

HOUSING MARKET REPORT



June 2022



NEW HAMPSHIRE
HOUSING

THE NH HOUSING MARKET: WHERE WE ARE AND WHAT LIES AHEAD

Rob Dapice
Executive Director/CEO

This edition of our ***Housing Market Report*** provides insights and data that show a housing market in a state of turmoil, buffeted by rising interest rates and economic uncertainty that presents extraordinary challenges for renters and homebuyers. In this report, we trace various factors that influence affordability and people's ability to find a home that fits their household's needs and income.

In April and May, the volume of mortgage and refinance applications declined as interest rates increased. Applications for the week ending May 27 declined to the lowest level since December 2018, according to the Mortgage Bankers Association.

For decades, the production of new housing has failed to keep pace with demand in our state. It would take at least 20,000 housing units to achieve a balanced market, meaning a 5% rental vacancy rate (New Hampshire's hovers at 1%) and a six-month supply of homes for sale (currently less than one month).

New Hampshire's housing market, like that of many other states, is affected by several factors noted by the chairman of the National Association of Home Builders in a recent commentary: escalating construction costs, a sudden increase in mortgage rates, and rising home prices and rents that have exacerbated housing affordability challenges for entry-level buyers as well as renters. The cost of building materials alone has jumped 19.2% year-over-year, and 35.6% since the start of the pandemic.

Meanwhile, when the influence of inflation on the price of staples such as groceries and gas is added to this mix, we can begin to understand how severely these market conditions are affecting the housing choices of low- and middle-income New Hampshire residents.

One positive economic sign is the steady demand for workers. Yet businesses across the state continue to find that attracting and retaining qualified workers is a challenge. The lack of affordable housing is consistently cited by employers as being a major factor in New Hampshire's economic picture.

In response to concerns about housing stability for those who have struggled financially during the COVID pandemic, two temporary federally funded programs were established. The NH Emergency Rental Assistance Program has helped more than 19,000 households and paid \$165 million to landlords, utility companies, and other vendors on behalf of eligible applicants. The Homeowner Assistance Fund provides up to \$20,000 for eligible homeowners struggling to pay their mortgage, property taxes, and utilities. These programs are administered by NH Housing.

The most obvious solution to our state's housing challenges is to build more homes and remove excessive zoning obstacles that hinder this from happening. There are several short- and long-term efforts underway to increase housing supply. One of the most prominent efforts is the channeling of federal American Rescue Plan funds to the InvestNH initiative. NH Housing will receive \$10 million to supplement other funding to accelerate the production of new multi-family rental housing units. Another effort is the recent passage of state legislation that includes several zoning reforms and development incentives recommended by a housing task force convened by Governor Sununu in 2019.

Working together, efforts by NH Housing and our partners across the state will help drive the development of the housing we so urgently need. We are hopeful that soon we will be reporting on the progress made from all these efforts.

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ECONOMIC INDICATORS

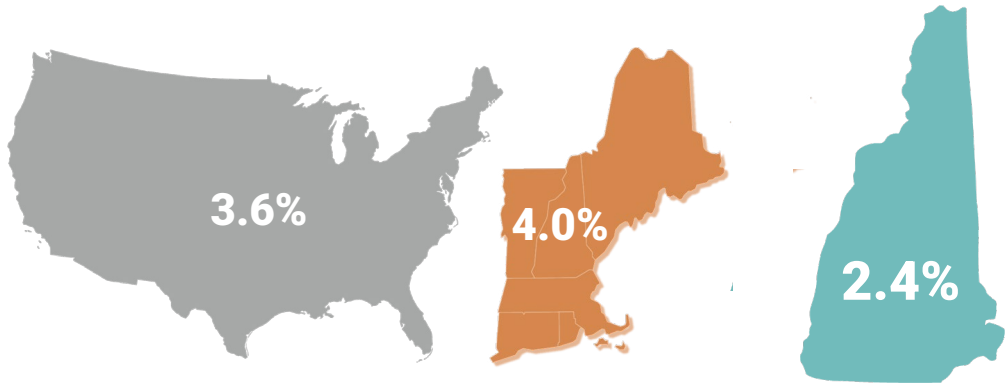
Economic indicators continue to reflect a strong economy in New Hampshire, with steady job opportunities. The inflation rate, as indicated by increased prices for goods and services, has been climbing since 2021.

UNEMPLOYMENT RATES (US, NEW ENGLAND, NEW HAMPSHIRE)

Through March 2022,
seasonally adjusted

Source: U.S. Bureau of
Labor Statistics

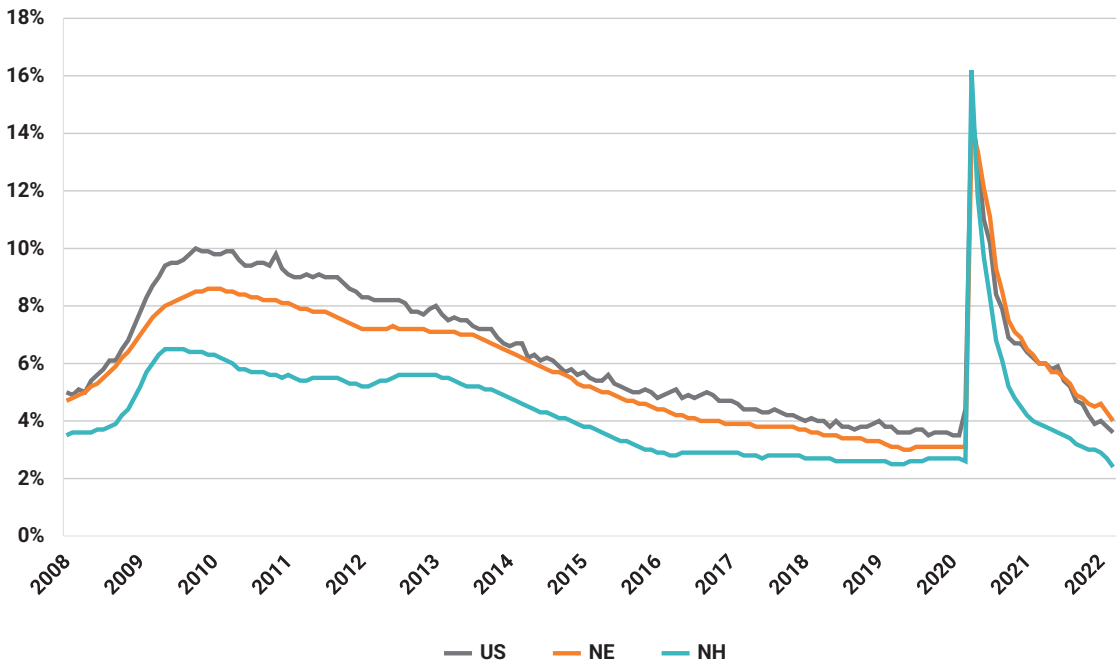
NH's unemployment rate dropped to 2.4% in March 2022 - well below New England and the US as a whole. Workers have many opportunities to change jobs and potentially increase their income. Low unemployment is impacting the state's businesses, which are having difficulty in recruiting and retaining workers. The lack of housing for this workforce looms large with many of the state's businesses.



UNEMPLOYMENT RATES BY YEAR (US, NEW ENGLAND, NEW HAMPSHIRE)

Through March 2022,
seasonally adjusted

Source: U.S. Bureau of
Labor Statistics



ECONOMIC INDICATORS

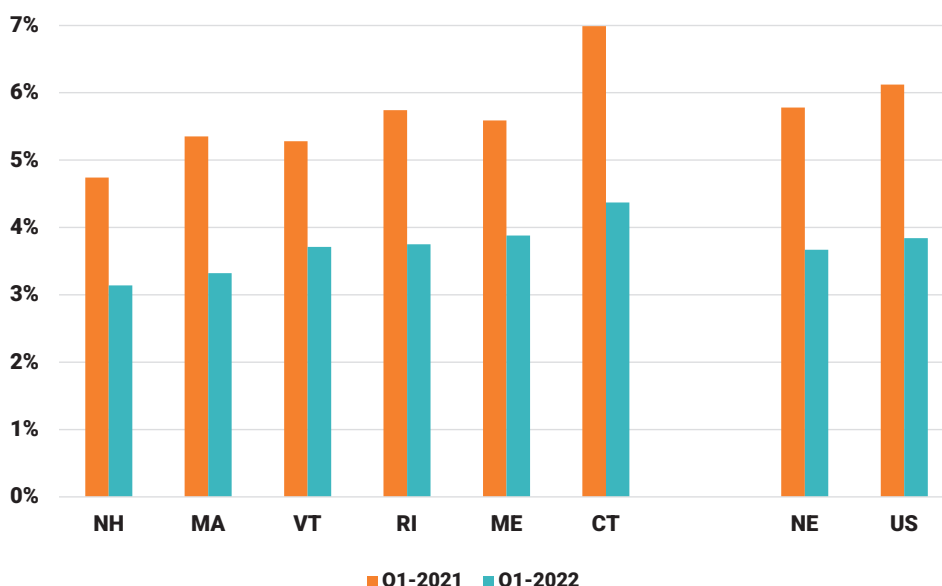
MORTGAGE DELINQUENCIES IN NEW ENGLAND & US

Q1, 2022

The Mortgage Bankers Association considers loans in forbearance as well as loans that have payments past due as delinquent.

