



# House Ways & Means Committee

## *Housing Market Update*



March 2022

NHHousing.org

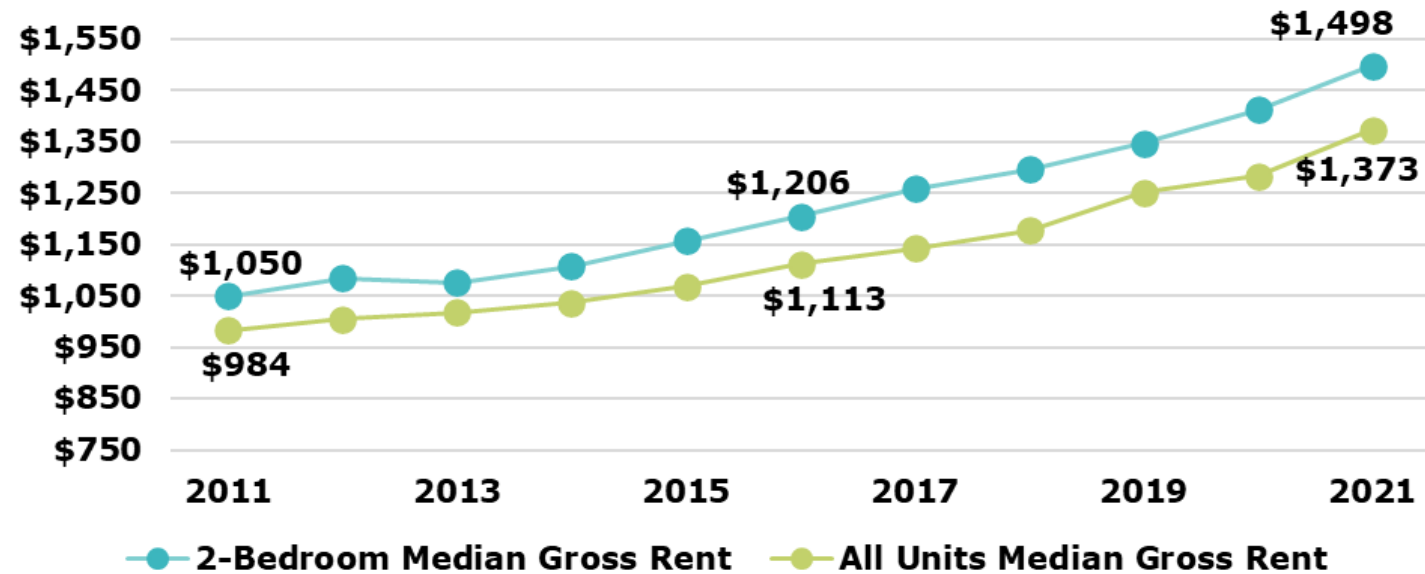
# About New Hampshire Housing

- Instrumentality of state government; not an agency
- Self-funded; no operating funds from the state
- Project, tenant, and homeowner impact
  - ❑ Homebuyer lending – more than 50,000 households
  - ❑ Multi-family rental construction – over 15,000 units financed
  - ❑ Direct tenant assistance – tens of thousands assisted
- Policy and research
  - ❑ Local and regional technical assistance
  - ❑ Municipal guidebooks on Workforce Housing and Accessory Dwellings
  - ❑ Housing Needs Assessments



