2,887	2,901	13,957
North Dakota	419	37	158	------	148	44	806
South Dakota	206	24	246	------	173	16	665
Little Rock	9,216	2,377	2,368	------	8,488	2,633	25,082
Arkansas	828	138	451	------	601	61	2,079
Lousiana	2,319	270	128	------	1,836	519	5,072
Mississippi	504	123	296	------	544	138	1,605
New Mexico	169	7	166	------	338	13	693
Texas	5,396	1,839	1,327	------	5,169	1,902	15,633
Topeka	9,341	843	2,944	------	6,353	1,757	21,238
Colorado	1,531	101	629	------	3,371	599	6,231
Kansas	2,909	178	742	------	718	303	4,850
Nebraska	1,253	279	483	------	589	165	2,769
Oklahoma	3,648	285	1,090	------	1,675	690	7,388
Portland	5,335	689	4,807	526	4,289	2,029	17,675
Idaho	461	55	207	------	308	75	1,106
Montana	367	17	220	------	437	29	1,070
Oregon	1,467	416	659	99	1,764	352	4,757
Utah	442	133	685	------	311	131	1,702
Washington	2,319	68	2,681	427	1,138	1,398	8,031
Wyoming	279	------	355	------	331	44	1,009
Los Angeles	18,212	2,959	20,559	------	30,065	12,502	84,297
Arizona	278	80	607	------	1,101	198	2,264
California	17,852	2,859	19,804	------	28,695	12,265	81,475
Nevada	82	20	148	------	269	39	558

Table 9.—MORTGAGE RECORDINGS—Estimated volume of nonfarm mortgages recorded

[Dollar amounts are shown in thousands]

Period	Savings and loan associations		Insurance companies		Banks and trust companies		Mutual savings banks		Individuals		Other mortgagees		All mortgagees	
	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent
1944	$1,563,678	33.9	$256,173	5.6	$877,762	19.0	$165,054	3.6	$1,134,054	24.6	$613,908	13.3	$4,610,629	100.0
January-August	1,014,469	33.6	173,031	5.7	588,022	19.5	104,217	3.5	720,727	23.9	417,273	13.8	3,017,739	100.0
August	149,835	34.8	22,646	5.2	83,094	19.3	15,920	3.7	104,215	24.2	55,066	12.8	430,776	100.0
September	146,151	35.1	22,432	5.4	77,000	18.5	15,447	3.7	104,479	25.1	50,676	12.2	416,185	100.0
October	148,131	35.0	20,985	5.0	76,181	18.0	16,552	3.9	109,767	26.0	51,223	12.1	422,839	100.0
November	134,359	34.1	20,543	5.2	71,752	18.2	15,176	3.9	103,513	26.3	48,296	12.3	393,639	100.0
December	120,568	33.5	19,182	5.3	64,807	18.0	13,662	3.8	95,568	26.5	46,440	12.9	360,227	100.0
1945														
January-August	1,230,610	35.0	158,095	4.5	663,707	18.9	126,225	3.6	910,760	25.9	426,139	12.1	3,515,536	100.0
January	111,480	31.4	17,882	5.0	65,109	18.4	12,500	3.5	99,200	28.0	48,407	13.7	354,578	100.0
February	111,176	32.8	16,034	4.7	63,933	18.9	10,343	3.1	93,248	27.5	43,963	13.0	338,697	100.0
March	151,361	34.9	20,669	4.8	80,000	18.5	13,599	3.1	114,971	26.5	52,737	12.2	433,337	100.0
April	157,181	34.5	19,718	4.3	88,749	19.5	15,680	3.4	118,713	26.1	55,749	12.2	455,790	100.0
May	172,421	35.4	21,459	4.4	91,023	18.7	18,981	3.9	125,849	25.8	57,702	11.8	487,435	100.0
June	176,051	36.1	21,801	4.5	91,336	18.8	18,572	3.8	121,800	25.0	57,481	11.8	487,041	100.0
July	169,784	36.2	20,173	4.3	90,199	19.2	18,062	3.9	116,964	24.9	54,087	11.5	469,269	100.0
August	181,156	37.0	20,359	4.2	93,358	19.1	18,488	3.8	120,015	24.5	56,013	11.4	489,389	100.0