Source: National Delinquency Survey, Mortgage Bankers Association; prepared by NH Housing

In Q1 of 2022, New Hampshire continued to have the lowest rate of mortgage delinquencies (3.14%) compared to other New England states. NH has the 12th lowest rate of delinquencies in the US (Washington state had the lowest at 2.29%) in Q1 of 2022.

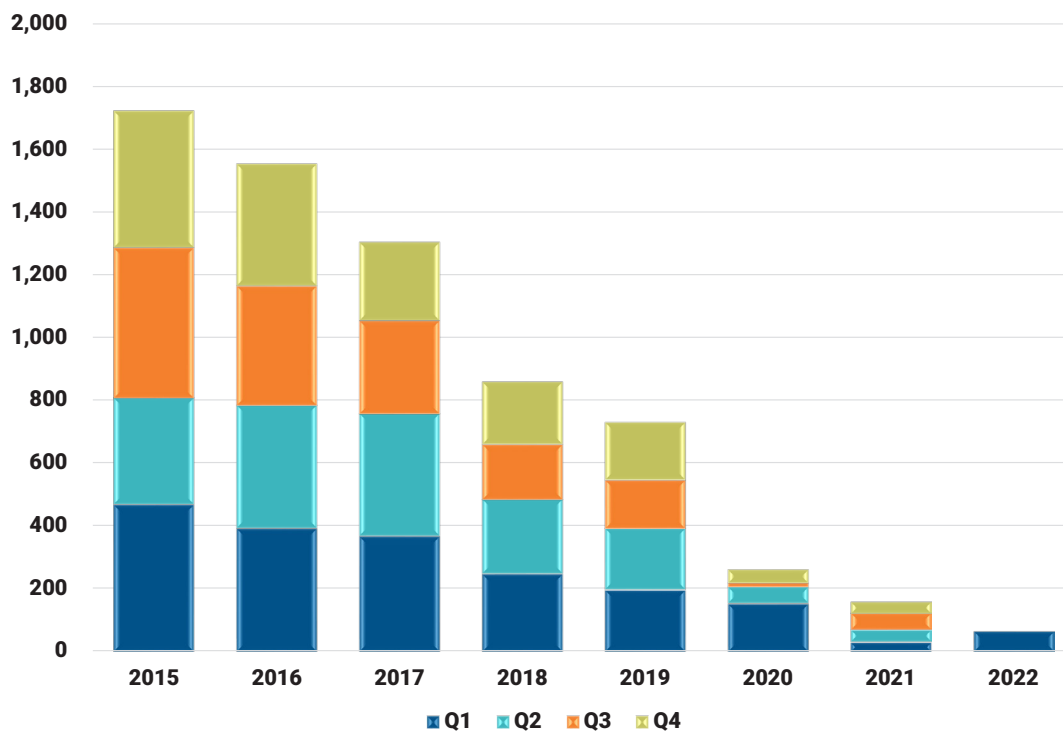


FORECLOSURE DEEDS IN NEW HAMPSHIRE

Through Q1, 2022

Source: The Warren Group, compiled by NH Housing

The number of foreclosures in New Hampshire remains low. The state's moratorium on foreclosures ended in July 2020, but the CARES Act extended forbearance protection through June 30, 2022. A forbearance temporarily suspends or reduces mortgage payments for federally backed mortgages.



ECONOMIC INDICATORS

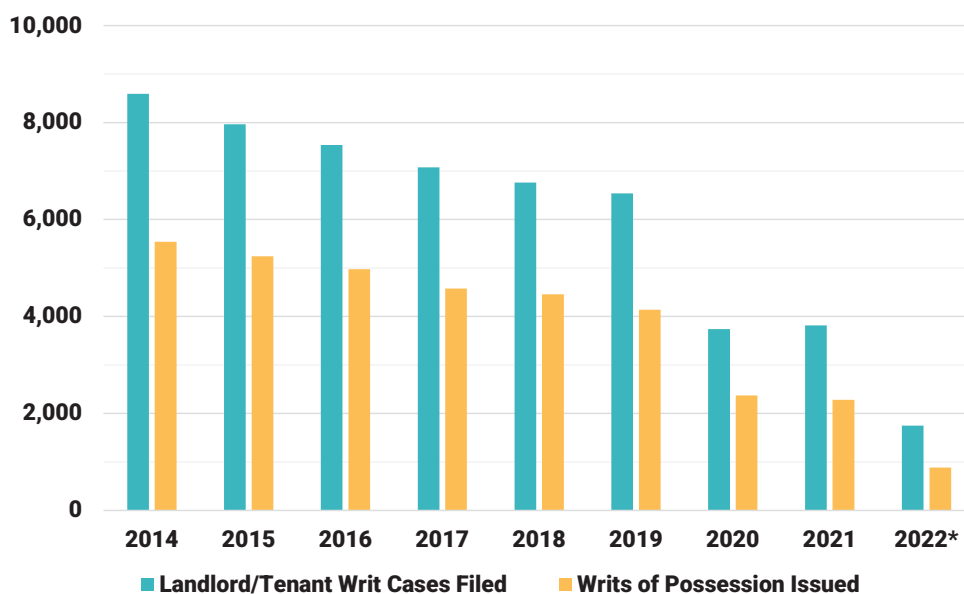
EViction INDICATORS - NH COURT FILINGS

2022 YTD through week
ending 5/20/2022

* partial year

Source: Landlord/Tenant Writ
Filings & Writs of Possession,
NH Judicial Branch

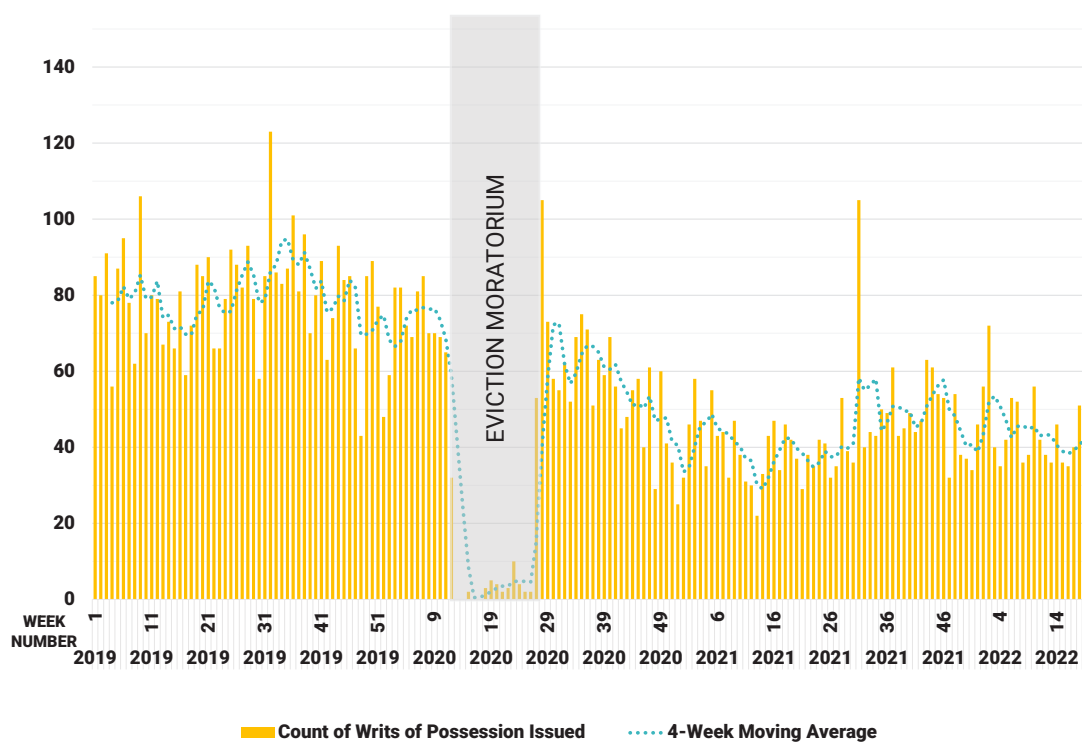
Evictions remain lower than pre-pandemic. To legally evict a tenant in NH, a landlord must first file a Landlord/Tenant Writ with the court. A judge determines if a Writ of Possession court order will be issued, allowing a landlord to have a tenant lawfully removed from the home. Annually, writ cases filed were up about 2% in 2021 compared to 2020. However, Writs of Possession issued (actual eviction orders) were down almost 4% year over year. This decline could reflect the impact of payments made to landlords through the NH Emergency Rental Assistance program, which began in March 2021.



