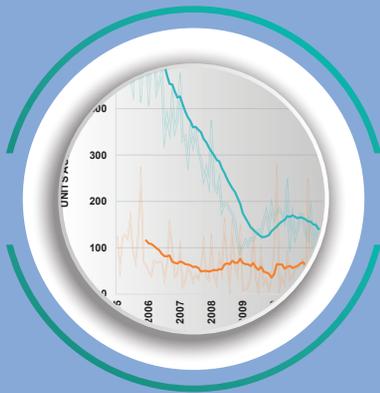


# HOUSING MARKET SNAPSHOT



## NOVEMBER 2022

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# THE DOWNS & UPS OF THE 2022 HOUSING MARKET

## RISING INTEREST RATES, VEXING INFLATION & STILL A LOW INVENTORY OF HOMES

**Rob Dapice**, Executive Director/CEO, New Hampshire Housing

The housing market as we approach the end of 2022 differs in important ways from the market a year ago. Interest rates have doubled, and inflation is impacting household budgets. As a result, competition in the purchase market has cooled, increasing pressure in the rental market. While home prices have stabilized, mortgage payments have become far less affordable; this is vividly depicted in the graphic at the bottom of page 10.

Refinancing activity has dropped significantly as a result of the increase in interest rates. At 6.9%, mortgage rates are at their highest point in two decades. This has resulted in many more adjustable-rate mortgages, which offer a lower rate for a fixed time period. This can present problems for borrowers unprepared for the increased payments that come later. ARMs currently account for about 10% of mortgages, and their appeal is likely to last while rates remain elevated. The decline in demand achieved by rising interest rates has resulted in a modest increase in inventory, but listings remain very low by historical standards. The moderation in prices has done little to blunt the impact of higher rates.

Despite these challenges, many indicators continue to reflect a strong economy. However, this winter is likely to be a difficult time for many households, particularly renters. The number of evictions in the state has been low for the past two years due largely to the now-expired federal moratorium and support provided through the NH Emergency Rental Assistance Program. With rent and utility assistance programs winding down, more low- and moderate-income households could face housing insecurity or homelessness. NH Housing continues to work closely with the state and Community Action Partnership agencies to help these vulnerable households.

For homeowners who are struggling financially to pay their mortgage, property taxes, or utilities, help continues to be available through the NH Homeowner Assistance Fund program. Information and applications are available at [HomeHelpNH.org](https://HomeHelpNH.org).

New Hampshire Housing will publish a Housing Needs Assessment study at the end of the year. It will provide a deep analysis of the state's housing market and needs, quantifying what market dynamics have already made clear: New Hampshire has an insufficient supply of housing to meet the needs of the state's workforce and residents. Using federal funds, the InvestNH initiative is now targeting different ways to build more housing units and to encourage our communities to be more receptive to affordable housing development. We are hopeful that these new opportunities will soon begin to yield the housing that residents of the Granite State need.

### ARE YOU BEHIND IN PAYING YOUR MORTGAGE, PROPERTY TAXES, ASSOCIATION FEES, OR UTILITIES?



The NH Homeowner Assistance Fund provides assistance to eligible NH homeowners who have been affected in any way by an increase in expenses or a reduction in income as a result of the COVID-19 public health crisis.

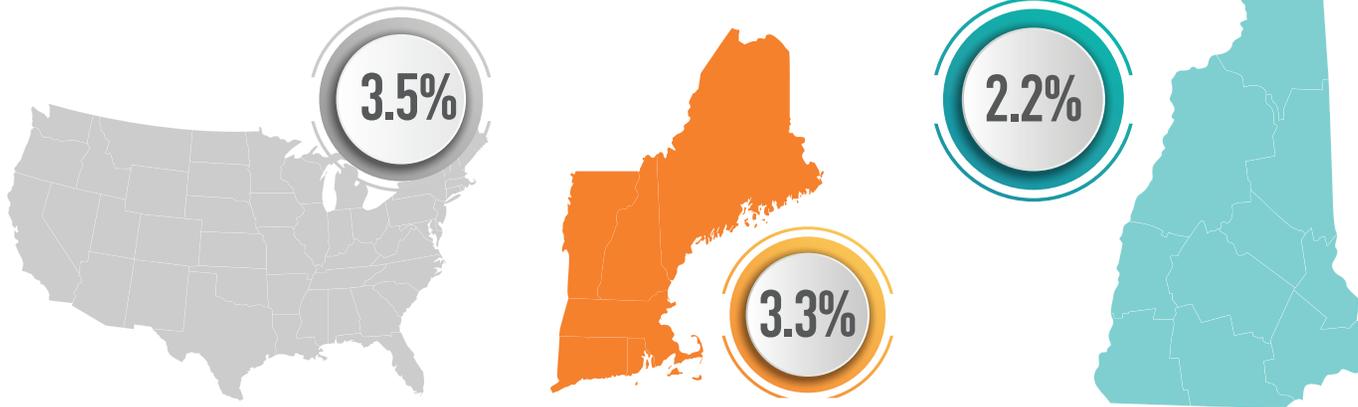
Apply at [HomeHelpNH.org](https://HomeHelpNH.org)



The NH Homeowner Assistance Fund program is funded through the American Rescue Plan Act of 2021 and the Governor's Office for Emergency Relief and Recovery (GOFERR). It is administered by New Hampshire Housing.