# Residential Rental Market Trends

# Median Gross Rental Cost



2-BR

\$1,498



6% from last year

5-year change



24%

ALL

\$1,373



7% from last year

5-year change

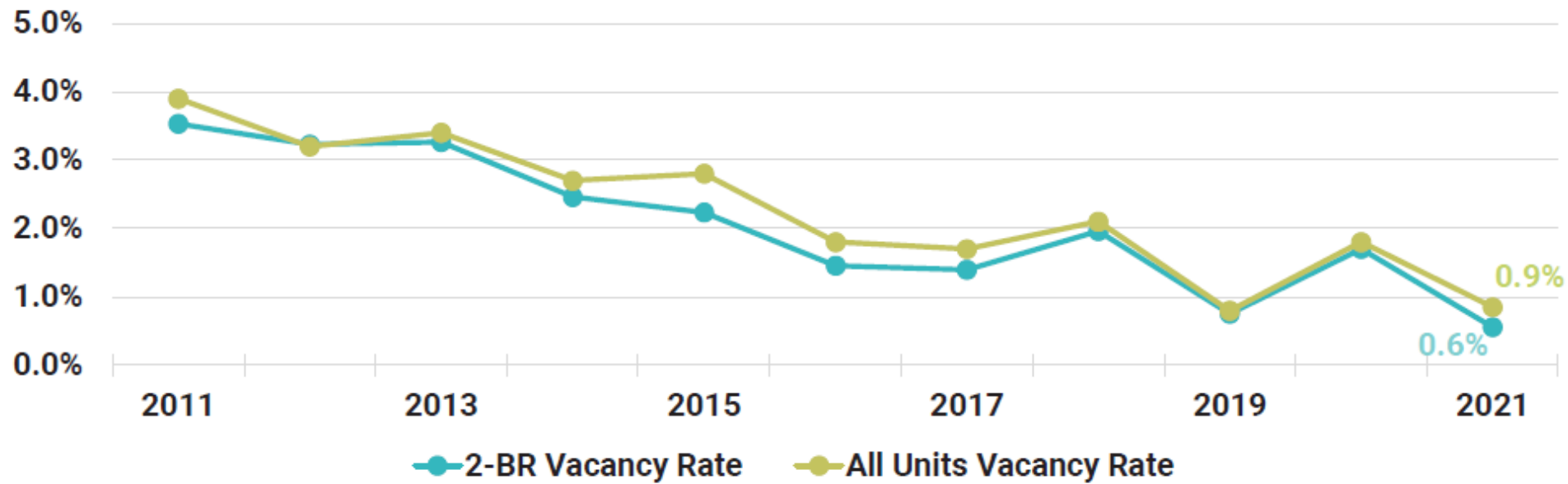


