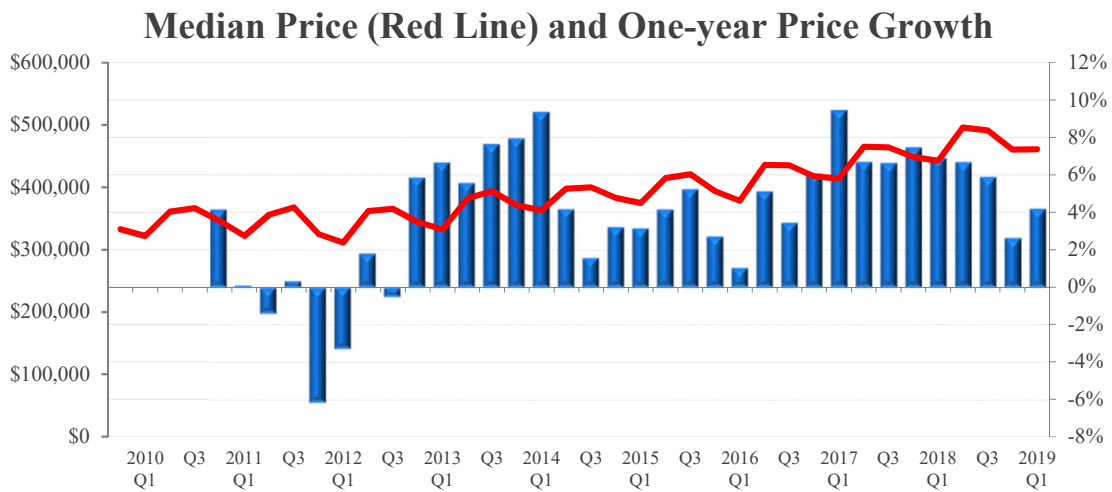


# Boston-Cambridge-Newton Area

## Local Market Report, First Quarter 2019

### Today's Market...



Local Price Trends			
Price Activity	Boston	U.S.	Local Trend
Current Median Home Price (2019 Q1)	\$461,200	\$253,033	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2019 Q1)	4.2%	3.8%	
3-year (12-quarter) Appreciation (2019 Q1)	21.8%	17.3%	
3-year (12-quarter) Housing Equity Gain*	\$82,700	\$37,300	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$149,700	\$94,700	
9-year (36 quarters) Housing Equity Gain*	\$139,400	\$86,667	

\*Note: Equity gain reflects price appreciation only

	Boston	U.S.	
<b>Conforming Loan Limit**</b>	\$688,850	\$726,525	Most buyers in this market have access to government-backed financing
<b>FHA Loan Limit</b>	\$688,850	\$726,525	
<b>Local Median to Conforming Limit Ratio</b>	67%	not comparable	

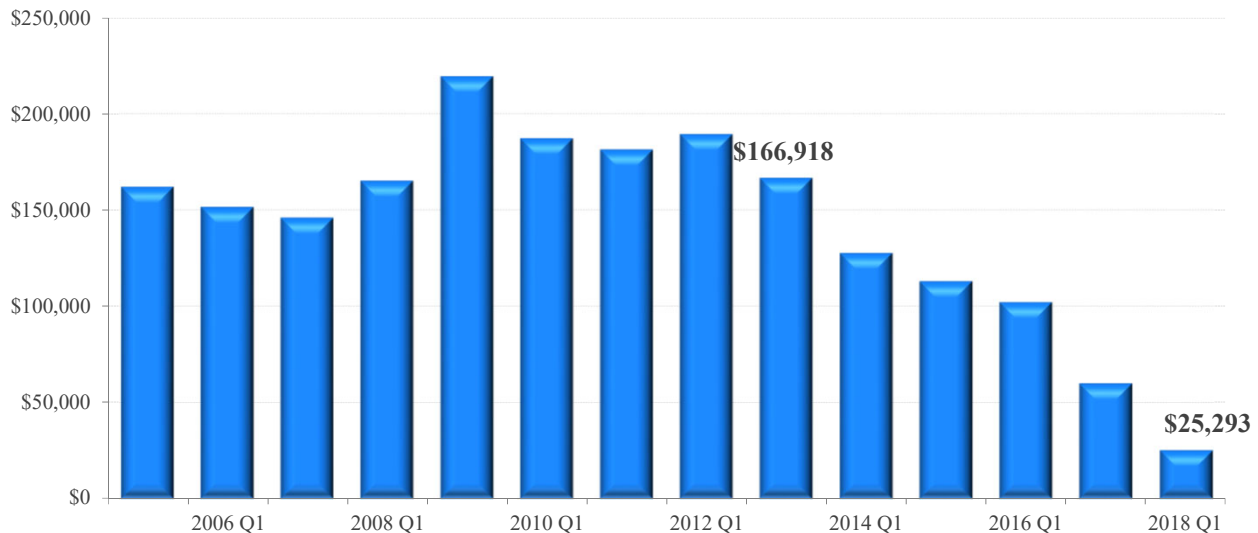
Note: limits are current and include the changes made on January 1st 2019.

