

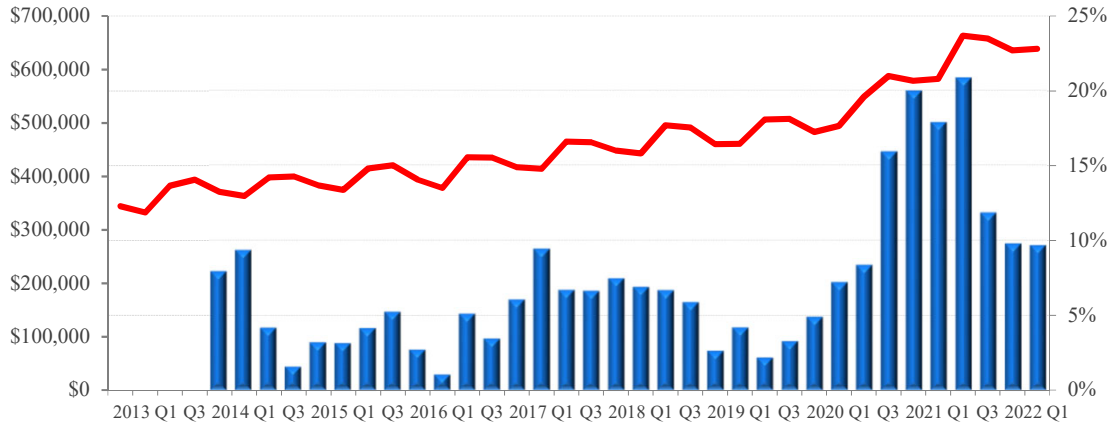
## Boston-Cambridge-Newton Area

### Local Market Report, First Quarter 2022

reflecting the impact of COVID-19 on the local economy

## Today's Market...

**Median Price (Red Line) and One-year Price Growth**



Local Price Trends			
Price Activity	Boston	U.S.	Local Trend
Current Median Home Price (2022 Q1)	\$639,000	\$365,767	Prices are up from a year ago, but price growth is slowing
1-year (4-quarter) Appreciation (2022 Q1)	9.7%	15.2%	
3-year (12-quarter) Appreciation (2022 Q1)	38.6%	44.5%	
3-year (12-quarter) Housing Equity Gain*	\$177,800	\$112,700	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$264,400	\$162,367	
9-year (36 quarters) Housing Equity Gain*	\$306,800	\$189,833	

\*Note: Equity gain reflects price appreciation only

	Boston	U.S.	
<b>Conforming Loan Limit**</b>	\$770,500	\$765,600	Not all buyers have access to government-backed financing in this market
<b>FHA Loan Limit</b>	\$770,500	\$765,600	
<b>Local Median to Conforming Limit Ratio</b>	83%	not comparable	

Note: limits are current and include the changes made on January 1st 2022.

#### Local NAR Leadership

The Boston-Cambridge-Newton market is part of region 1 in the NAR governance system, which includes all of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut. The 2022 NAR Regional Vice President representing region 1 is Kimberley Alard.

## Benefits of Ownership: Total Equity Appreciation

### Total Equity Accrued to Owner by Year and Quarter of Purchase



### Total Equity Gained\*\* through 2022 Q1 from quarter in which home was of purchased

Price Activity	Boston	U.S.	Local Trend
1-year (4-quarter)	\$67,545	\$54,263	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$199,602	\$124,663	
5-year (20-quarter)*	\$259,892	\$154,612	
7-year (28 quarters)*	\$313,655	\$189,111	
9-year (36 quarters)*	\$366,826	\$221,623	

