



NEW HAMPSHIRE
HOUSING

Housing Market Update

House Ways and Means Committee

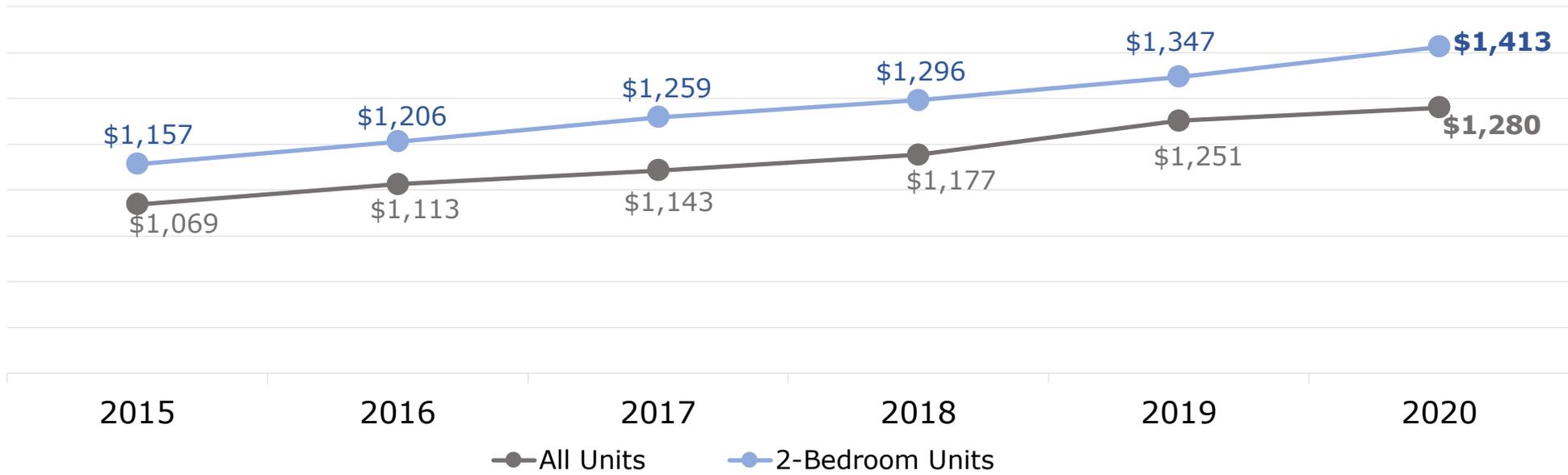
February 16, 2021

NHHFA.org



Residential Rental Market Trends

MEDIAN GROSS RENTAL COST



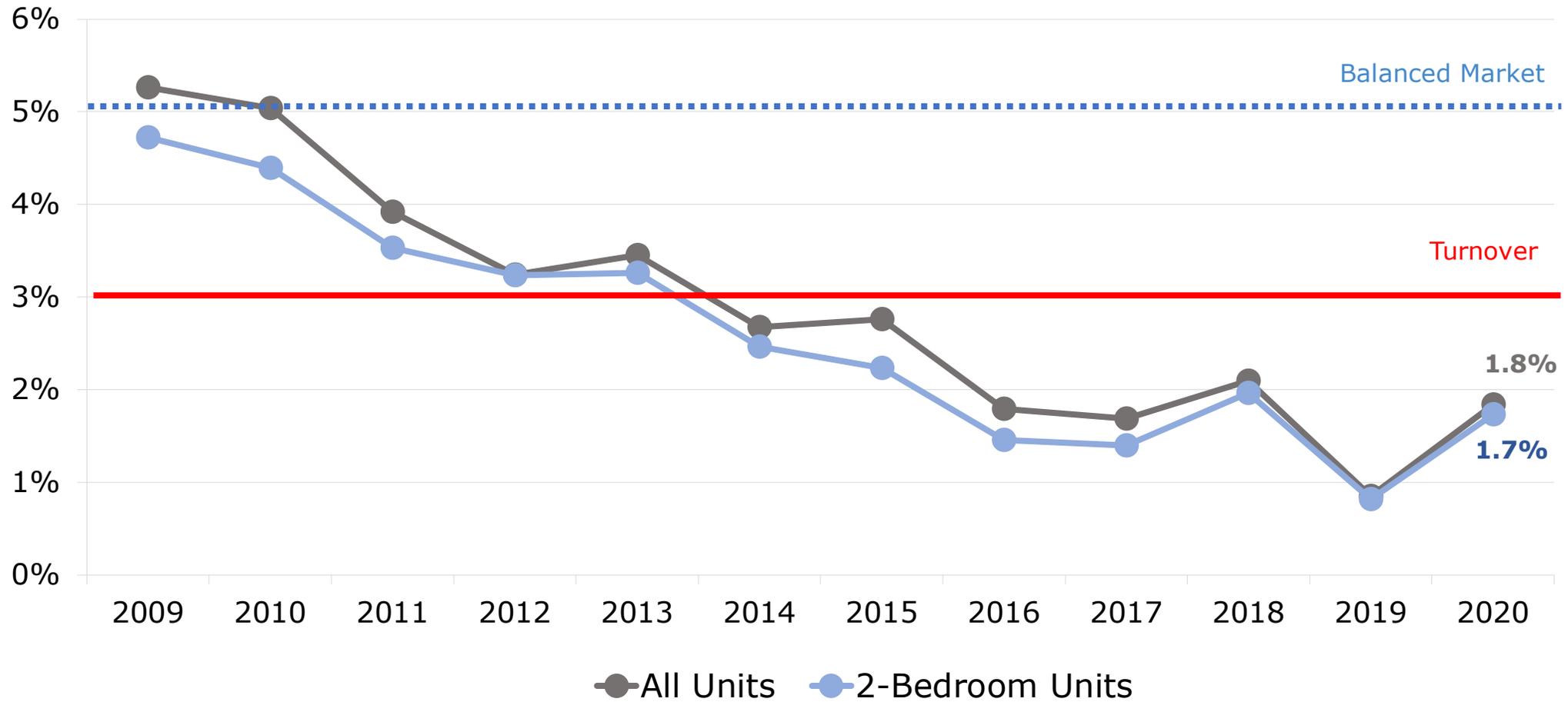
2-BR **\$1,413** ▲ **5% from last year**