#### 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 2019 NAR Regional Vice President representing region 1 is Alan DeStefano.

# Benefits of Ownership: Total Equity Appreciation

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



**Total Equity Gained\*\* through 2019 Q1 from quarter in which home was of purchased**

Price Activity	Boston	U.S.	Local Trend
1-year (4-quarter)	\$25,293	\$12,975	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$102,448	\$48,556	
5-year (20-quarter)*	\$127,946	\$75,592	
7-year (28 quarters)*	\$189,614	\$105,940	
9-year (36 quarters)*	\$187,488	\$98,477	
If purchase in 2005, the national price peak	\$162,249	\$70,013	

\*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

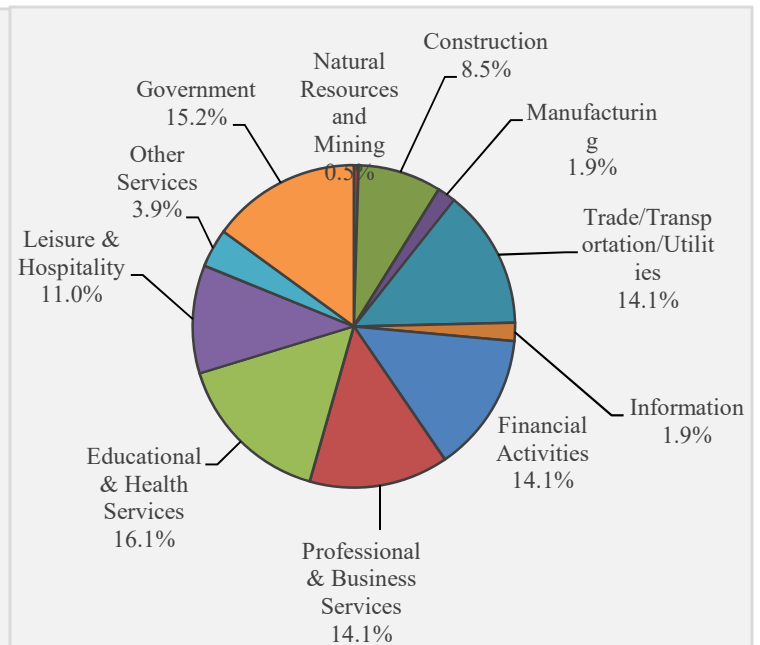
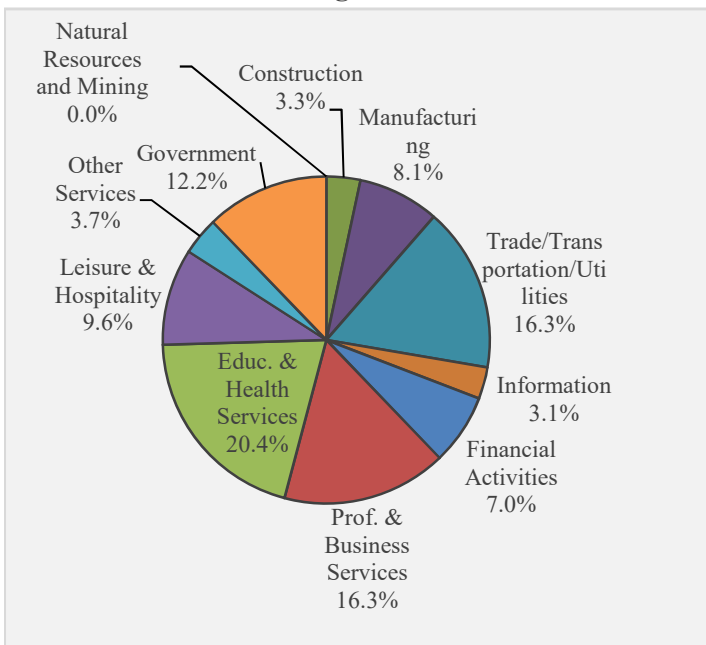
# Drivers of Local Supply and Demand...