\*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

# Drivers of Local Supply and Demand...

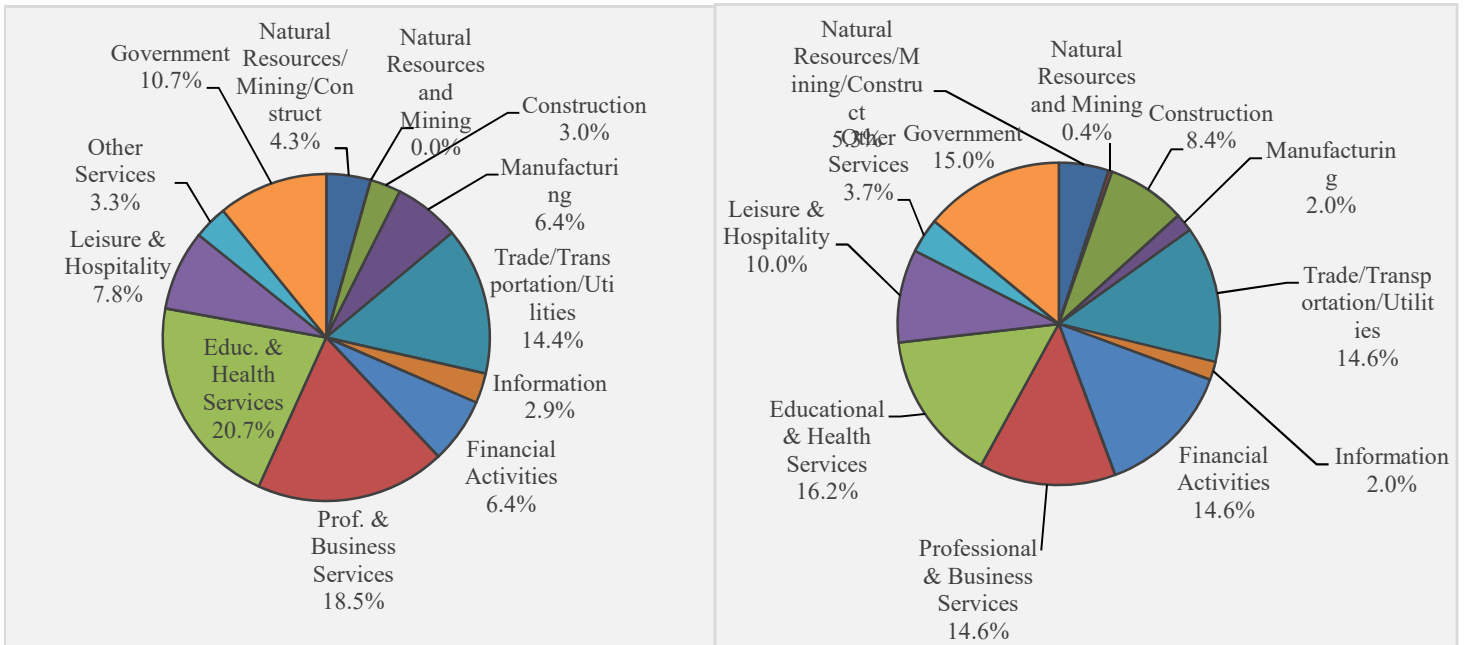


Local Economic Outlook	Boston	U.S.	
12-month Job Change (Mar)	136,900	Not Comparable	Employment has held up and is on an upward trend
12-month Job Change (Feb)	136,100	Not Comparable	
36-month Job Change (Mar)	-41,900	Not Comparable	Boston's unemployment situation is worse than the national average and weighs on confidence
Current Unemployment Rate (Mar)		3.6%	
Year-ago Unemployment Rate	6.1%	6.0%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	5.3%	6.2%	

## Share of Total Employment by Industry

**Boston-Cambridge-Newton Area**

**U.S.**



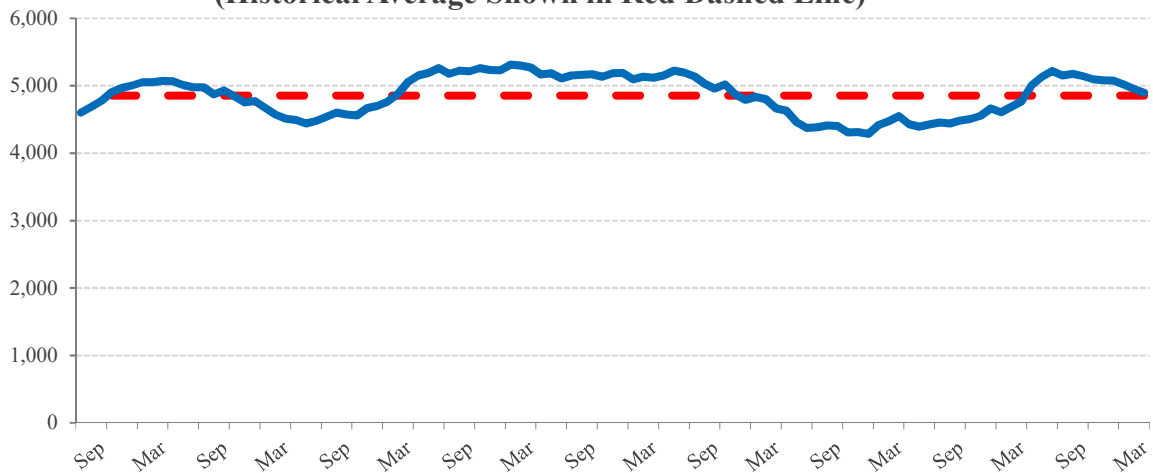
### 12-month Employment Change by Industry (Mar - 2022)