5-year change ▲ **22%**

ALL **\$1,280** ▲ **2% from last year**

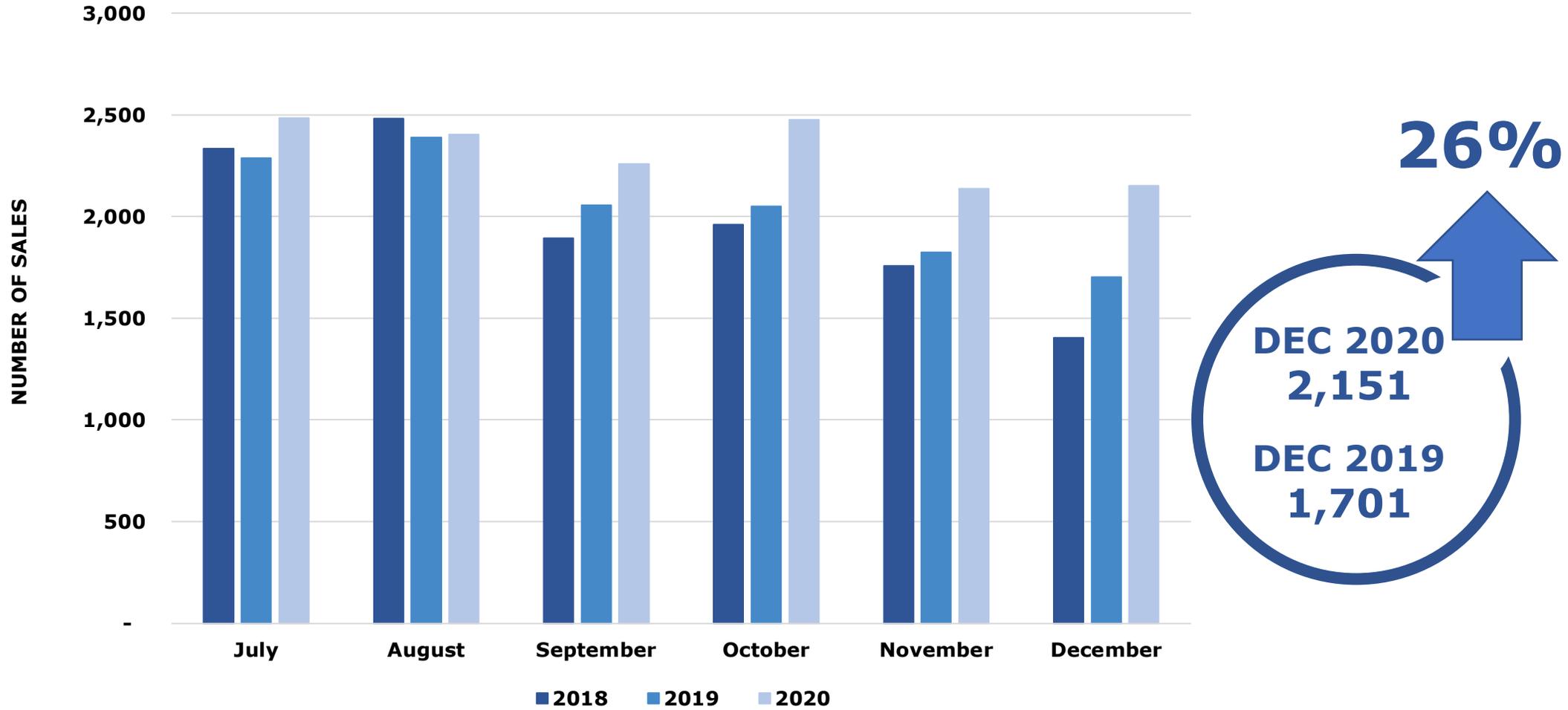
5-year change ▲ **20%**