23%

# Vacancy Rate of Residential Rental Units

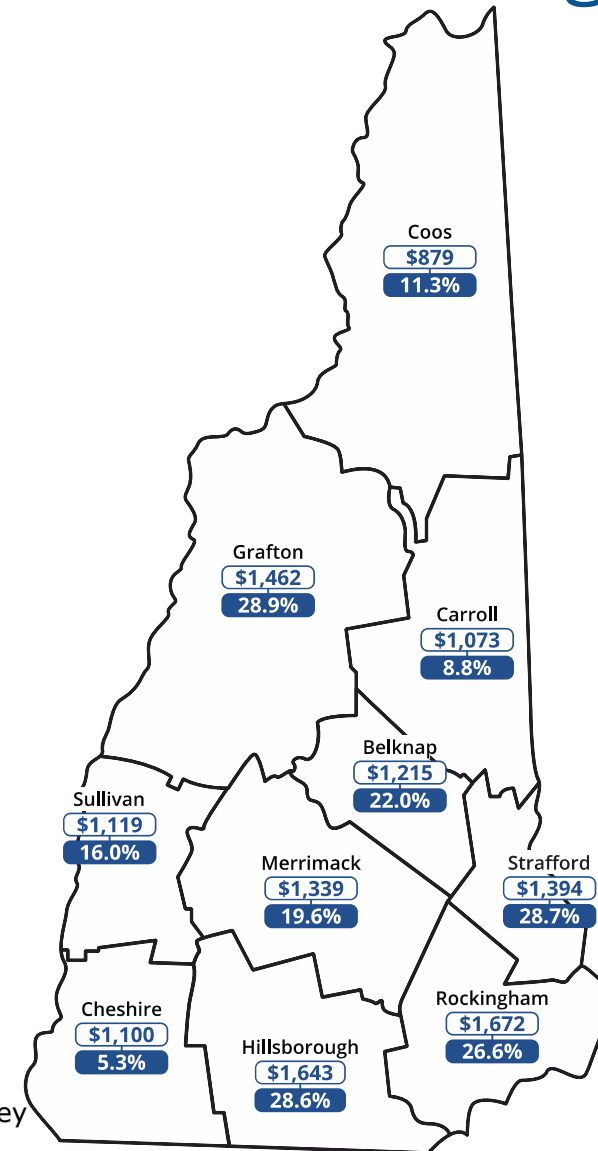
2-BR 0.6%

ALL 0.9%



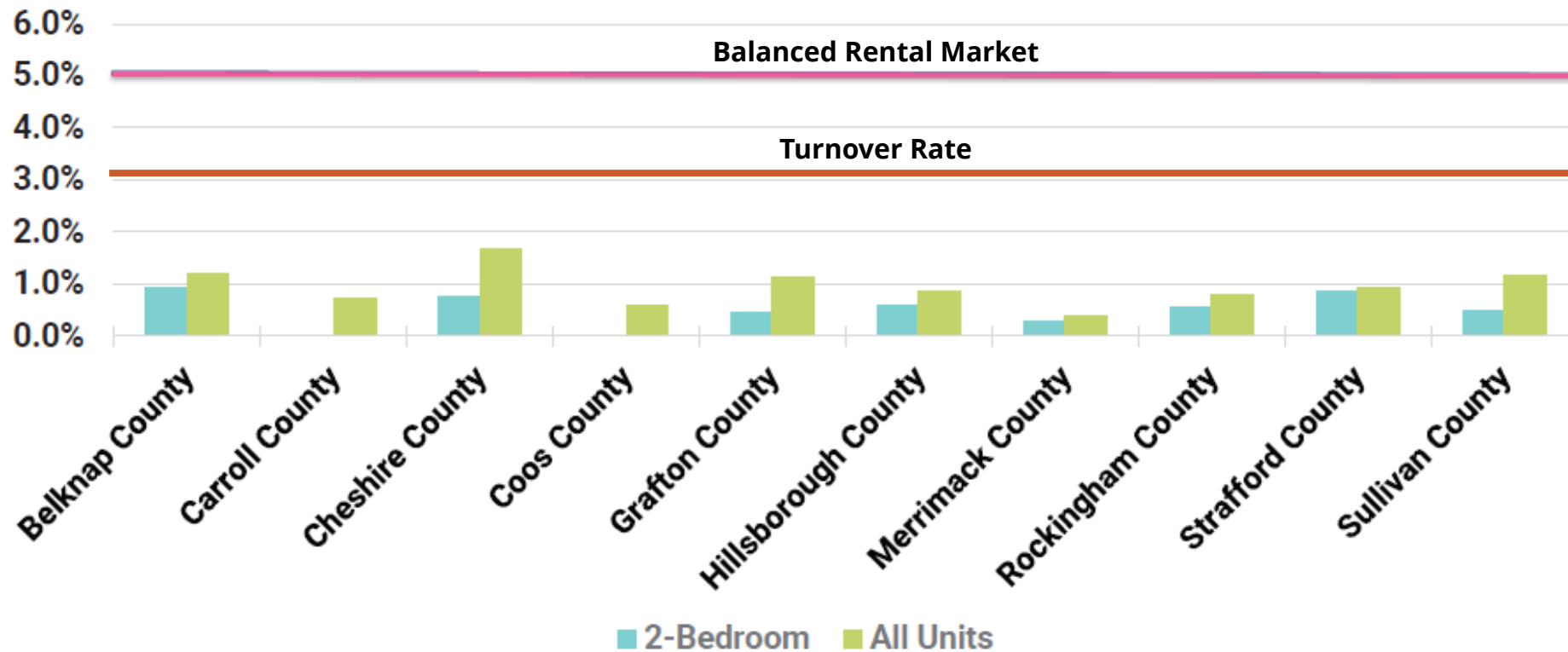
# Median Monthly Gross Rent & Percent Change

