



Housing Market Conditions: Benchmarking New Hampshire

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Presentation Outline

Three Themes for Today's Presentation

- National Housing Market Condition and Forecast
- New Hampshire Housing Market Condition and Forecast
- Housing Policy: Benchmarking New Hampshire to Other States



National Housing Market Conditions and Forecast



Mortgage Rates Lower than A Year Ago but Expected to Rise

Rates today at 3.6%, lowest since 2016 and 1% lower than one-year ago

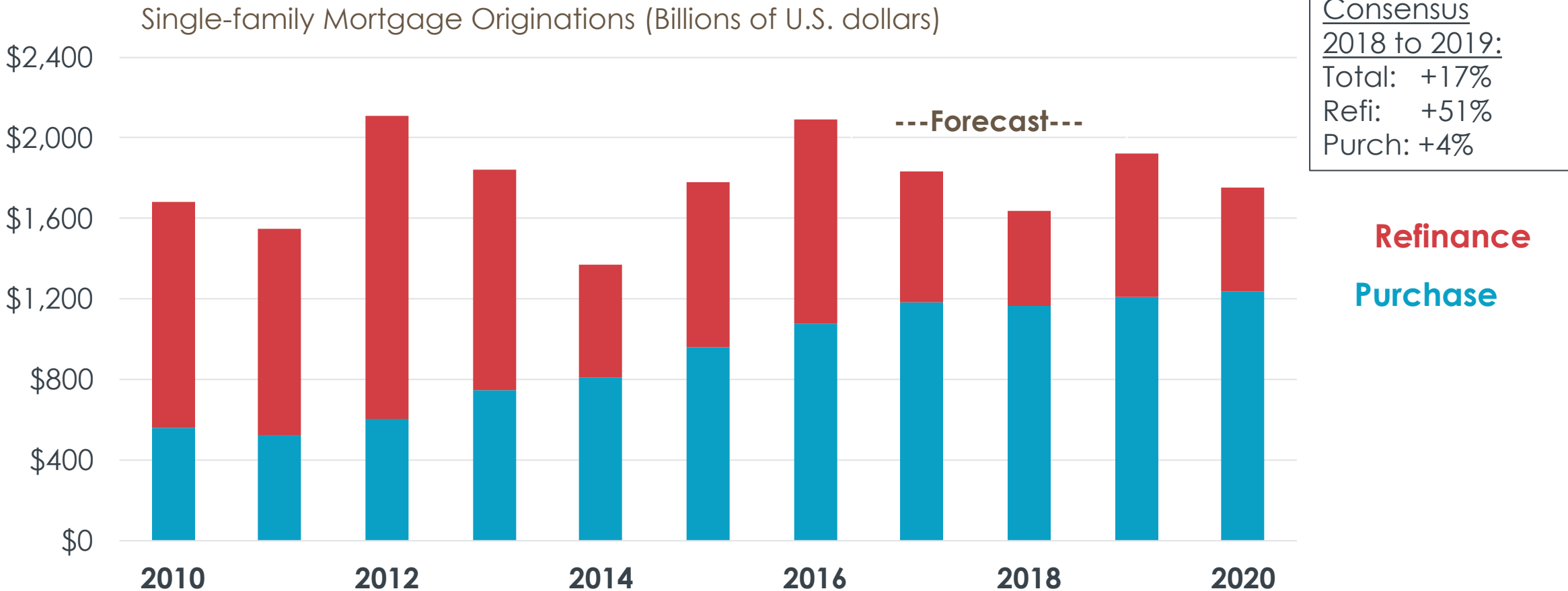
Interest Rate on 30-Year Fixed-Rate Mortgages



Source: Freddie Mac Primary Mortgage Market Survey®; forecast is average of HIS Markit, MBA, Fannie Mae, Freddie Mac, NAHB and NAR.

Origination Forecast: Up 17% on Strong Refis

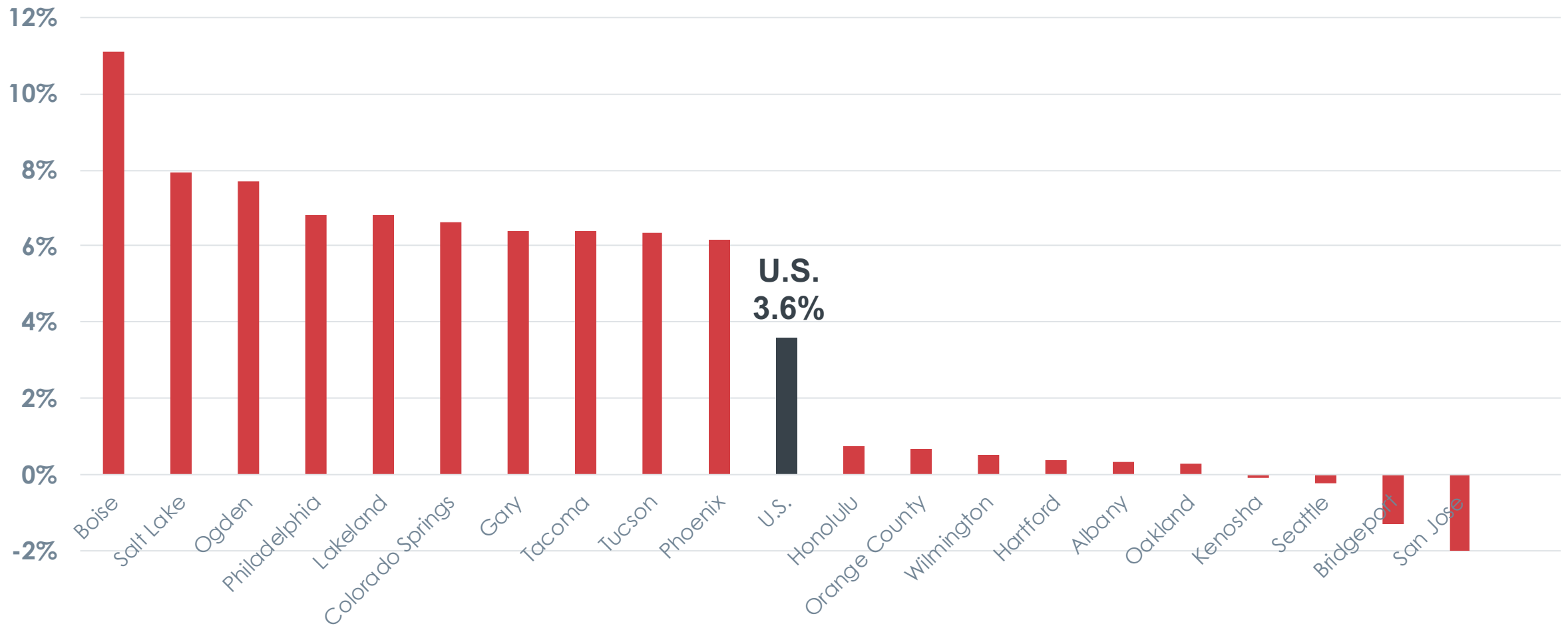
Purchase Originations Relatively Flat to 2018



Source: Originations for 2010-2018 are from CoreLogic public records (benchmarked to HMDA through 2017); 2019 to 2020 are an average of the latest projections released by Mortgage Bankers Association, Fannie Mae and Freddie Mac. Originations exclude HELOCs.

Geographic Inversion Underway in Housing Market

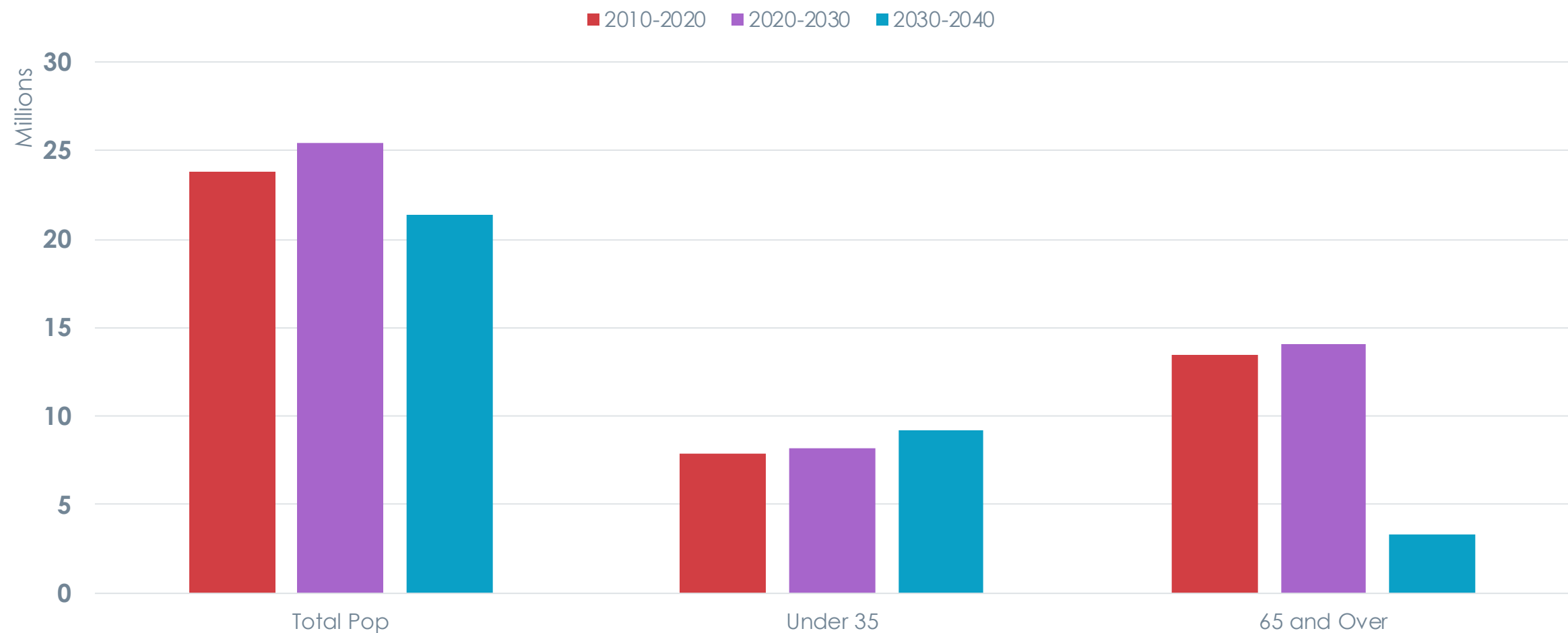
July 2019 Year-Over-Year Home Price Growth, Top vs Bottom Markets



