

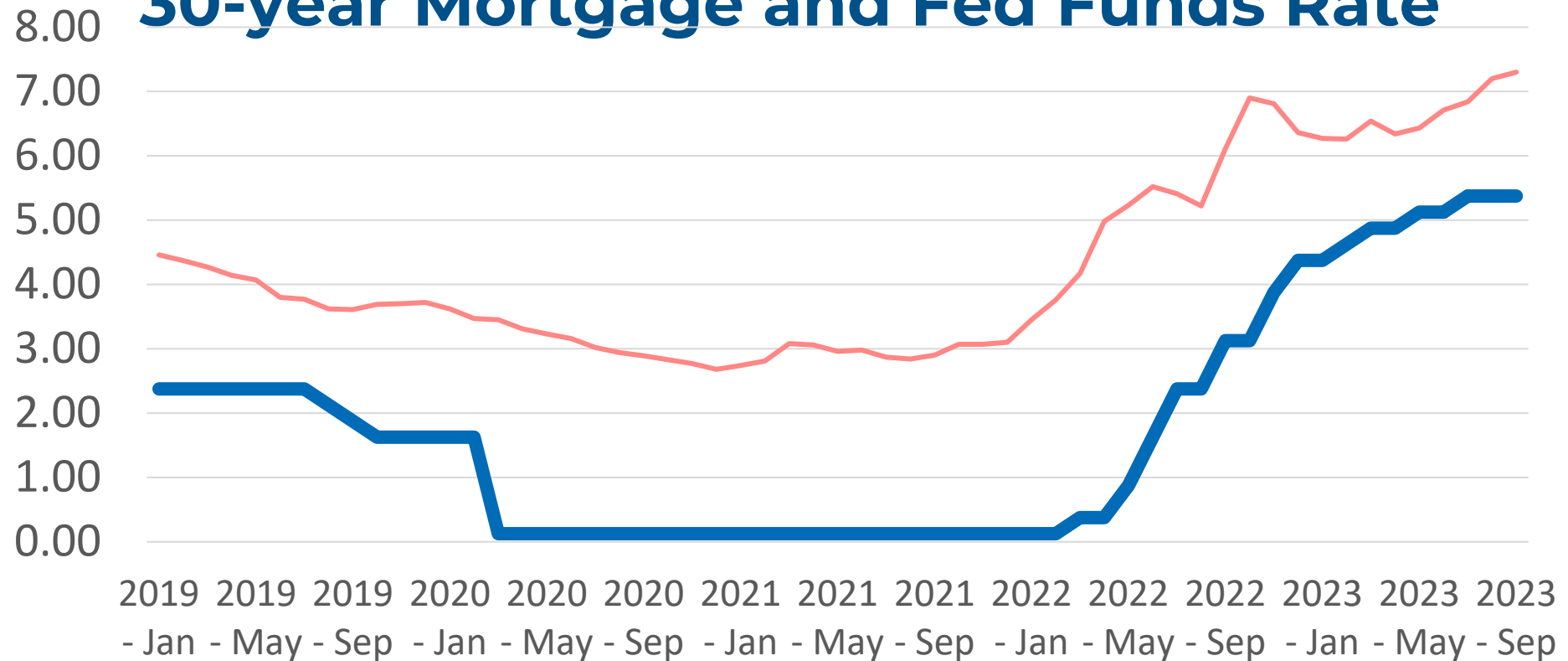


Real Estate Market Outlook

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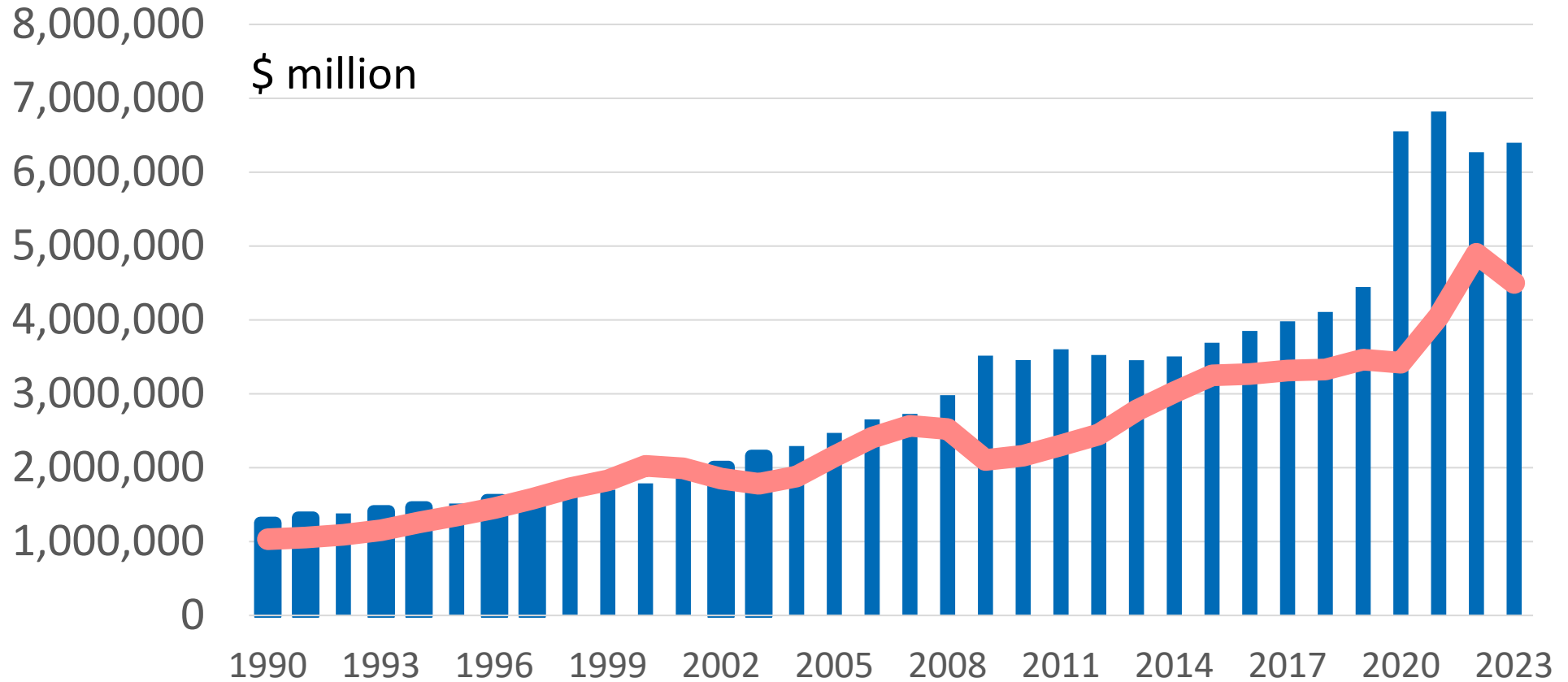
High Borrowing Costs from Fed's Aggressive Policy: 30-year Mortgage and Fed Funds Rate



Source: U.S. Treasury and Federal Reserve

Downgrade of USA Debt ???

Federal Outlay (blue bar) > Tax Receipts (orange line)

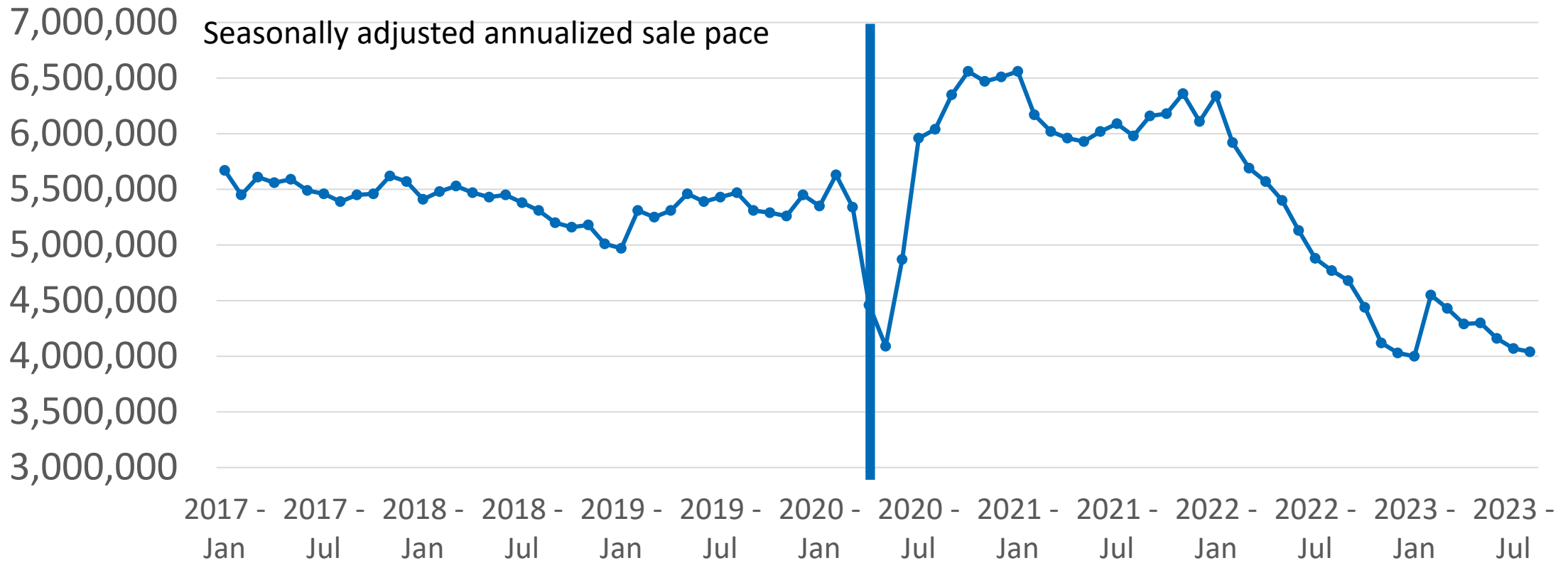


Source: Congressional Budget Office

Damage from High Interest Rates

- **Home Sales Down**
- **Commercial Real Estate Transactions Down**
- **Commercial Real Estate Property Prices Down**
- **Community Banks in a Mess from Interest Rate Mismatch**
- **Community Banks in a Mess from Commercial Real Estate Loan Exposure**
- **Economic Slowdown**
- **Interest Expenditure of Federal Debt Rising**