Table 10.—SAVINGS—Sales of war bonds [1]

[Thousands of dollars]

Period	Series E	Series F	Series G	Total	Redemptions
1944	$12,379,891	$772,767	$2,891,427	$16,044,085	$3,263,168
August	499,357	17,807	85,272	602,436	272,125
September	590,827	15,953	85,286	692,066	277,445
October	598,570	13,653	82,871	695,094	394,846
November	806,817	42,680	173,858	1,023,355	376,053
December	1,855,300	124,669	405,880	2,385,849	358,572
1945					
January	803,819	42,034	228,327	1,074,180	333,443
February	653,222	30,695	164,073	847,990	317,083
March	712,133	26,487	150,456	889,076	437,892
April	684,424	23,112	130,100	837,636	381,198
May	1,194,712	62,940	282,437	1,540,089	404,209
June	1,467,673	178,003	532,379	2,178,055	382,536
July	1,031,778	47,409	215,288	1,294,475	406,103
August	571,286	21,629	106,825	699,740	515,161

[1] U. S. Treasury War Savings Staff. Actual deposits made to the credit of the U. S. Treasury.

Table 11.—FHA—Home mortgages insured [1]

[Premium paying; thousands of dollars]

Period	Title II		Title VI (603)	Total insured at end of period
	New	Existing		
1944: August	$90	$20,256	$48,166	$5,781,961
September	79	19,967	42,592	5,844,599
October	40	21,941	43,354	5,909,934
November	54	21,646	38,053	5,969,687
December	31	18,269	36,573	6,024,560
1945: January	67	19,006	38,640	6,082,273
February	27	14,085	31,417	6,127,802
March	37	16,480	29,886	6,174,205
April	63	14,813	26,885	6,215,966
May	80	22,272	23,707	6,262,025
June	374	18,841	20,413	6,301,653
July	347	18,207	19,056	6,339,263
August	666	17,286	14,992	6,372,207

[1] Figures represent gross insurance written during the period and do not take account of principal repayments on previously insured loans.

Table 12.—FHL BANKS—Lending operations and principal assets and liabilities

[Thousands of dollars]

Federal Home Loan Bank	Lending operations		Principal assets			Capital and principal liabilities			Total assets [1]
	Advances	Repayments	Advances outstanding	Cash [1]	Government securities	Capital [2]	Debentures	Member deposits	
Boston	$226	$523	$9,195	$807	$11,028	$20,256	0	$901	$21,158
New York	440	834	6,191	5,782	27,445	28,241	0	11,429	39,690
Pittsburgh	816	1,579	9,137	2,655	11,370	17,231	$4,000	2,030	23,275
Winston-Salem	2,589	1,128	12,666	971	7,134	18,438	0	421	20,863
Cincinnati	263	2,511	8,956	2,162	30,548	28,491	2,500	11,072	42,107
Indianapolis	957	1,016	7,424	1,470	16,625	15,466	4,000	6,231	25,716
Chicago	1,658	4,633	21,680	1,552	10,574	23,984	5,000	4,950	33,951
Des Moines	650	1,813	7,111	660	10,442	13,838	3,500	967	18,311
Little Rock	312	472	4,040	693	8,636	12,705	500	252	13,460
Topeka	163	235	3,113	1,116	8,220	10,825	1,000	716	12,545
Portland	785	550	2,390	547	9,856	8,760	1,000	1,100	12,864
Los Angeles	935	3,657	20,548	1,246	11,649	16,893	10,500	6,166	33,584
August 1945 (combined total)	9,794	18,951	112,451	19,661	163,527	215,128	32,000	46,235	297,524
July 1945	7,444	17,501	121,608	18,505	154,936	214,339	32,000	43,642	296,601
August 1944	4,072	26,516	113,674	25,974	132,691	204,524	44,000	22,744	273,903

[1] Includes interbank deposits.

[2] Capital stock, surplus, and undivided profits.