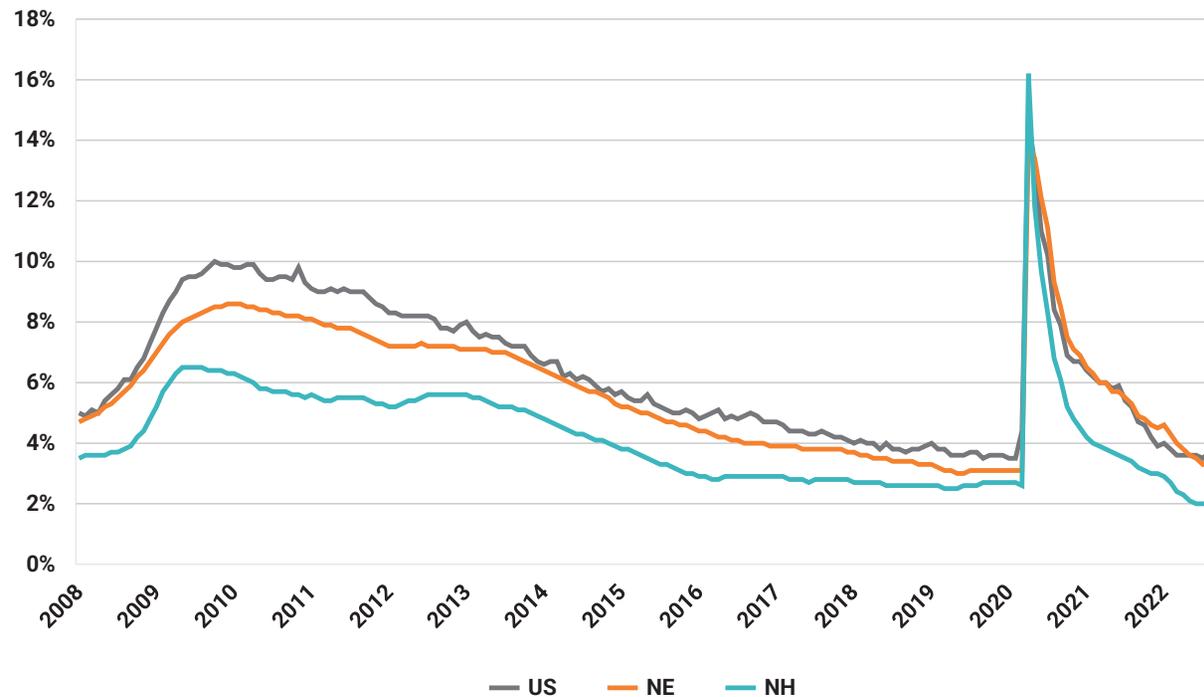
# UNEMPLOYMENT RATE

U.S., NEW ENGLAND, NEW HAMPSHIRE  
OCTOBER 2022



# 2.2%

NEW HAMPSHIRE'S SEASONALLY  
ADJUSTED UNEMPLOYMENT RATE  
FOR OCTOBER 2022



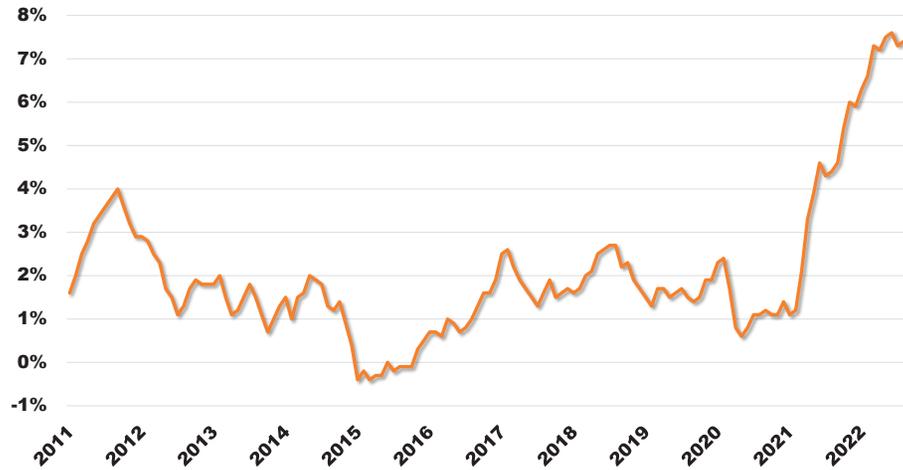
**New Hampshire's unemployment rate remained stable the past six months.** NH is tied with Nebraska and North Dakota as the fourth lowest unemployment rate in the country.

A low unemployment rate indicates a strong economy. As we emerge from the pandemic, workers are seeing abundant job opportunities. Employers continue to find recruiting and retaining staff is a challenge in this market.

Source: U.S. Bureau of Labor Statistics (seasonally adjusted)

# CONSUMER PRICE INDEX

ALL ITEMS, MONTHLY % CHANGE FROM 2011 THROUGH 9/2022



Source: U.S. Bureau of Labor Statistics, Northeast Urban Region Consumer Price Index, not Seasonally Adjusted.

THE CONSUMER PRICE INDEX (CPI) SHOWN HERE MEASURES THE MONTHLY CHANGE IN A WEIGHTED AVERAGE OF PRICES FOR A BASKET OF GOODS AND SERVICES PAID BY CONSUMERS IN THE NORTHEAST. THIS AGGREGATE OF CONSUMER SPENDING SERVES AS A STANDARD MEASURE OF INFLATION & DEFLATION.

# OWNER & RENTER MEDIAN INCOME



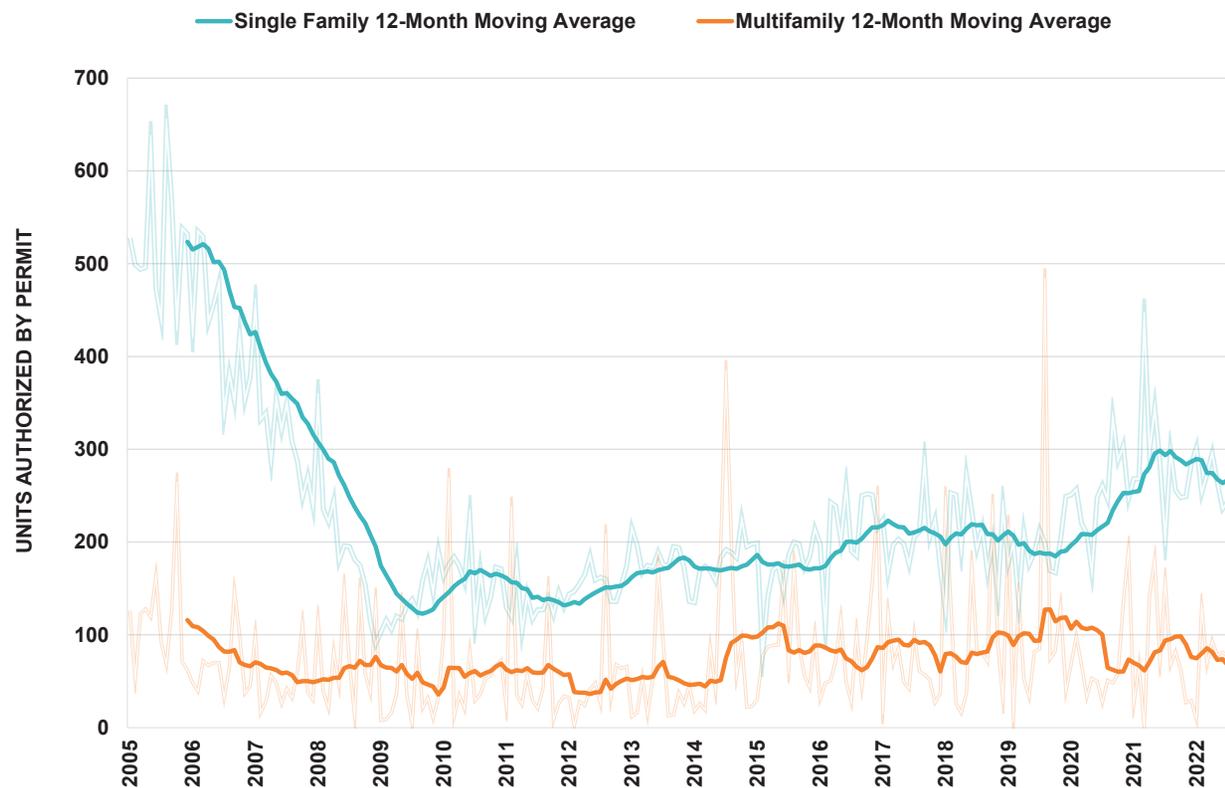
Source: US Census Bureau, American Community Survey (2011-2019; 2021), 1 Year Estimates Table B25119. Median Household Income the Past 12 Months (in 2021 Inflation-Adjusted Dollars) by Tenure.