Source: CoreLogic House Price Index, not seasonally adjusted (September 3, 2019 release)

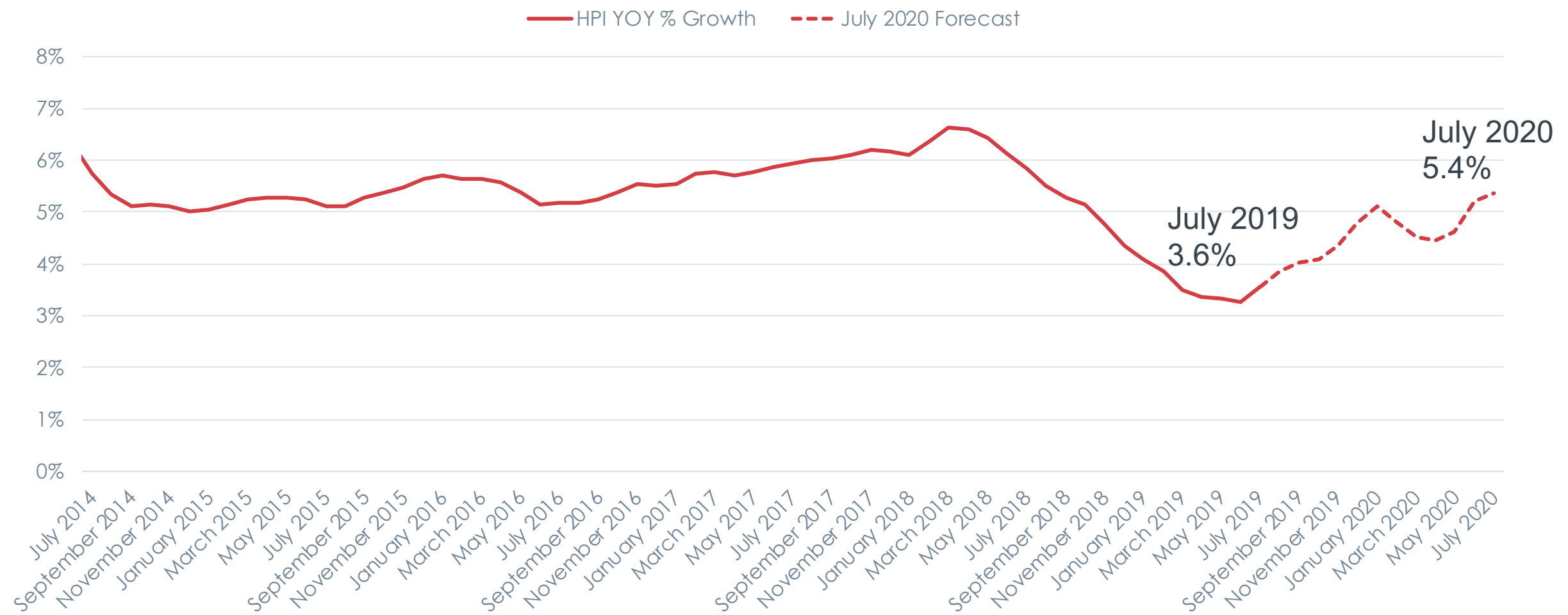
Population Dynamics Look Good for US Housing Market

Population and Household Growth Should Support Housing Through 2040



Home Price Growth Increases for First Time in 16 Months

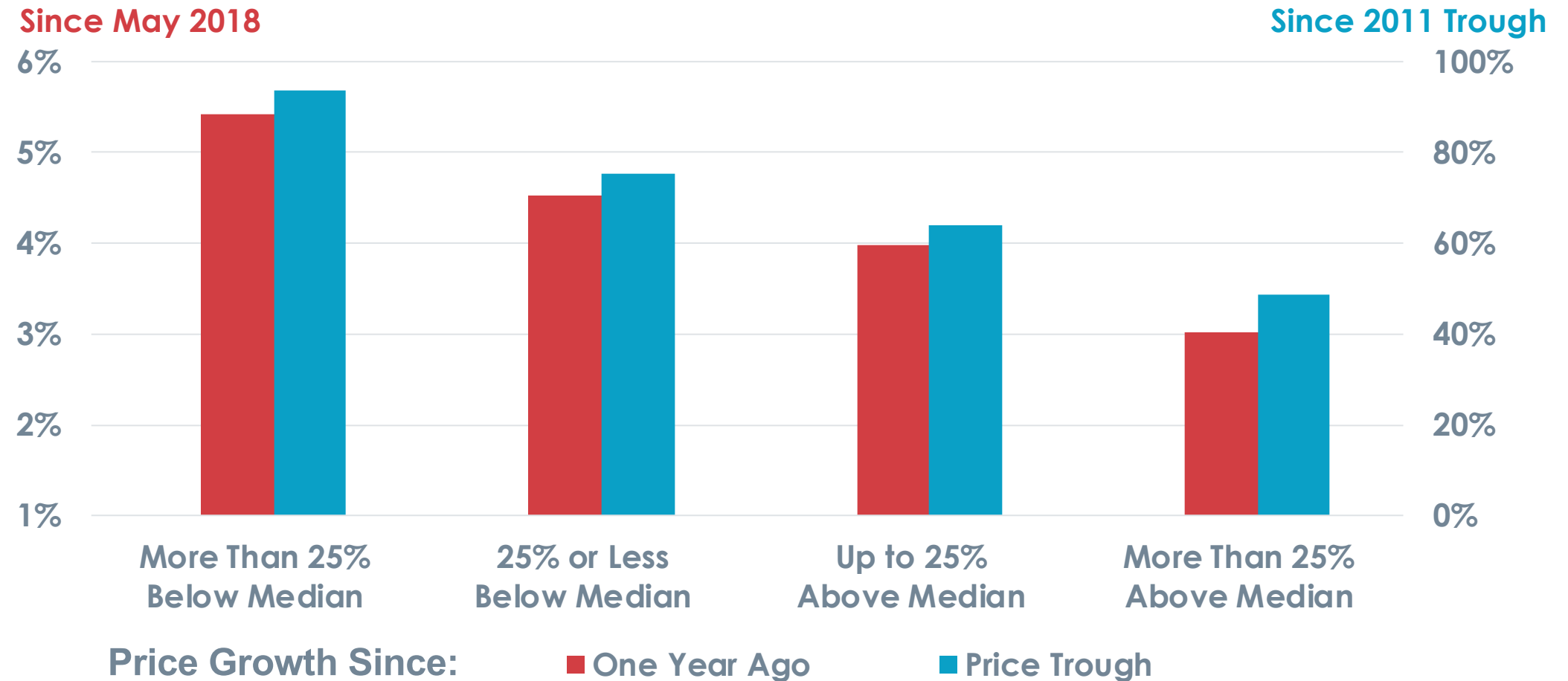
July 2019 HPI at 3.6%, Forecast if July 2020 is 5.4%



Source: CoreLogic House Price Index, not seasonally adjusted (September 3, 2019 release)

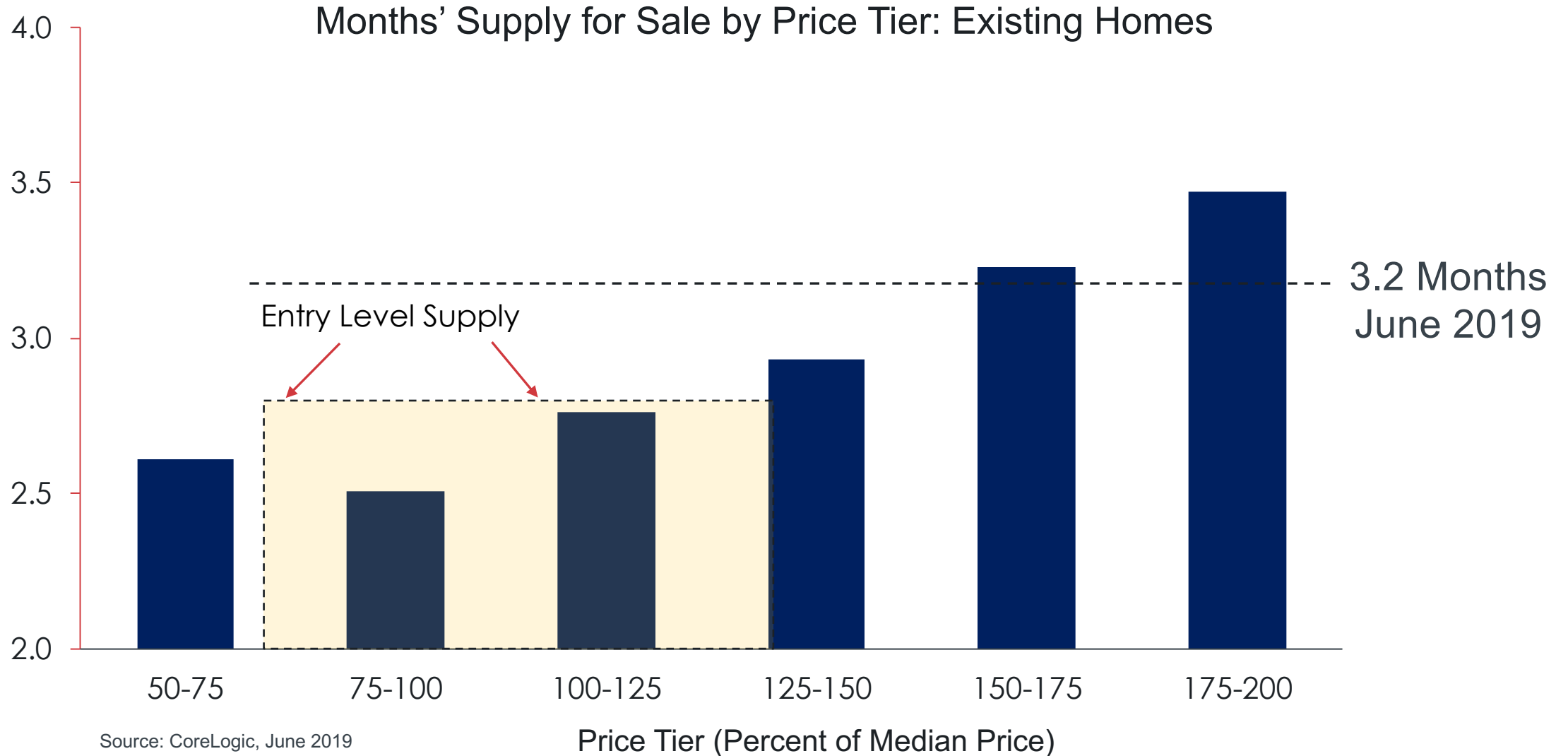
Price Growth Strongest For Lowest-Priced Houses