Local Economic Outlook	Boston	U.S.	
12-month Job Change (Mar)	47,800	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (Feb)	47,800	Not Comparable	
36-month Job Change (Mar)	-6,000	Not Comparable	Unemployment in Boston is better than the national average and improving
Current Unemployment Rate (Mar)	2.7%	3.8%	
Year-ago Unemployment Rate	3.3%	4.0%	Local employment growth is strong compared to other markets
1-year (12 month) Job Growth Rate	1.9%	1.7%	

## Share of Total Employment by Industry

**Boston-Cambridge-Newton Area**

**U.S.**



### 12-month Employment Change by Industry in the Boston-Cambridge-Newton Area (Mar - 2019)

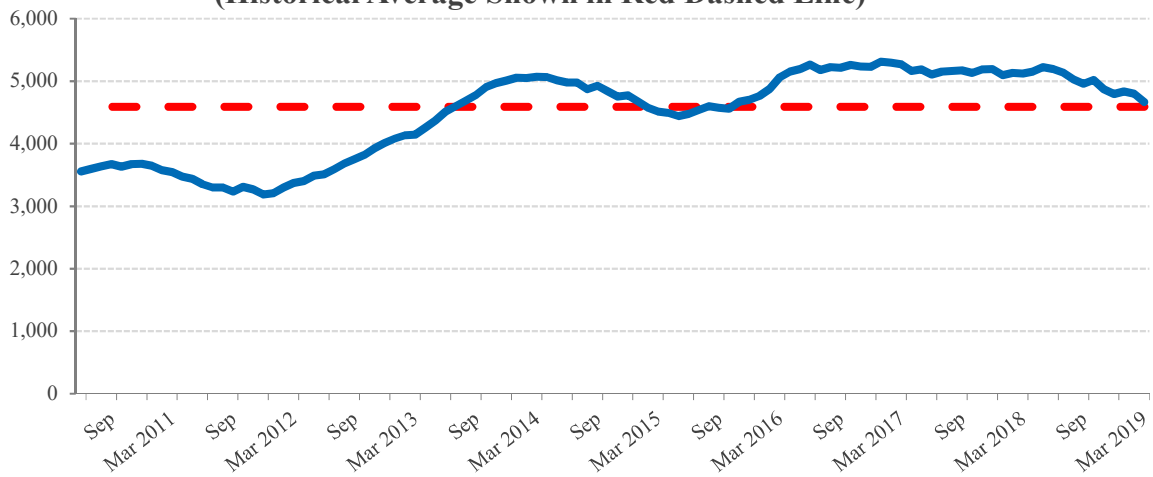
Goods Producing	NA	Information	-1,100
Natural Resources/Mining/Construction	NA	Financial Activities	300
Natural Resources and Mining	-100	Prof. & Business Services	6,300
Construction	1,900	Educ. & Health Services	16,500
Manufacturing	4,600	Leisure & Hospitality	16,000
Service Providing Excluding Government	NA	Other Services	1,400
Trade/Transportation/Utilities	8,100	Government	-3,000