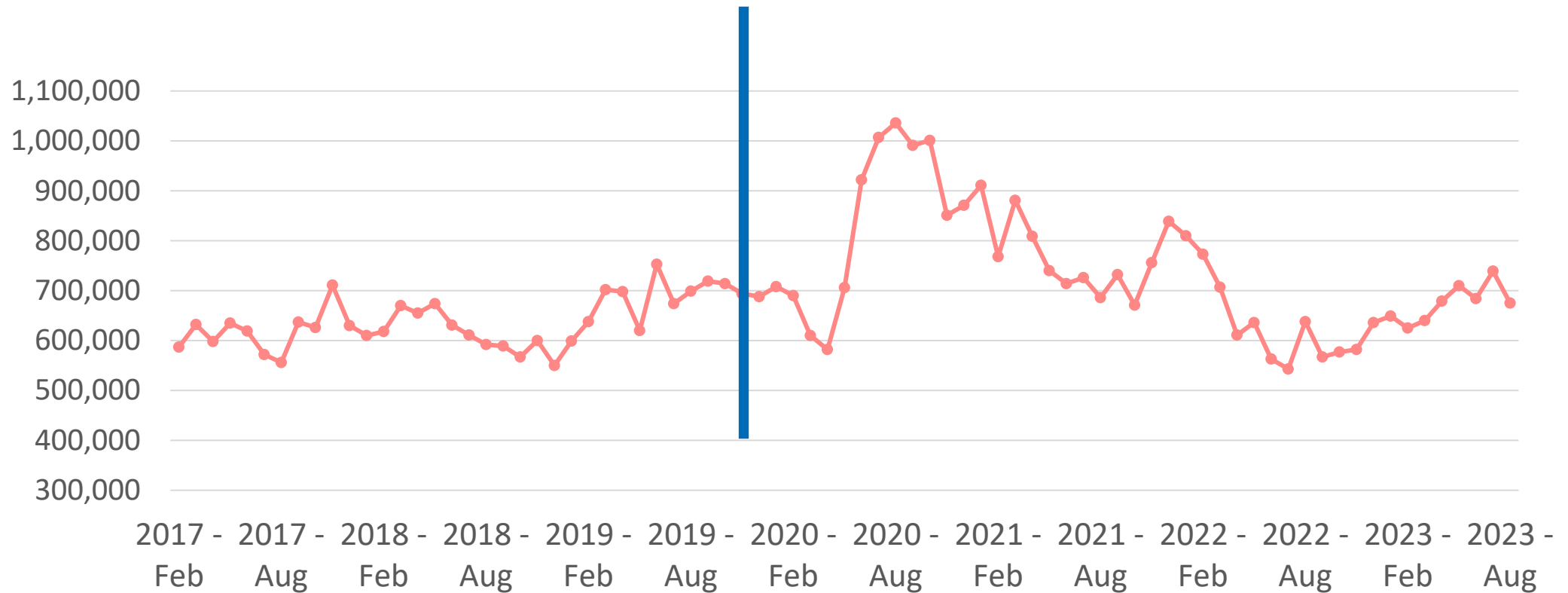
Weaker Home Sales - Existing-Home Sales Below Pre-COVID...Down 21% Year-to-Date



Source: NAR

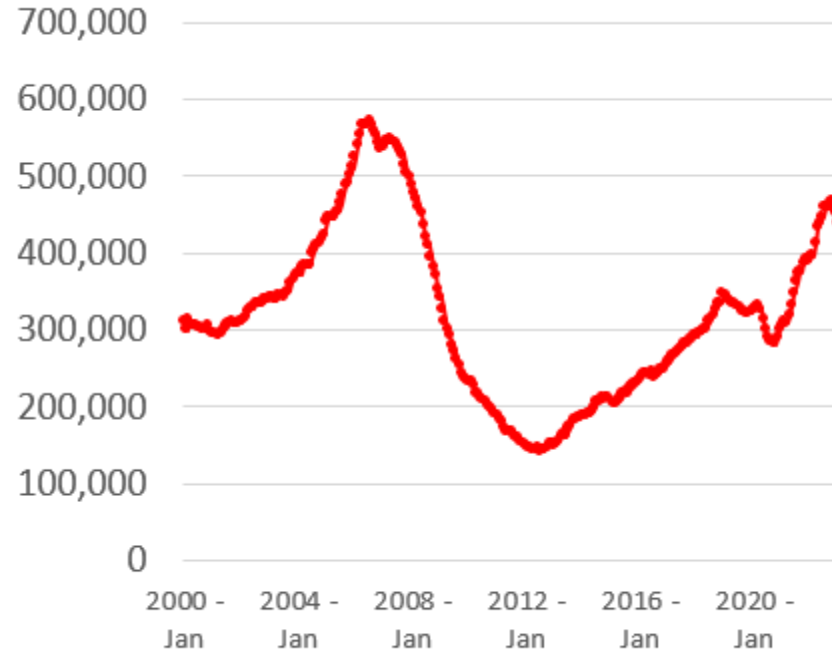
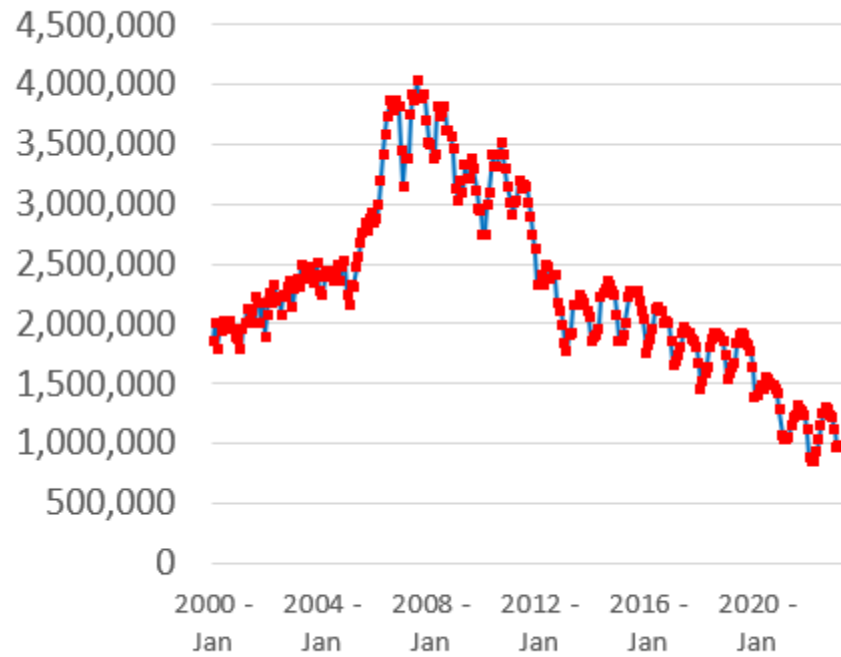
Newly Constructed Home Sales...Back to Pre-COVID