Cumulative Price Growth Through May 2019 (percent)



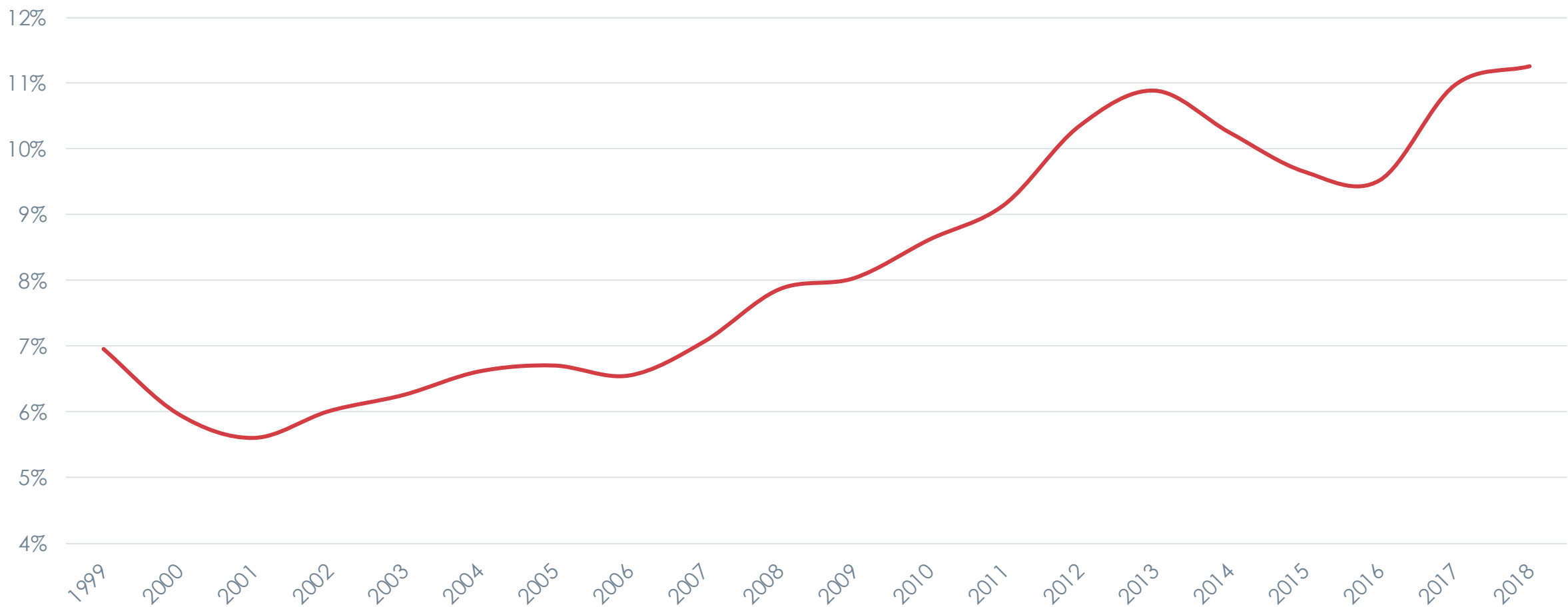
Source: CoreLogic HPI, Single-family Detached (July 2, 2019 release); National HPI trough occurred March 2011.

Inventory Tighter for Entry-Level Buyers



U.S. Investor Homebuying Rates: 1999 - 2018

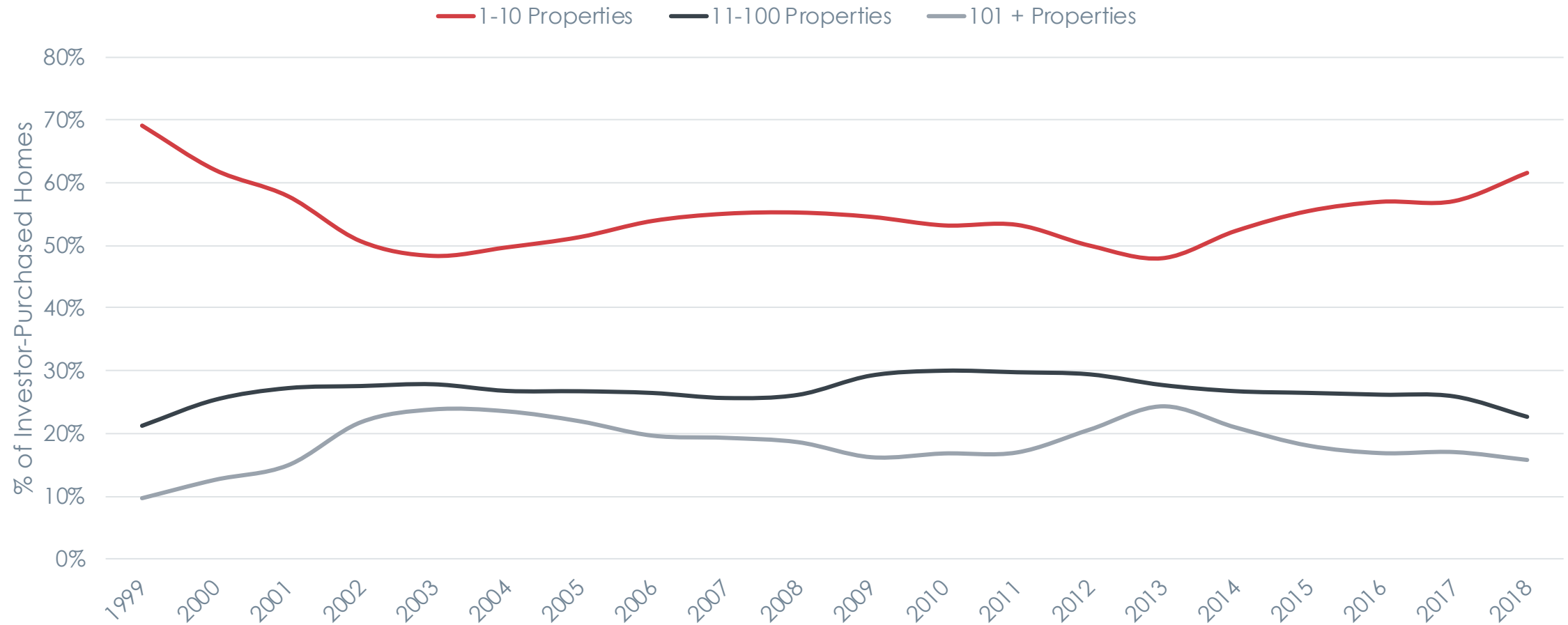
Investors Purchases are at 20 Year Highs



Source: CoreLogic Public Records and Author's Calculations

U.S. Investor Homebuying Rates by Investor Size: 1999 - 2018

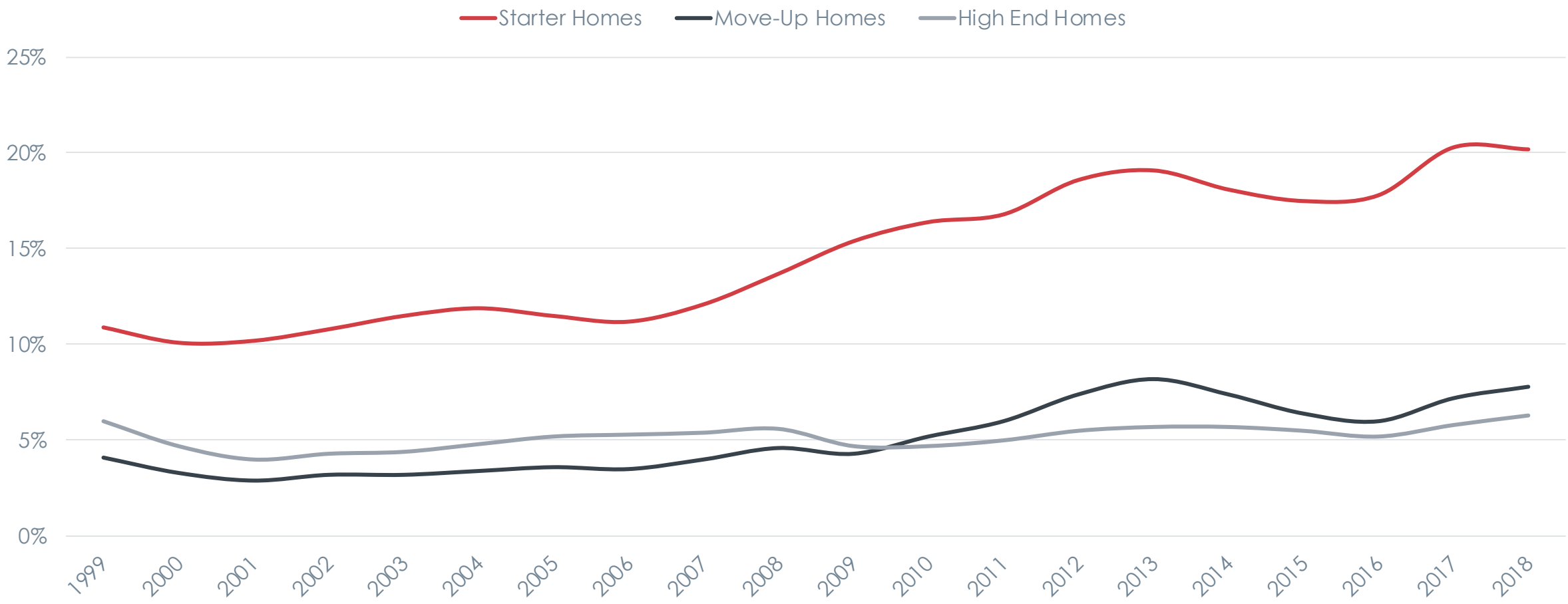
Mom-and-Pop Investor Activity on the Rise



Source: CoreLogic Public Records and Author's Calculations

U.S. Investor Homebuying Rates: 1999 - 2018

Investors Focusing on Starter Homes



Source: CoreLogic Public Records and Author's Calculations

Housing Markets with Most Investor Activity, 2018

Tend to be Highest in Eastern Half of U.S.