State Economic Activity Index	Massachusetts	U.S.	
12-month change (2019 - Mar)	4.4%	3.0%	Massachusetts's economy is stronger than the nation's, but slowed from last month's 4.75% change
36-month change (2019 - Mar)	12.2%	9.2%	

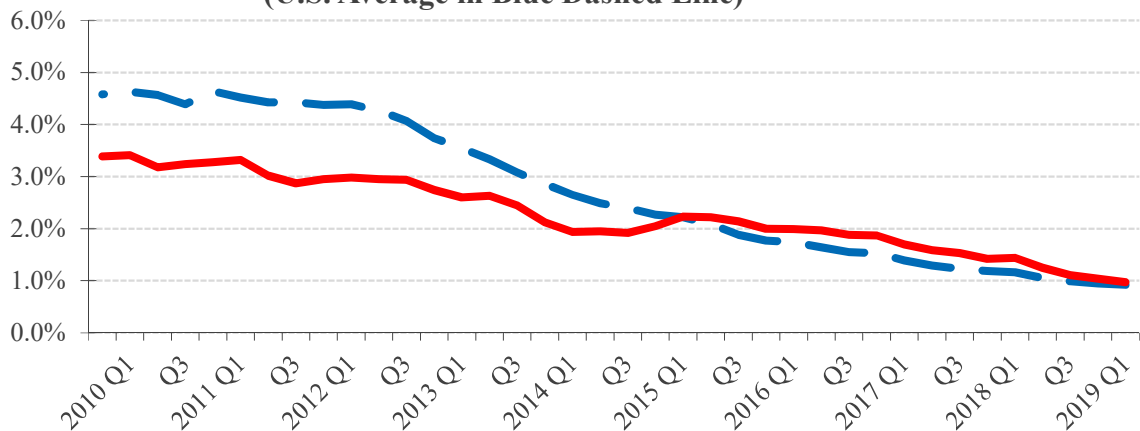
## New Housing Construction

Local Fundamentals	Boston	U.S.	
12-month Sum of 1-unit Building Permits through Mar 2019	4,667	not comparable	The current level of construction is 1.7% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	4,590	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 2019) 12-month sum vs. a year ago	-8.9%	1.0%	Construction is down from last year, but appears to have bottomed.

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



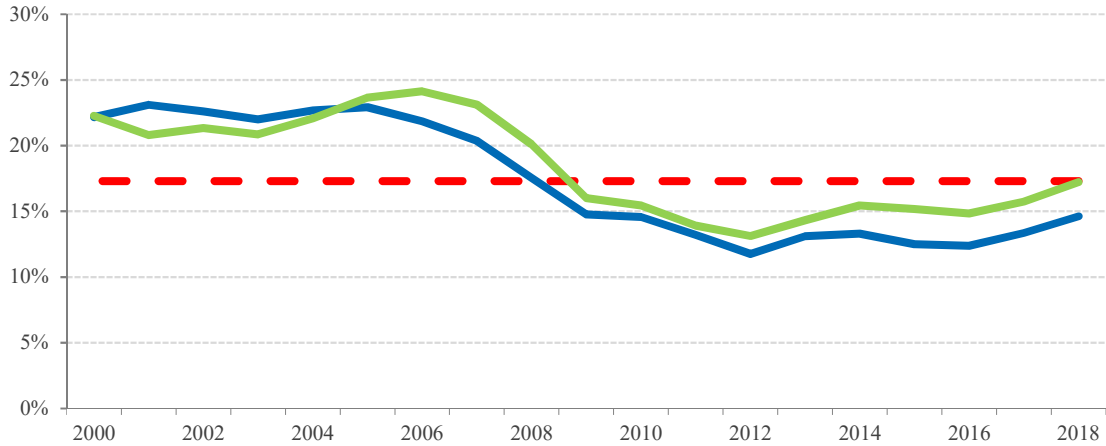
**State Total Foreclosure Rate vs. U.S. Average  
(U.S. Average in Blue Dashed Line)**