EViction INDICATORS - NH COURT FILINGS, BY WEEK

2022 YTD through week
ending 5/20/2022

Source: Landlord/Tenant Writ
Filings & Writs of Possession,
NH Judicial Branch



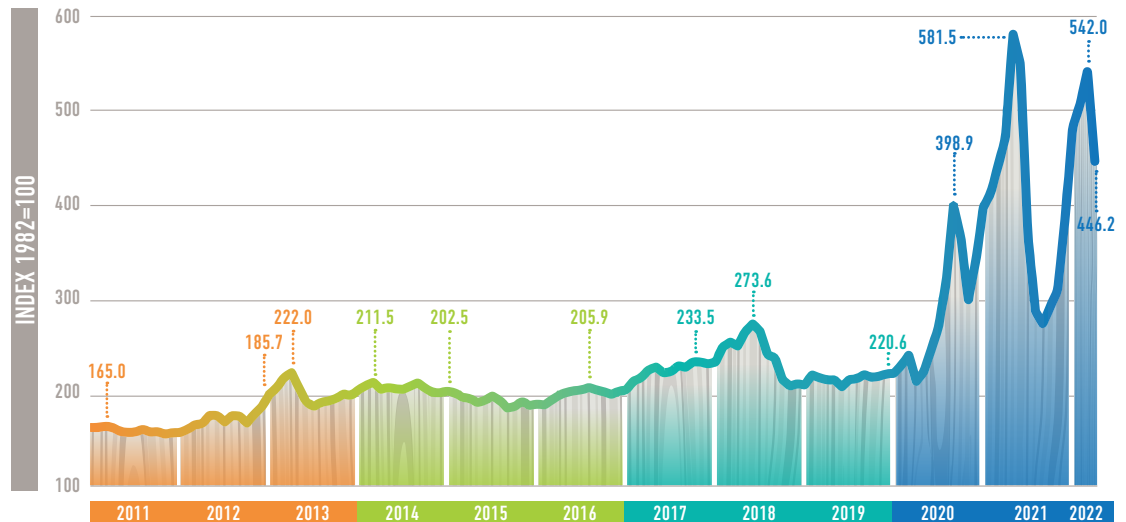
ECONOMIC INDICATORS

COST OF BUILDING MATERIALS: SOFTWOOD LUMBER

April 2022

Source: Federal Reserve Bank of St. Louis; U.S. Bureau of Labor Statistics, Producer Price Index by Commodity: Lumber & Wood Products; Softwood | Units: Index 1982=100, Not seasonally adjusted.

Softwood lumber is used for interior mouldings, windows, construction framing, and in plywood and fiberboard. Construction framing softwood lumber prices are considered a leading indicator for new housing construction and home sales. In April 2022, lumber prices were down 23% from the peak level in May 2021. Due to supply and demand issues related to the pandemic, we've seen volatile swings in lumber prices over the past two years. This has led to significant additional costs for homebuilders and buyers, in both single-family and multi-family construction.



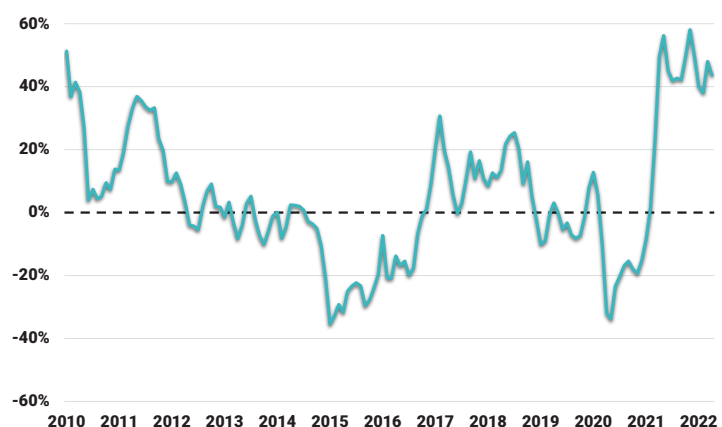
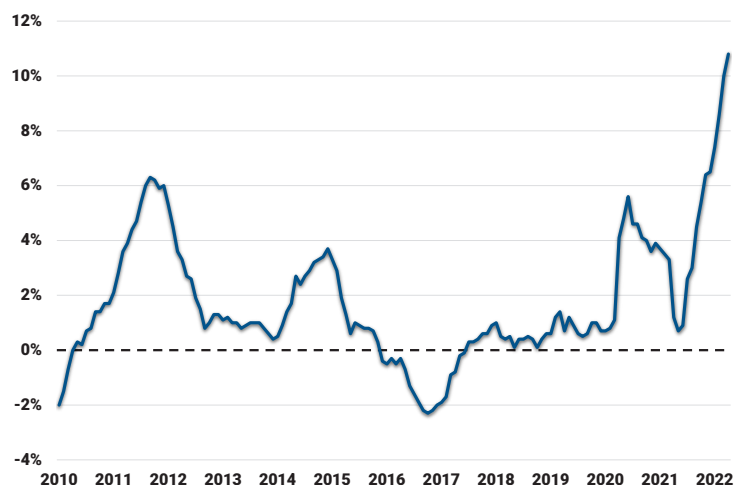
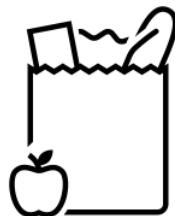
GAS AND GROCERY PRICES AS INFLATION INDICATORS (CONSUMER PRICE INDEX)

Source: US Bureau of Labor Statistics

12-month percentage change year over year, Consumer Price Index, not seasonally adjusted.

Food at home in U.S. city average, all urban consumers.

Gasoline (all types) in U.S. city average, all urban consumers.



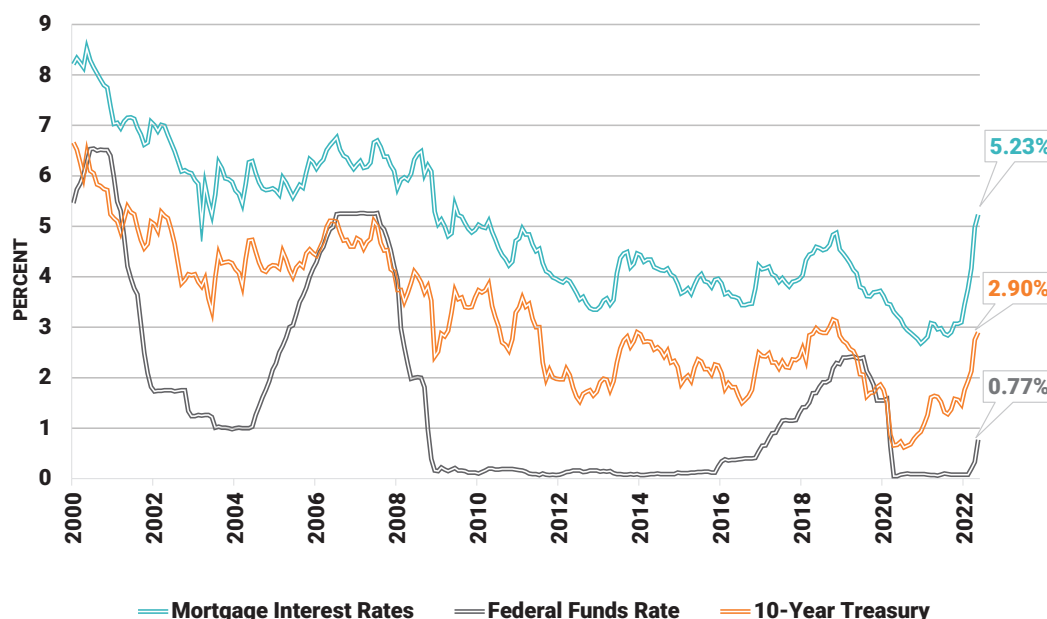
NEW HAMPSHIRE'S HOMEBUYER MARKET

COMPARISON OF INTEREST RATES

Through May 2022

Source: Freddie Mac Primary National Mortgage Market Survey; US Federal Reserve Selected Interest Rate H.15.

Interest rates have been rising for the past eight months. Over the past four months, there have been sharp increases that reflect the Federal Reserve's concerns about inflation. By May 2022, the interest rate was 5.23%. While this is still considered low in historical context, the recent increases appear to be tamping down demand somewhat, as they have impacted the affordability of purchasing a home.