Renter income has increased more than homeowner income when compared to 2019. This could be due to renters staying in units longer because of the lack of affordable homes to purchase.

*\* The 2020 ACS 1-year used an experimental estimation methodology and should not be compared with other ACS data. Inflation Adjustment figures are provided by US Department of Labor Statistics Consumer Price Index and are compiled by New Hampshire Housing.*

# BUILDING PERMITS ISSUED IN NH

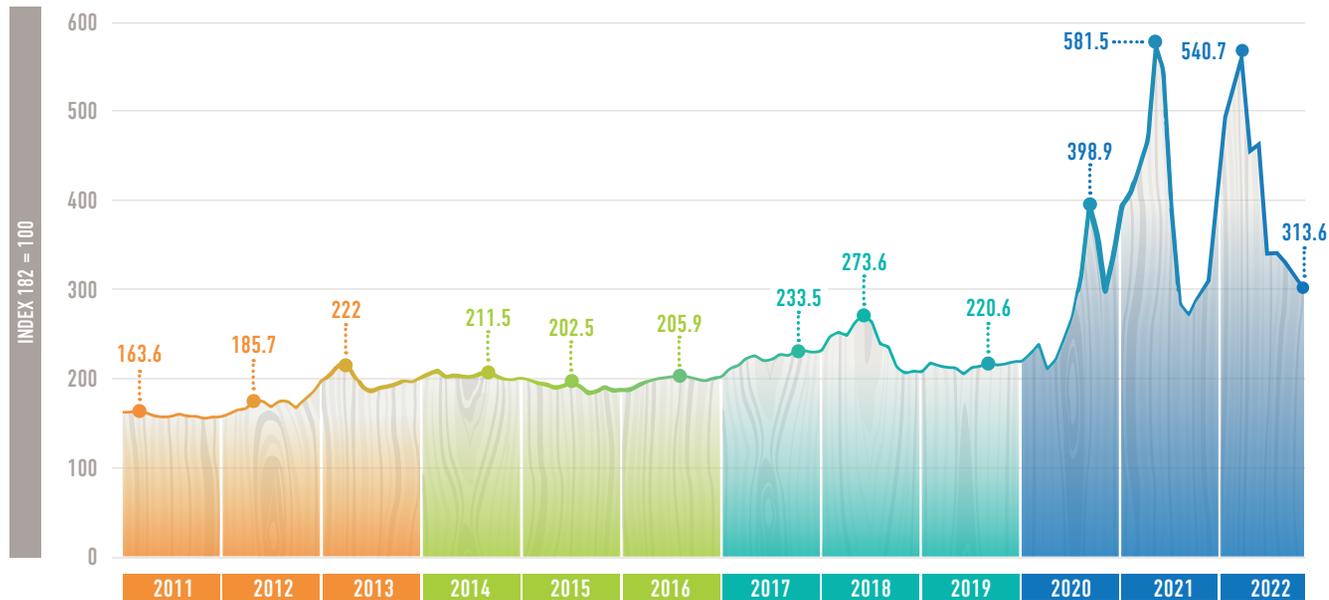
## SINGLE-FAMILY & MULTIFAMILY UNITS (AS OF 9/2022)



**Single-family permits** peaked in the summer of 2021 and are now starting to level off. Cumulatively, these permits are down 11% from the same period in 2021 (January through September).

**Multifamily permits** have increased month over month in 2022, but are 23% lower than the same time period in 2021 (January through September).

# COST OF BUILDING MATERIALS



THE PRICE OF BUILDING MATERIALS, AND IN PARTICULAR LUMBER, BEGAN TO DROP THIS YEAR FROM ITS PEAK IN 2020 - 2021 (THE FIRST 18 MONTHS OF THE PANDEMIC)

The cost of these materials impacts new construction costs as well as the home renovation market. Softwood lumber is typically used for construction and includes dimension lumber, beams, wood paneling, flooring, decking, molding and millwork, and door and window frames.