Goods Producing	NA	Information	4,100
Natural Resources/Mining/Construction	6,700	Financial Activities	-3,300
Natural Resources and Mining	-100	Prof. & Business Services	29,900
Construction	400	Educ. & Health Services	18,600
Manufacturing	6,200	Leisure & Hospitality	43,600
Service Providing Excluding Government	NA	Other Services	6,500
Trade/Transportation/Utilities	14,700	Government	2,000

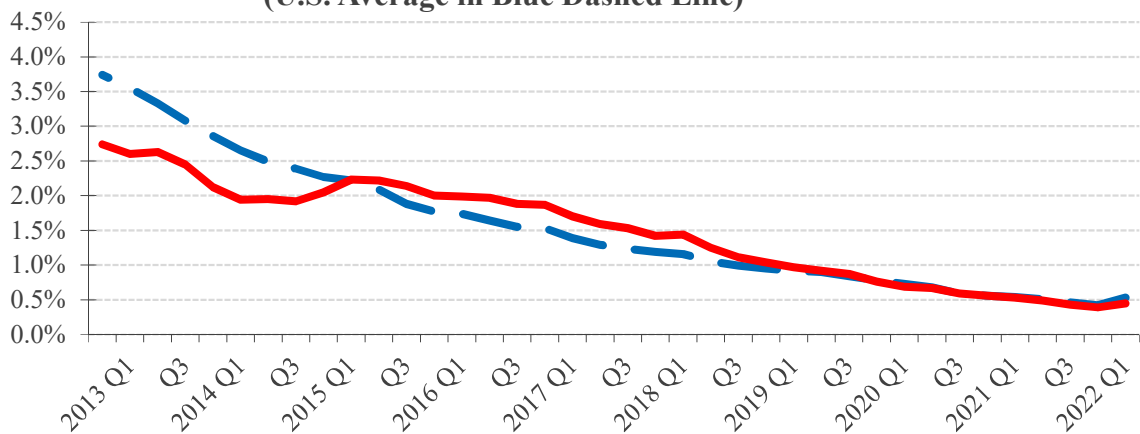
State Economic Activity Index	Massachusetts	U.S.	
12-month change (2022 - Mar)	11.6%	5.7%	The economy of Massachusetts has outpaced the rest of the nation and improved modestly from last month's 11.64% change
36-month change (2022 - Mar)	NA	4.4%	

New Housing Construction			
Local Fundamentals	Boston	U.S.	
12-month Sum of 1-unit Building Permits through Mar	4,899	not comparable	The current level of construction is 0.9% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	4,856	not comparable	Production above trend for an extended period of time could cause prices to moderate as inventory is built up.
Single-Family Housing Permits (Mar) 12-month sum vs. a year ago	2.7%	7.8%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized