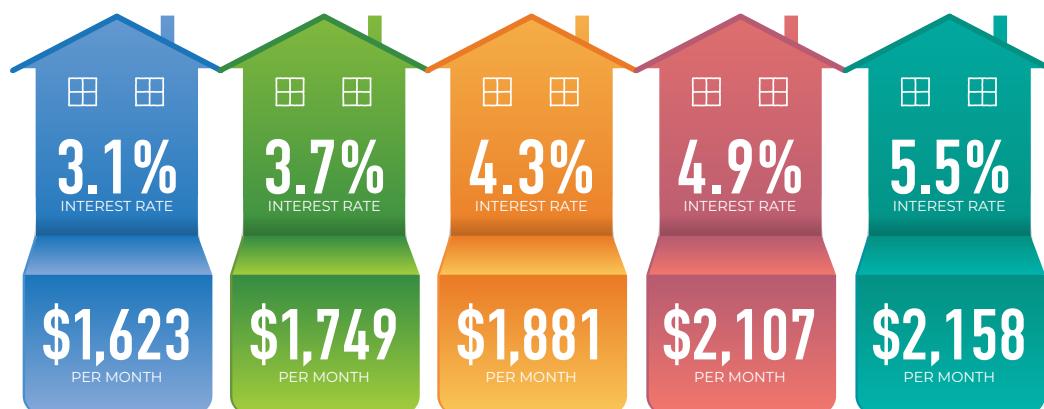


IMPACT OF INTEREST RATES ON MONTHLY MORTGAGE PAYMENT

Interest rate and payments calculated based on \$400,000 home with 5% downpayment. Per month cost reflects principal and interest only, excludes estimated insurance and taxes.

At the end of 2021, interest rates were at 3.1%. By May 2022, interest rates were at 5.23% according to Freddie Mac's monthly average commitment rate on a 30-year fixed-rate mortgage. While they are still considered low compared to historic interest rates, current interest rates are impacting the overall affordability of purchasing a home compared to last year.

INTEREST RATE AND PAYMENTS CALCULATED BASED ON \$400,000 HOME WITH 5% DOWNPAYMENT



Source: Freddie Mac Primary National Mortgage Market Survey

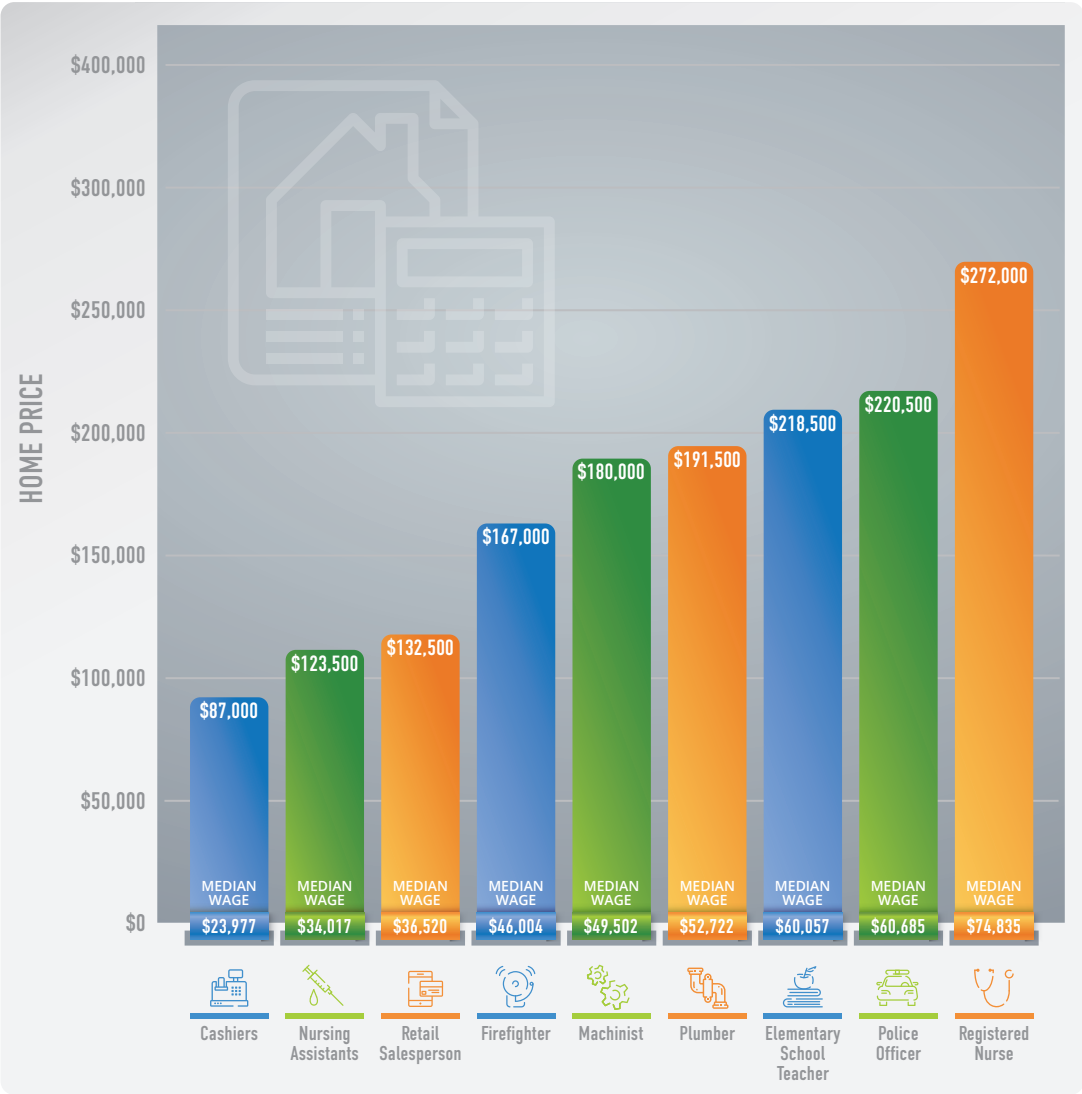
NEW HAMPSHIRE'S HOMEBUYER MARKET

HOME AFFORDABILITY BY PRICE, INCOME AND OCCUPATION

April 2022

This table shows how much a median wage-earner in these essential worker jobs could afford to pay for a house. With the median sales price well over \$400,000, this illustrates the extent to which essential workers have been priced out of the housing market in New Hampshire.

Source: NH Employment Security, Economic and Labor Market Information Bureau



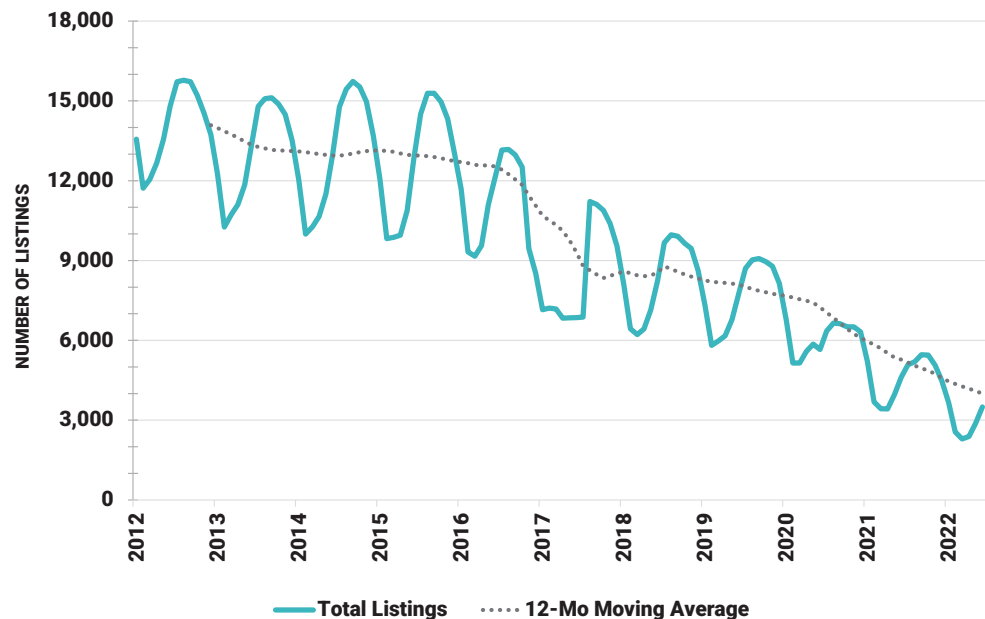
NEW HAMPSHIRE'S HOMEBUYER MARKET

With a sudden rise in mortgage rates in March, along with the impact of inflation at the gas pump and grocery store, there are some hints (such as a slower pace of sales, more days on market, fewer offers well over the asking price) that the hot sellers' market may be starting to moderate somewhat from its highest level of demand and record prices.

MLS CURRENT LISTINGS

Through May 2022

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.