Metro	Investor Purchase Share	Metro	Investor Purchase Share
Detroit, MI	27.0%	Atlanta, GA	18.5%
Philadelphia, PA	23.3%	Des Moines, IA	17.2%
Memphis, TN	19.7%	Baltimore, MD	17.2%
Long Island, NY	18.8%	Camden, NJ	16.7%
Oklahoma City, OK	18.7%	Cleveland, OH	16.7%

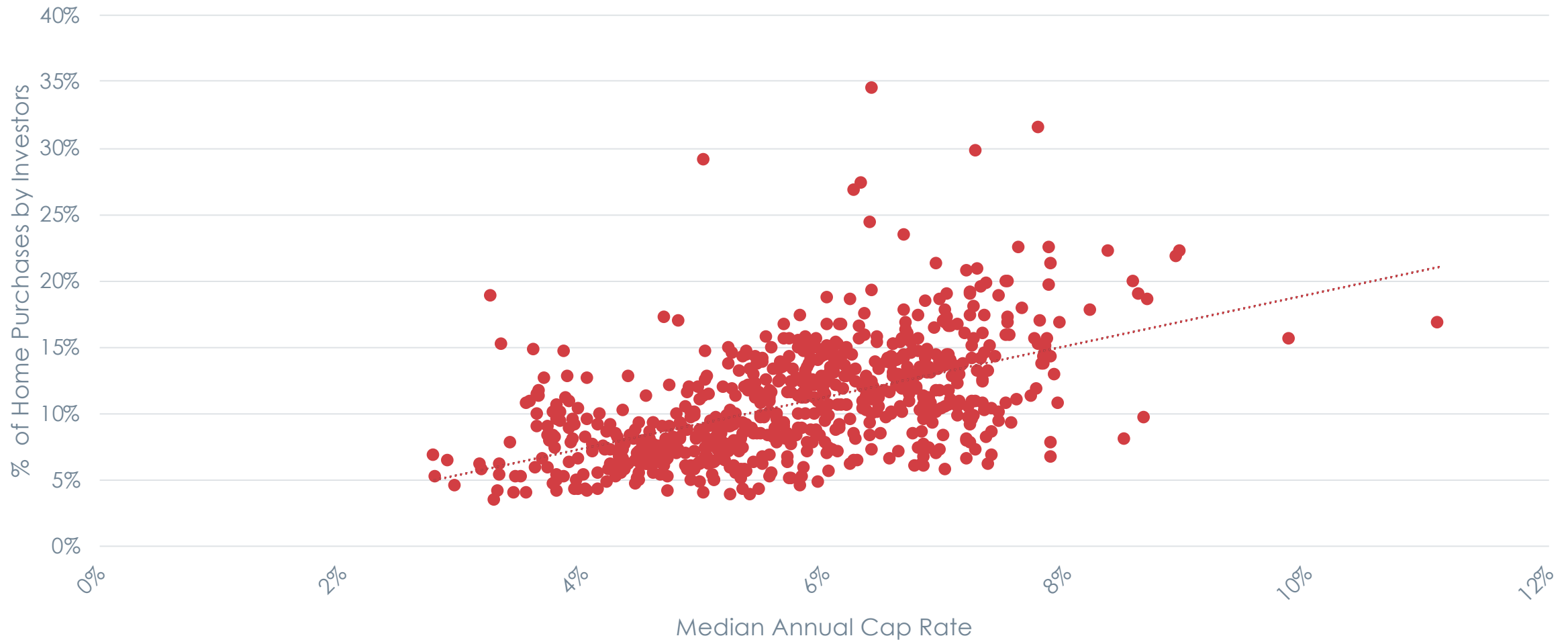
Housing Markets with Least Investor Activity, 2018

Tend to be Lowest in Western Half of U.S.

Metro	Investor Purchase Share	Metro	Investor Purchase Share
Ventura, CA	4.8%	Elgin, IL	5.4%
Boise, ID	4.8%	Frederick, MD	5.6%
Oakland, CA	5.1%	Stockton, CA	5.7%
San Jose, CA	5.2%	Worcester, MA	5.9%
Sacramento, CA	5.3%	El Paso, TX	5.9%

Metro Cap Rates Correlated with Investor Homebuying

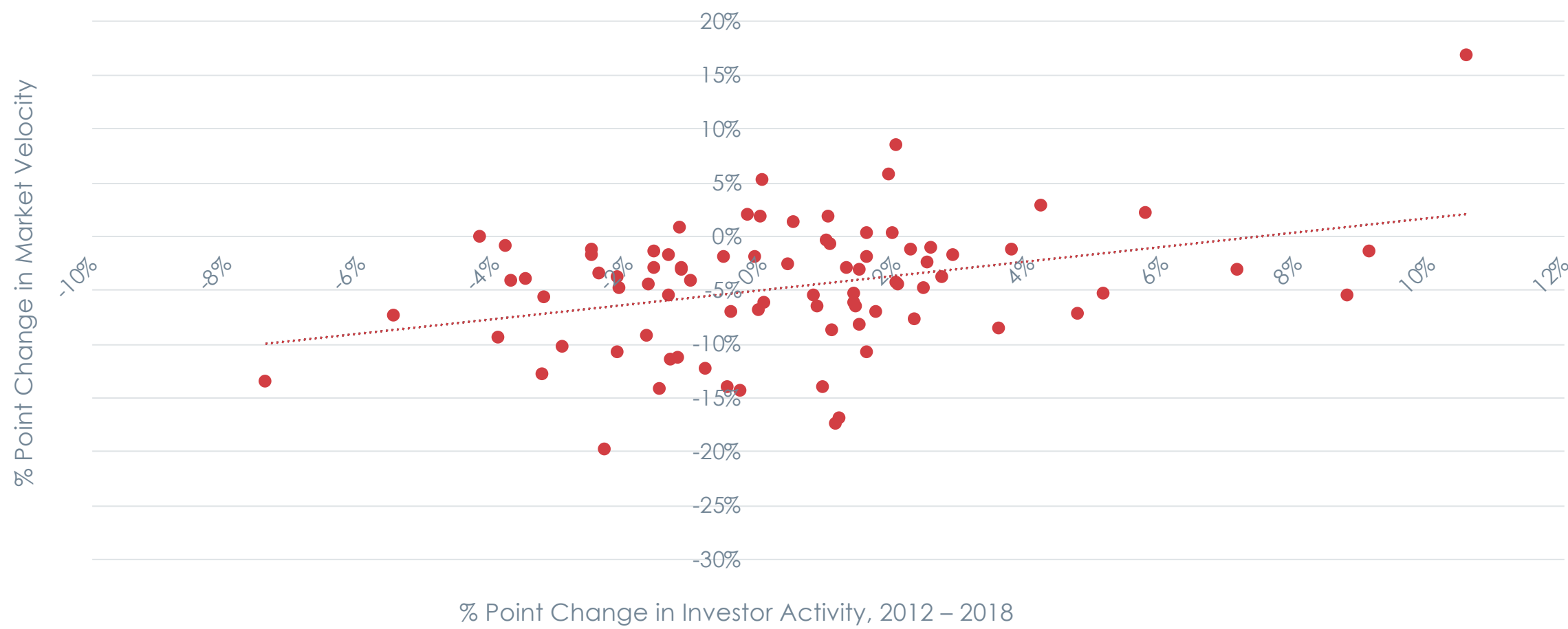
Annual Median Cap Rate vs. Annual Investor Homebuying Rates, 2012 - 2018