# Affordability

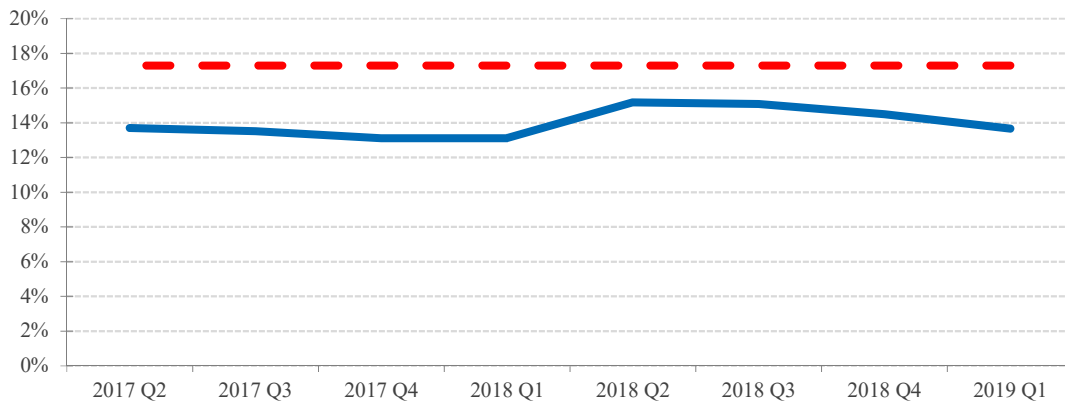


**Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income**  
(Local Historical Average Shown in Red, U.S. Average in Green)

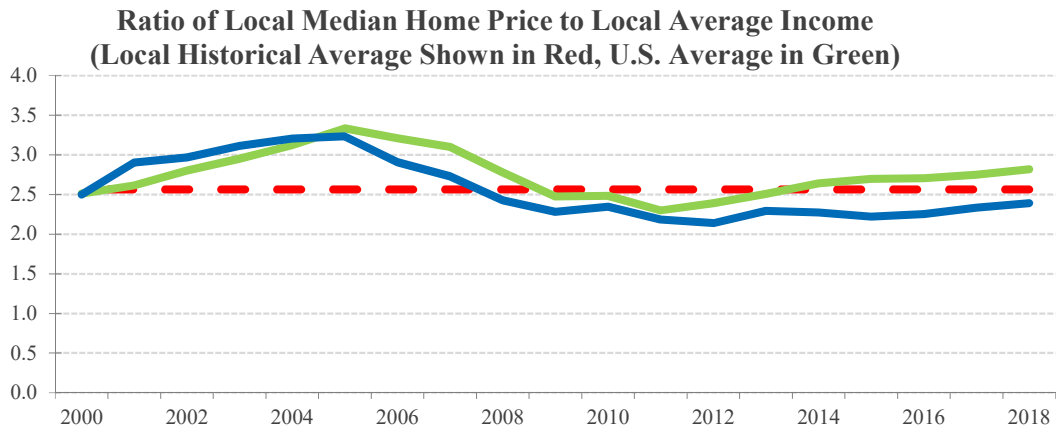


Monthly Mortgage Payment to Income	Boston	U.S.	
Ratio for 2018	14.6%	17.2%	Historically strong and an improvement over the fourth quarter of 2018
Ratio for 2019 Q1	13.7%	15.9%	
Historical Average	17.3%	18.6%	More affordable than most markets