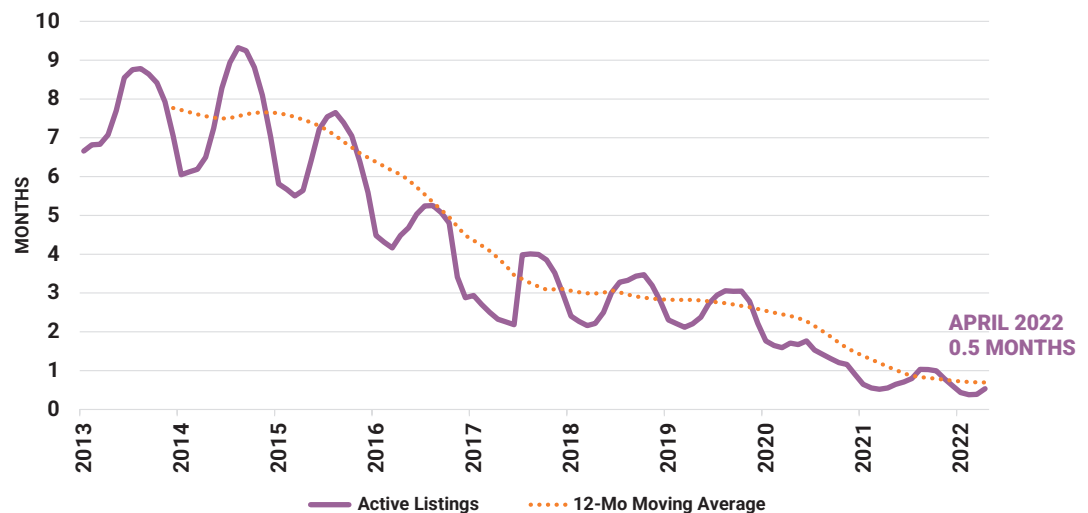


MLS MONTHS OF SUPPLY OF HOUSING INVENTORY

Through April 2022

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.

It would currently take less than one month to sell off all active listings given the current pace of sales, which is a decrease of 38% in comparison to April 2020. A housing market that balances the interests of both buyers and sellers is considered to be one that has six months of inventory.



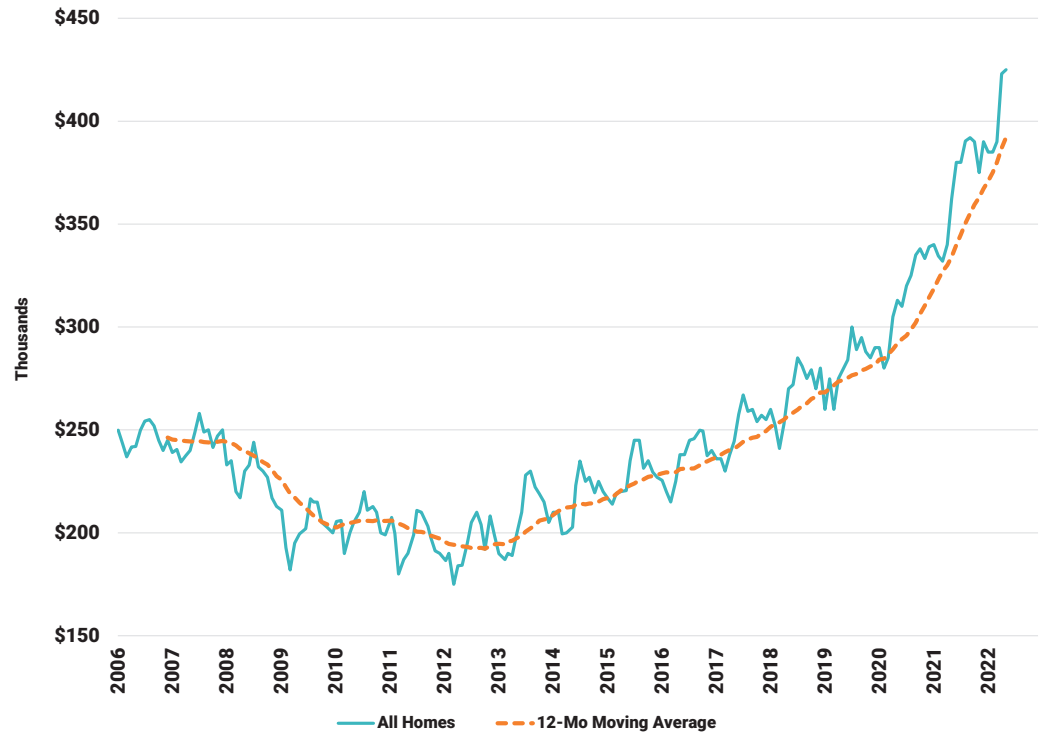
NEW HAMPSHIRE'S HOMEBUYER MARKET

MLS MEDIAN SALES PRICE

April 2022

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.

In April, the median sales price hit a record high of \$425,000, which is over 17% higher than April 2021, and 36% higher than April 2020.



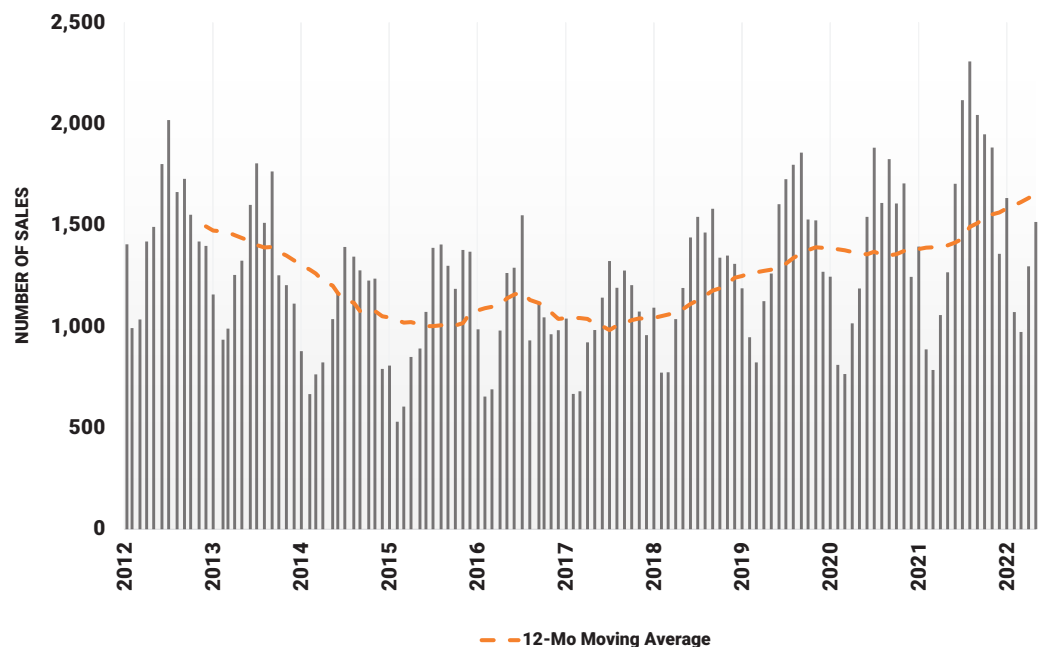
MLS CLOSED SALES

April 2022

Orange line reflects a 12-month moving average

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.

April 2022 sales are down 25% from last year, and down nearly 24% from January through April when compared to the same period in 2021. This decline in closed sales mirrors the decrease in listings; April listings were down 27% compared to April 2021.



