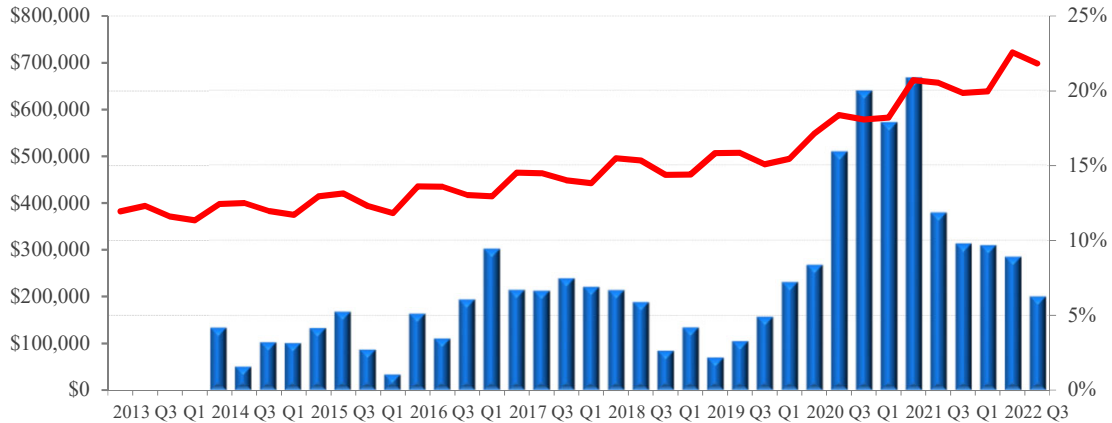


## Boston-Cambridge-Newton Area Local Market Report, Third Quarter 2022

### Today's Market...

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



<b>Local Price Trends</b>			
<b>Price Activity</b>	<b>Boston</b>	<b>U.S.</b>	<b>Local Trend</b>
Current Median Home Price (2022 Q3)	\$698,900	\$391,467	Prices are up from a year ago, but price growth is slowing
1-year (4-quarter) Appreciation (2022 Q3)	6.2%	8.6%	
3-year (12-quarter) Appreciation (2022 Q3)	37.7%	41.4%	
3-year (12-quarter) Housing Equity Gain*	\$191,500	\$114,567	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$278,100	\$164,133	
9-year (36 quarters) Housing Equity Gain*	\$305,200	\$184,600	

\*Note: Equity gain reflects price appreciation only

	<b>Boston</b>	<b>U.S.</b>	
<b>Conforming Loan Limit**</b>	\$828,000	\$1,089,300	Not all buyers have access to government-backed financing in this market
<b>FHA Loan Limit</b>	\$828,000	\$1,089,300	
<b>Local Median to Conforming Limit Ratio</b>	84%	not comparable	

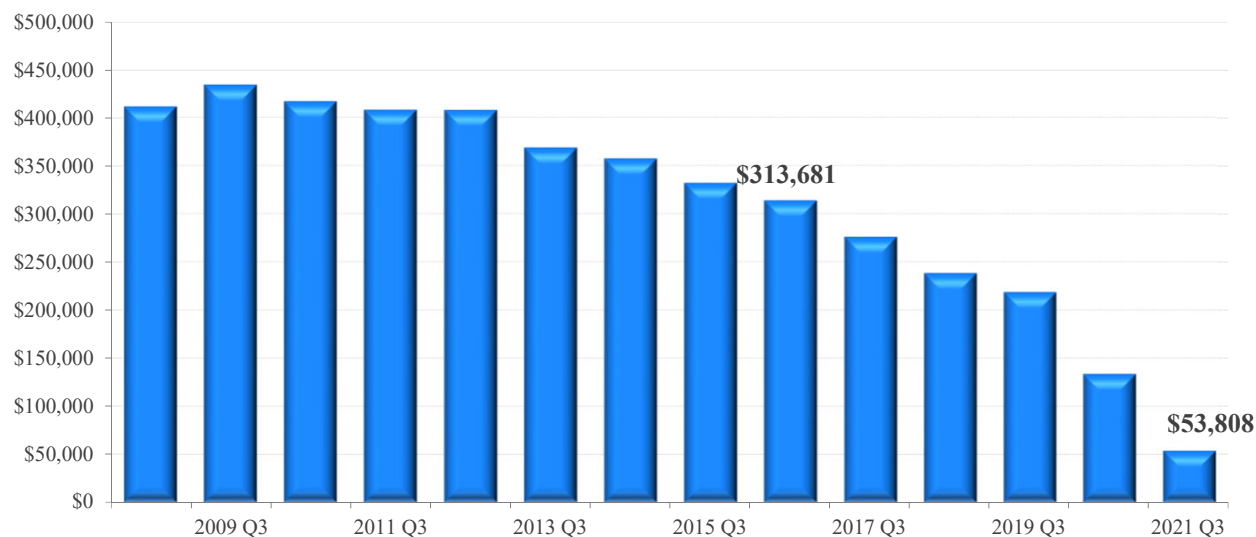
Note: limits are current and include the changes made on January 1st 2023.