Up 2% year-to-date



Source: HUD

Inventory of Existing Homes Low ... New Homes High



Source: NAR and HUD

Greater Boston Market Summary

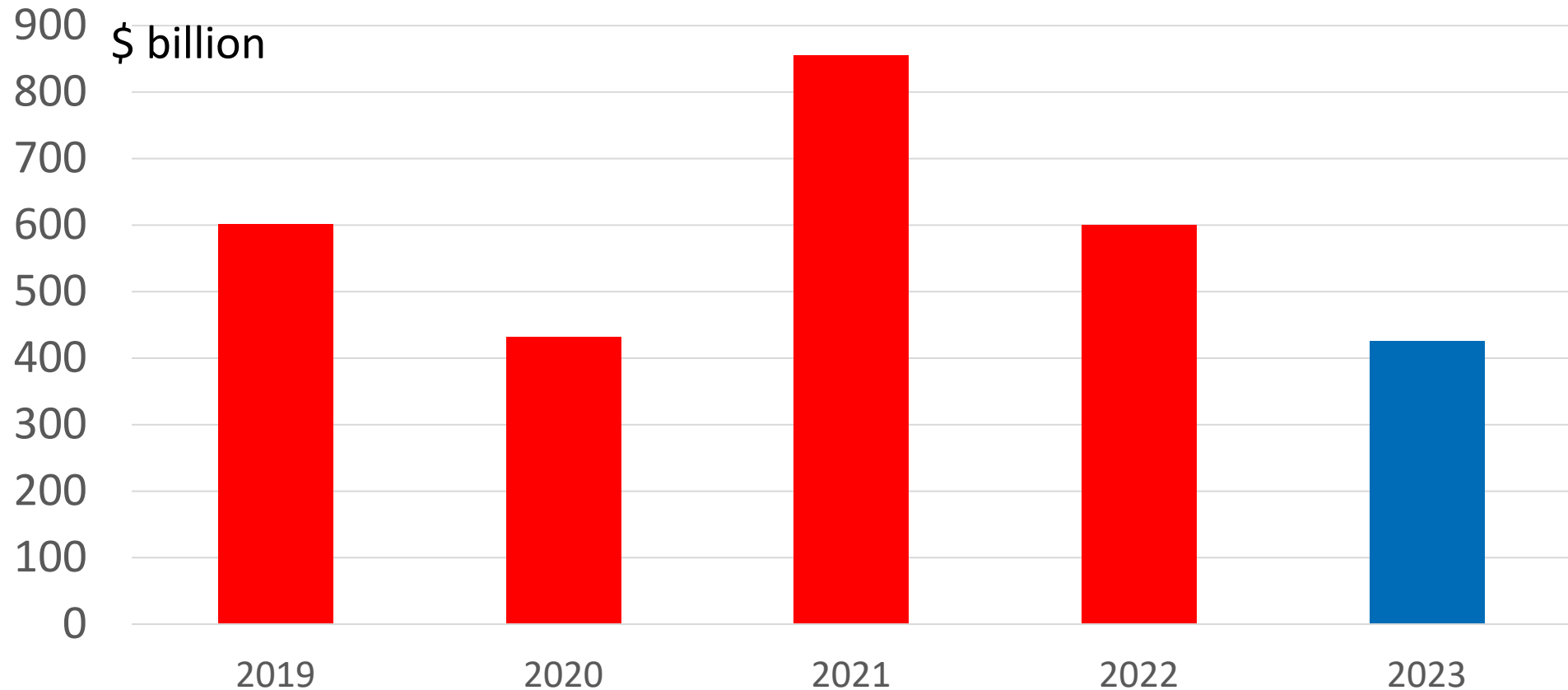


Includes all 64 towns within the GBAR jurisdictional area

Single Family Homes

	Sep 2023	Sep 2022	YoY	Aug 2023	MoM	2023	2022	YTD
Median Sales Price	\$849,950	\$761,000	⬆️ 11.7%	\$877,500	⬇️ -3.1%	\$853,312.5	\$820,000	⬆️ 4.1%
Closed Sales	752	1,110	⬇️ -32.3%	1,097	⬇️ -31.4%	7,424	9,796	⬇️ -24.2%
New Listings	1,258	1,502	⬇️ -16.2%	862	⬆️ 45.9%	9,685	12,655	⬇️ -23.5%
Pending Sales	783	901	⬇️ -13.1%	796	⬇️ -1.6%	7,732	9,818	⬇️ -21.2%
Median Days on Market	17	20	⬇️ -15.0%	20	⬇️ -15.0%	17	16	⬆️ 6.3%

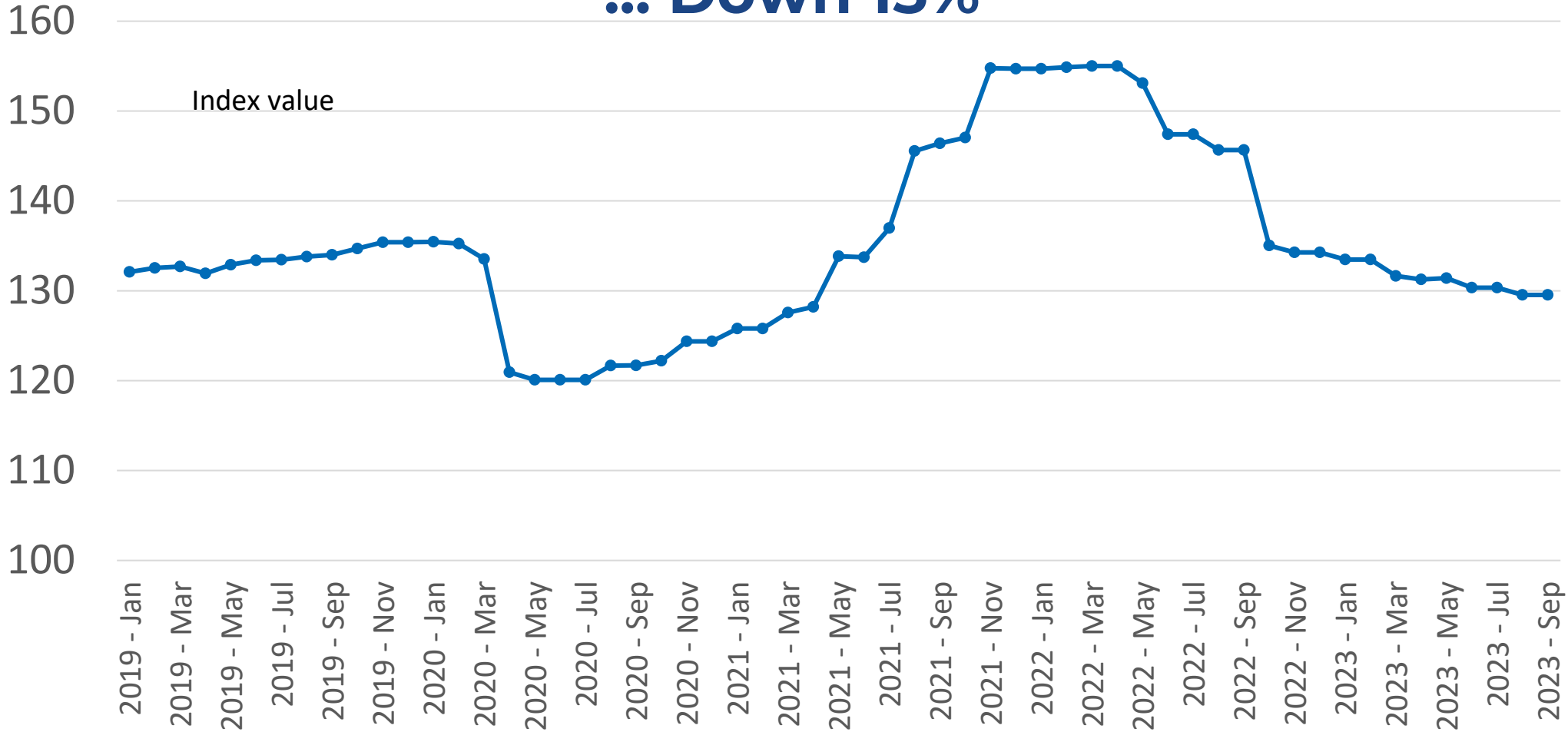
Commercial Real Estate Transactions ... Down 50% (properties valued at \$2.5 million and above)



Source: MSCI

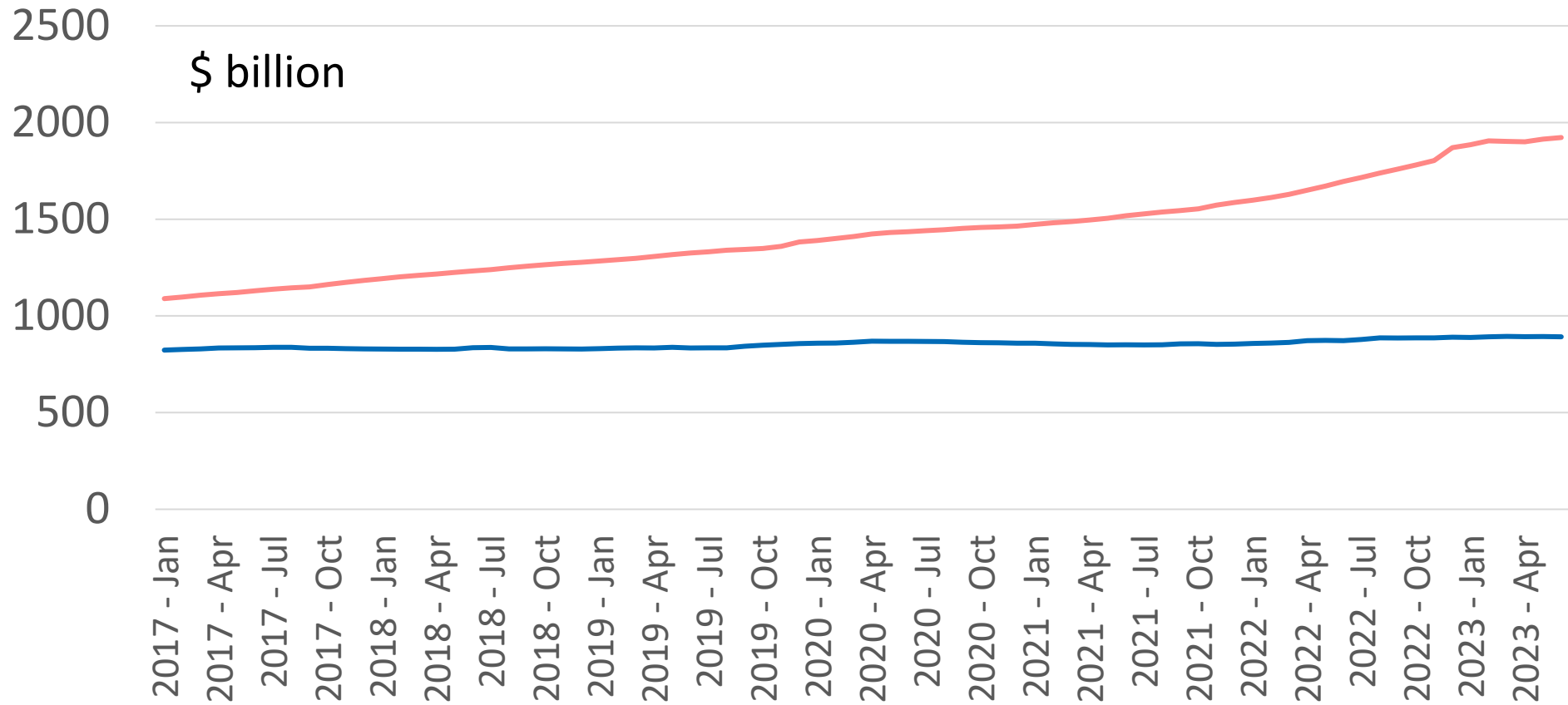
Commercial Real Estate Property Price Index