NEW HAMPSHIRE'S HOMEBUYER MARKET

PURCHASES OF PRIMARY RESIDENCES, SECOND HOMES, & INVESTMENT PROPERTIES, BY COUNTY

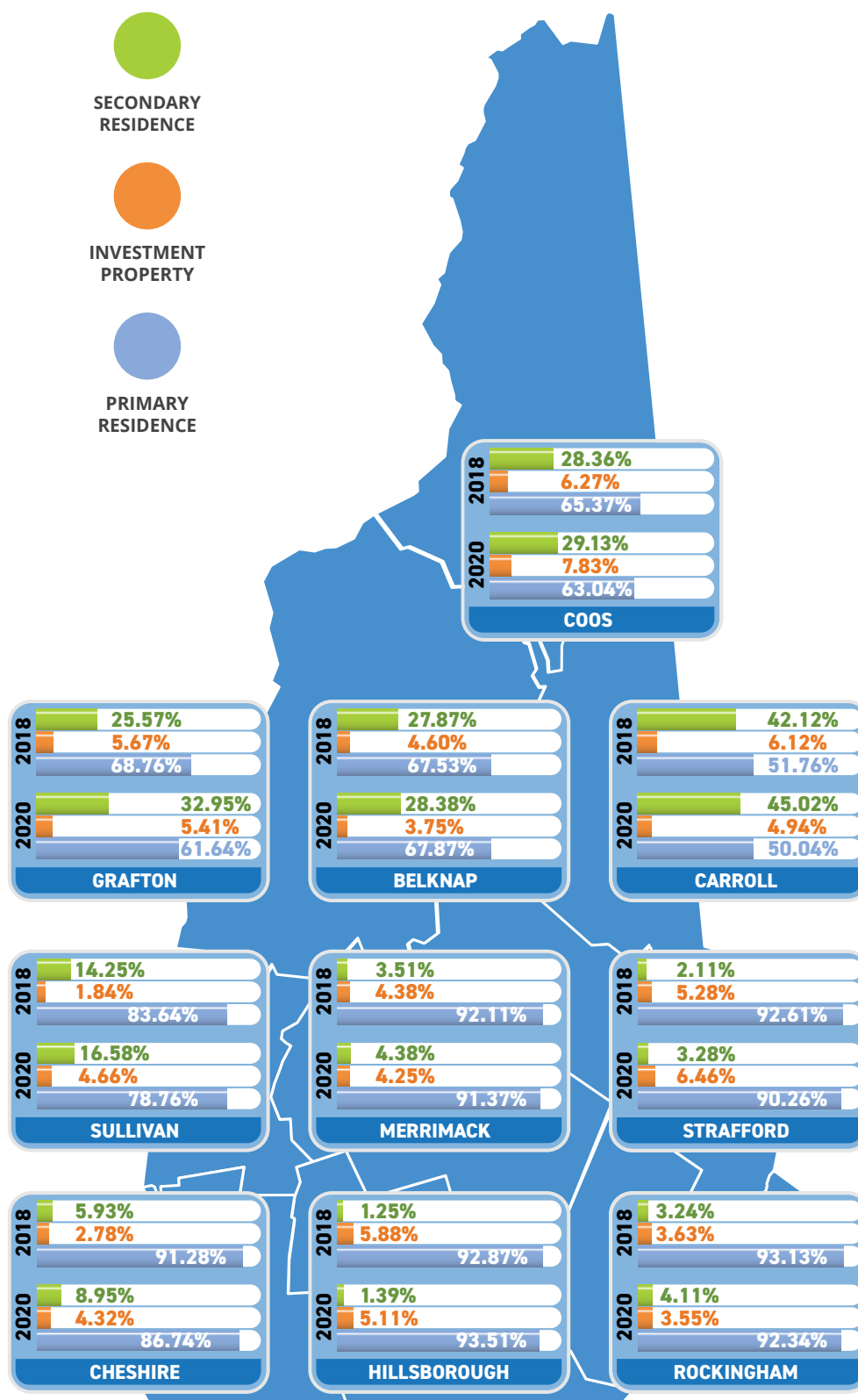
Percent of homes purchased in New Hampshire as primary residences, second homes, and investment properties (2018 - 2020). Data for 2021 will be released later in 2022.

Source: Source: 2018-2020 Home Mortgage Disclosure Act Data

Occupancy status is reported by the following criteria:

- Occupied by borrower or applicant as principal residence;
- Occupied by borrower or applicant as secondary residence, such as a vacation home;
- Not occupied by borrower or applicant - investment property.

According to annual mortgage data from 2018 to 2020, every county in New Hampshire saw an increase in the proportion of loans that were used to purchase second homes. Grafton County had the highest increase at 7.4%, followed by Cheshire County with an increase of 3%, Carroll County with a 2.9% increase, and Sullivan County with a 2.1% increase.



NEW HAMPSHIRE'S HOMEBUYER MARKET

WHERE NH'S HOMEBUYERS ARE COMING FROM

* 2022 TYD through May 13, 2022

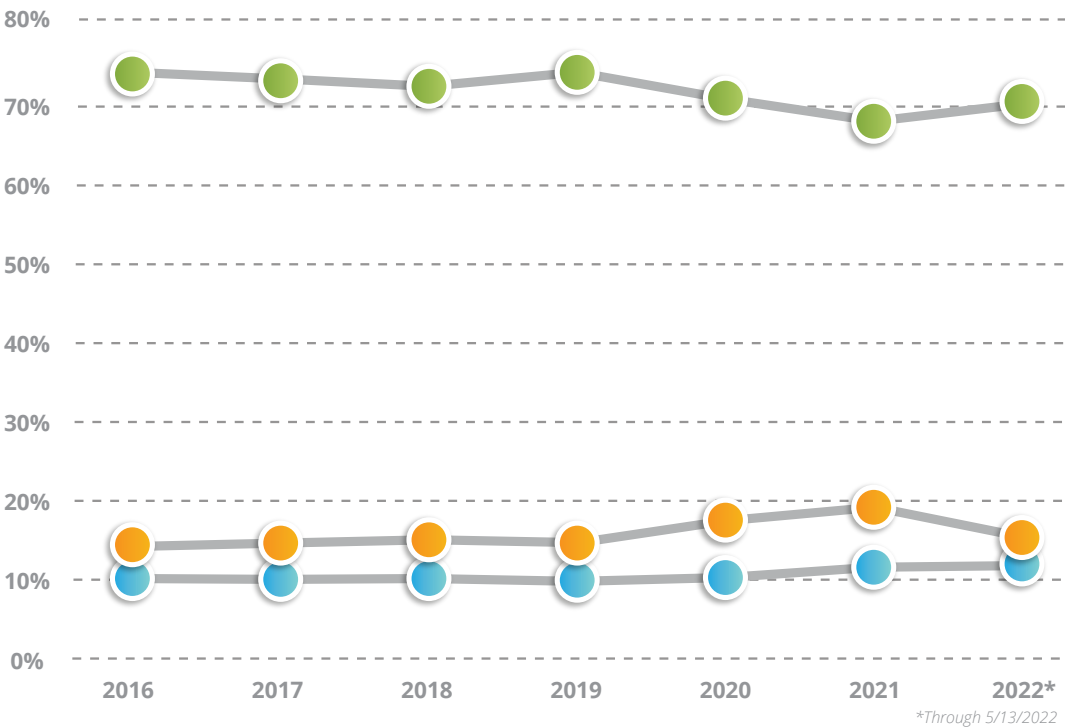
Number of homes purchased in New Hampshire by in- and out-of-state buyers.

Source: The Warren Group; filtered and analyzed by NH Housing

From January - May 2022, the percentage of buyers from MA decreased while NH buyers increased compared to this same period in 2021. Meanwhile, the number of buyers from states other than MA and NH increased slightly. Most homebuyers from “other” places came from CA, ME, FL, NY, and CT. NH residents who are looking to purchase a home in the Granite State are competing against these homebuyers.

This data reflects both cash buyers and those with a mortgage. Note that this data does not capture renter movement.

STATE	2016	2017	2018	2019	2020	2021	2022*
NH	74.7%	74.6%	73.7%	74.8%	71.5%	68.4%	71.3%
MA	14.7%	14.9%	15.7%	14.9%	17.8%	19.0%	15.8%
OTHER	10.6%	10.5%	10.6%	10.3%	10.7%	12.6%	13.0%



All other states/countries



Massachusetts



New Hampshire

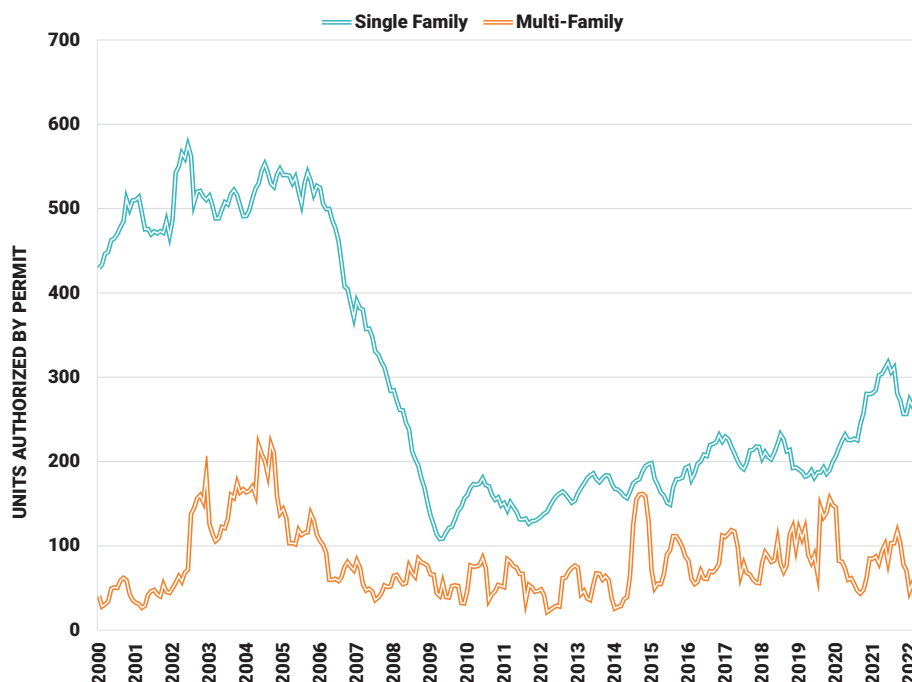
NEW HAMPSHIRE'S HOMEBUYER MARKET

NH HOUSING PERMITS (SINGLE-FAMILY AND MULTI-FAMILY)

Seasonally adjusted, 6-month
moving average, through
March 2022.