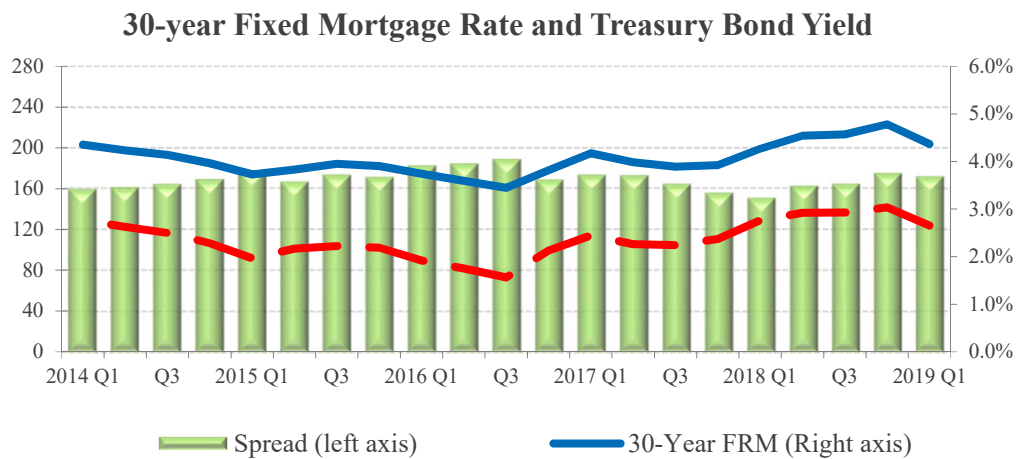
**Recent Trend - Local Mortgage Servicing Cost to Income**  
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Boston	U.S.	
Ratio for 2018	2.4	2.8	The price-to-income ratio has fallen and is below the historical average
Ratio for 2019 Q1	2.3	2.7	
Historical Average	2.6	2.7	Affordable compared to most markets



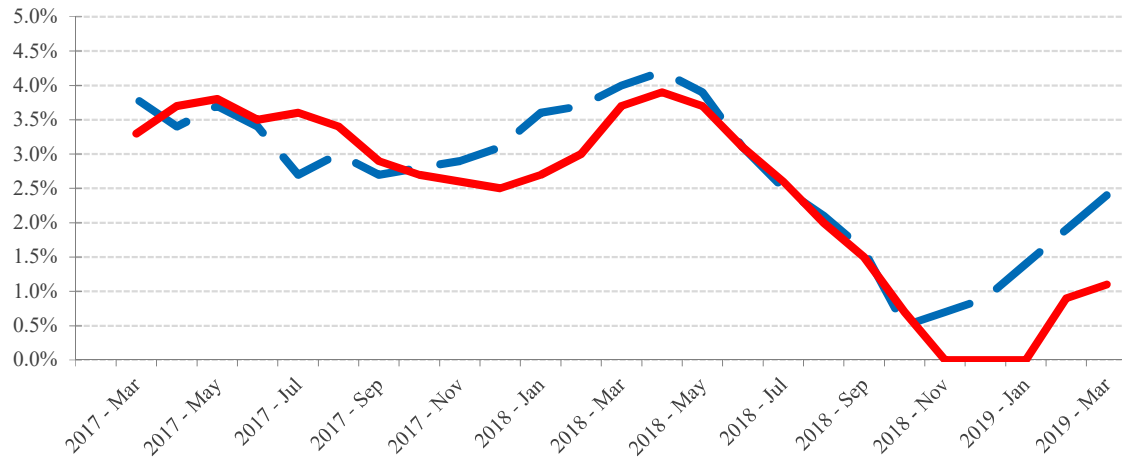
## The Mortgage Market



Mortgage rates started off 2019 at very good levels. In fact, mortgage rates declined, starting the new year with the 30-year fixed rate mortgage dipping to 4.37 percent in Q1 2019 from 4.78 percent in the Q4 2018, according to mortgage finance provider Freddie Mac. After a year of gradual increases, mortgage rates are declining. Stock market volatility, global trade worries and the government shutdown are pushing rates down to their lowest levels since August. The government's 10-year Treasury note declined to 2.65 percent in Q1 2019 from 2.76 in Q1 2018. Looking ahead, NAR is forecasting the 30-year fixed rate mortgage to average 4.3 percent for 2019 and 4.6 percent for 2020, respectively.

# 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.	
2019 - Mar	1.1%	2.4%	REALTORS® expect weaker price growth in Massachusetts than in the U.S. in the next 12 months. Their price expectations for the local market are more modest than a year ago.
Prior 12 months	3.7%	4.0%	



## 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/)