... Down 15%



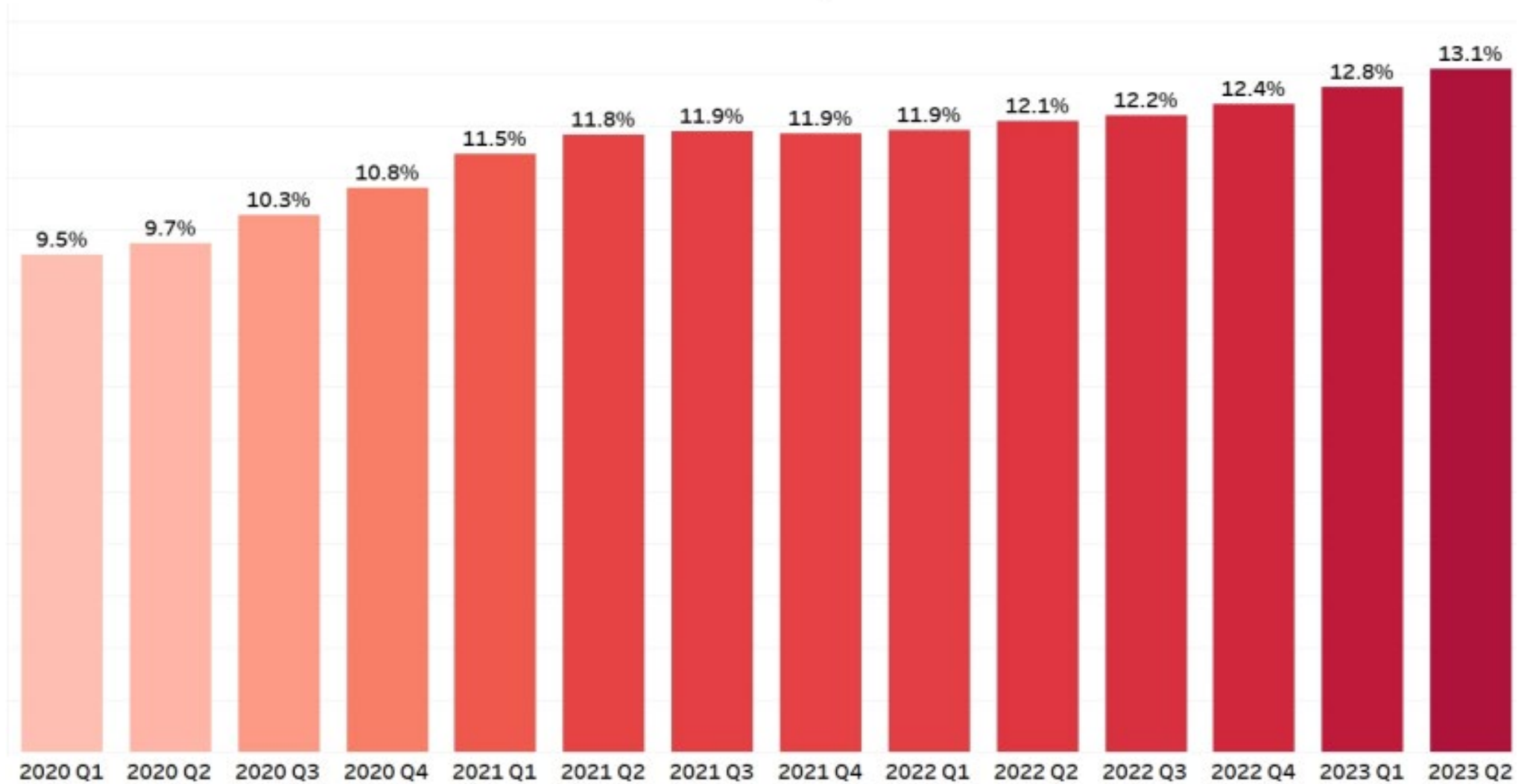
Source: Green Street

Commercial Real Estate Loans Held by Top-25 Banks and 1000 Small Banks



Source: Federal Reserve

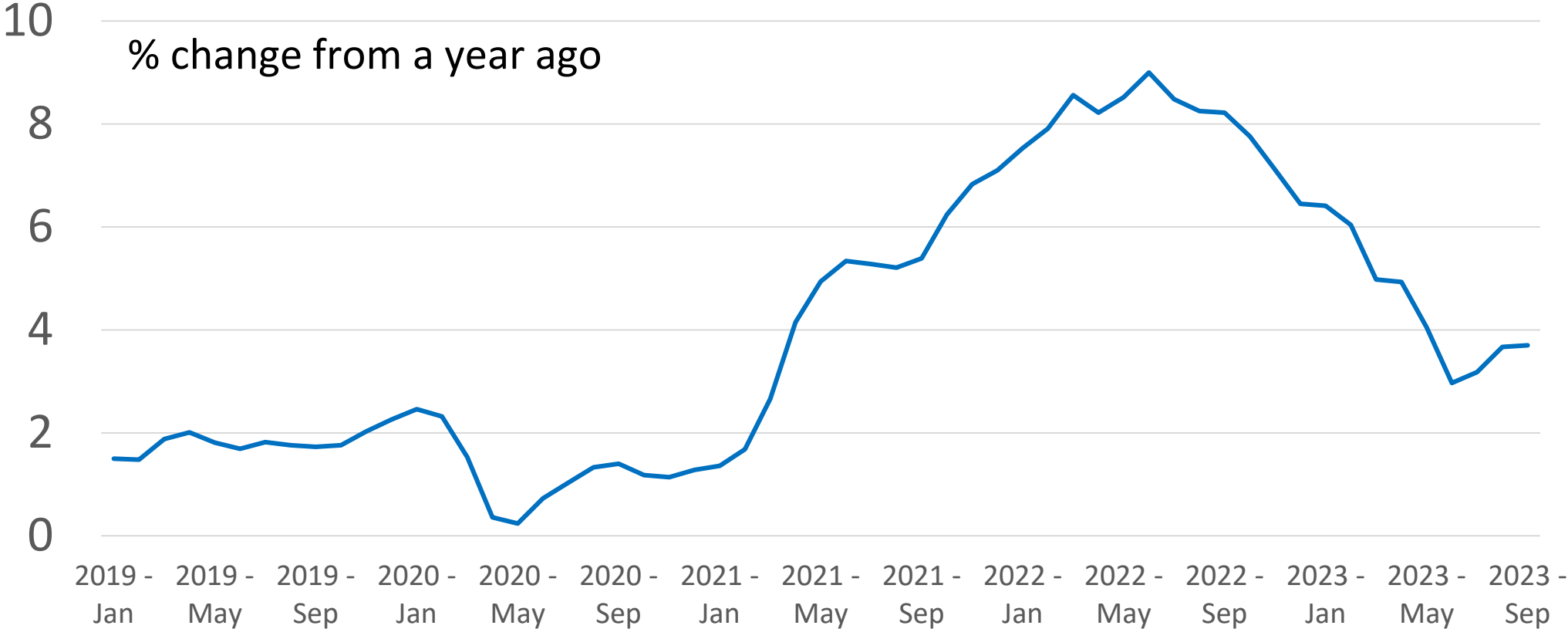
Office Vacancy Rate Still Rising .. Remote/Hybrid Work



Source: CoStar

Why is the Fed Raising Interest Rates?