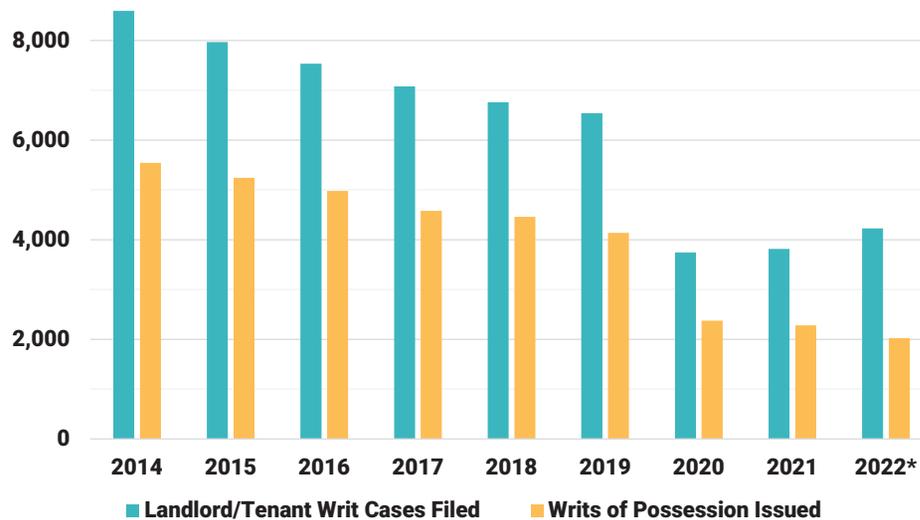
*Rising mortgage rates along with declining builder sentiment stemming from stubbornly high construction costs and weakening consumer demand pushed new home sales down nationwide in September, according to the National Association of Home Builders. New home sales are down 14.3% on a year-to-date basis compared to 2021.*

NAHB, 10/26/22

Source: Federal Reserve Bank of St. Louis; U.S. Bureau of Labor Statistics, Producer Price Index by Commodity: Lumber & Wood Products; Softwood | Units: Index 1982=100, Not seasonally adjusted. Shown through September 2022.

# EVICTIION ACTIVITY

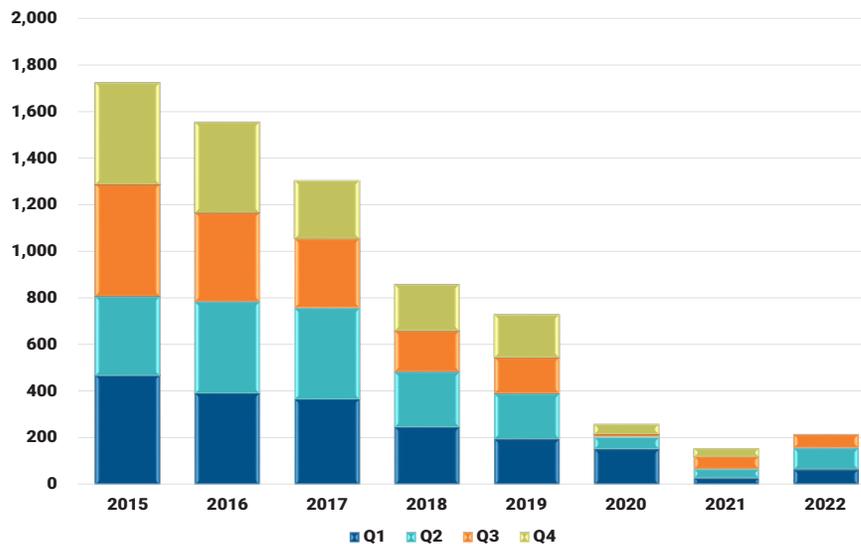
NH DISTRICT COURTS (2022 YTD through 10/21/2022)



Source: Landlord/Tenant Writ Filings & Writs of Possession, New Hampshire Judicial Branch; through 10/21/22\*.

# NH FORECLOSURE DEEDS RECORDED

THROUGH Q3 - 2022



Source: The Warren Group

**Evictions in the state are still significantly lower than they were pre-pandemic.**

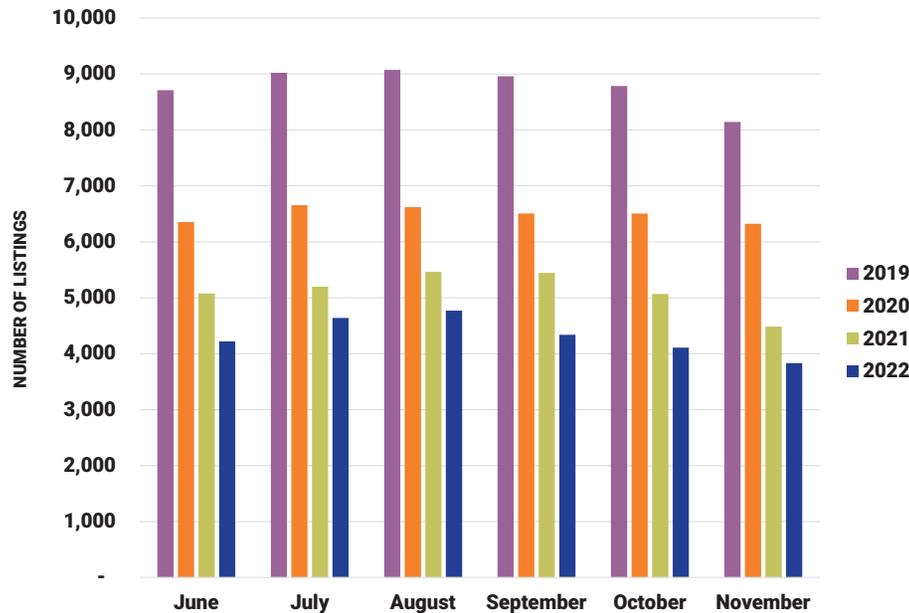
With the pause of the NH Emergency Rental Assistance Program on October 21st, and the wind down of rental and utility assistance in the coming months, many social services providers anticipate an increase in evictions.

To legally evict a tenant in NH, a landlord must first file a Landlord/Tenant Writ with the court. A judge determines if a writ of possession court order will be issued, allowing a landlord to have a tenant lawfully removed from the home.