Source: CoreLogic Public Records, CoreLogic REAS, and Author's Calculations

Increase in Investor Activity Correlated with Tightening Markets

Markets with Growing Share of Investors Saw Relative Supply Fall



Source: CoreLogic Public Records, CoreLogic REAS, and Author's Calculations

Residential Investment in Manchester Trending Down

% of Investors Buying Homes Lowest Since Great Recession



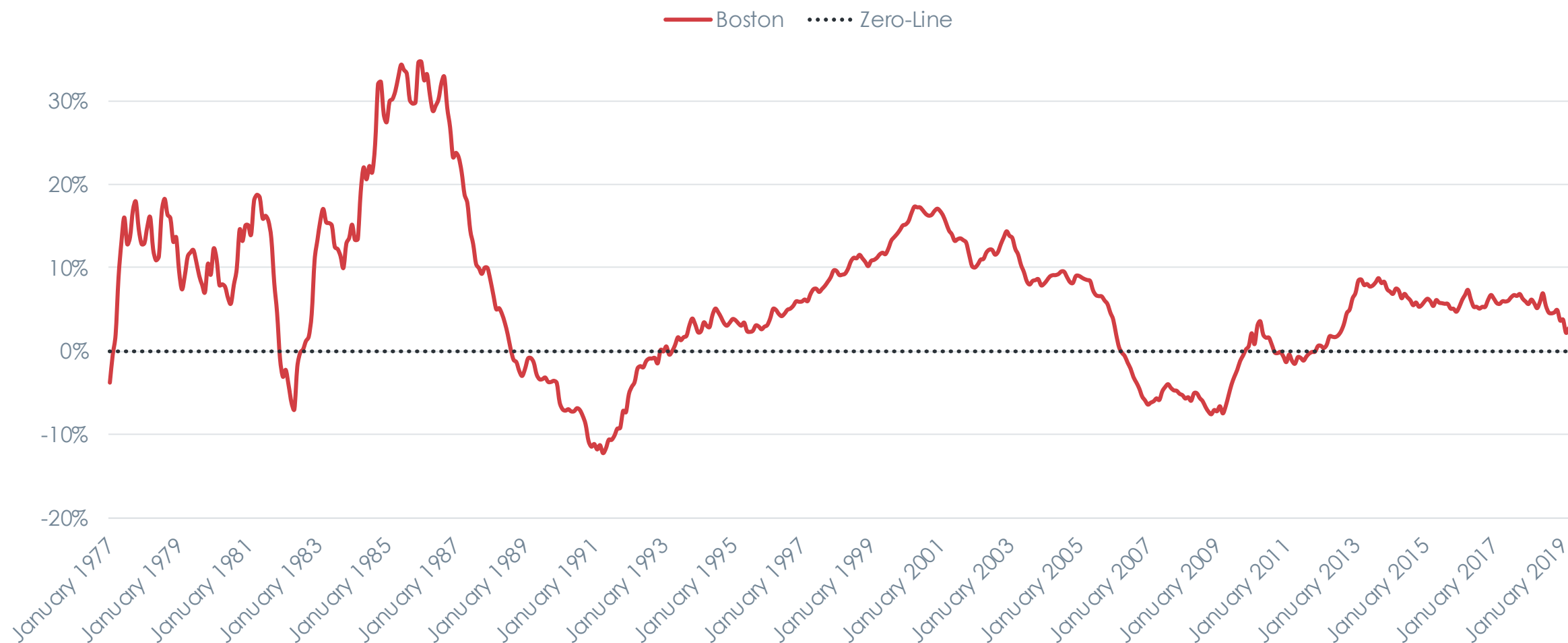


New Hampshire Housing Market Conditions and Forecast



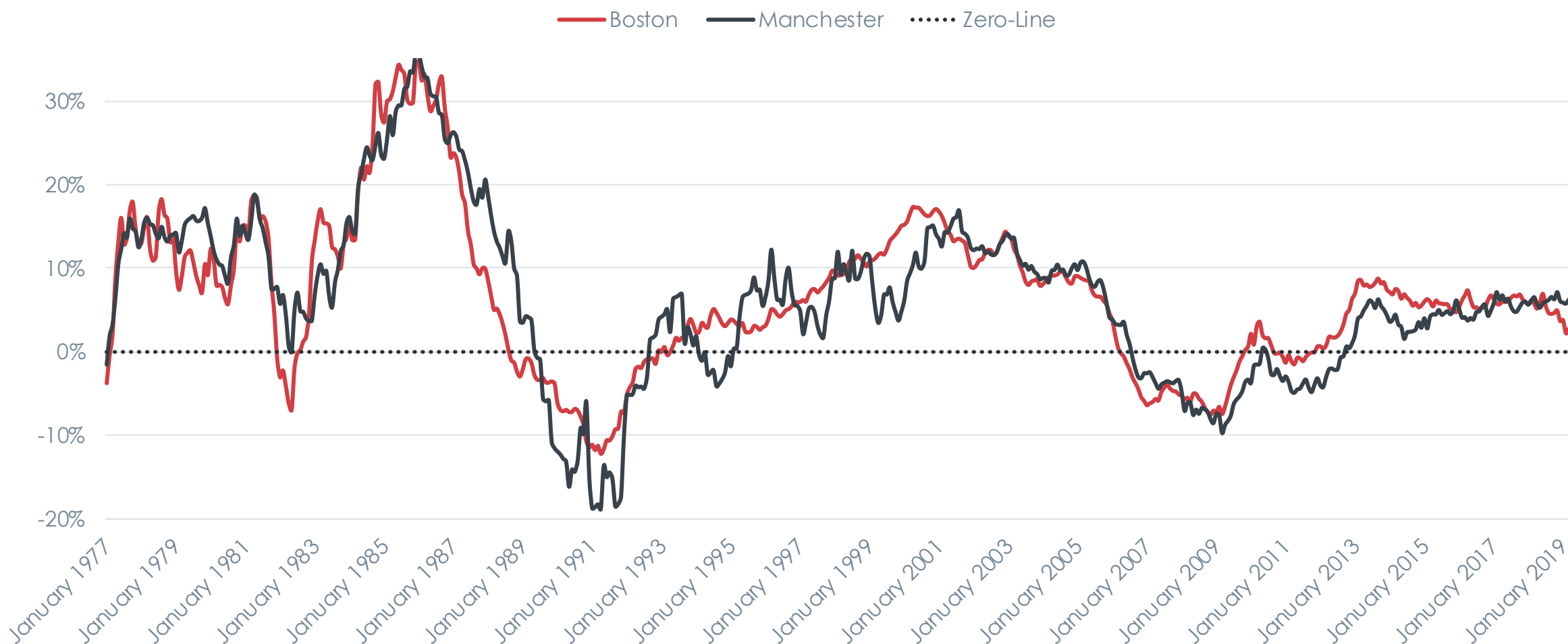
Boston Housing Market is Smoothing Out

CoreLogic House Price Index, Year-Over-Year Change



Manchester Housing Market is Smoothing Out

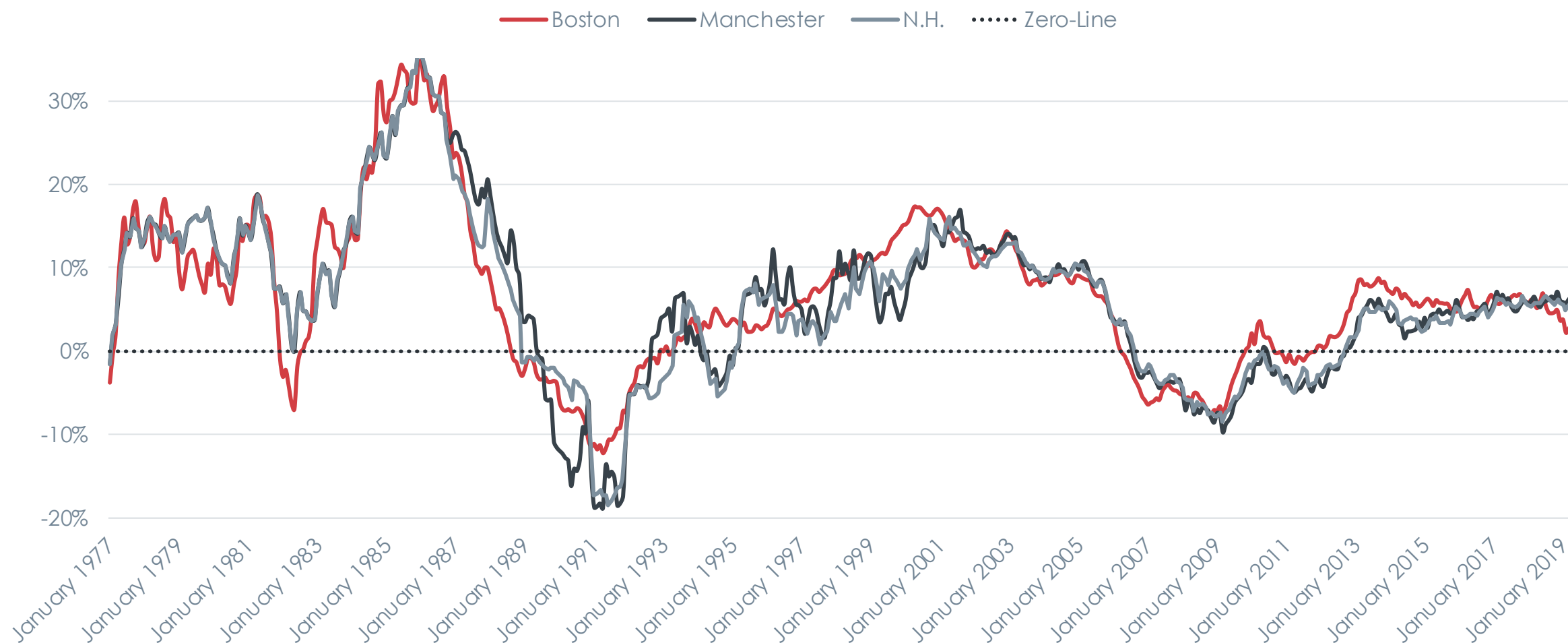
CoreLogic House Price Index, Year-Over-Year Change



Source: CoreLogic House Price Index, not seasonally adjusted (October 1, 2019 release)