Consumer Price Inflation at 3.7% in September



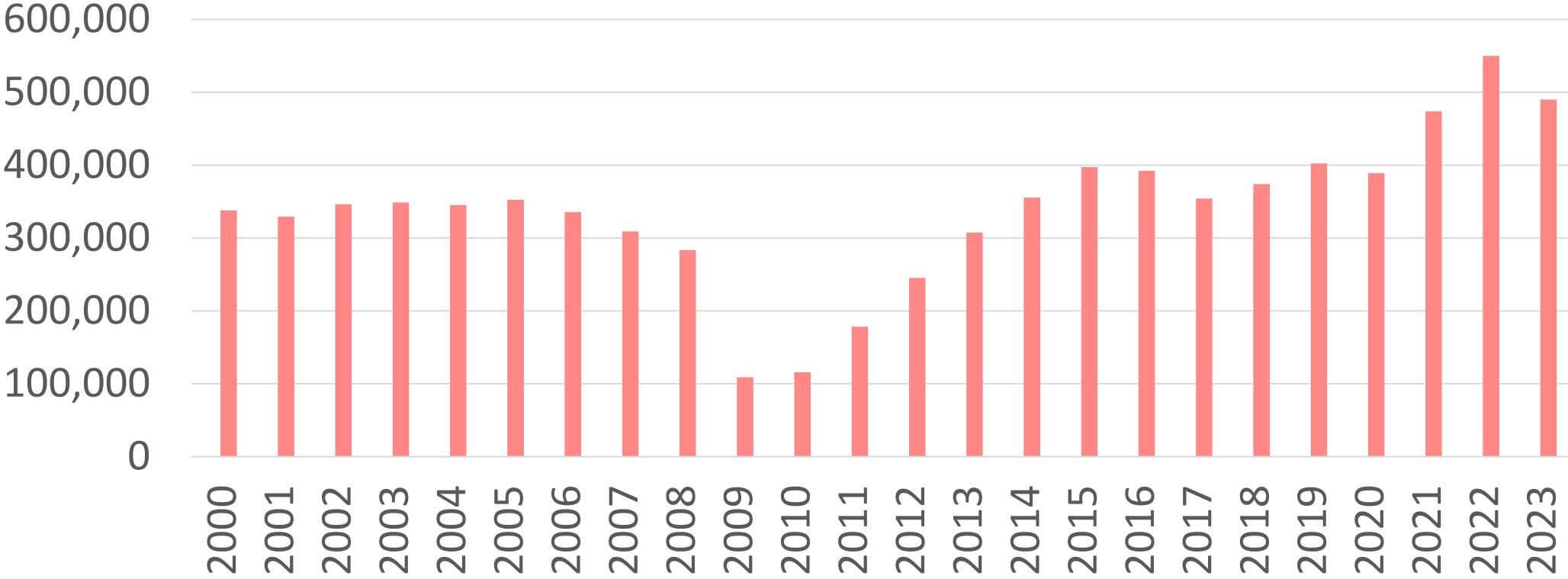
Source: BLS

Price Growth by Key Items

Item	% change from a year ago
Car Insurance	18.9%
Rent	7.4%
Lodging Away from Home (Hotel/Airbnb/Dorm)	7.3%
Food	3.7%
Gasoline	3.0%
Electricity	2.6%
New Car	2.5%
Clothes	2.3%
Medical Service	-2.6%
Airfare	-13.4%

Source: BLS

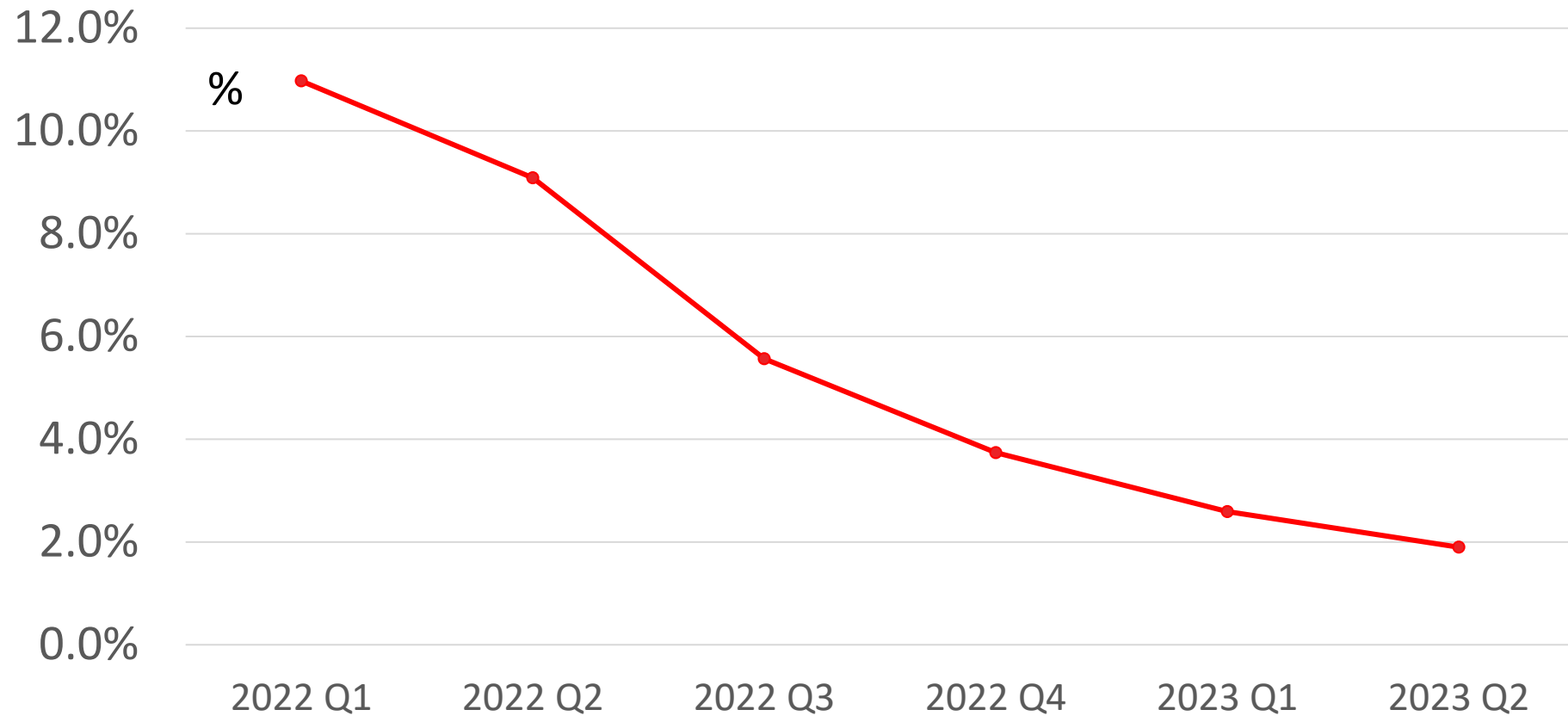
Annual Apartment Construction at 40-year Highs for two years ... Why has Rent Not Calmed Down?



Source: Census/HUD

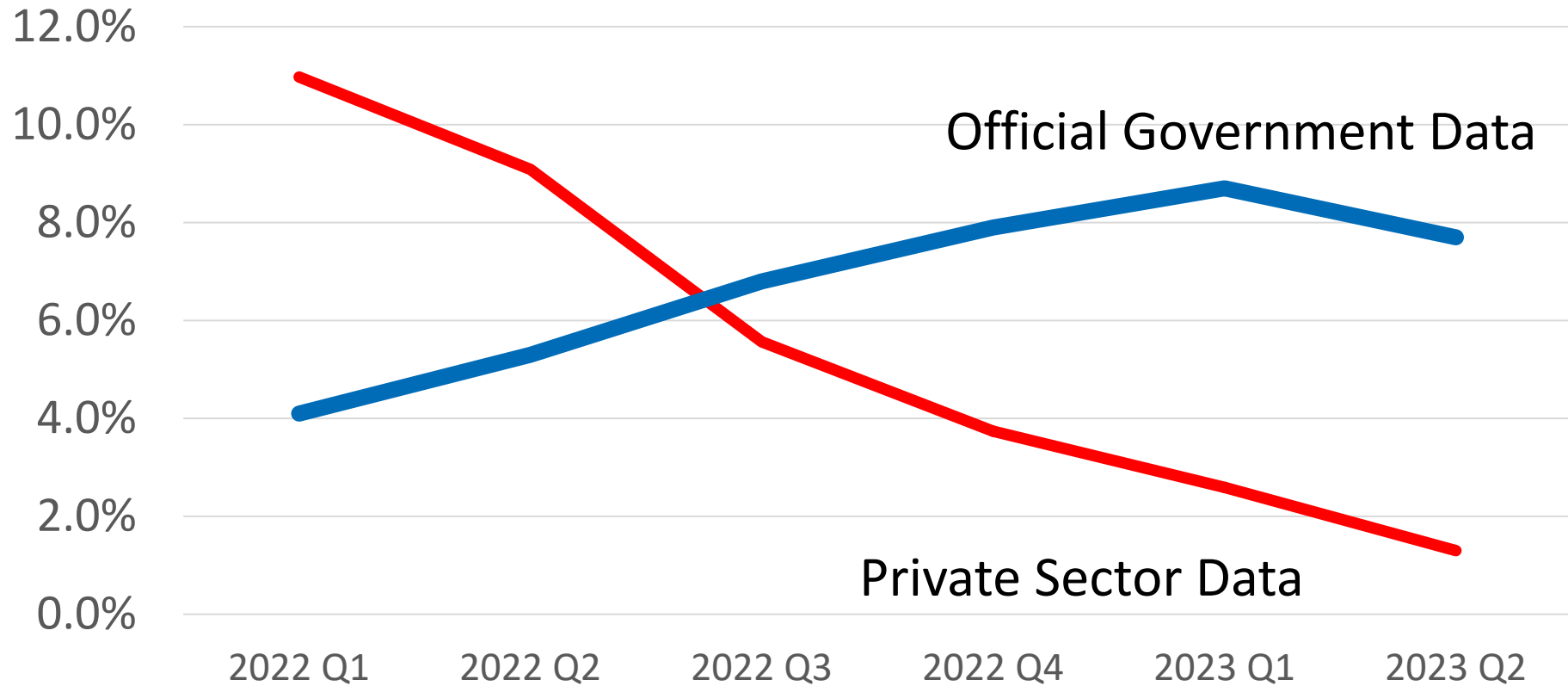


Apartment Rent Growth in Private Sector Data



Source: CoStar

Rents Strengthening or Softening?