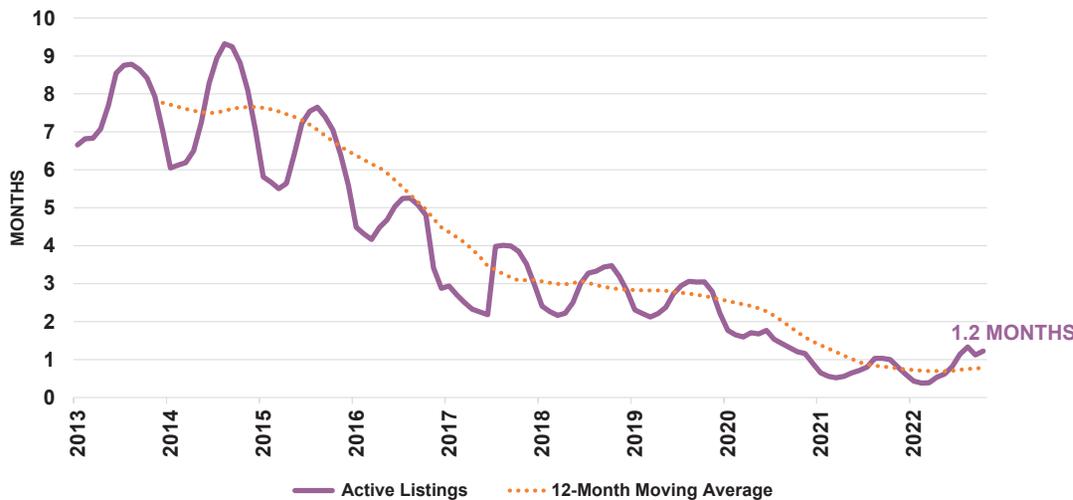
**Mortgage foreclosure deeds.**

In Q3-2022, the number of foreclosure deeds in NH rose above 2021 levels, but it is about four times less than in 2019. (Foreclosure begins when a lender decides to take action on a borrower who is in arrears on their payments. When a home is foreclosed upon, the lender typically repossesses and attempts to sell the house.)

# MLS LISTINGS IN NH



# MONTHS OF SUPPLY OF INVENTORY



ACTIVE means properties on the market that do not have a contract.

Source: Based on information from the Northern New England Real Estate Network and compiled by NH Housing. Excludes land, interval ownership, seasonal camps/cottages, age-restricted, multifamily properties, mobile/manufactured homes, and commercial/industrial property.

## LISTINGS

NOVEMBER 2021 **4,483**

NOVEMBER 2022 **3,832**

↓ **15%**

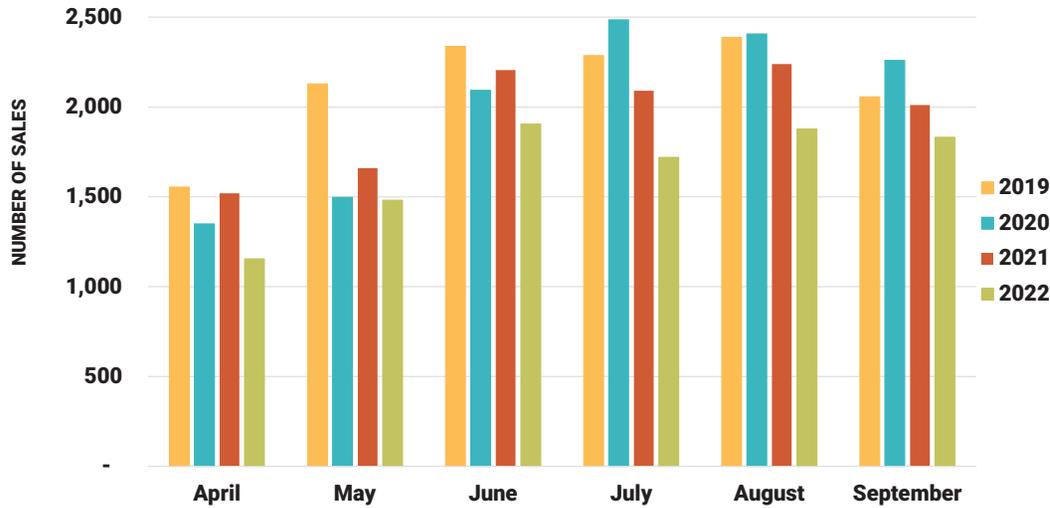


Listings are 15% lower than a year ago (November 2021 to 2022).

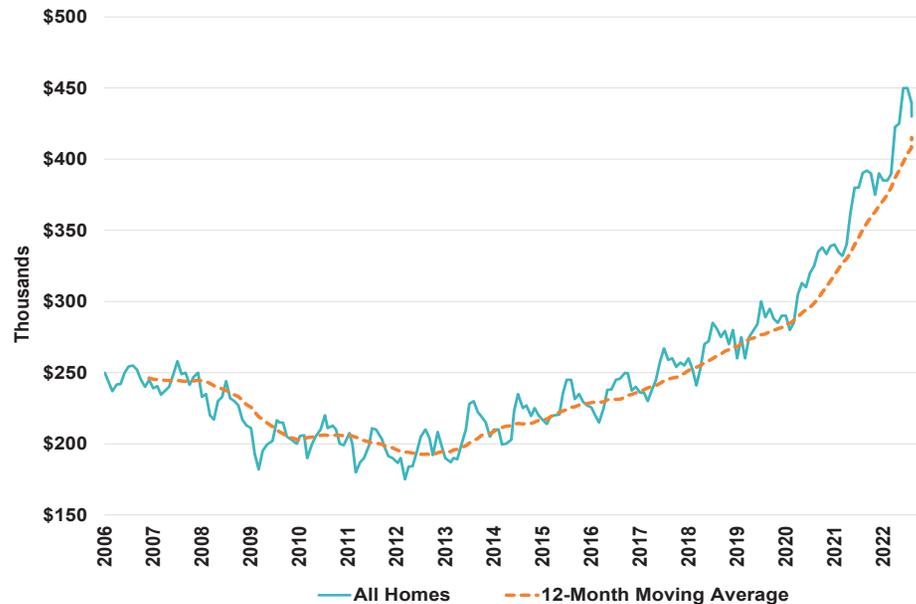
Compared to the number of listings from the past three years, the inventory in 2022 continues to be notably lower. Listings are down 53% from November 2019 to November 2022.

As the pace of sales slows for several reasons (low inventory, climbing interest rates, and increased home prices), we see a marginal increase in the months of supply of inventory.

# MLS CLOSED SALES IN NH



# MLS MEDIAN SALES PRICE



Source: Based on information from the Northern New England Real Estate Network and compiled by NH Housing. Excludes land, interval ownership, seasonal camps/cottages, age-restricted, multifamily properties, mobile/manufactured homes, and commercial/industrial property.