#### 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 Joanne Breen.

## Benefits of Ownership: Total Equity Appreciation

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



#### Total Equity Gained\*\* through 2022 Q3 from quarter in which home was of purchased

Price Activity	Boston	U.S.	Local Trend
1-year (4-quarter)	\$53,808	\$38,029	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$218,277	\$129,179	
5-year (20-quarter)*	\$275,814	\$160,886	
7-year (28 quarters)*	\$331,800	\$193,144	
9-year (36 quarters)*	\$368,423	\$217,820	

\*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...

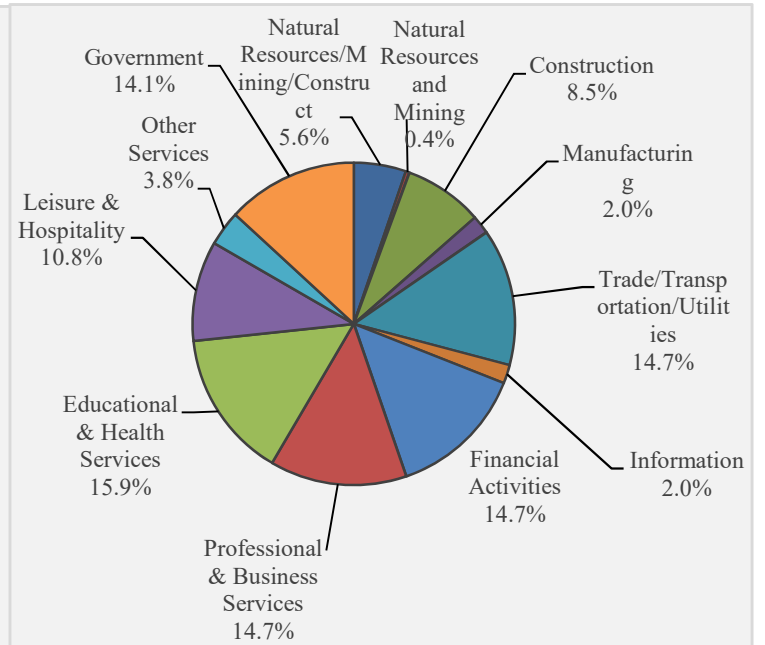
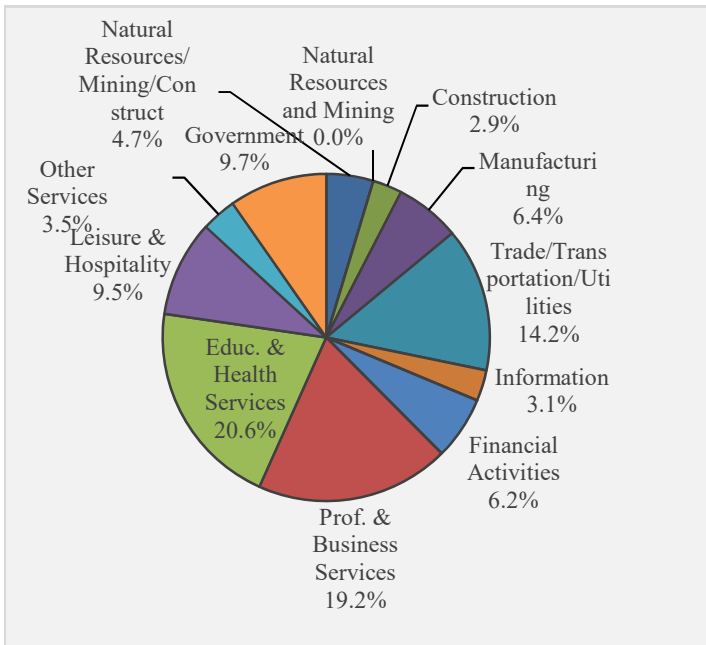