New Hampshire Housing Markets is Smoothing Out

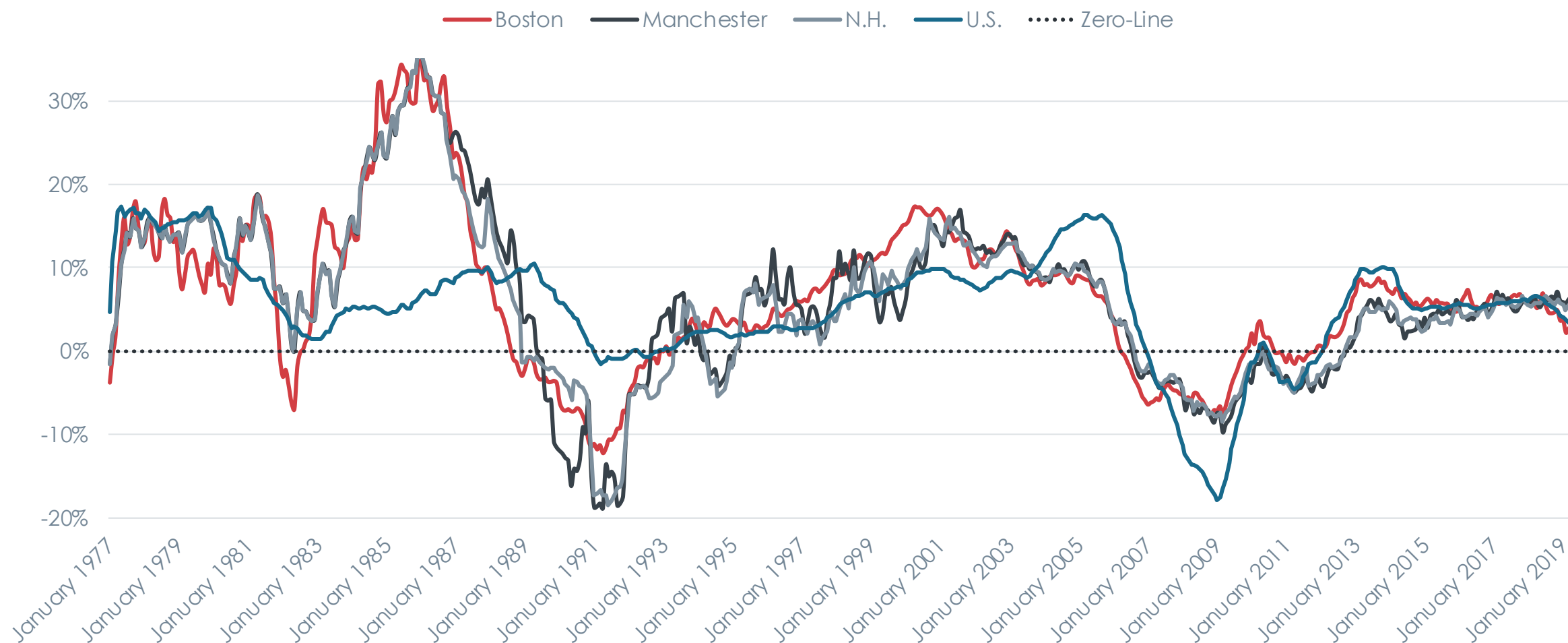
CoreLogic House Price Index, Year-Over-Year Change



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Manchester/NH More Closely Follows National Trend

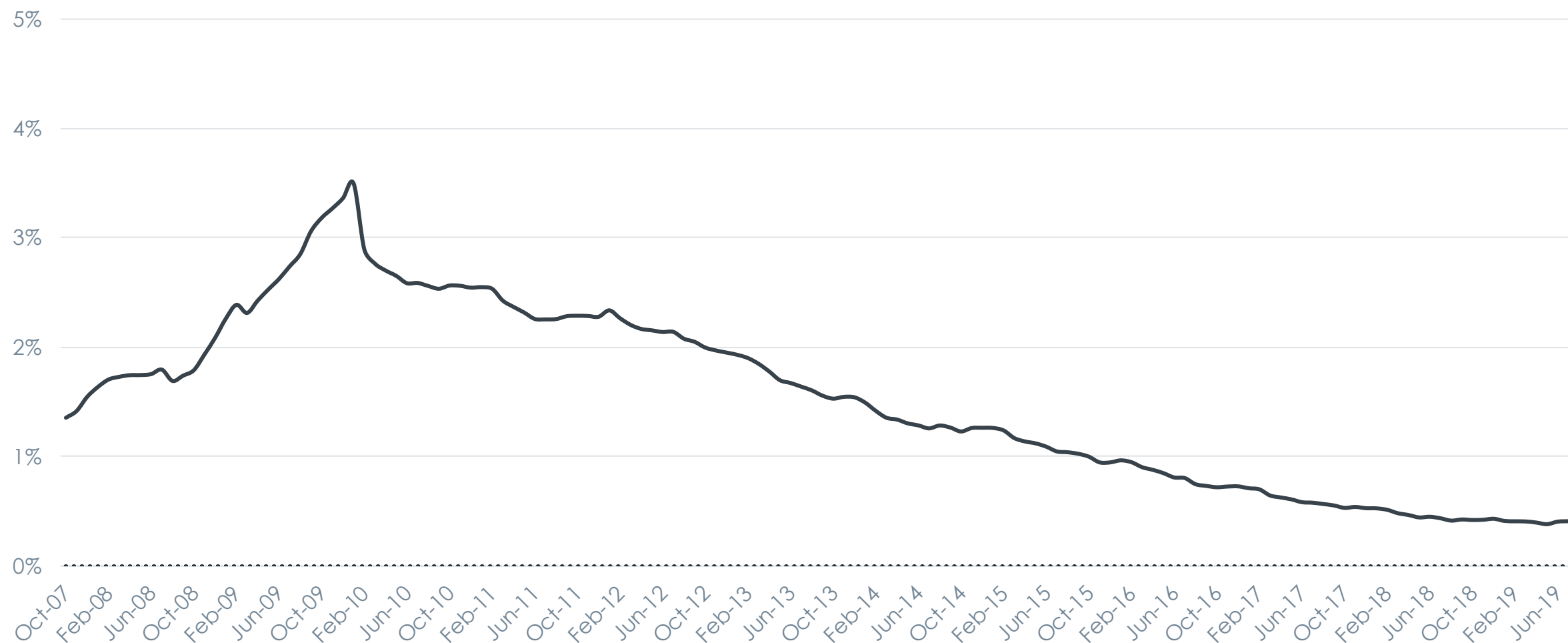
CoreLogic House Price Index, Year-Over-Year Change



Source: CoreLogic House Price Index, not seasonally adjusted (October 1, 2019 release)