## SALES

SEPTEMBER 2021 **2,011**

SEPTEMBER 2022 **1,831**

↓ **9%**

## MEDIAN SALES PRICE

SEPTEMBER 2021 **\$390K**

SEPTEMBER 2022 **\$430K**

↑ **10%**

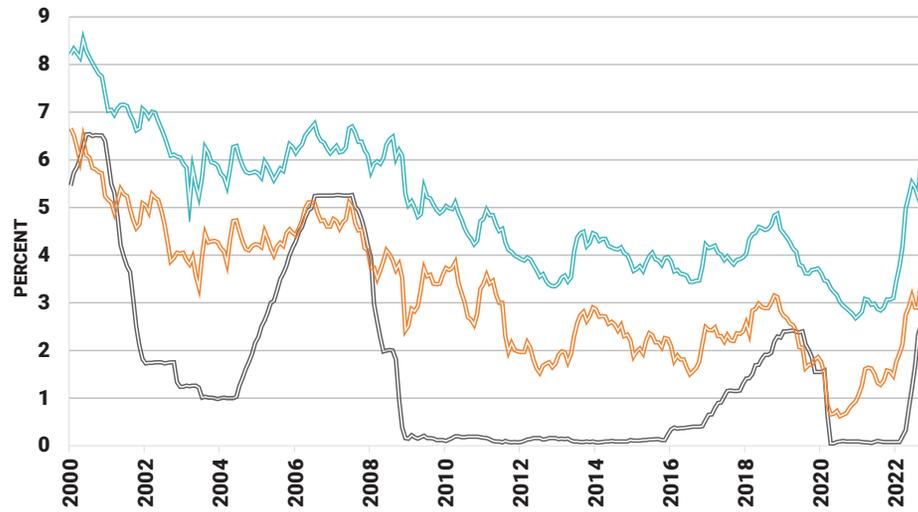
Cumulatively from January through September 2022, properties sold in NH are down 17% compared to the same period last year.

In June 2022, the statewide median sales price hit a record high of \$450,000. By September 2022, the median sales price was \$430,000, down 4% from this peak.

# INTEREST RATES

## OCTOBER 2022

### MORTGAGE INTEREST | FED FUNDS | 10-YEAR TREASURY



— Mortgage Interest Rates — Federal Funds Rate — 10-Year Treasury

Source: Freddie Mac Primary National Mortgage Market Survey; US Federal Reserve Selected Interest Rate H.15

OCTOBER 2021

6.90%

MORTGAGE

3.98%

TREASURY

3.08%

FED FUNDS

In October 2021, interest rates were at 3.07%. By October 2022, interest rates were at 6.90%, a rate last seen in 2002. (Rates are Freddie Mac's monthly average commitment rate on a 30-year fixed-rate mortgage.)

As interest rates have spiked, refinancing activity has slowed considerably in comparison to the previous two years. Refinancing activity is down 56% from January - September 2021, and down 67% from September 2021.

## IMPACT OF INTEREST RATES

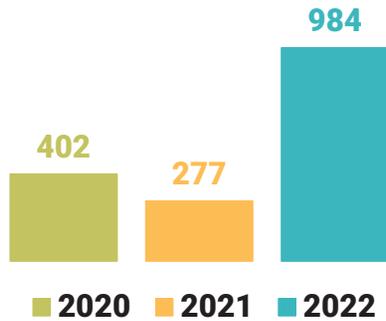


Interest rate and payments calculated based on \$400,000 home with 5% downpayment, 30-year mortgage. Per-month cost reflects principal and interest only, excludes estimated insurance and taxes.

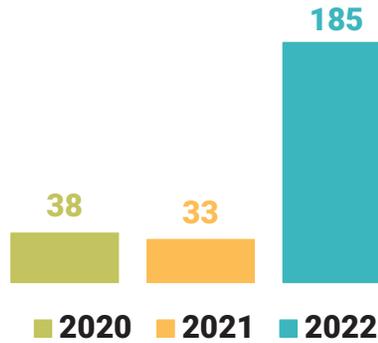
# ADJUSTABLE RATE ACTIVITY

NH MORTGAGES 2020 - 2022

## January through September



## Month of September

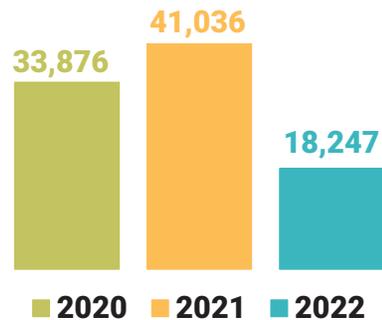


Sources: Freddie Mac Primary National Mortgage Market Survey; US Federal Reserve Selected Interest Rate H.15