Source: BLS and CoStar

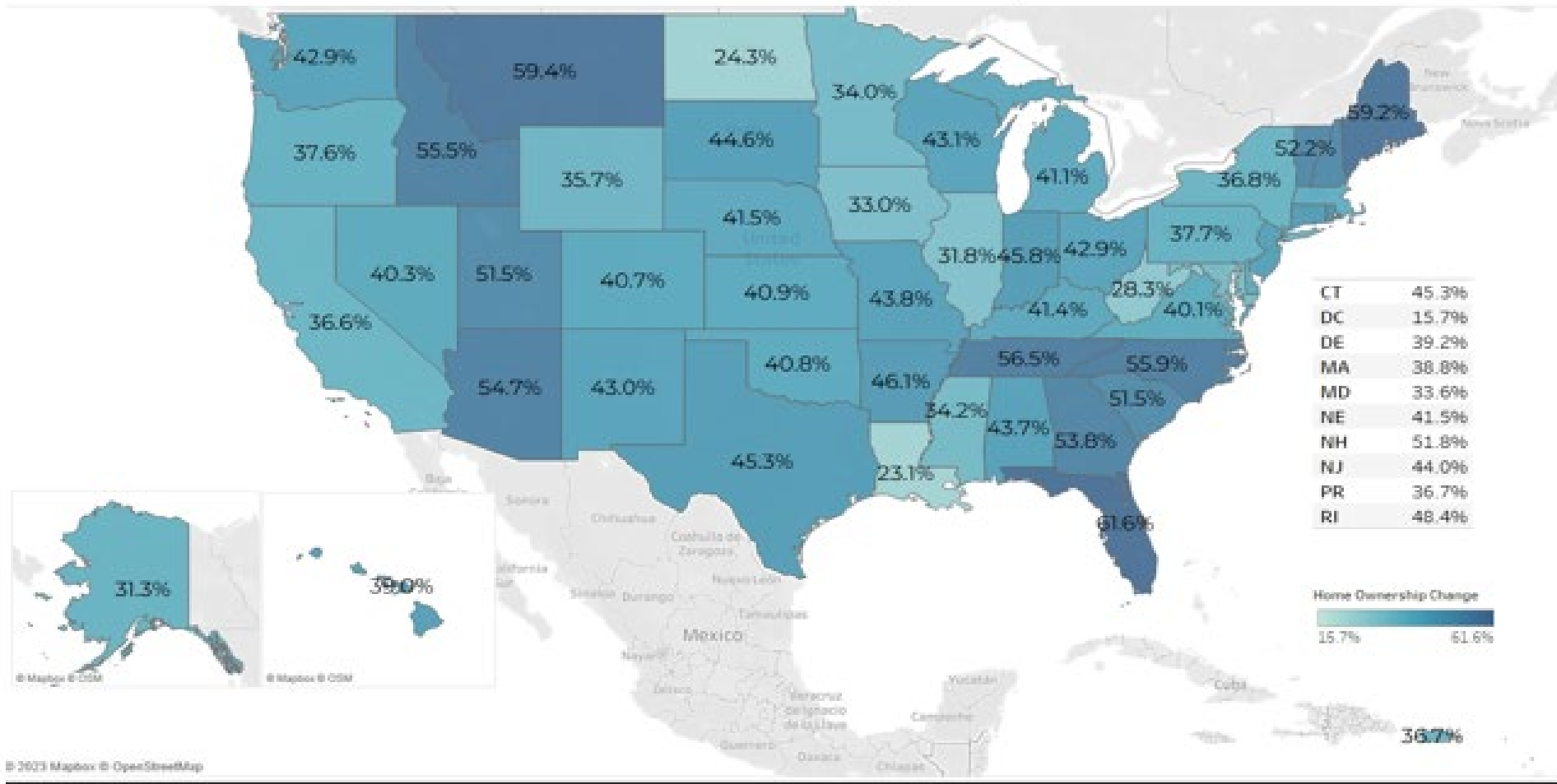
Home Prices: Not Part of CPI

Home Price Change in 2023 Q2

Source: NAR Analysis of FHFA data

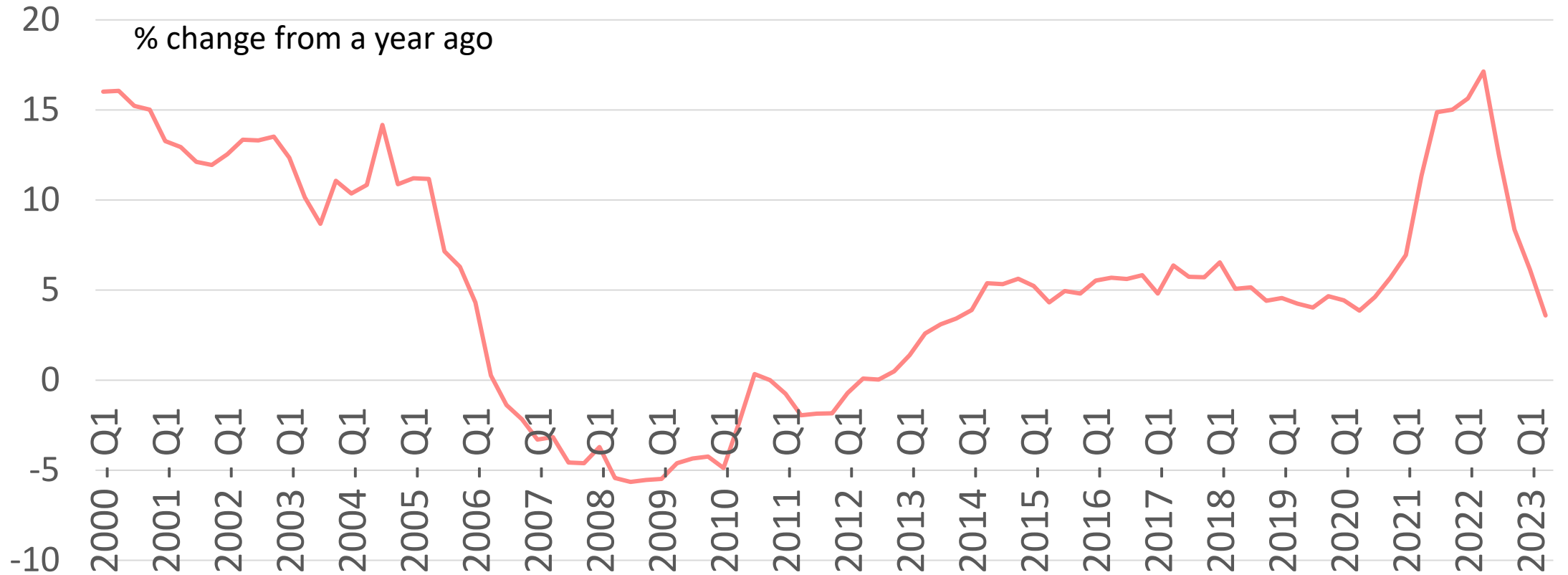
Home Price Change from Onset of COVID (2020 Q1 to 2023 Q2)