RENTAL VACANCY RATE

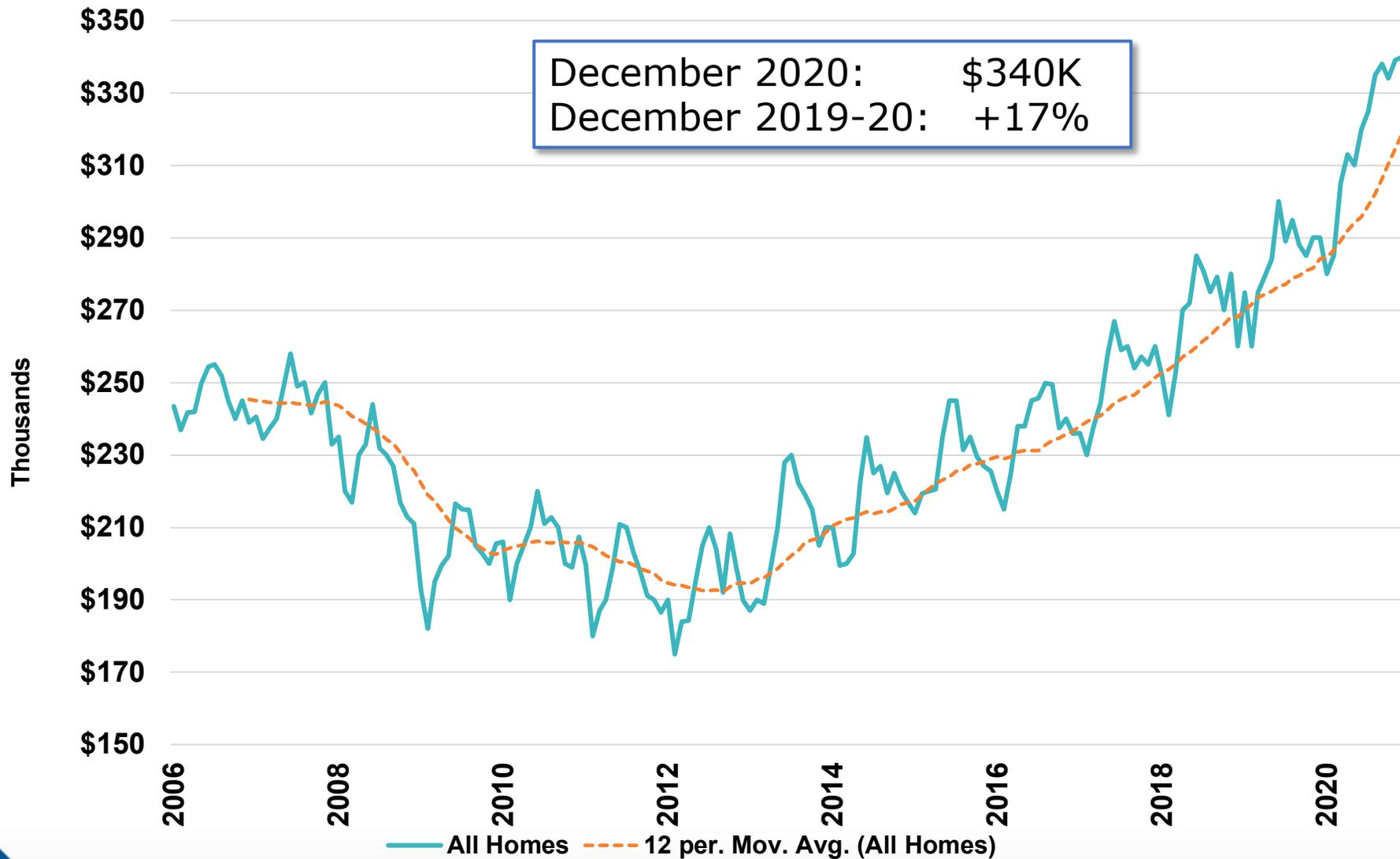


Residential Purchase Market Trends

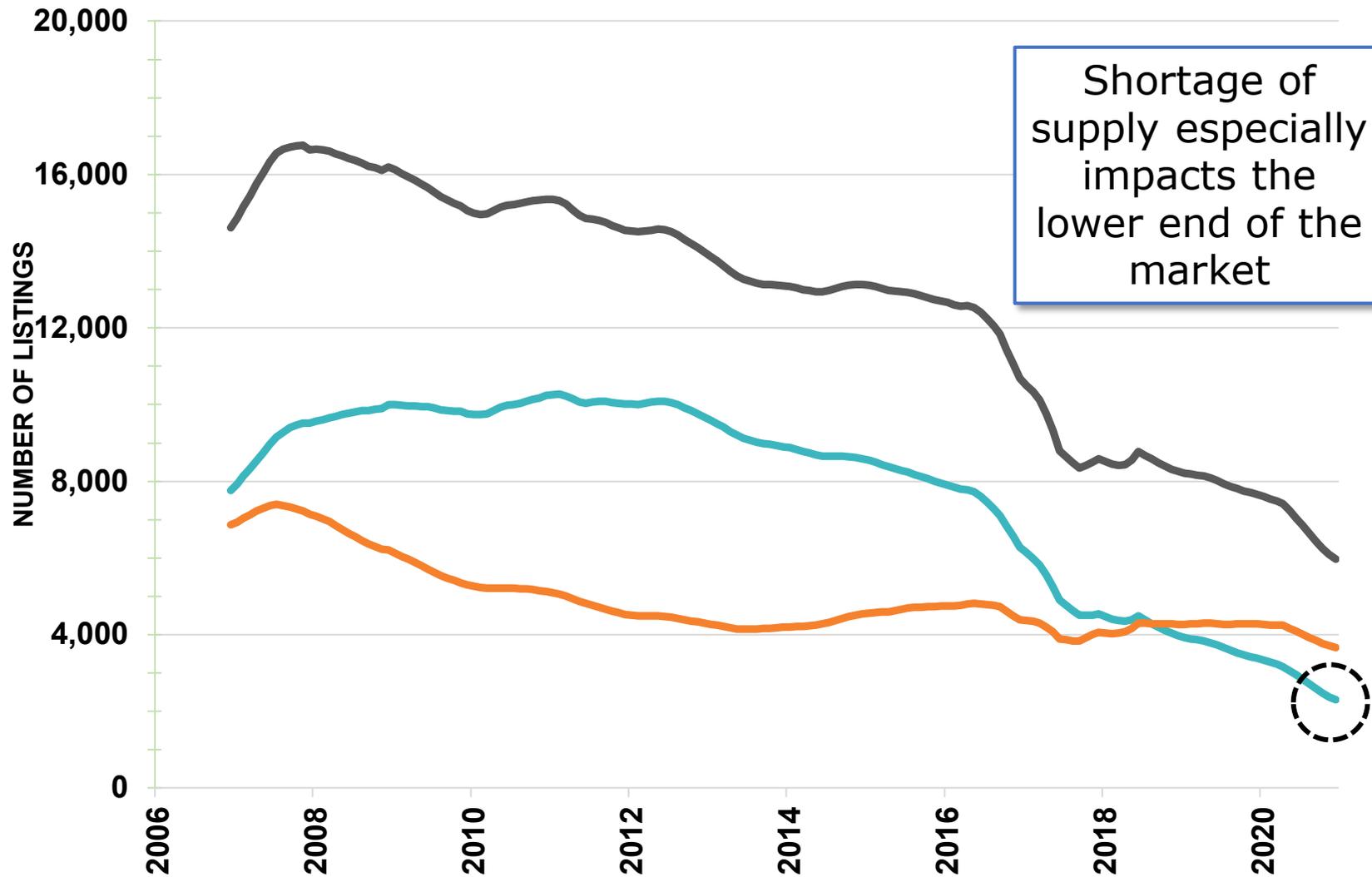