Table 13.—INSURED ASSOCIATIONS—
Progress of institutions insured by the FSLIC

[Dollar amounts are shown in thousands]

Period and class of association	Number of associations	Total assets	Operations: New mortgage loans	Operations: New private investments	Operations: Private repurchases	Operations: Repurchase ratio
ALL INSURED						
1944: August	2,461	$4,667,060	$104,008	$126,641	$64,619	51.0
September	2,460	4,713,815	101,658	122,016	56,102	46.0
October	2,462	4,774,160	100,642	129,938	54,719	42.1
November	2,462	4,867,068	88,227	115,008	52,378	45.5
December	2,466	5,012,662	83.408	142,291	45,985	32.3
1945: January	2,466	5,035,626	76,215	195,077	123,943	63.5
February	2,463	5,076,554	79,479	125,769	63,089	50.2
March	2,465	5,136,903	110,287	138,709	71,488	51.5
April	2,469	5,204,641	113,296	133,651	65,701	49.2
May	2,469	5,292,169	121,808	130,182	62,980	48.4
June	2,471	5,549,563	126,824	163,156	56,279	34.5
July	2,473	5,594,461	121,572	196,944	144,932	73.6
August	2,475	5,666,351	131,239	156,189	83,357	53.4
FEDERAL						
1944: August	1,465	2,934,647	64,400	82,105	40,825	49.7
September	1,464	2,961,860	63,489	79,126	35,570	45.0
October	1,465	3,000,365	61,965	85,297	33,746	39.6
November	1,464	3,059,556	54,978	75,372	32,665	43.3
December	1,464	3,168,731	51,586	93,400	26,049	27.9
1945: January	1,464	3,178,132	46,439	129,640	84,624	65.3
February	1,464	3,200,324	49,900	82,862	41,374	49.9
March	1,465	3,237,942	69,430	91,627	46,574	50.8
April	1,465	3,280,506	71,375	88,356	41,856	47.4
May	1,466	3,337,648	75,607	85,977	40,063	46.6
June	1,465	3,528,027	79,603	106,770	33,601	31.5
July	1,467	3,552,154	76,355	129,958	100,301	77.2
August	1,469	3,595,087	82,197	102,190	55,016	53.8
STATE						
1944: August	996	1,732,413	39,608	44,536	23,794	53.4
September	996	1,752,015	38,169	42,890	20,532	47.9
October	997	1,773,795	38,677	44,641	20,973	47.0
November	998	1,807,512	33,249	39,636	19,713	49.7
December	1,002	1,843,931	31,822	48,891	19,936	40.8
1945: January	1,002	1,857,494	29,776	65,437	39,319	60.1
February	999	1,876,230	29,579	42,907	21,715	50.6
March	1,000	1,898,961	40,857	47,082	24,914	52.9
April	1,004	1,924,135	41,921	45,295	23,845	52.6
May	1,003	1,954,521	46,201	44,205	22,917	51.8
June	1,006	2,021,536	47,221	56,386	22,678	40.2
July	1,006	2,042,307	45,217	66,986	44,631	66.6
August	1,006	2,071,264	49,042	53,999	28,341	52.5

Postwar Construction

(Continued from p. 11)

ally. Of this average, $7,896,000,000 would be spent for privately financed building while $3,028,000,000 would be absorbed by public construction of all kinds. About 50 percent of annual private construction expenditures will probably go for private nonfarm residences; 30 percent for nonresidential structures; 14 percent is expected to be absorbed by utility construction; and 6 percent of the total will be devoted to the erection of various farm buildings and homes.

Severe industrial conflict or "turbulent economic conditions" such as followed the last war might change this forecast substantially but it is believed that such conditions are unlikely to prevail for a prolonged period this time. It is also recognized that the figures presented here would have to be revised considerably should postwar public policy provide for extensive construction primarily to stimulate employment or should public building be drastically curtailed. Either course of action would be reflected in the volume of private construction as well as in the amount of public building itself.