2-bedroom units, 2016 - 2021

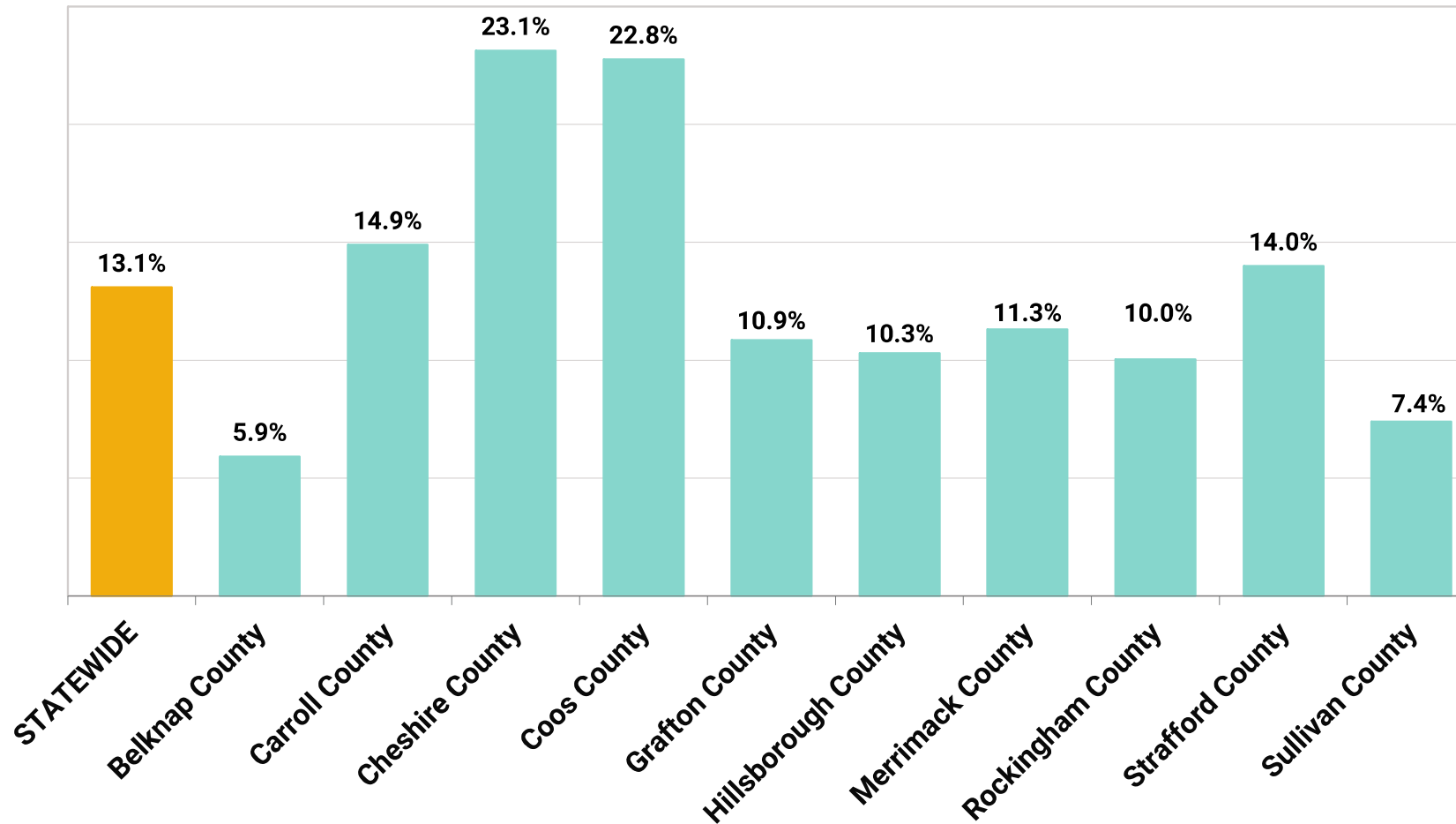


# Vacancy Rate by County

All counties experiencing low vacancy rates



# 2-BR Units Affordable to Median Renter Income

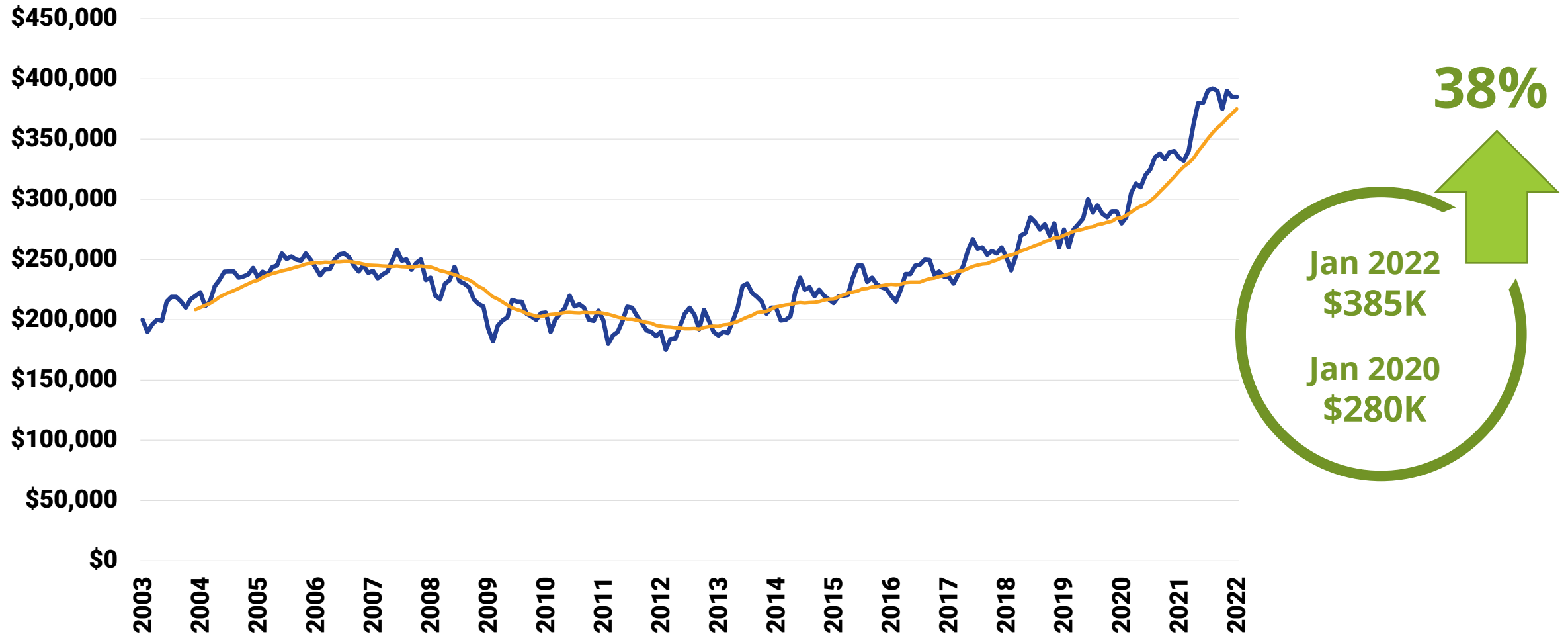






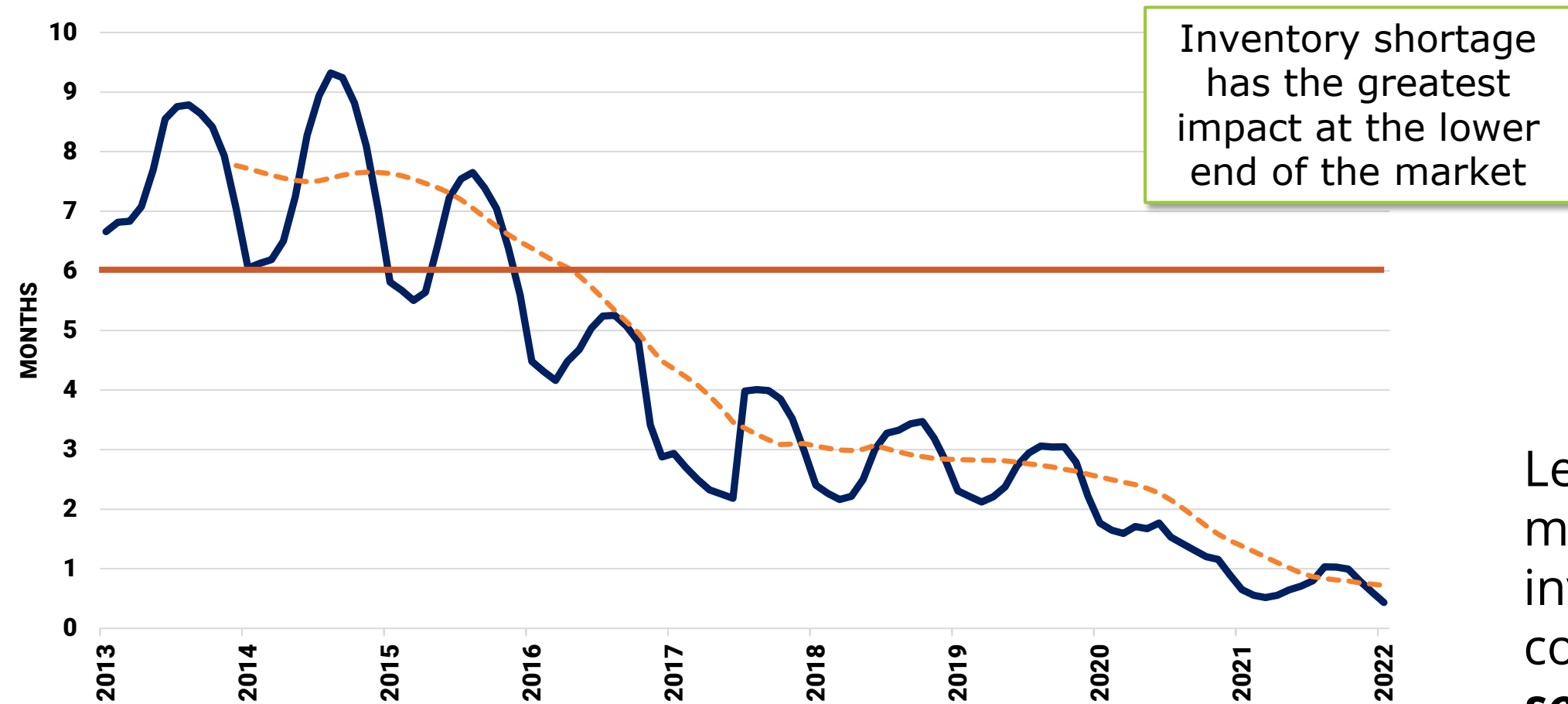
# Residential Purchase Market Trends

# Single-Family Median Sales Price



# Single-Family Housing Inventory

Months to absorb active listings at prior 12 months' sales pace



Less than 6 months of inventory is considered a ***seller's market***.