FHFA House Price Index Change from pre-COVID



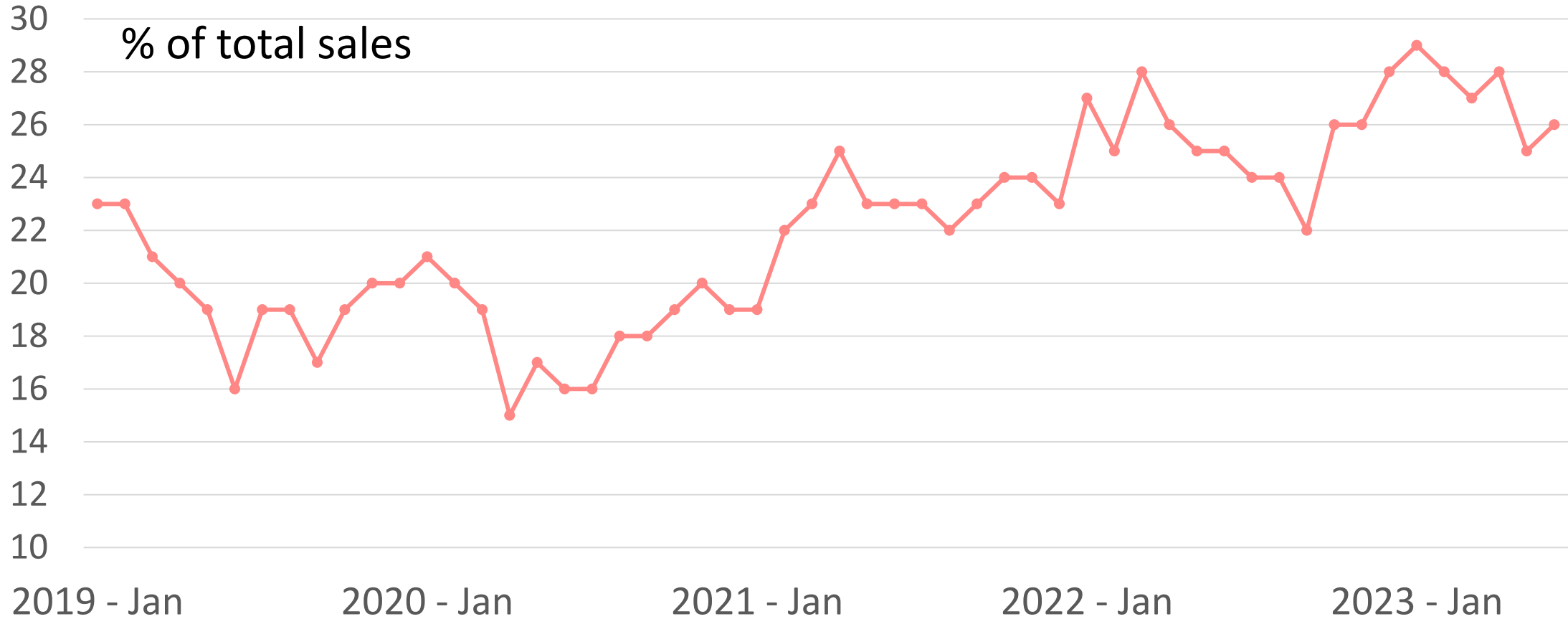
Source: NAR Analysis of FHFA data

Home Price Appreciation in Boston MSA



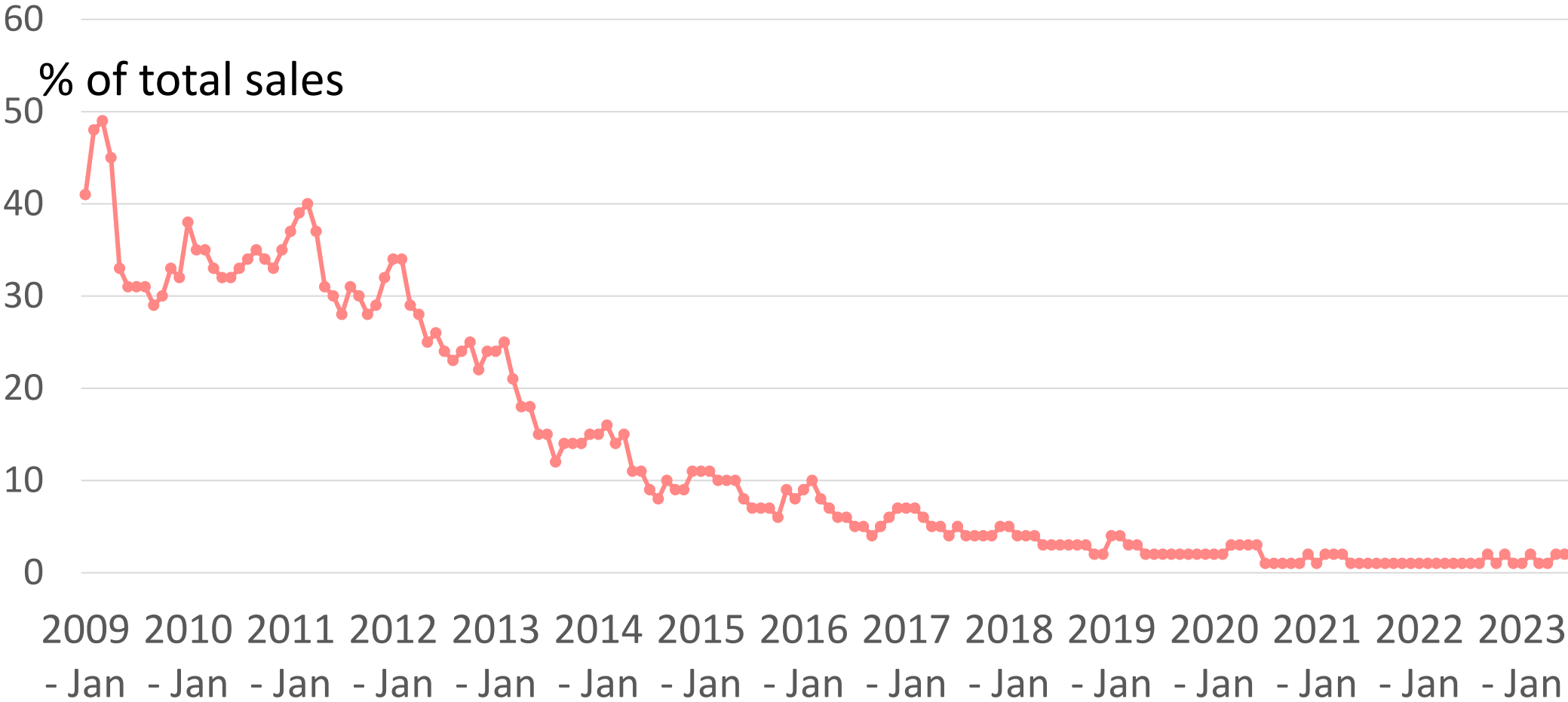
Source: FHFA

More Turning to Cash Sales



Source: NAR

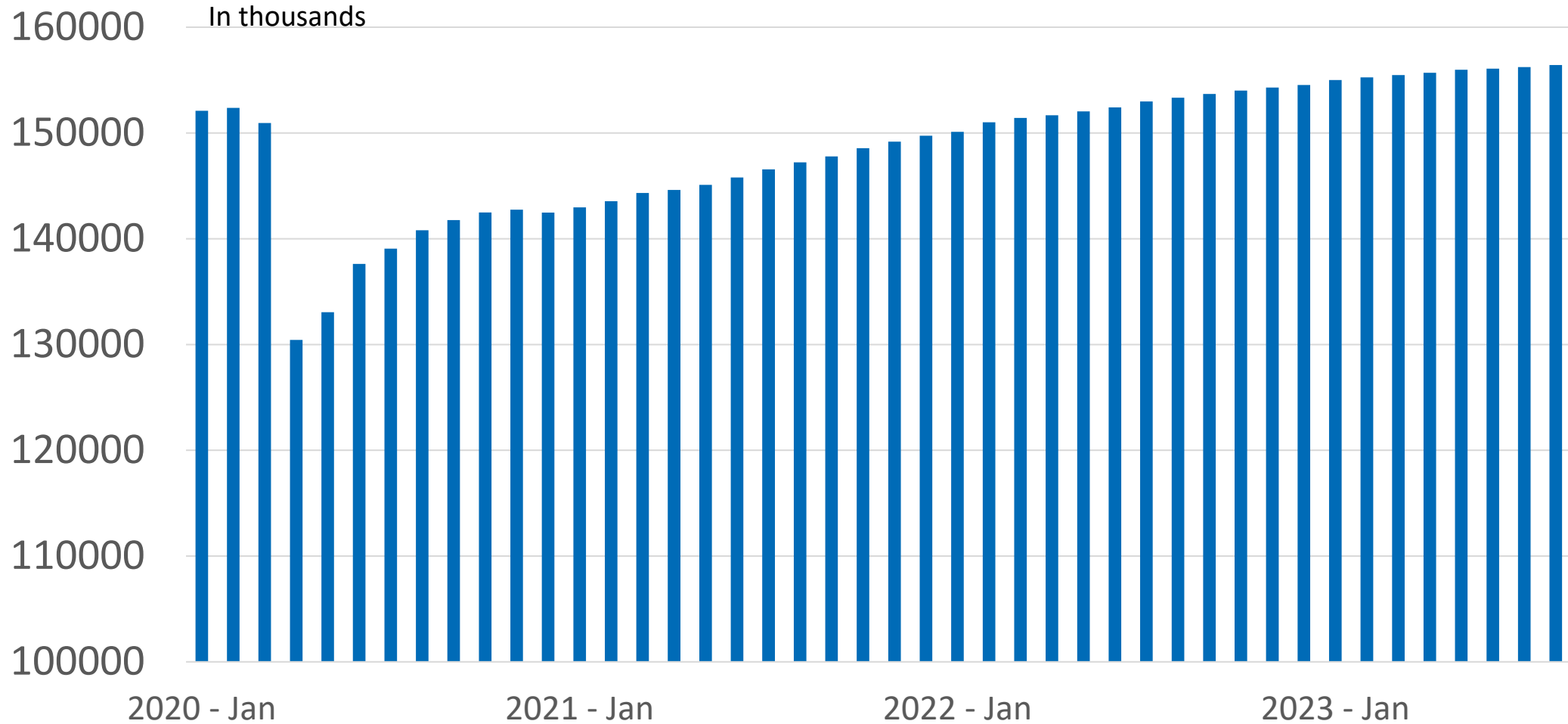
Distressed Property Sales Rising from 1% to 2% ... Non-Existent