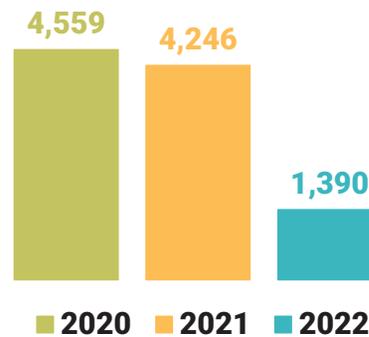
# REFINANCING ACTIVITY

JANUARY - SEPTEMBER 2020 - 2022

## January through September



## Month of September



Sources: The Warren Group

## ADJUSTABLE RATE MORTGAGES

SEPTEMBER  
2021

33

SEPTEMBER  
2022

185

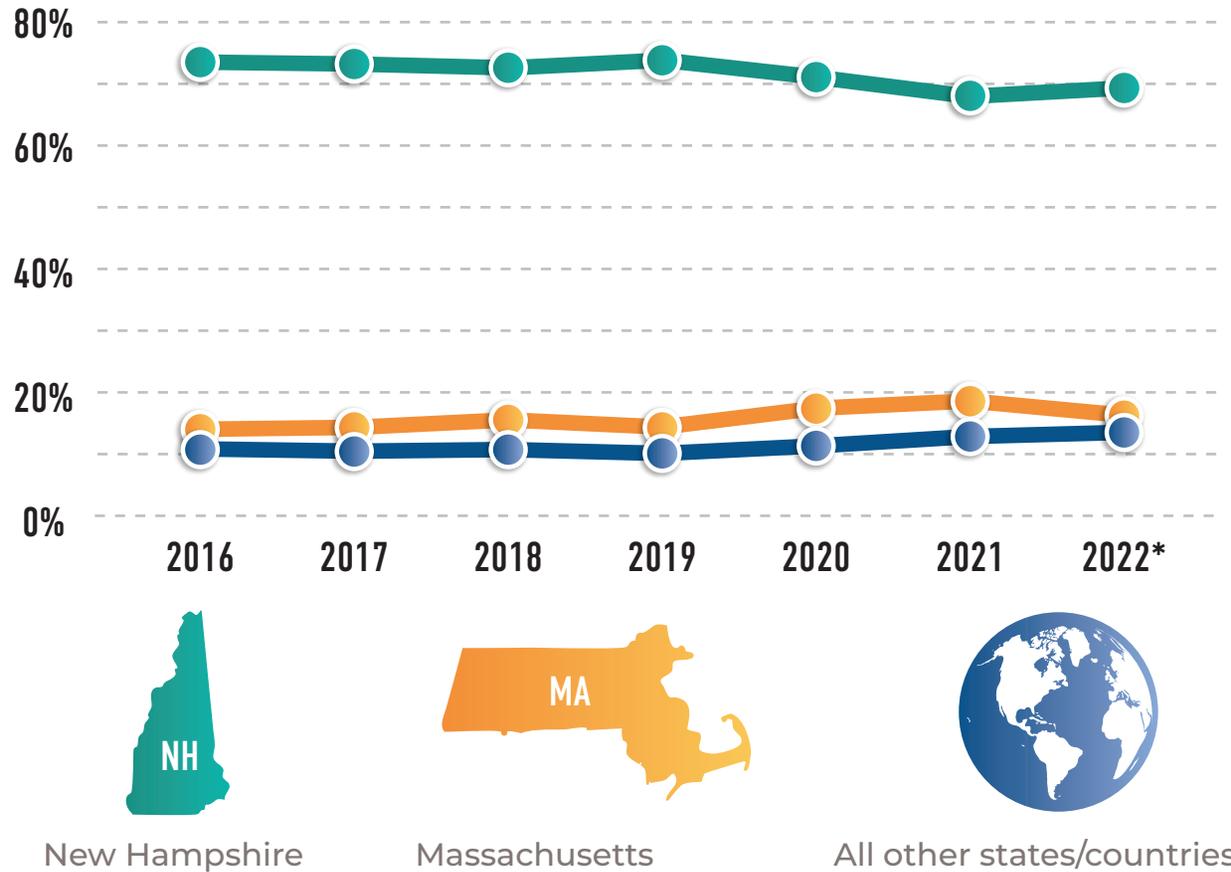
↑ 461%

While still low compared to historic rates, the rise in interest rates this year is impacting the type of mortgage homebuyers are using for financing. The increase in adjustable rate mortgage activity reflects homebuyers trying to obtain a more affordable rate, even in the short term. The number of adjustable rate mortgages in NH was up 255% cumulatively from January - September 2021, and up 461% when compared to September of last year. (All home loans offered by NH Housing are fixed rate.)

Looking at the same period from 2020 to 2022, the impact of higher interest rates has greatly diminished the appeal of refinancing a home.

# WHERE DO NH HOMEBUYERS COME FROM?

PERCENTAGE OF OVERALL NH HOME SALES  
(2016 - OCTOBER 7, 2022)



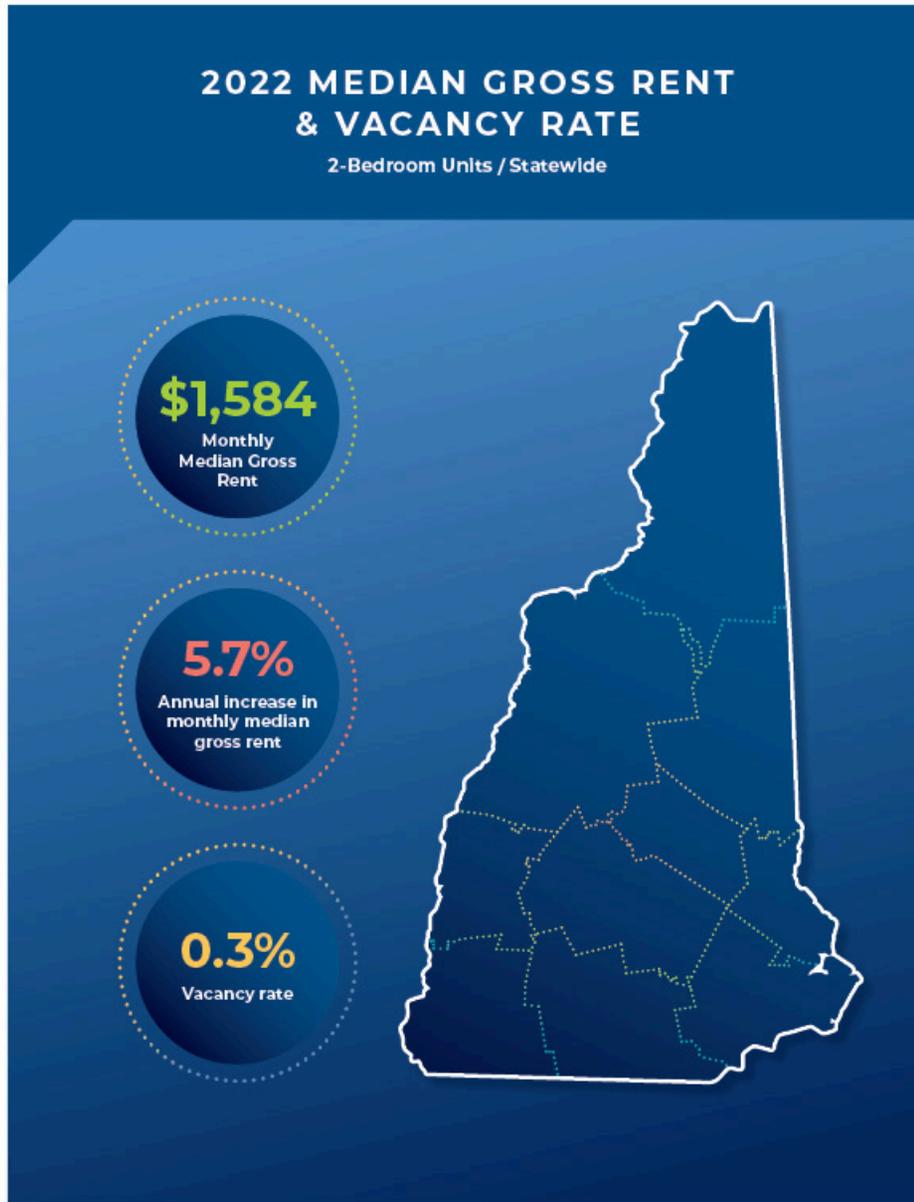
Two months from the end of 2022, the proportion of buyers from NH when compared to last year is up 1.3%, Massachusetts buyers are down 2.6% and buyers from all other locations are up 1.3%.