# Closed Sales



# Mortgage Interest Rates



December 2020  
2.68%



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

# NH Mortgage Lending

## MBA Survey, December 2021

80% of all applications were for refinancing

December 2019 – December 2021 Volume

- Purchase: ↑ 8%
- Refinance: ↓ 35%

Investor purchase mortgages

- NH: 5.1%
- US: 6.3%

2nd home purchase mortgages

- NH: 9.4%
- US: 6.0%

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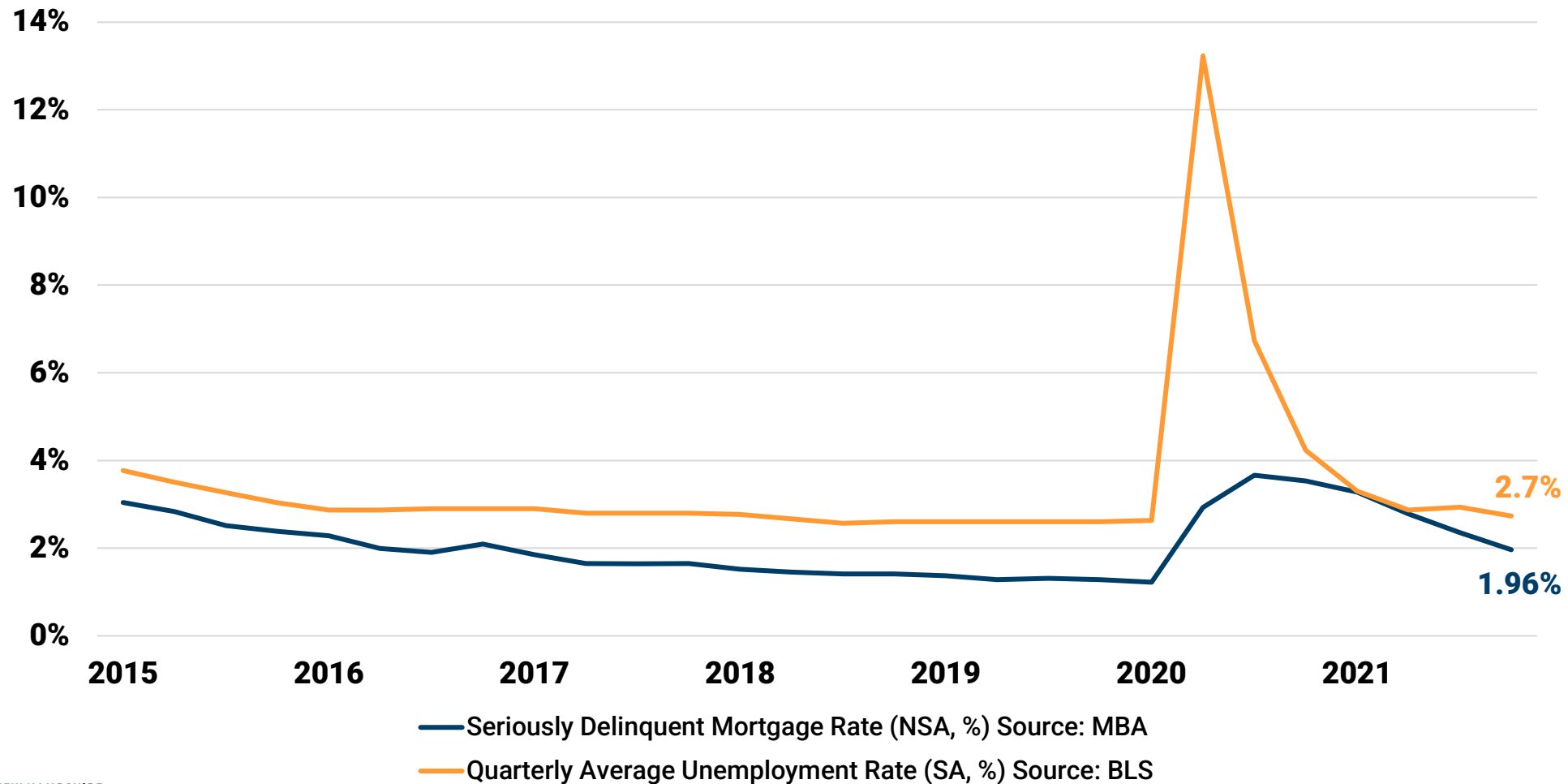
	<b>% of Purchase Mortgages</b>	<b>% of Refi Mortgages</b>
30-Year Fixed	90.3%	57.8%
Other Fixed	8.1%	40.7%
ARM/Hybrid ARM	1.5%	1.4%