CLOSED SALES



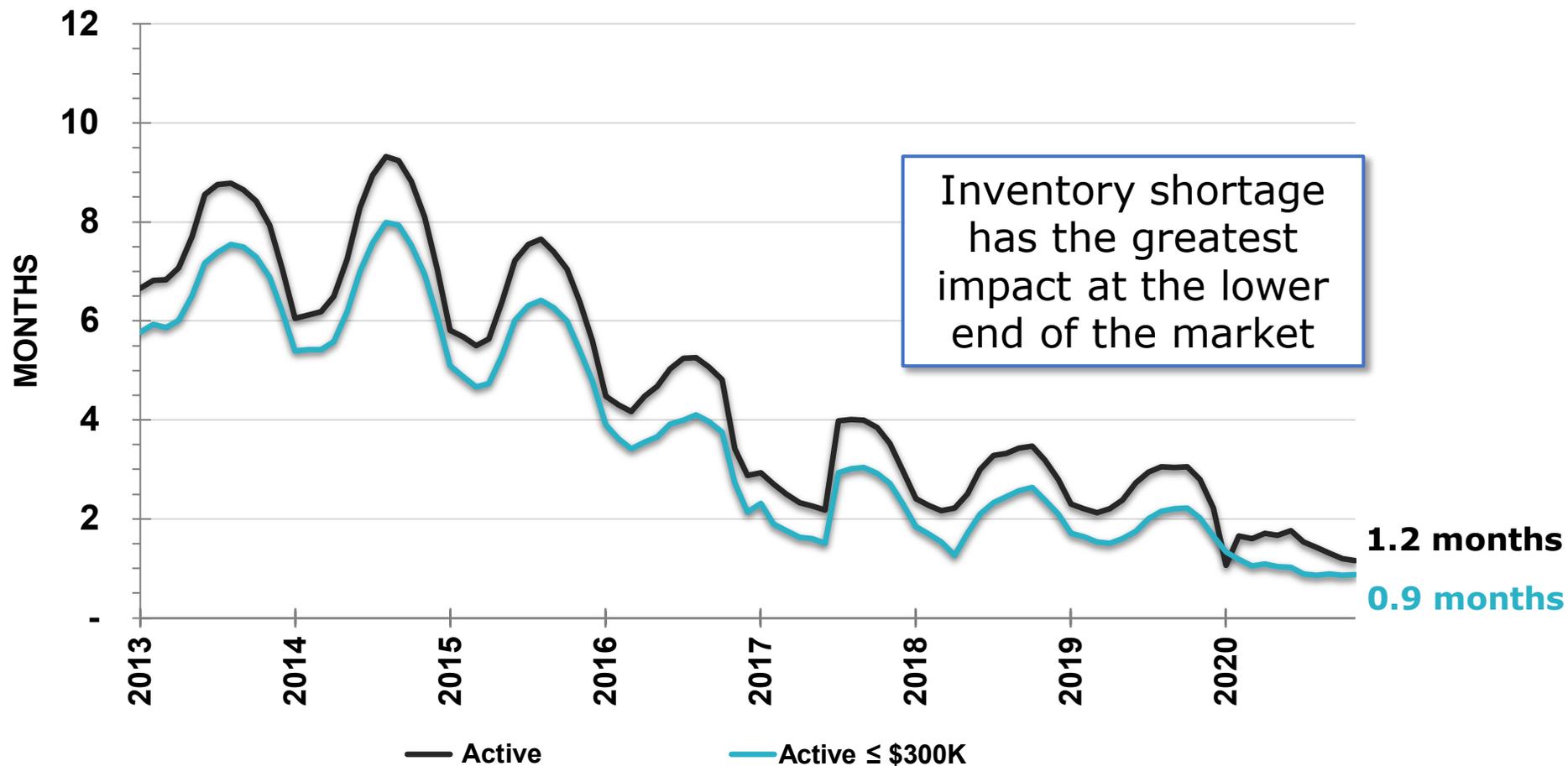
SINGLE-FAMILY MEDIAN SALES PRICE



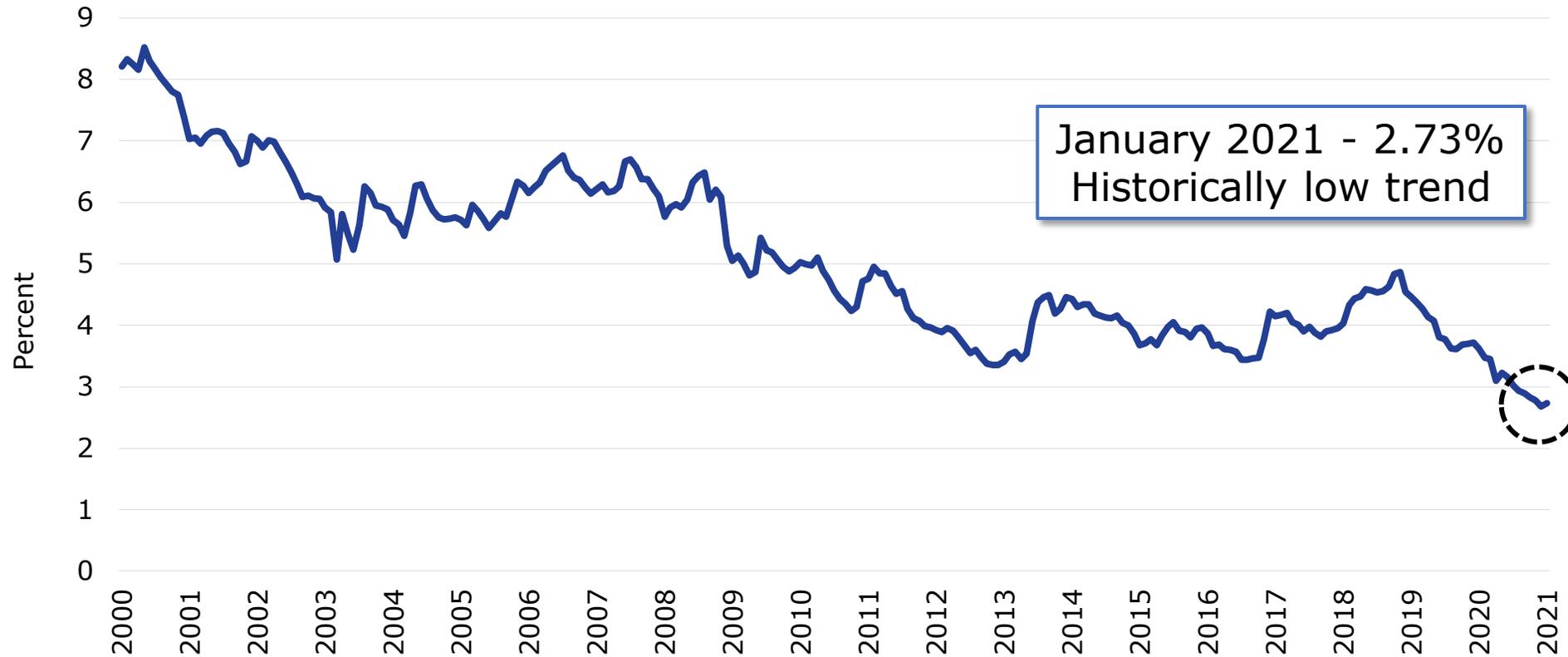
