INFLUENCES ON THE 2021 HOUSING MARKET
INSUFFICIENT SUPPLY OF HOMES, SUPPLY CHAIN ISSUES, LABOR SHORTAGE

Dean J. Christon, Executive Director, New Hampshire Housing

More than 40 years ago, the New Hampshire General Court established New Hampshire Housing Finance Authority to help address the housing needs of our state’s low- and moderate-income households.

During that time, New Hampshire Housing has supported the creation of almost 16,000 units of affordable rental housing, assisted hundreds of thousands of renter households to obtain affordable housing, and enabled more than 50,000 families to purchase a home. This core work is in addition to numerous special initiatives such as counseling to help people retain their homes, creation of permanent supportive housing, and administration of COVID-related relief programs – such as the Shelter Modification Program and NH Emergency Rental Assistance Program – that have provided targeted aid to thousands of New Hampshire households.

This work has had a substantial positive impact on our state and its citizens.

Unfortunately, however, as this report illustrates, many of the housing challenges recognized by the legislature when it acted more than 40 years ago remain with us today. Overall, there continues to be an insufficient supply of housing to effectively meet the needs of all of our citizens. Many factors contribute to this fact, most notably overregulation of housing development.

New Hampshire Housing remains committed to working to address these critical challenges. Although I will retire as Executive Director at the end of this calendar year, I am confident that the dedicated members of our Board and staff will continue the important work that we do.

STRUGGLING TO PAY RENT, MORTGAGE, PROPERTY TAXES, AND UTILITIES DURING THE PANDEMIC?

The New Hampshire Emergency Rental Assistance Program provides assistance to eligible residents of New Hampshire who cannot pay their rent and utilities during the pandemic.

APPLY at CAPNH.org or call 2-1-1

If you are at risk of foreclosure or are having difficulty paying your mortgage, utilities, home insurance, or property taxes, call 2-1-1. The federally funded NH Homeowner Assistance Fund Program is expected to launch in January 2022.

VISIT HomeHelpNH.org or call 2-1-1
MLS LISTINGS IN NH

MONTHS OF SUPPLY OF INVENTORY

ACTIVE means properties on the market that do not have a contract.

Source: Based on information from the Northern New England Real Estate Network and compiled by NH Housing. Excludes land, interval ownership, seasonal camps/cottages, age-restricted, multi-family properties, mobile/manufactured homes and commercial/industrial property.

Listings continue to remain low when compared to prior years’ inventory levels. It would currently take about a month to sell off all active listings given the current pace of sales. Compared to the number of listings from the past three years, the inventory in 2021 continues to be notably lower. Months of supply of inventory shows how many months it would take for the current inventory of homes on the market to sell, given the past 12 months’ pace of sales.

As has been the case for the past five years, homes in NH under $300,000 are generally on the market for less than one month.
We are seeing a decrease in sales from 2020 levels, although sales continue to be quite strong despite low inventory.

In August 2021, the statewide median sales price hit a record high of $392,200. By October, the median sales price was $375,000, down 4% from this peak. The October 2021 median sales price was almost 13% higher than in October 2020.
There has been a modest increase in the proportion of homebuyers from Massachusetts and places outside of New Hampshire.

From 2016 to October 2021 (week 2), the proportion of buyers from MA increased approximately 4.4%, and buyers from other states increased about 2.8% (with the highest number of “other” purchases from buyers in ME, FL, NY, CT, VT and CA).

These out-of-state buyers, who often have cash to purchase a home, compete with New Hampshire residents looking for a home in a very tight market. In particular, this impacts the ability of first-time homebuyers to compete as they typically need financing and have a limited amount of cash for downpayments.

Source: The Warren Group
In December 2020, the interest rate was 2.68%, the lowest it has been in the 50 years Freddie Mac has been tracking 30-year fixed-rate mortgages.

The mortgage interest rate in October 2021 was 3.07%. While this is still low by historic standards, it indicates that interest rates are beginning to inch upwards.