Delinquency Rate at 12-Year Low

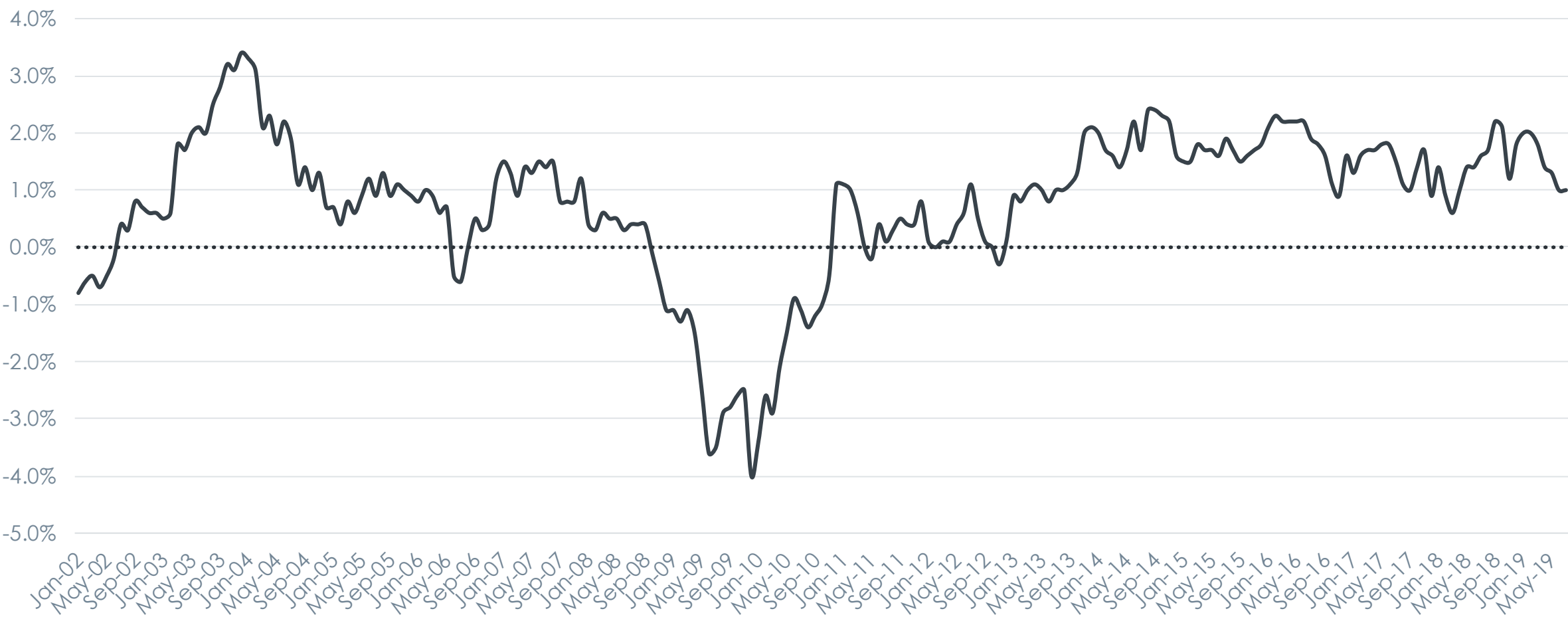
% of Housing Stock with 90+ Delinquency



Source: CoreLogic Real Estate Analytics Suite, September 2019 Release

Manchester Job Growth Stable

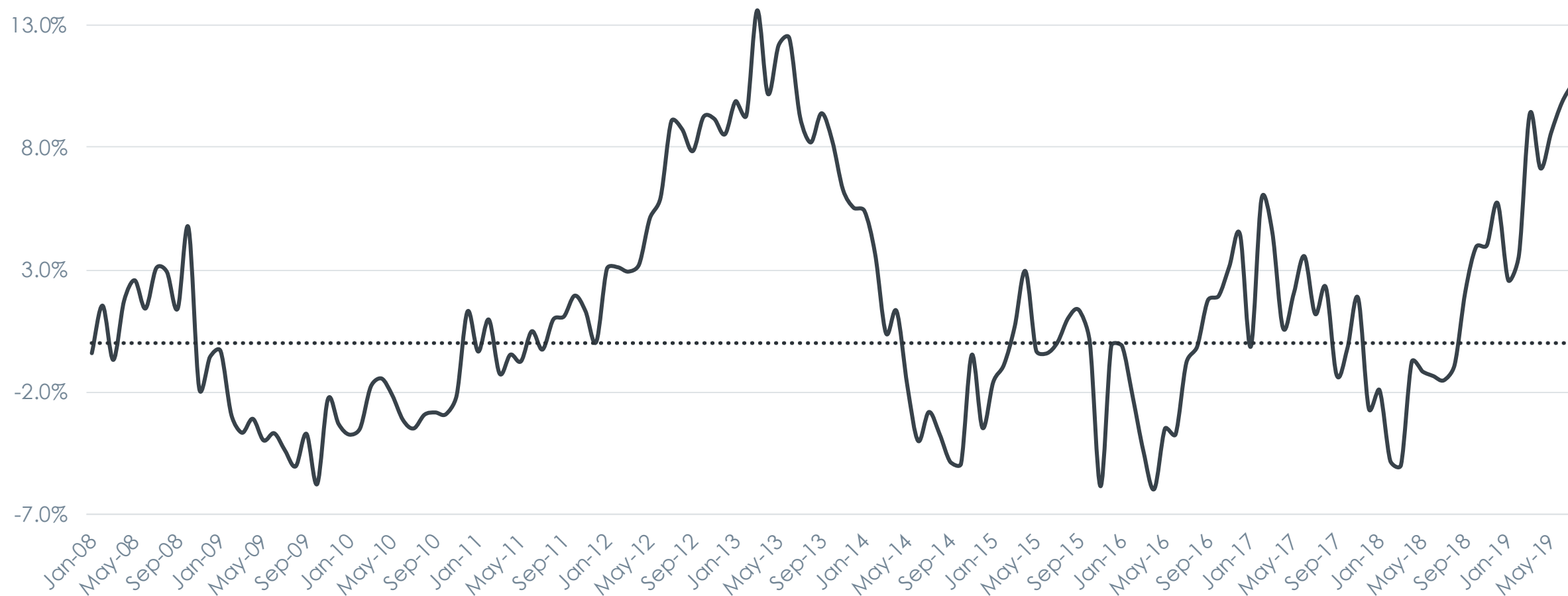
% Year-Over-Year Job Growth, Manchester Metro



Source: Bureau of Labor Statistics, September 2019 Release

Manchester Wage Growth Booming

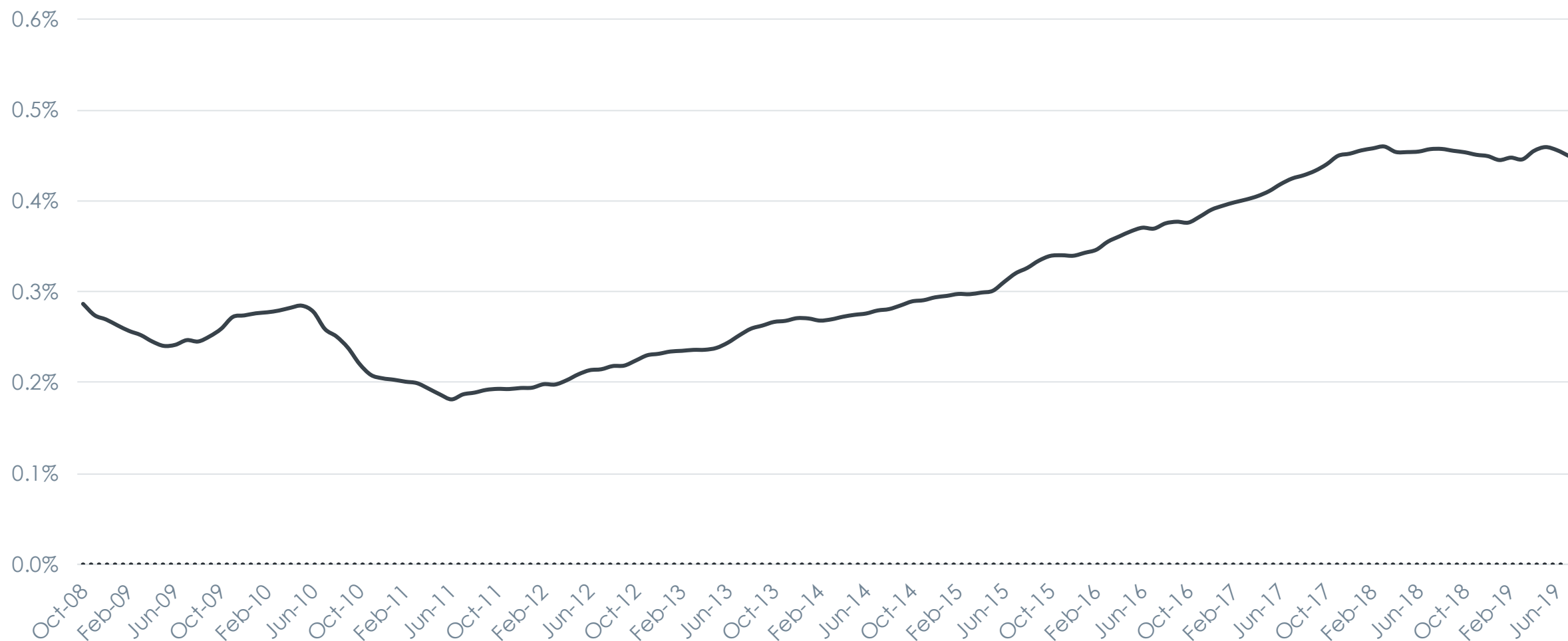
% of Year-Over-Year Change in Average Wage