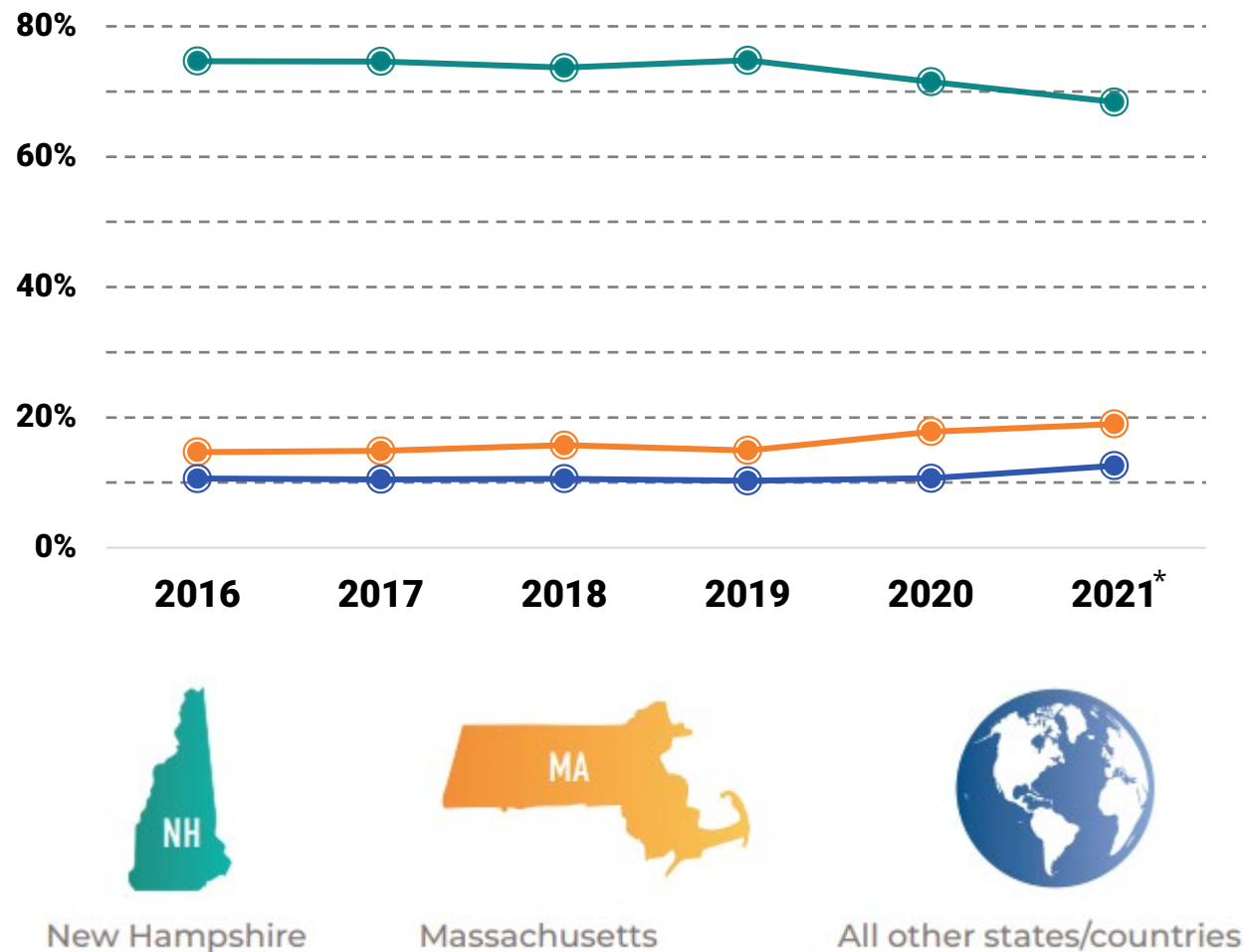
Source: Mortgage Bankers Association, NH State Mortgage Activity Report, December 2021

# Mortgage Delinquencies

Seriously Delinquent Mortgage Rate (90+ Days Dfq and Loans in Foreclosure) and  
Unemployment Rate for New Hampshire



# Where Do Buyers Come From?



Modest increase in buyers from “away”