**New Hampshire buyers make up almost 70% of the purchasing activity to date.**

At this juncture, the highest number of “Other” purchases are from buyers in FL, ME, CT, CA, NY and VT). **The highest percentage of cash buyers come from Florida;** 36% of these buyers purchased their houses without a mortgage.

Source: The Warren Group; \* 2022 data is through 10/7/2022.

# 2022 NH RESIDENTIAL RENT SURVEY



## \$63,000

RENTER INCOME NEEDED  
TO AFFORD THE MEDIAN COST OF  
A 2-BEDROOM APARTMENT  
WITH UTILITIES  
(131% OF THE ESTIMATED  
STATEWIDE MEDIAN RENTER  
INCOME)

The **2022 NH Residential Rental Cost Survey** gathered responses from the owners of 21,385 market-rate (unsubsidized) rental housing units, or 14% of all units statewide. The survey results reflect a high demand for apartments, a very limited supply, a low vacancy rate, and pressure on affordability.

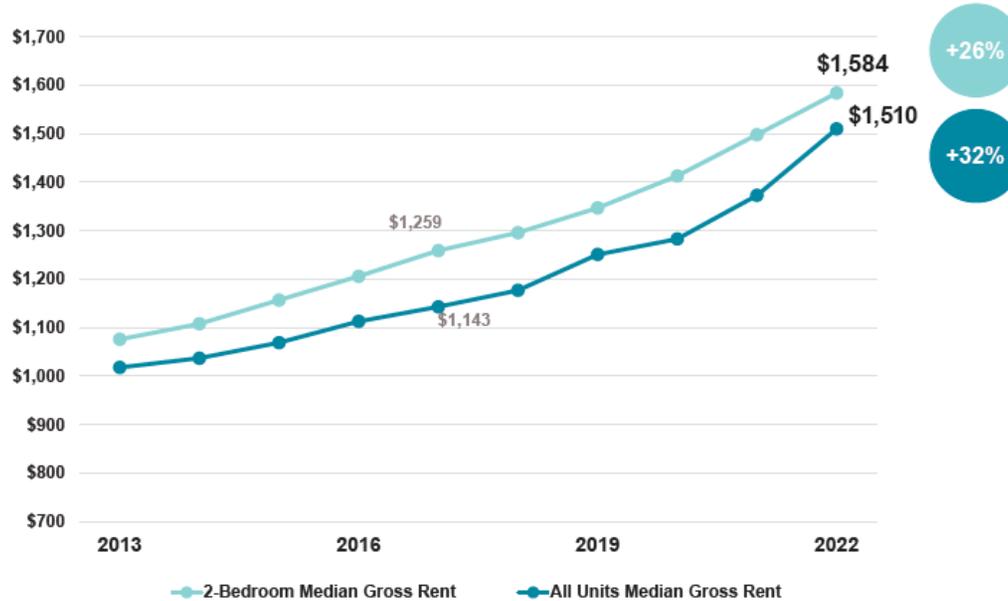
The **2022 statewide median gross rent** (including utilities) of \$1,584 for two-bedroom units is **up 5.7% over last year** (and up 10% for all units).

**Rents statewide have increased annually over the past 14 years.**

**There is a vacancy rate of 0.5% for all apartment rentals.**

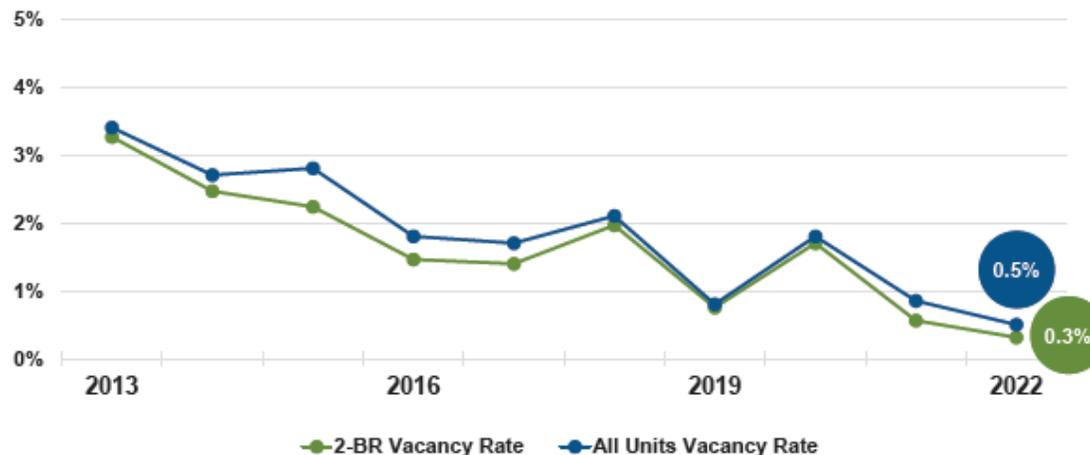
# MONTHLY MEDIAN GROSS RENTS

2-BEDROOM, ALL UNITS (2013-2022)



# VACANCY RATES

2-BEDROOM, ALL UNITS (2013-2022)



The **statewide median gross rent** (including utilities) for a 2-bedroom unit has increased almost 26% in the past 5 years.

**NH's rental vacancy rate remains well under 1% for 2-bedroom and all units.**

A balanced rental market has a vacancy rate of about 5%, where the supply of units is meeting demand. A rate of 3% reflects turnover (the time it takes to prepare a unit for the next tenant). The last time NH's vacancy rate was at 5% was in 2009, per past survey data.

Source: 2022 New Hampshire Housing Residential Rental Cost Survey



**NEW HAMPSHIRE HOUSING**

Report prepared by the  
Policy, Planning and  
Communications Group

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