Source: NAR

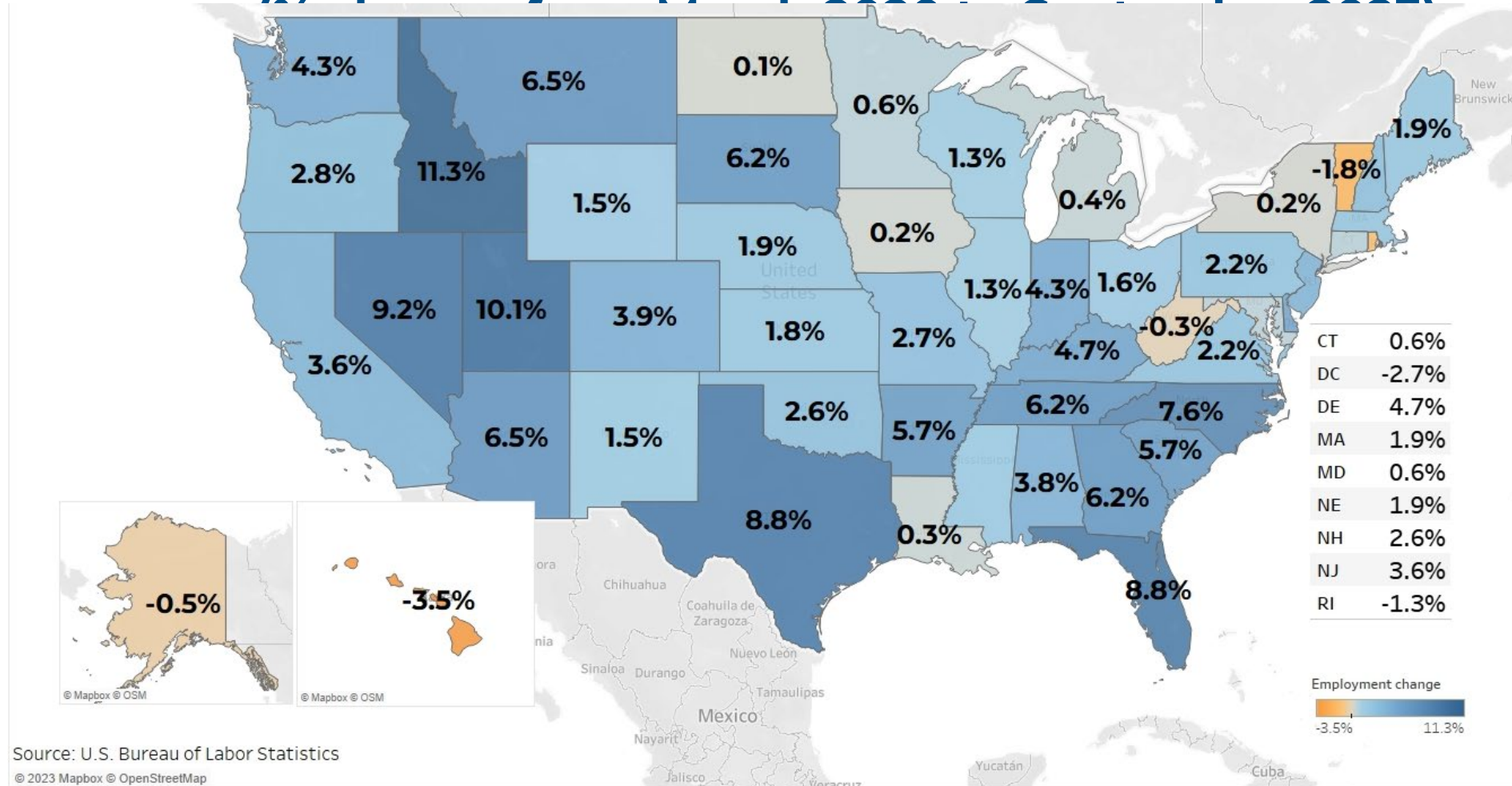
Job Market

Total Payroll Jobs ... 4 Million More from Pre-Covid



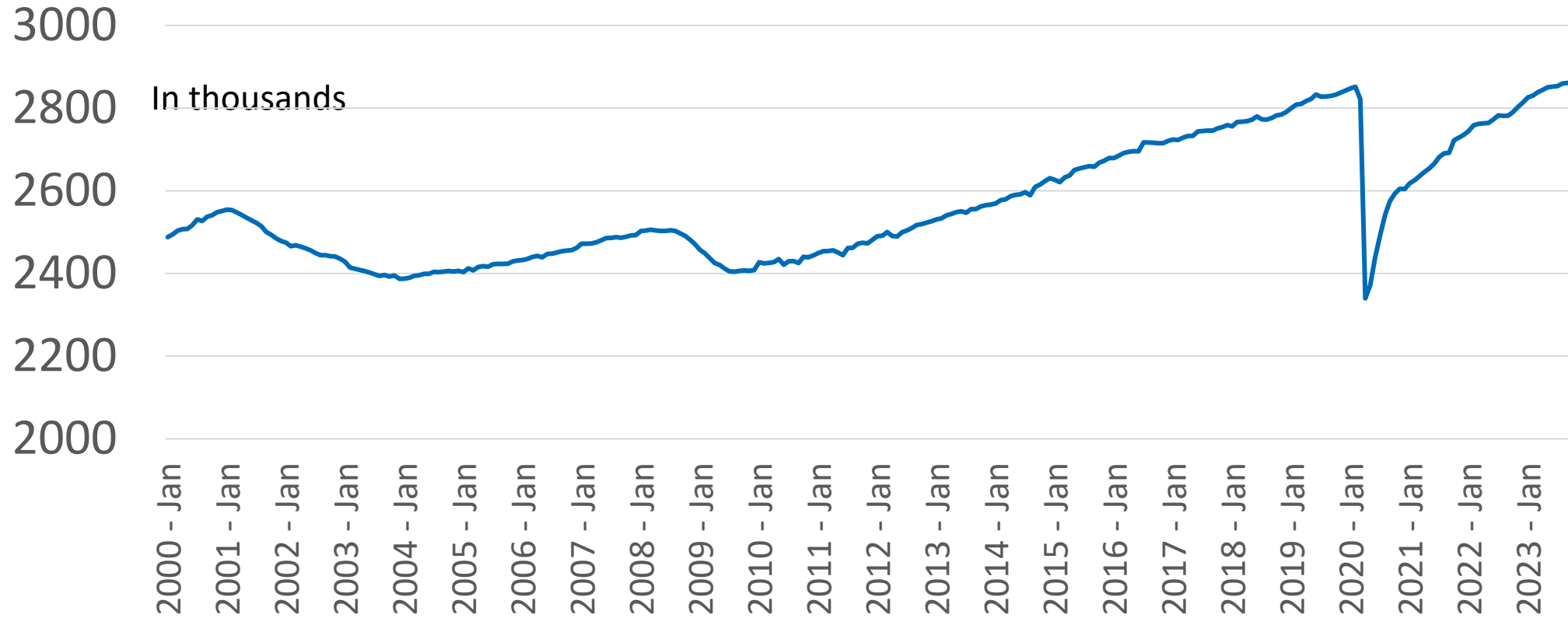
Source: BLS

Job Gains Since Pre-Covid Record High Payroll Employment



Source: NAR Analysis of BLS data

State Payroll Jobs in Boston MSA



Source: BLS

Forecast

Mortgage Rates to Fall?

30-year Fixed Rate to be 6% to 7% by the early spring

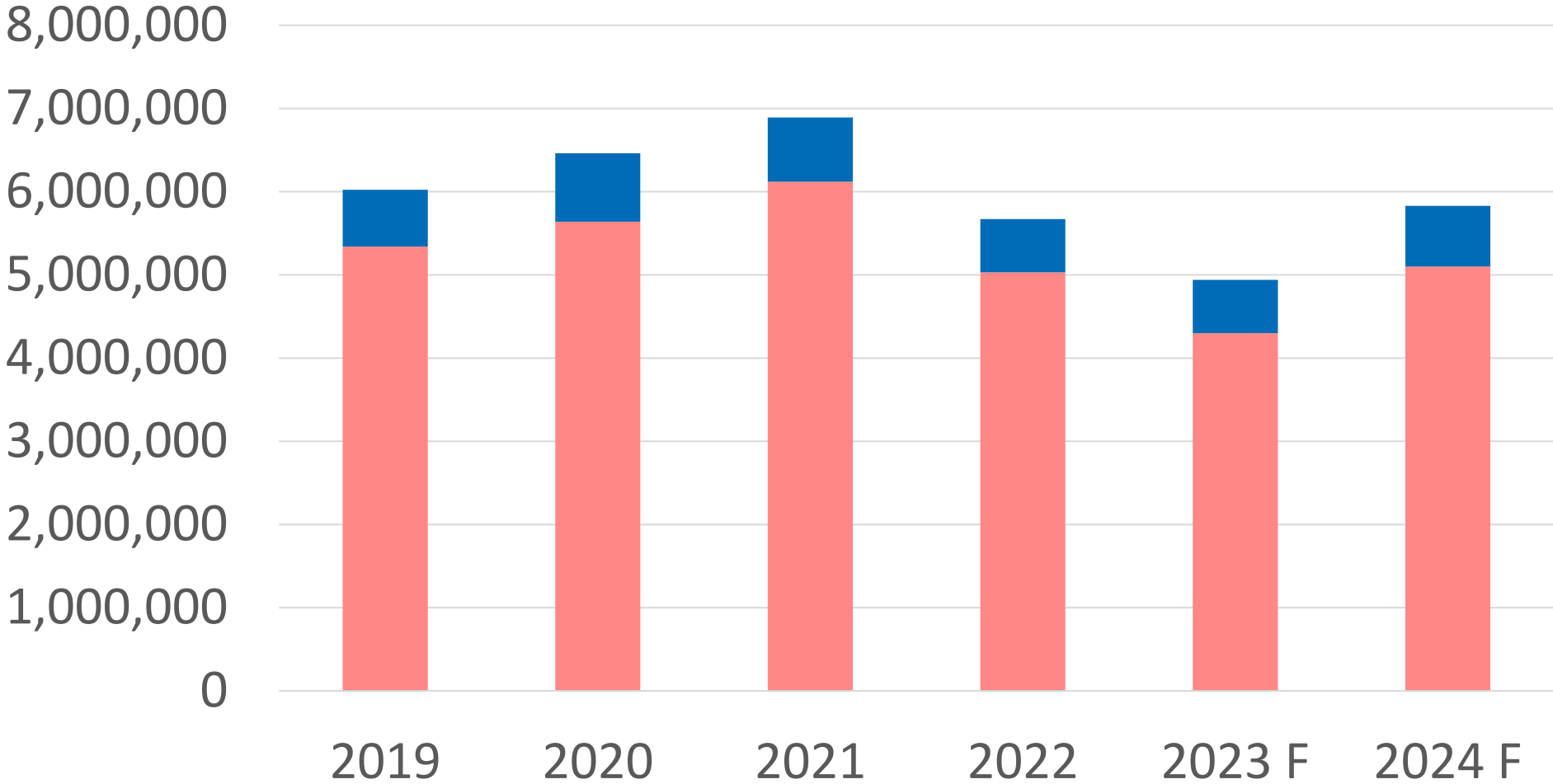
- **Rents will calm down further ... Holds down CPI ... and make the Fed stop raising the interest rate**
- **Community banks are suffering from high interest rates**
- **Spread with government bond with a return to normal**

Pent-Up Sellers Cannot Wait Longer

What happens over 2 years?

- **7 million new-born babies**
- **3 million marriages**
- **1.5 million divorces**
- **7 million turn 65 years old**
- **4 million deaths**
- **4 million net new jobs**
- **50 million job switches**

Total Home Sales: New and Existing ... Downgraded a notch Bottoming This Year Before Upturn Next Year



Source: NAR forecast and HUD

Thank You !