**Construction: 12-month Sum of Local Housing Permits**  
(Historical Average Shown in Red Dashed Line)

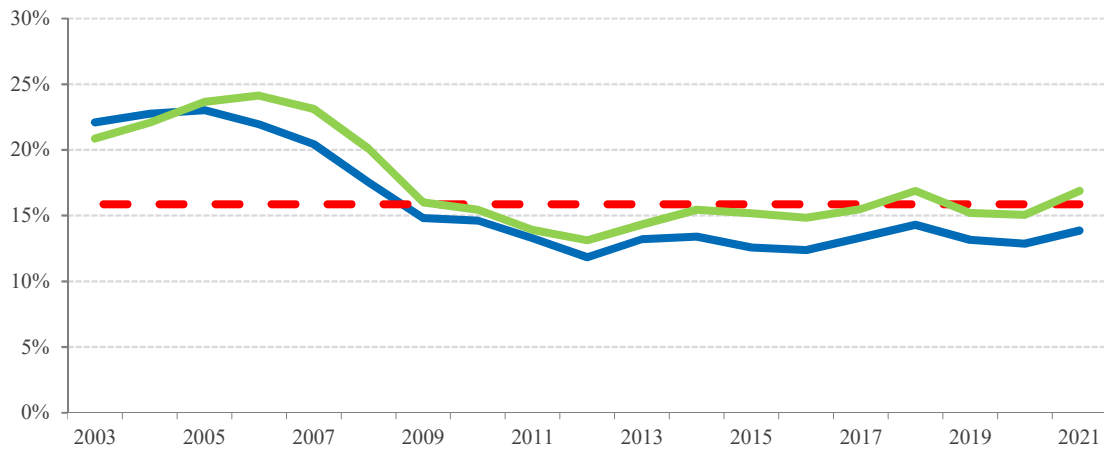


**State Total Foreclosure Rate vs. U.S Average**  
(U.S. Average in Blue Dashed Line)



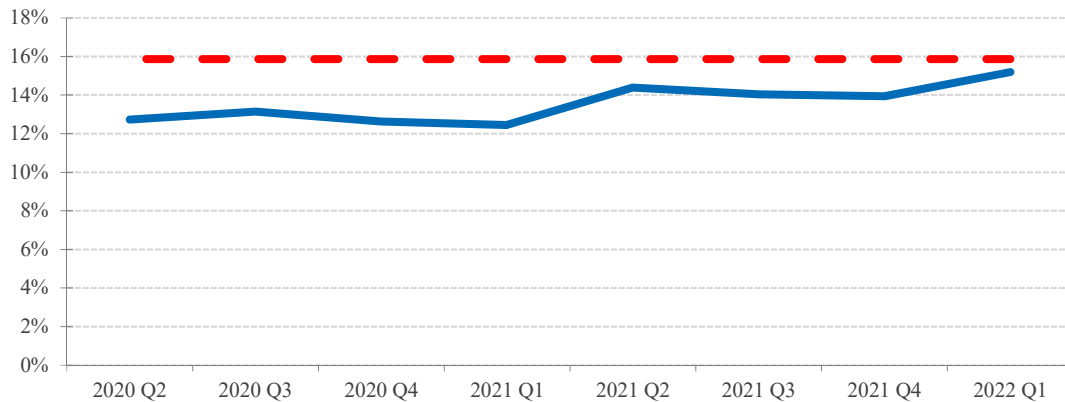
# Affordability

**Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income**  
(Local Historical Average Shown in Red, U.S. Average in Green)

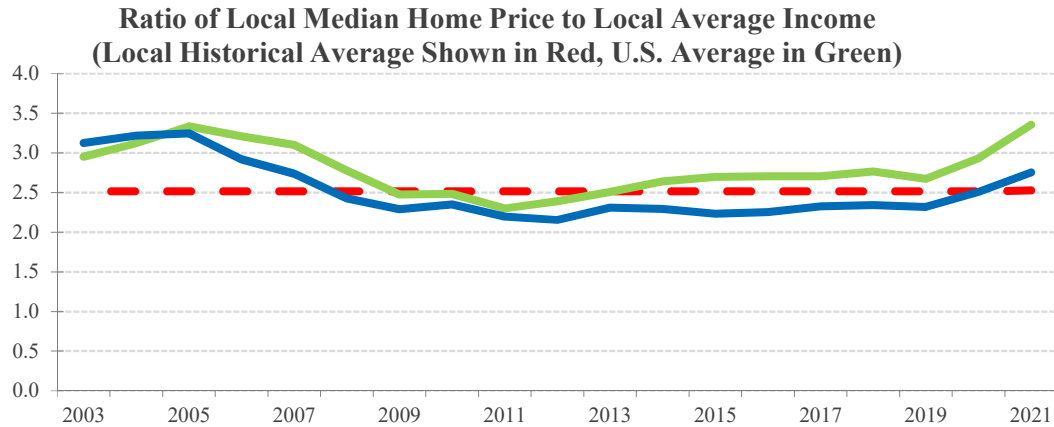


Monthly Mortgage Payment to Income	Boston	U.S.	
Ratio for 2021	13.9%	16.9%	Historically strong, but weaker than the fourth quarter of 2021
Ratio for 2022 Q1	15.2%	18.5%	
Historical Average	15.9%	18.1%	More affordable than most markets

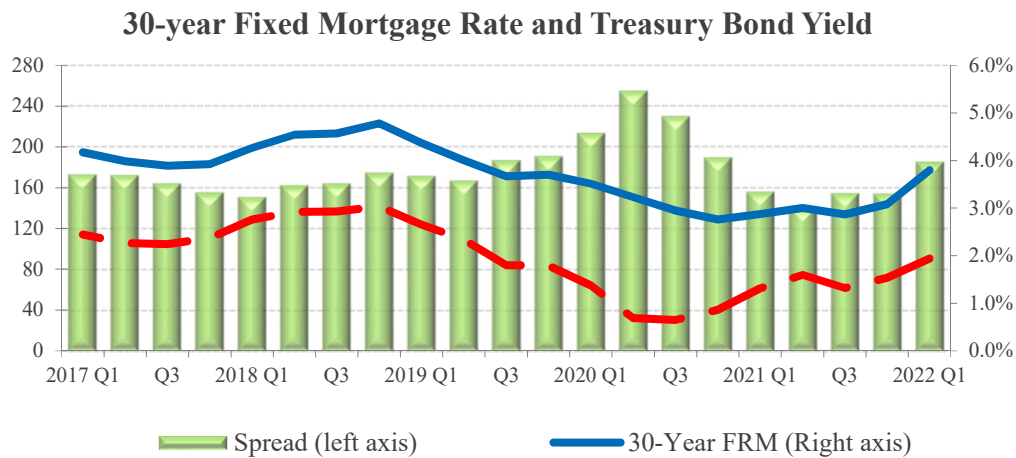
**Recent Trend - Local Mortgage Servicing Cost to Income**  
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Boston	U.S.	
Ratio for 2021	2.8	3.4	The price-to-income ratio eased, but could be better
Ratio for 2022 Q1	2.7	3.3	
Historical Average	2.5	2.7	Affordable compared to most markets