DIRECTORY CHANGES

AUGUST 16–SEPTEMBER 15, 1945

Key to Changes

* Admission to Membership in Bank System
** Termination of Membership in Bank System
# Federal Charter Granted
Federal Charter Canceled
Ø Insurance Certificate Granted
ØØ Insurance Certificate Canceled

DISTRICT NO. 2

NEW JERSEY:
- Red Bank:
  - # Mainstay Federal Savings and Loan Association, 21 Monmouth Street.
- South Orange:
  - # South Mountain Federal Savings and Loan Association, 8 South Orange Street.

NEW YORK:
- Peekskill:
  - *Ø People's Savings and Loan Association, 910 Main Street.

DISTRICT NO. 3

PENNSYLVANIA:
- Imperial:
  - ØØ Montour Valley Savings, Building and Loan Association, Sauers Building, Main Street.

DISTRICT NO. 4

FLORIDA:
- Melbourne:
  - Ø First Federal Savings and Loan Association of Brevard County, Arcade Building.

MARYLAND:
- Baltimore:
  - **##ØØ Acadia Federal Savings and Loan Association, 404 North Howard Street.

NORTH CAROLINA:
- Greensboro:
  - ** Gate City Life Insurance Company, 301 South Elm Street.

DISTRICT NO. 5

OHIO:
- Mt. Vernon:
  - * Citizens Building, Loan and Savings Association, 6-8-10 East Vine Street.

DISTRICT NO. 9

TEXAS:
- Alice:
  - **Alice Federal Savings and Loan Association, 59 North Wright Street.
  - *Ø Alice Savings and Loan Association, 59 North Wright Street.
- El Paso:
  - ØØ First Federal Savings and Loan Association of El Paso, 315 Texas Street.
- Pecos:
  - **Pecos Federal Savings and Loan Association, City Hall.

DISTRICT NO. 10

NEBRASKA:
- Lincoln:
  - **Home Savings and Loan Association, 1208 N Street.

NATIONAL HOUSING AGENCY
John B. Blandford, Jr., Administrator

FEDERAL HOME LOAN BANK ADMINISTRATION
John H. Fahey, Commissioner

NEWS NOTES

Savings and loan money orders

The public in New York State can now purchase savings and loan money orders from associations which are members of the State Savings and Loan Bank. Printed forms were recently distributed to the associations under a law passed by the 1945 session of the New York Legislature.

Although the orders will be cleared through the Federal Reserve Bank, each form will bear the imprint of the issuing association. The necessary information about each order can be entered on duplicate stubs attached to every form, one serving as the customer's receipt and the other as the association's record of the transaction. Fee schedules are to be determined by the individual associations.

Russia turns to prefab homes

Prefabricated houses are being used widely in Russia to replace dwellings destroyed in former war zones, according to the U. S. S. R. *Embassy Bulletin.* The most popular model at present is a native product, the Pavlov home, although American-built prefab units are arousing considerable interest.

Pavlov houses are being erected by the hundreds in such war-devastated areas as Stalingrad, Kiev, Smolensk and Moscow. Built mainly of wood, the three-room house covers an area of about 969 square feet. Cost runs about $5 a square foot, or approximately $5,000 per house, when the value of the ruble is 20¢. After the ground was broken in one city, it took 40 men 30 hours to assemble the house and make it ready for occupancy.

"Package Savings" plan inaugurated

A "package savings" plan, designed to provide three-way protection has recently been instituted by the Bowery Savings Bank of New York City. Under this copyrighted plan, small regular savings can be applied toward war bond purchases and a constantly increasing bank balance. At the same time, a portion may be allocated to life insurance, issued by the Bank's life insurance department. For example, regular weekly payments of $3 made for 10 years from age 25, would give the saver $1000 face value of savings bonds, $620 cash in the bank, and a $1000 life policy during the period.

The plan is entirely flexible and savings can be concentrated on any one or more features. The life insurance policy may, at the end of the period, be continued, turned in for cash value or changed into paid up insurance.