*Most buyers are local to their own markets*

## Regional Influences

- Dartmouth College / DH Health
- Lakes
- Mountains
- Boston



# Population Trends

## **Slow 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

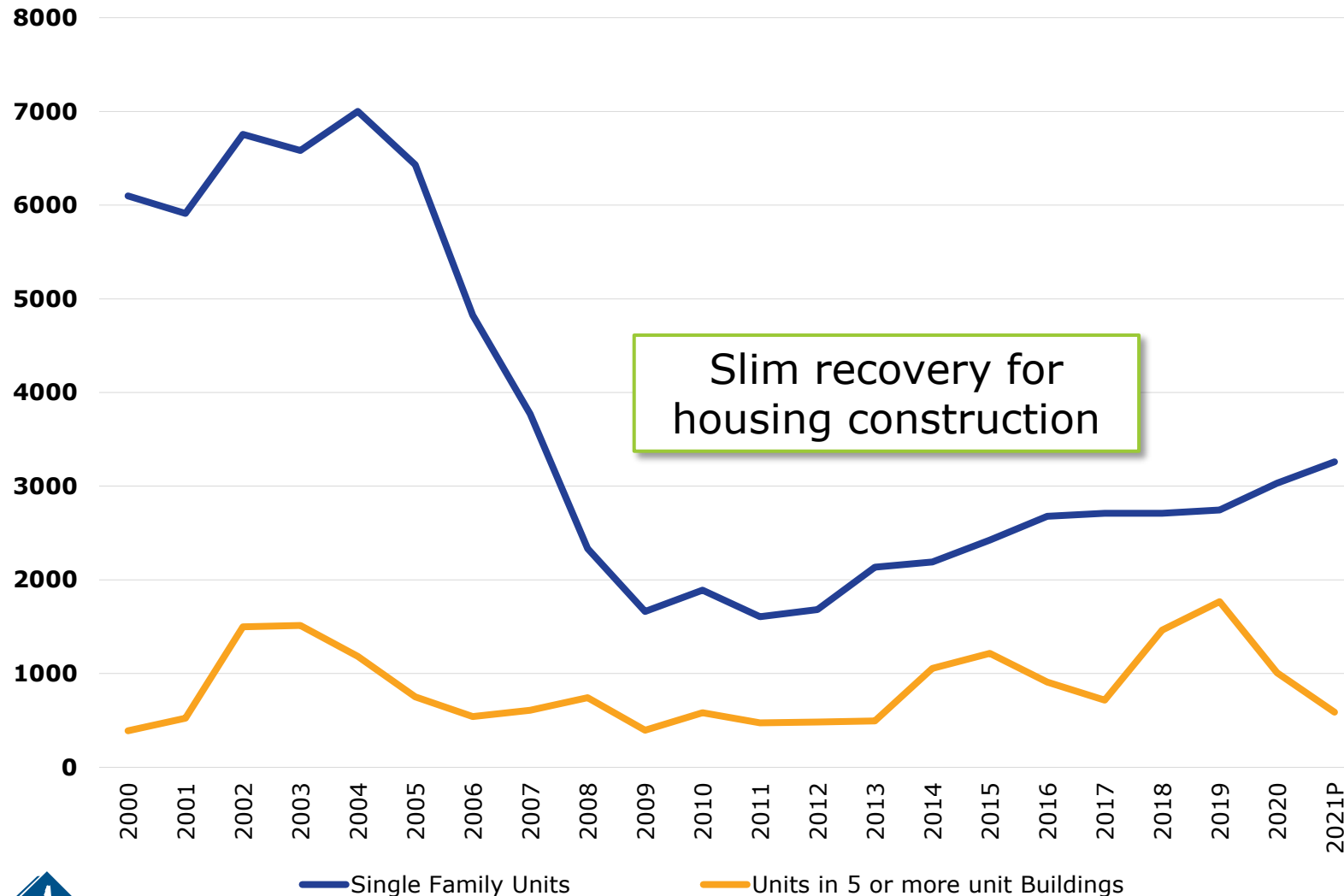
Ongoing growth may be influenced by permanent occupancy of formerly "second" homes – Lakes Region & North Country

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



Sources: Kenneth Johnson, UNH Carsey School, "New Hampshire's Estimated Population Gain Is the Largest in New England," December 23, 2020; Freddie Mac Insight, January 28, 2021, "U.S. Population Growth: Where is housing demand strongest?"

# NH Building Permits Lagging



With high demand and limited supply for rentals and purchase homes, *why aren't builders building more?*

# Housing Market Trends – Summary

## Factors

- Demand: fueled by historically low interest rates
- Supply: low inventory from years of under-production
  - Estimated 20K units more to meet current demand
  - Contributing Factors: → Cost of labor, materials  
→ Regulatory barriers

## Impacts

- Short time on market – now <1 month
- Significant increases in prices and rents

# Conclusions

## **IMPLICATIONS: ECONOMIC GROWTH, AFFORDABILITY**

- High prices and low supply 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
  - Rents up 22%; renter income up 6% (2014-19)
  - Result: housing instability, threat of homelessness

# Legislative Solutions

- **SB 400 – Community Toolbox Bill**
- **Affordable Housing Fund**
- **Housing Appeals Board**
- **Accessory dwelling units**
- **Workforce housing**

# CONTACT US

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