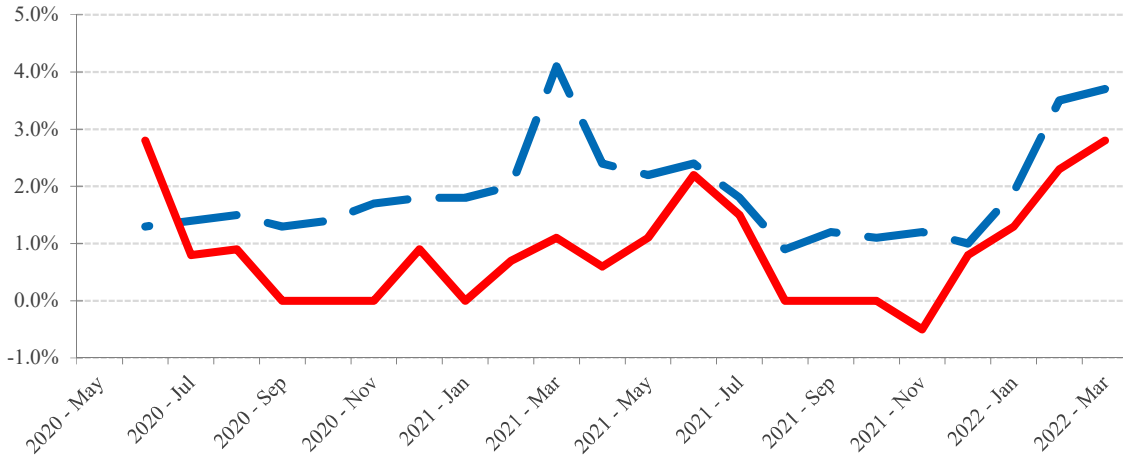
## The Mortgage Market



Mortgage rates surged in the first quarter of the year. The war in Ukraine added to upward pressure on inflation. As a result, the Federal Reserve raised its short-term interest rates by 25 basis points in March in its efforts to control elevated inflation. Although the Fed doesn't set up mortgage rates, Fed's actions have a ripple effect. A higher rate for banks tends to make borrowing more expensive for consumers affecting eventually long-term interest rates (such as 10-year Treasury bond). While mortgage rates typically follow the trend of the 10-year Treasury yield, the rate on the conventional 30-year mortgage also tends to rise. Nevertheless, the Fed will continue its tightening policy with additional rate hikes in the following months. Thus, the outlook is for mortgage rates to rise even further. According to the mortgage finance provider Freddie Mac, the 30-year fixed mortgage rate rose to 3.8 percent in Q1 2022 from 2.9 percent a year earlier. NAR forecasts the 30-year fixed mortgage rate to hover around 5.5 percent in mid-2022.

# REALTOR® Price Expectations

**REALTOR® Price Expectations for the Next 12 Months**  
(U.S. Average in Blue Dashed Line)



Source: NAR

REALTOR® Price Expectations	Massachusetts	U.S.	
2022 - Mar	1.9%	3.6%	REALTORS® expect weaker price growth in Massachusetts than in the U.S. in the next 12 months although their local expectations are higher than a year ago.
Prior 12 months	1.1%	2.2%	

## Geographic Coverage for this Report

The Boston area referred to in this report covers the geographic area of the Boston-Cambridge-Newton metro area as officially defined by the Office of Management and Budget of the U.S. Government. The official coverage area includes the following counties:

Essex County, Middlesex County, Norfolk County, Plymouth County, Rockingham County, Strafford County, and Suffolk County

More information on the OMB's geographic definitions can be found at [https://obamawhitehouse.archives.gov/omb/bulletins\\_default/](https://obamawhitehouse.archives.gov/omb/bulletins_default/)