Military insurance in World War II

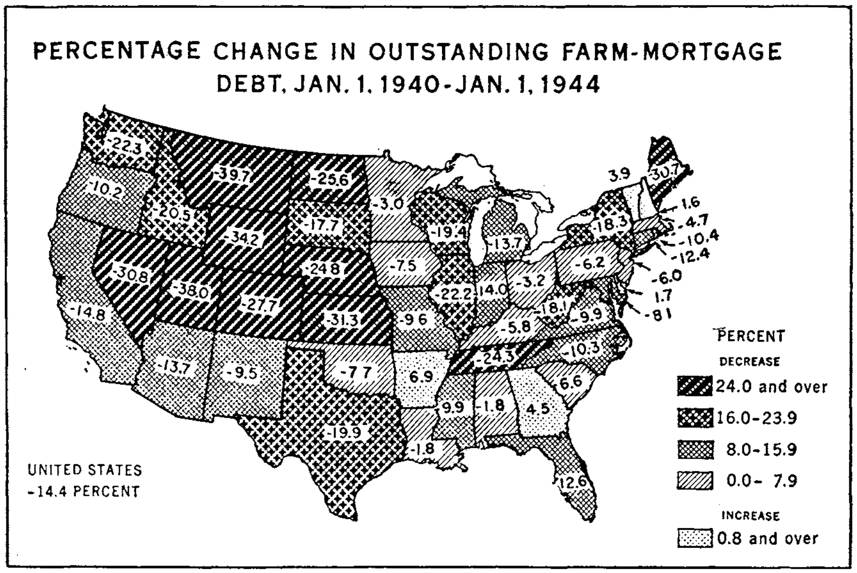
Although more than half the men discharged from military service express a desire to keep their National Service Life Insurance, less than 20 percent actually do so, the Institute of Life Insurance recently reported. Often policies are allowed to lapse because veterans don't know what to do to retain them. The services, the Veterans' Administration and private life insurance companies are now trying to make available to every veteran simple, understandable directions on the subject. Already over $2,000,000,000 in death claims have been approved for payment to families of deceased military personnel.

Between 1940, when National Service Life Insurance was started, and July 1, 1945, over 14,500,000 men and women in the armed forces had bought policies worth more than $137,000,000,000.

Per capita income rises during war

From 1940 through 1944, per capita income in the United States almost doubled, a Department of Commerce survey of income payments to individuals revealed. In this four-year interval such civilian income jumped 94.3 percent from $575 to $1,117.

An acceleration of the trend in geographical distribution of per capita income was noted between 1940 and 1944. War activities and shifts in population caused the per capita income to rise more in the so-called low income states than in those with high incomes.



Bureau of Agricultural Economics

TIME FOR TEAMWORK

With the lifting of all wartime controls over housing construction, the housing industry faces the challenge of gearing its operations to meeting a broad and urgent need without precedent in the history of this country. Serious housing shortages exist today in practically every city in the country. In many areas, these shortages will become more acute during coming months as millions of veterans return to civilian life. If the housing industry will set its target at meeting the demand for new houses on a broad front, it will open up the path to a sustained volume of peak construction which will produce big outlets for jobs, production and investment during the reconversion and post-war years.

The main hazard to attaining this objective is the possibility of inflationary price increases, made possible by a demand greatly in excess of the available supply which has already caused a sharp rise in the prices of existing houses in crowded areas.

Unless a majority of the new houses which are produced in the next few years are within the means of average American families, there is the very real danger of a short-lived boom in home building, followed by an abrupt decline such as occurred in 1920 after the First World War.

We believe that housing is potentially an industry providing opportunities for an annual investment of $6,000,000,000 to $7,000,000,000 and providing 4,000,000 to 4,500,000 jobs. However, it must be realized that to attain these objectives, hundreds of thousands of homes must be built for the great "middle market" never adequately provided with new housing in the past.

The present vast potential market for housing, which offers a major contribution to a full employment economy in the years ahead, makes it all the more important that a full effort be made now to gear home construction to the requirements of long-term housing development. A short-lived inflationary boom now, marked by excessive prices for individual houses and an undue concentration on the luxury market, might set us back years.

This is a time for teamwork and ingenuity to offset higher costs by increased efficiency.

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