Local Economic Outlook	Boston	U.S.	
12-month Job Change (Sep)	128,700	Not Comparable	Employment has held up and is on an upward trend
12-month Job Change (Aug)	124,900	Not Comparable	
36-month Job Change (Sep)	-7,200	Not Comparable	Unemployment in Boston is better than the national average and improving
Current Unemployment Rate (Sep)	2.9%	3.5%	
Year-ago Unemployment Rate	4.7%	4.7%	Local employment growth is strong compared to other markets
1-year (12 month) Job Growth Rate	4.8%	4.3%	

## Share of Total Employment by Industry

**Boston-Cambridge-Newton Area**

**U.S.**



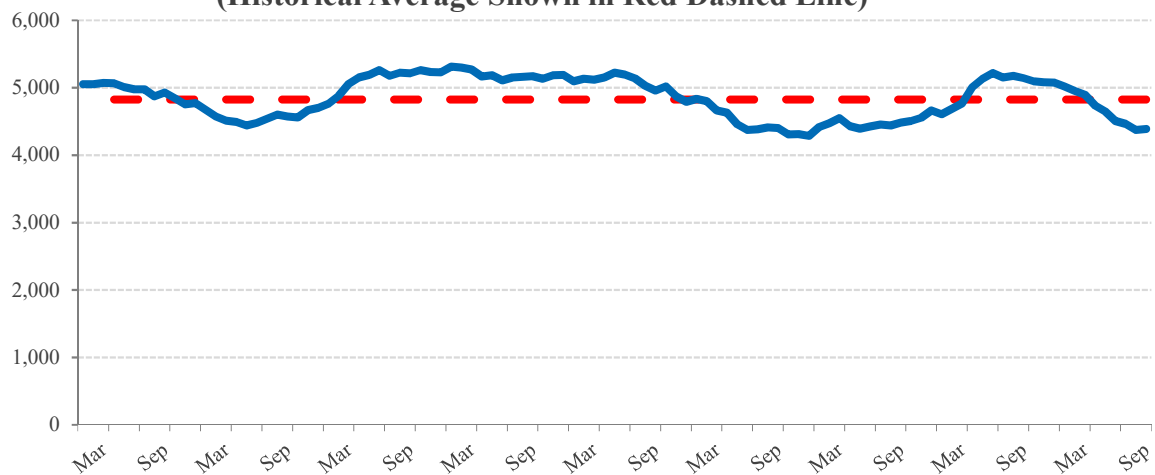
### 12-month Employment Change by Industry (Sep - 2022)

Goods Producing	NA	Information	5,900
Natural Resources/Mining/Construction	7,800	Financial Activities	-3,500
Natural Resources and Mining	-100	Prof. & Business Services	32,100
Construction	1,000	Educ. & Health Services	25,700
Manufacturing	7,100	Leisure & Hospitality	31,300
Service Providing Excluding Government	NA	Other Services	5,300
Trade/Transportation/Utilities	13,400	Government	-200