As interest rates creep back up, refinancing activity has started to slow in comparison to last year. Cumulatively, we are still well above the annual total in 2020 due to the volume in the first four months of 2021.

Sources: (top) Freddie Mac Primary National Mortgage Market Survey; US Federal Reserve Selected Interest Rate H.15; (bottom) The Warren Group
Evictions remain significantly lower than they were pre-pandemic. While the national eviction moratorium ended in August, the NH Emergency Rental Assistance Program has to-date provided rent assistance to more than 9,600 New Hampshire households, which likely has kept the number of evictions lower than they would otherwise be.

To legally evict a tenant in NH, a landlord must first file a Landlord/Tenant Writ with the court. A judge determines if a writ of possession court order will be issued, allowing a landlord to have a tenant lawfully removed from the home.

Mortgage delinquencies. In Q3-2021, New Hampshire continues to have the lowest rate of mortgage delinquencies (loans that have payments past due) compared to New England and the US as a whole. (The Mortgage Bankers Association considers loans in forbearance as delinquent.)
The number of single-family permits issued has increased during the pandemic, despite rising building costs. However, we are still well below the levels reached prior to the Great Recession.

Multi-family permit activity dropped early in the pandemic, but is now regaining momentum. Multi-family permit activity, on average, has increased in the past three months. Cumulatively, January - September units authorized by permit are over 72% higher than the same time period in 2020.

Source: U.S. Census Bureau, Construction Statistics Division (6-month moving average of actual permits issued)
The price of building materials, and in particular lumber, skyrocketed in the initial 18 months of the pandemic. This impacts new construction costs as well as the home renovation market. Softwood lumber costs decreased almost 20% from October 2020, but increased 35% overall from October 2019.

Lumber prices began to go down in May 2021, and continued to decrease through September; prices then shifted up 7% in October.

According to the National Association of Home Builders, while softwood lumber costs are lower, the housing sector continues to grapple with constraints such as building material supply chain issues, labor challenges, and access to building lots. (NAHB, 11/16/2021)
New Hampshire’s unemployment rate has dropped to 2.9% – very close to its pre-pandemic level. The Granite State has the third lowest unemployment rate in the country, and well below New England’s.

A low unemployment rate indicates a strengthening economy. As we slowly emerge from the pandemic, workers are seeing abundant job opportunities. While clearly this is a positive sign for job seekers, businesses are having difficulty filling openings. Recruiting and retaining staff is a challenge in such a competitive environment.
Unemployment claims peaked in May 2020 as a result of the pandemic and businesses closing down.

As of 10/30/2021, initial claims were down 99% from the peak and continued claims were down 98% from the peak.
**2020 NH CENSUS DATA**

**TOTAL NON-WHITE POPULATION BY RACE**

While the White population in New Hampshire decreased 1.6% from 2010 to 2020, the biggest change has been in populations that are two or more races, which increased 264%.

The state’s Hispanic/Latino population grew by 62% in the past 10 years. Total population growth remains small at 4.6%. (The Census documents race separate from Hispanic origin.)

The federal Office of Management and Budget requires that race data be collected for a minimum of five groups: White, Black or African American, American Indian or Alaska Native, Asian, and Native Hawaiian or Other Pacific Islander. A sixth category – “Some Other Race” – may be used by respondents to report more than one race.

New Hampshire ranks as the fourth whitest state, behind Vermont, Maine, and West Virginia.
New Hampshire’s population increased by 4.6% in 10 years, to 1.377 million people. This is a slightly higher increase compared to New England and the U.S.

The highest population growth was seen in Belknap, Rockingham and Strafford counties, which each grew by 6%.

The US population increased 7.4% since the 2010 Census. For the Northeast region, the population increased 4.1%. The Northeast region includes New England, New York, New Jersey, and Pennsylvania.

NH ranks third behind Vermont and Maine for its percentage of residents aged 18+

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<th>2010</th>
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