CURRENT LISTINGS



MONTHS TO ABSORB INVENTORY

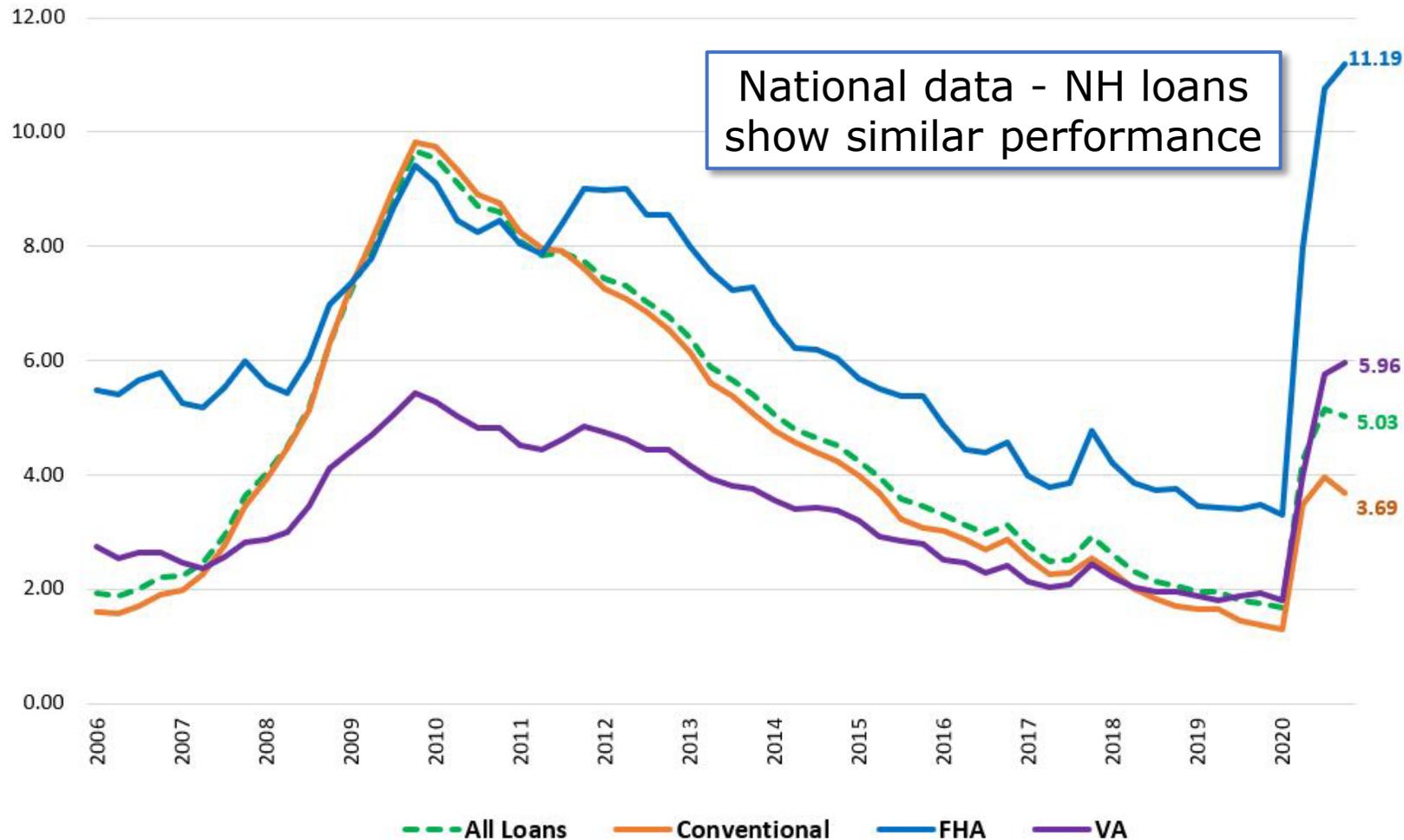


MORTGAGE INTEREST RATES

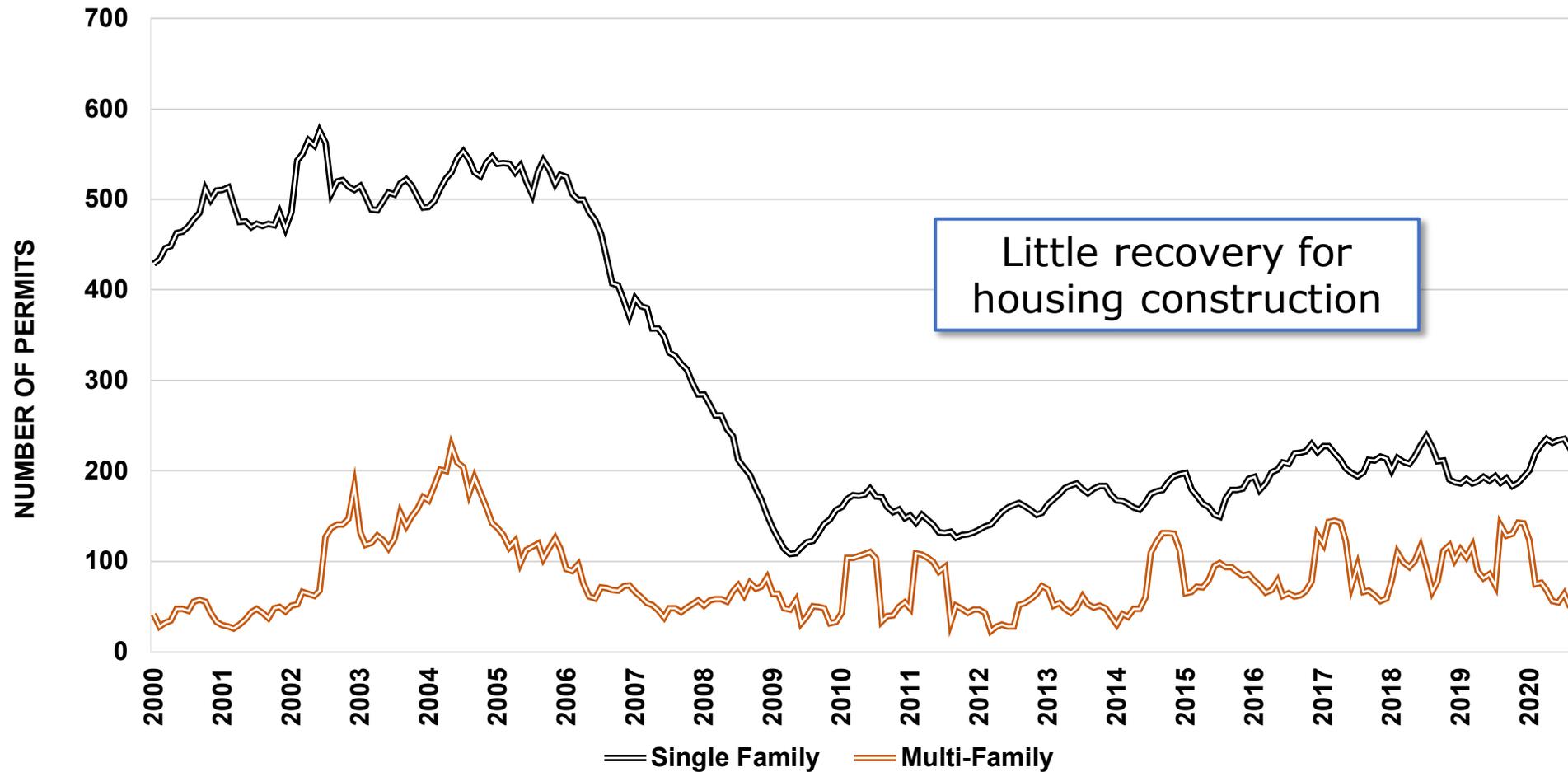


MORTGAGE DELINQUENCIES

Seriously Delinquent Rate by Loan Type for Q4 2020
(based on loan count, non-seasonally adjusted)



HOUSING PERMITS LAGGING



Seasonally adjusted, 6-month moving average, through October 2020

WHERE ARE BUYERS COMING FROM?