Source: U.S. Department of
Commerce, Construction
Statistics Division

The number of single-family permits issued has remained consistent in the last 12 months, with less than a 1% increase in units authorized. Overall, multi-family permits over the past 12 months have increased 39% compared to the prior period.



NUMBER OF HOUSING UNITS BY POPULATION AND COUNTY

Percent change in population
and housing units from
2010 - 2020.

Source: U.S. Census Bureau

Housing units are classified as vacant if no one was living in them on April 1, 2020 (Census Day), unless the occupants are absent temporarily (e.g., away on vacation, in the hospital, or traveling for work). They are also classified as vacant if they are temporarily occupied by individuals who have a usual residence elsewhere at the time of enumeration (such as beach houses rented to vacationers who have a usual residence elsewhere).

Geography	Total Population 2020	Housing Units 2020	Housing Unit Vacancy Rate 2020	Percent Change in Population 2010-2020	Percent Change in Housing Units 2010-2020
Statewide	1,377,529	638,795	12.9%	4.6%	3.9%
Belknap	63,705	38,252	29.3%	6.0%	2.3%
Carroll	50,107	39,670	42.9%	4.8%	-0.4%
Cheshire	76,458	35,612	11.9%	-0.9%	2.4%
Coos	31,268	20,444	32.0%	-5.4%	-4.1%
Grafton	91,118	50,840	25.9%	2.2%	-0.5%
Hillsborough	422,937	175,571	4.4%	5.5%	5.7%
Merrimack	153,808	65,565	7.8%	5.0%	3.2%
Rockingham	314,176	135,338	7.1%	6.4%	6.8%
Strafford	130,889	55,706	7.6%	6.3%	7.8%
Sullivan	43,063	21,797	16.7%	-1.6%	-2.4%

NEW HAMPSHIRE'S HOMEBUYER MARKET

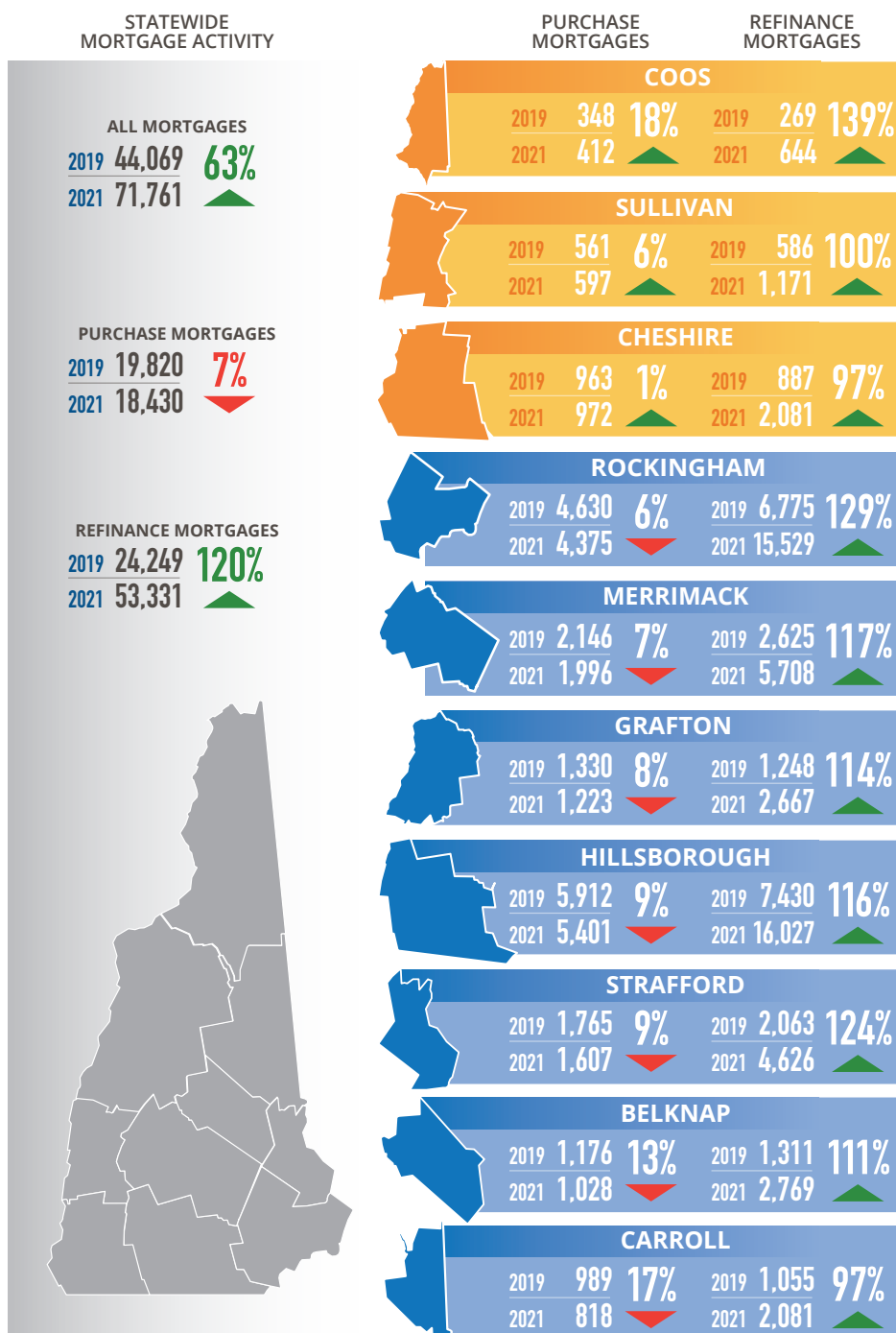
MORTGAGE ACTIVITY, BY COUNTY

Annual data

Source: The Warren Group

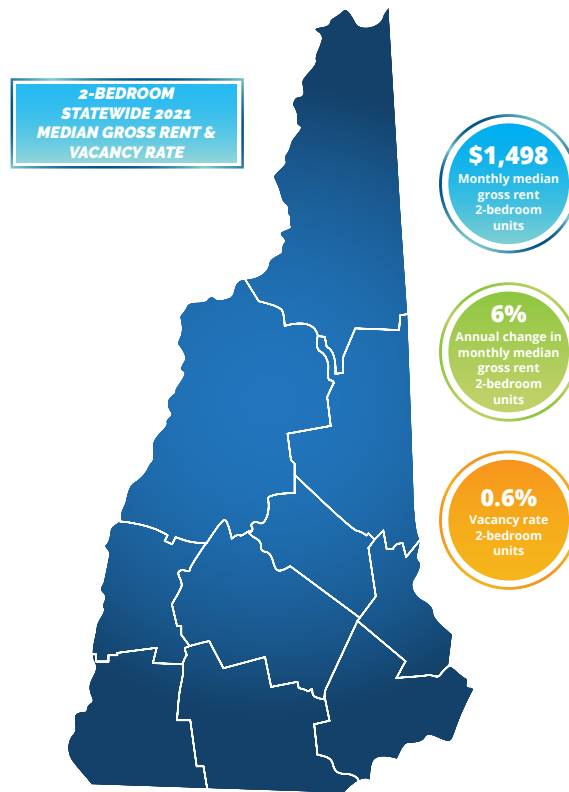
Of the total mortgage activity in the state last year, 74% was for home refinancing and 26% was for home purchases. As interest rates have increased since March 2022, mortgage activity has slowed. Refinancing has dropped 55% compared to April 2021; purchase mortgages have only decreased by 15% compared to last year.

All counties saw increases in refinance activity between 2019 and 2021. Coos, Sullivan, and Cheshire counties are notable for also having increased purchase mortgage activity; interestingly, they are also the only counties that lost population between 2010 and 2020.



NEW HAMPSHIRE'S RENTAL MARKET

A tight rental market with very low vacancy rates, along with a strong state economy, was reflected in the *New Hampshire Housing 2021 Residential Rental Cost Survey*. Despite the ongoing tightness of the rental market, there is a positive note: at 1.8%, the vacancy rate for all units is nearly 1% higher than last year. The 2022 Rental Cost Survey will be published in July. Read the 2021 report at [NHHousing.org](https://nhhousing.org).