Source: Bureau of Labor Statistics, September 2019 Release

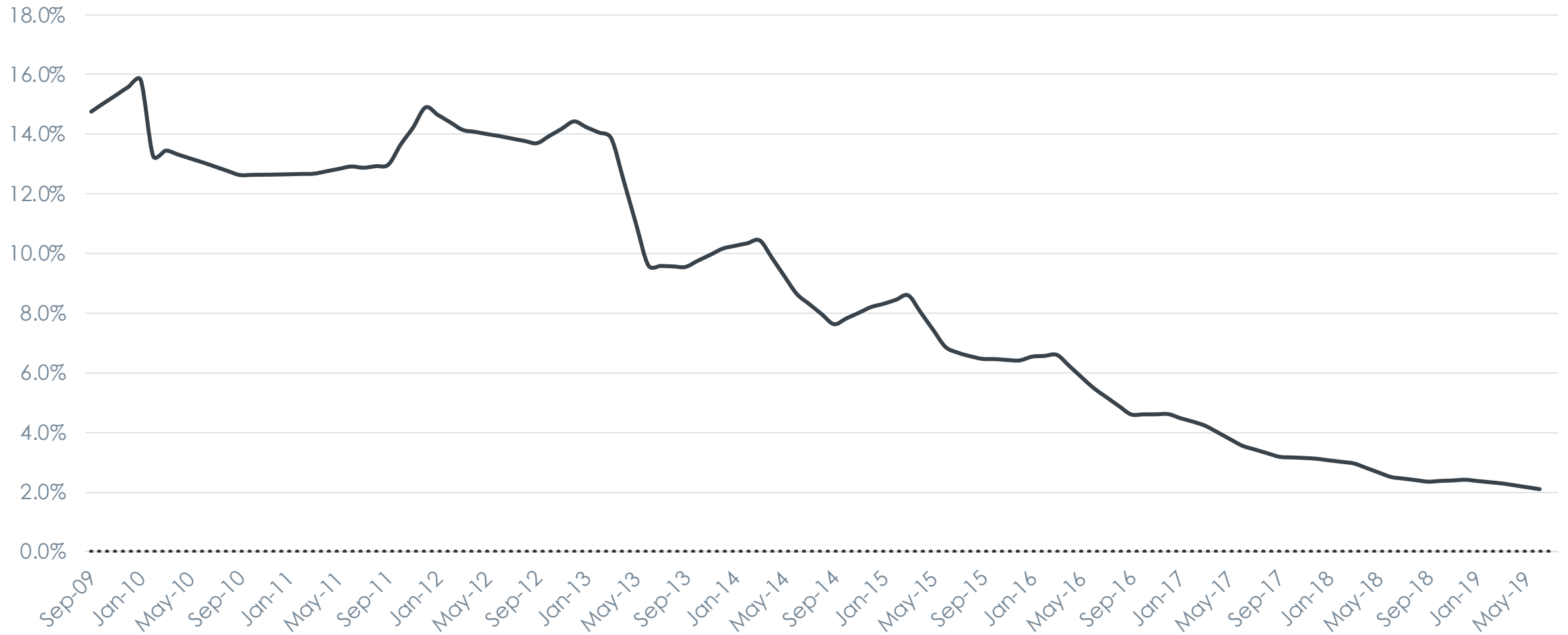
Turnover Rate Rising in Manchester

% of Housing Stock Changing Hands, 12-Month Rolling Average



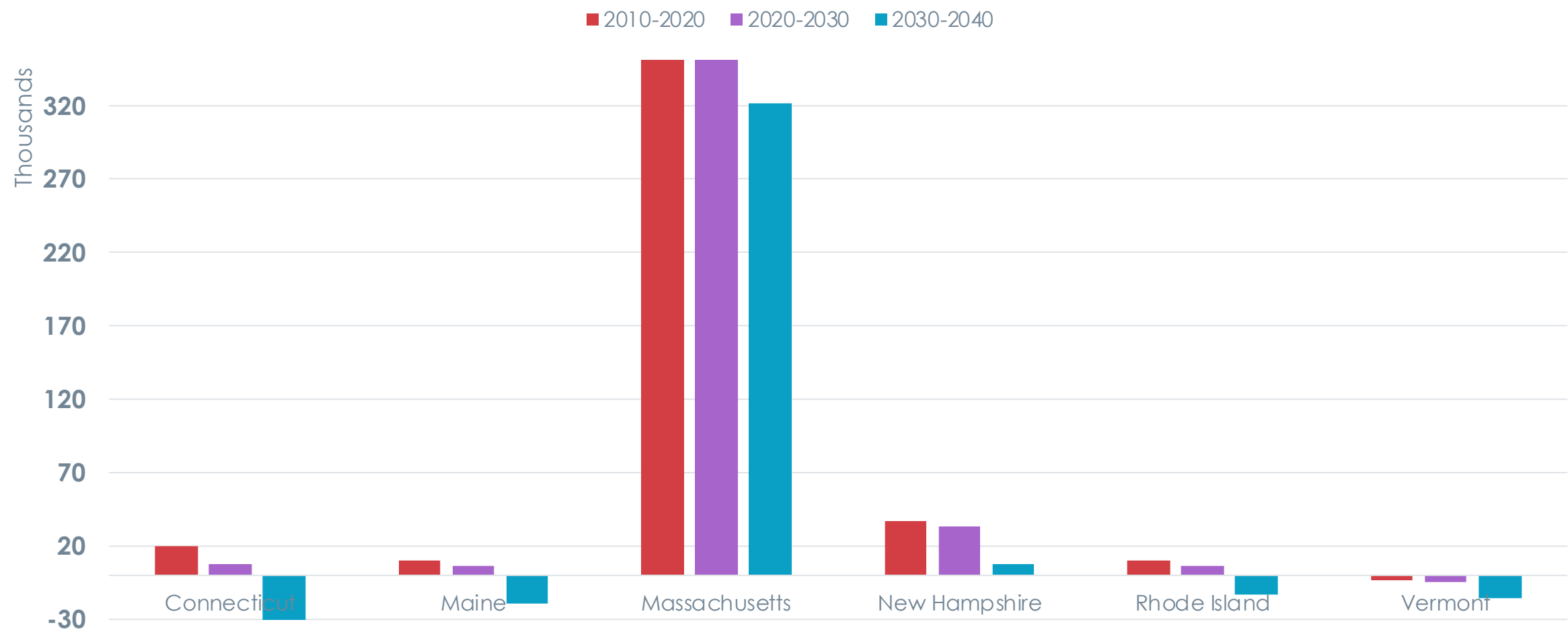
Negative Equity at 10-Year Lows in Manchester

% of Housing Stock With Home Values Lower than Mortgage Debt



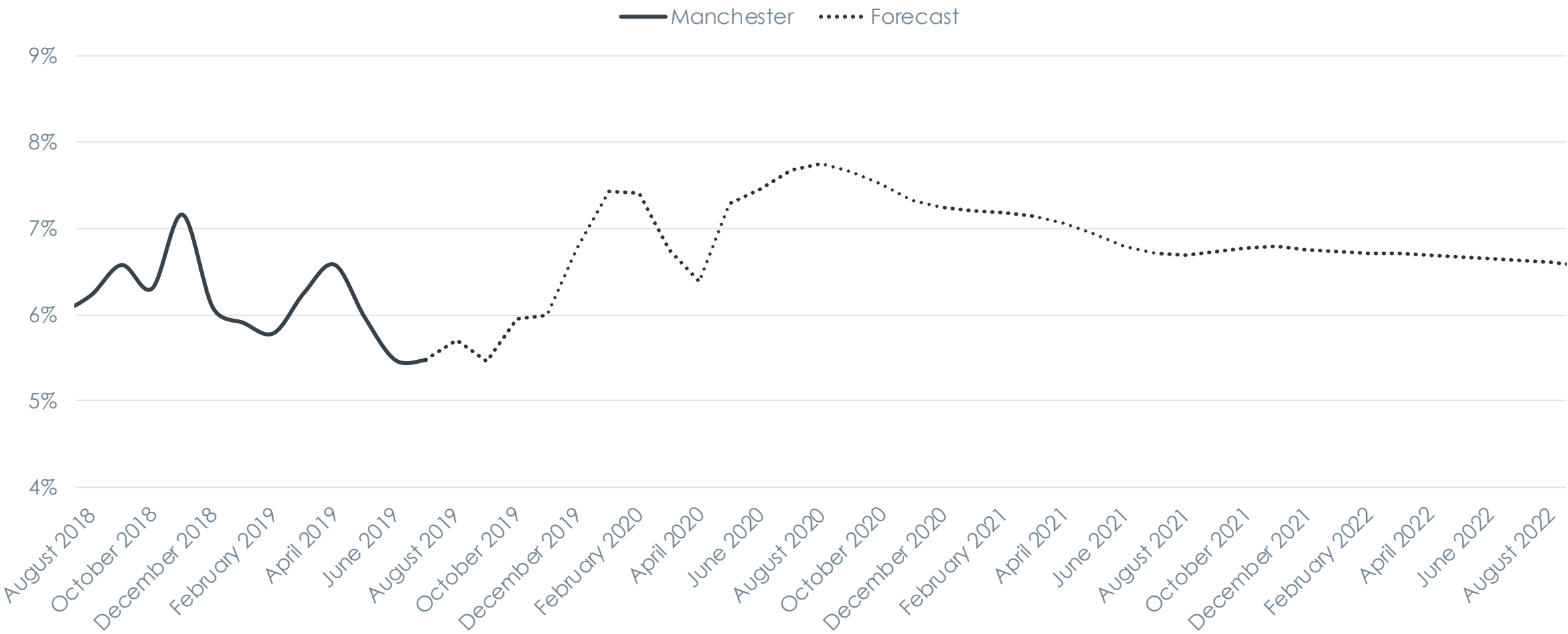
Forecasted Population Growth in New England, 2010 - 2040

Massachusetts, New Hampshire Only New England States to See Growth



Forecast: Home Price Growth to Pick Up through 2022

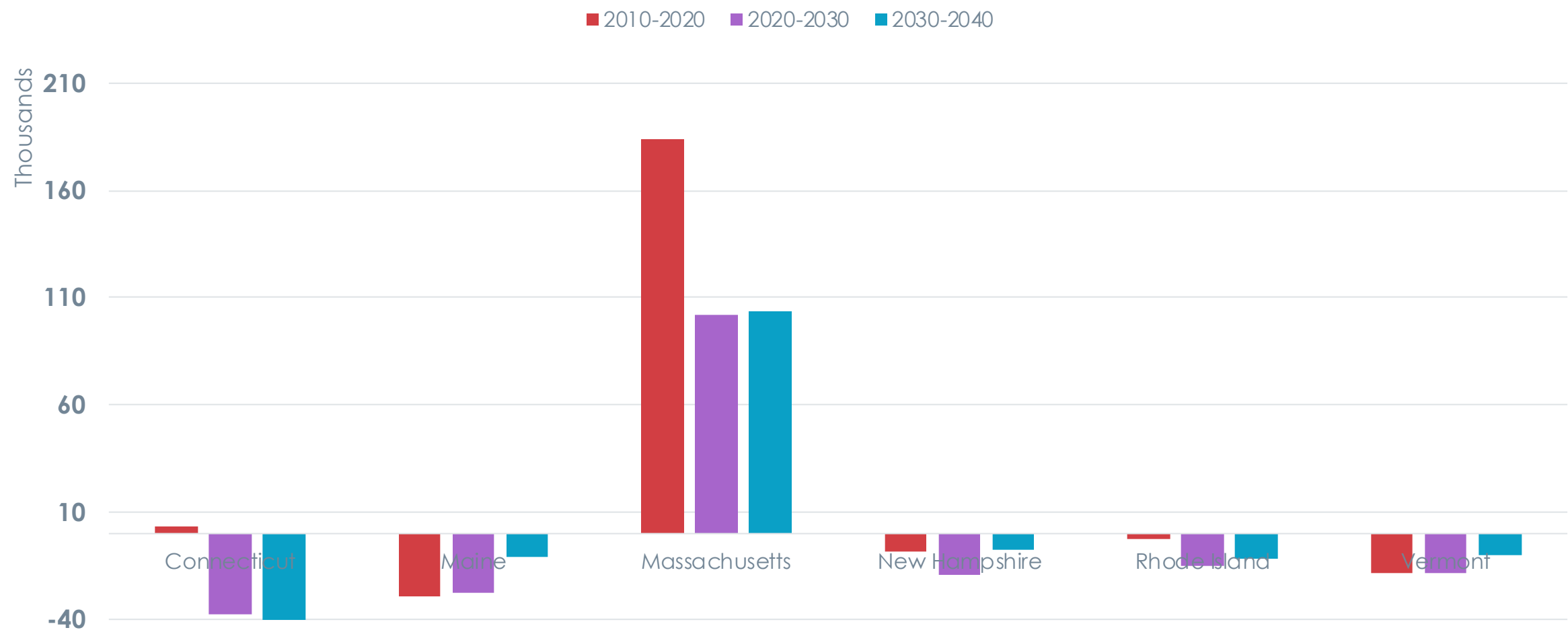
CoreLogic House Price Index Forecast, Year-Over-Year Change



Source: CoreLogic House Price Index Forecast, not seasonally adjusted (October 1, 2019 release)

Under 35 Population Growth in New England, 2010 - 2040

Massachusetts Only NE State to See Growth Between 2020 and 2040



Benchmarking New Hampshire Housing Policies to the Nation



A Perspective on How Some States Manage Housing Supply

- Single-family zoning is sacrosanct.
 - Focus is on preserving the “character” of communities.
 - Market-rate housing densities not welcomed.
 - New housing supply slower to respond to demand -> shortage
- When there's a shortage of bread, tax the baker.
 - Enact mandatory exclusionary zoning.
 - Hope LIHTC and density bonuses cover required additional cost imposed on developer.
 - Enact rent control
 - Hope there isn't disinvestment in rental housing
- Put pressure on state housing agencies to make housing more affordable
 - Increase demand by making borrowing cheaper

How New Hampshire Squares Up

- Single-family zoning isn't sacrosanct.
 - 19 of 234 communities have no formal zoning
 - ADUs (Granny Flats, Casitas, etc) in 194 of 234 communities are "by-right."
- Taxing the baker is illegal in NH unless bonuses/subsidies given to developer
 - Bonuses aren't just provided for builders of workforce housing. Also included for:
 - Open space
 - Senior housing
 - Rental housing
- Takes pressure off state housing agencies to make housing more affordable
 - Allows for more innovation, such as
 - Rehab loans
 - Manufactured housing loans

Thank You



Where to find more information

Look for regular updates to our housing forecast, commentary and data at

<http://www.corelogic.com/blog>

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@HousingRalph

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