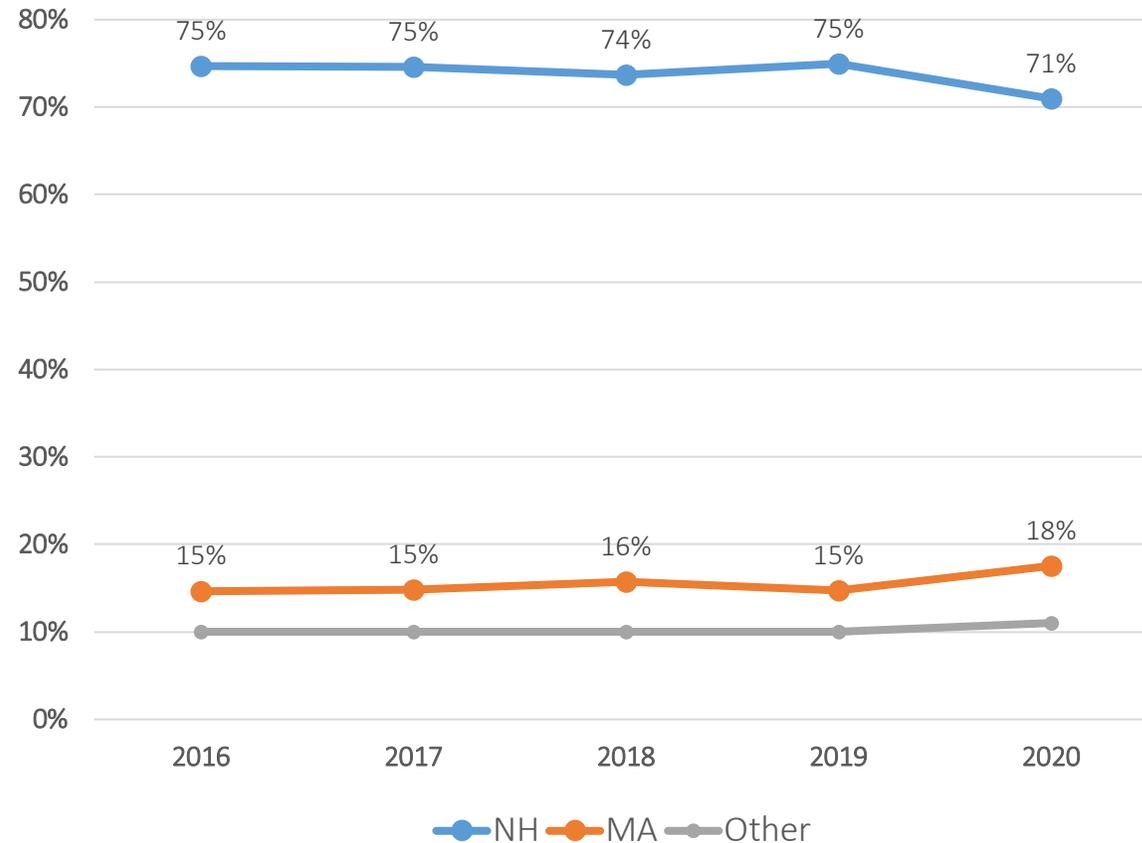
As 2020 ended, there was a slightly increased proportion of buyers from Massachusetts and other states.

Home purchases 2016 through 2020

- 74% of purchasers are from NH
- 15% came from Massachusetts
- Every other state contributed 1% or less

Local impacts may be more pronounced – Seacoast, Lakes, North Country

A Subtle Increase in Buyers From “Away”



SALES TRENDS

Factors

- Strong demand fueled by historically low interest rates
- Low inventory caused by long-term lack of new construction

Impacts

- Short time on market – now <1 month
- Significant increases in prices – December 2019-2020 up 20%

Analysis

- 2020 – a year split into two parts; strength of second half sales overcame slow start (number of sales and \$ volume)
- 2021 – continued market strength and a promise of ongoing low interest rates

MBA Survey, December 2020

80% of all applications were for refinancing

December 2019 – December 2020 Volume

- Purchase: ↑ 60%
- Refinance: ↑121%

Investor purchase mortgages

- NH: 9.6%
- US: 8.0%

2nd home purchase mortgages

- NH: 6.9%
- US: 5.9%

	% of Purchase Mortgages	% of Refi Mortgages
30-Year Fixed	92.4%	51.5%
Other Fixed	7.2%	37.9%
ARM/Hybrid ARM	0.3%	0.4%

Increased population growth in NH

- Increased in-migration, especially millennials (ages ~25-40)
- Fueled by a decade-long trend in Boston metro area

But Northeast population growth is the slowest in the nation, and NH's growth is also slow by comparison

- NE population growth is buoyed a bit by international immigration

Ongoing NH population growth may be influenced by permanent occupancy of formerly "second" homes – Lakes Region and North Country

- Not reflected in sales activity
- Implications for local school budgets



CONCLUSIONS

ISSUE: HIGH DEMAND

- Historically low interest rates
- More conservative consumer behavior after the Great Recession
- “K-Shaped” pandemic recovery?
 - Lower-income renters less likely to benefit

ISSUE: CONSTRAINED SUPPLY

- Years of under-production have resulted in a significant supply shortfall – estimated 20K units more to meet current demand
 - Contributing Factors: → Cost of labor, materials
→ Regulatory barriers

IMPLICATIONS: ECONOMIC GROWTH, AFFORDABILITY

- Low supply and high prices make it hard for employers to hire and retain workers
 - Fluid rental market favors labor mobility
- Affordability has greatest pressure at the lower end of the market
 - Housing stability, threat of homelessness

Dean Christon
Executive Director
New Hampshire Housing
(603) 310-9242
dchriston@nhhfa.org

Ben Frost
Managing Director, Policy and Public Affairs
New Hampshire Housing
(603) 310-9361
bfrost@nhhfa.org