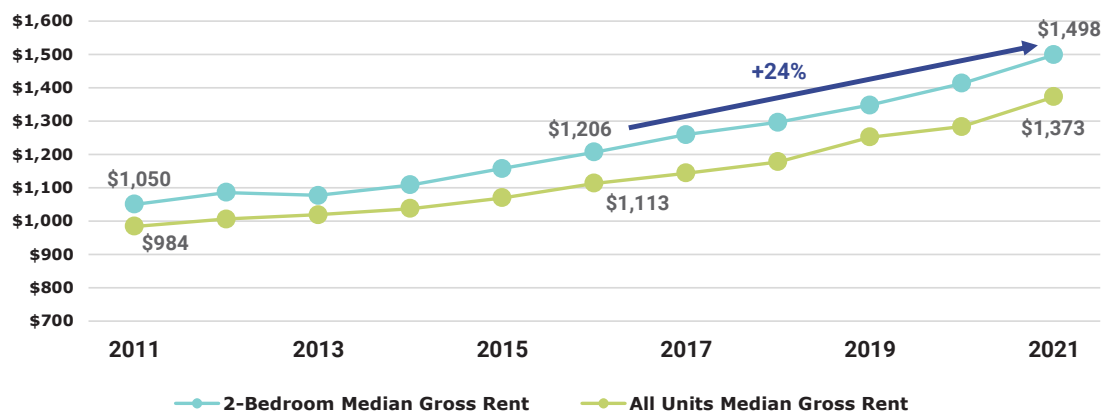


MONTHLY MEDIAN GROSS RENT (2-BEDROOM, ALL UNITS, STATEWIDE)

Includes utilities

Source: NH Housing
2021 Residential Rental
Cost Survey

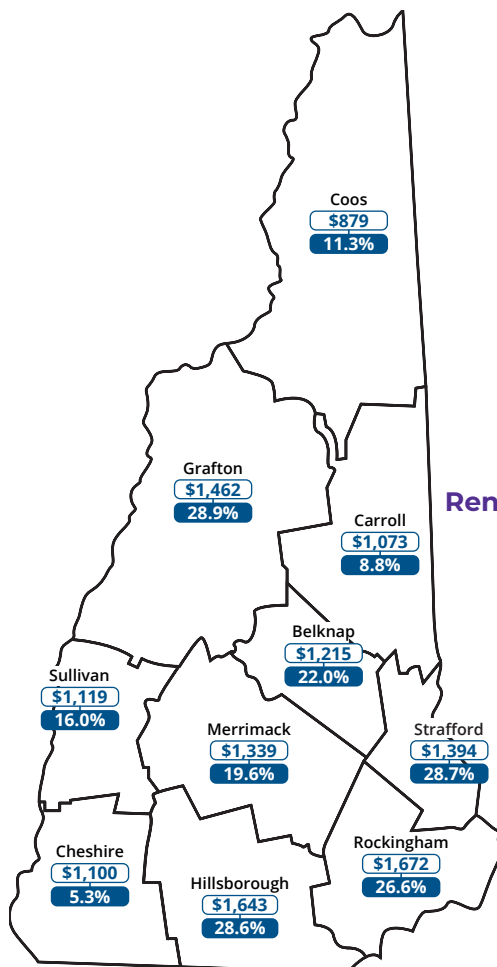
The statewide median gross rent (including utilities) for a 2-bedroom unit has increased over 22% in the past 5 years.



NEW HAMPSHIRE'S RENTAL MARKET

PERCENT CHANGE IN 2-BEDROOM MEDIAN GROSS RENT OVER 5-YEARS (STATEWIDE, 2016-2021)

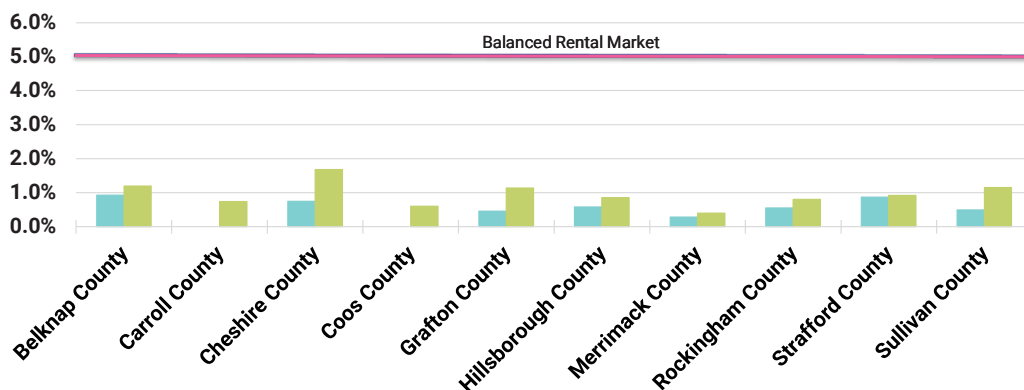
Source: NH Housing
2021 Residential Rental
Cost Survey



VACANCY RATE (2-BEDROOM, ALL UNITS, STATEWIDE, 2011-2021)

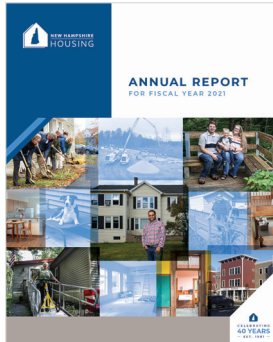
Includes utilities

Source: NH Housing
2021 Residential Rental
Cost Survey



NH HOUSING RESEARCH, PUBLICATIONS AND RESOURCES

New Hampshire Housing's Policy, Planning and Communications Group focuses on researching, surveying and identifying the state's housing needs and conditions. It also provides technical assistance and information to local governments and the public on housing-related matters. Additionally, it administers grant programs to support non-profits engaged in affordable housing activities.



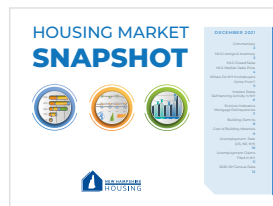
HOUSING ADVOCACY AND GRANTS

NH Housing provides funding to support local housing advocacy and public education activities. NH Housing also focuses on engaging partners such as local and regional chambers of commerce and economic development organizations. The state's network of workforce housing coalitions, along with Housing Action NH, are key to raising awareness about the need for a diverse and affordable range of housing in our communities. NH Housing provides grants to support the housing coalitions such as Vital Communities (Upper Valley); Workforce Housing Coalition of the Greater Seacoast; Mt. Washington Valley Housing Coalition, and Regional Economic Development Center.



MUNICIPAL TECHNICAL ASSISTANCE GRANT PROGRAM

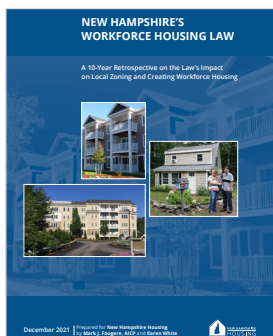
To provide towns and cities with assistance to address locally identified planning needs, NH Housing partners with Plan NH to administer the **Municipal Technical Assistance Grant Program**. Municipalities may apply for grants of up to \$25,000. A cash and/or in-kind match of 15% of the grant amount is required to participate in the program. Additionally, NH Housing staff provide direct technical assistance to municipalities upon request.



NH Housing published *A New Hampshire Homeowner's Guide to Accessory Dwelling Units* in 2018 and an ADU guide for local officials in 2017. These guides provide assistance in implementing the Accessory Dwelling Unit statute (RSA 674:71-73). The intent of that law is to expand affordable housing options in New Hampshire communities by encouraging the efficient use of existing housing stock and infrastructure.

HOUSING CONFERENCE SERIES

NH Housing hosts a series of conferences and webinars each year for the financial, real estate, lending, development, nonprofit, and other housing-related sectors, as well as public officials and business leaders. These events encourage discussion



about ways to address the Granite State's affordable housing and economic development needs. We hosted webinars on post-pandemic multi-family housing design, economic impact of different types of land use, and housing and the economy. We also sponsor housing events that align with this discussion, such as a webinar on retrofitting malls and commercial buildings into housing and mixed-use developments.

HOUSING-RELATED STUDIES, GUIDES AND REPORTS

- New Hampshire's Workforce Housing Law: A 10-Year Retrospective on the Law's Impact on Local Zoning and Creating Workforce Housing (2021)
- North Country Housing Needs Analysis (2021)
- Developing Employer-Assisted Housing (2021)
- Analysis of Impediments to Fair Housing Choice in New Hampshire (2004, 2015, & 2020)
- Taxes, Land Use & Value in 15 NH Communities – Analysis by Joe Minicozzi, Urban3
- Housing Solutions Handbook (updated 2019)
- A New Hampshire Homeowner's Guide to Accessory Dwelling Units (2018)
- Accessory Dwelling Units in New Hampshire: A Guide for Municipalities (2017)
- Affordable Rental Housing Developments: Characteristics of Residents of New Hampshire Low-Income Housing Tax Credit Apartments (2017)
- Housing Needs in NH (NH Center for Public Policy Studies) (2014)

OTHER NH HOUSING PUBLICATIONS

- Annual Report
- Financial Statements & Independent Auditor's Report
- Strategic / Program Plan
- Housing Market Reports
- Annual Residential Rental Cost Survey (and Utility Allowance Survey)
- HUD-Required Consolidated Plan / Action Plan
- State Biennial Housing Plan (every 2 years)



NEW HAMPSHIRE HOUSING

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NHHousing.org



As a self-supporting public corporation created by the state legislature, New Hampshire Housing Finance Authority promotes, finances, and supports affordable housing.