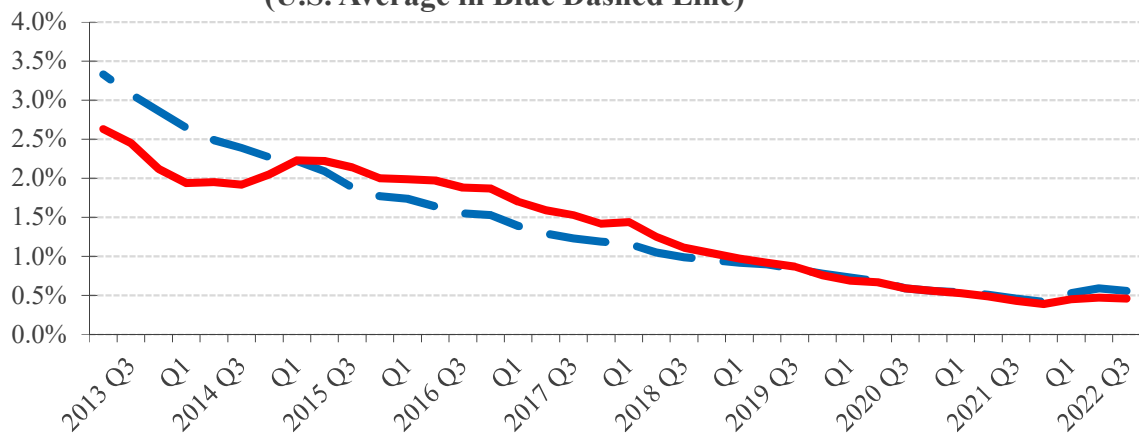
State Economic Activity Index	Massachusetts	U.S.	
12-month change (2022 - Sep)	9.5%	4.9%	Massachusetts's economy is stronger than the nation's, but slowed from last month's 10.16% change
36-month change (2022 - Sep)	6.4%	5.2%	

New Housing Construction			
Local Fundamentals	Boston	U.S.	
12-month Sum of 1-unit Building Permits through Sep	4,389	not comparable	The current level of construction is 9.1% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	4,826	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Sep) 12-month sum vs. a year ago	-14.7%	-7.7%	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)

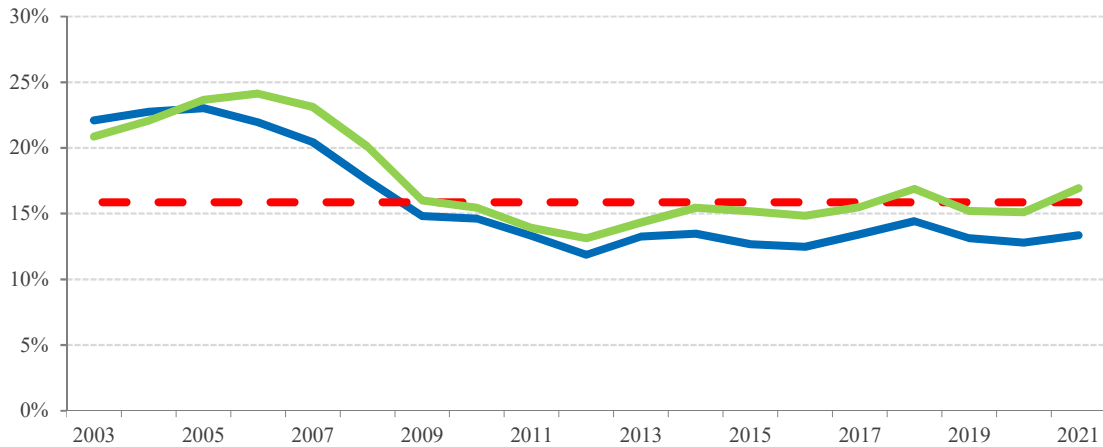


**State Total Foreclosure Rate vs. U.S Average**  
(U.S. Average in Blue Dashed Line)



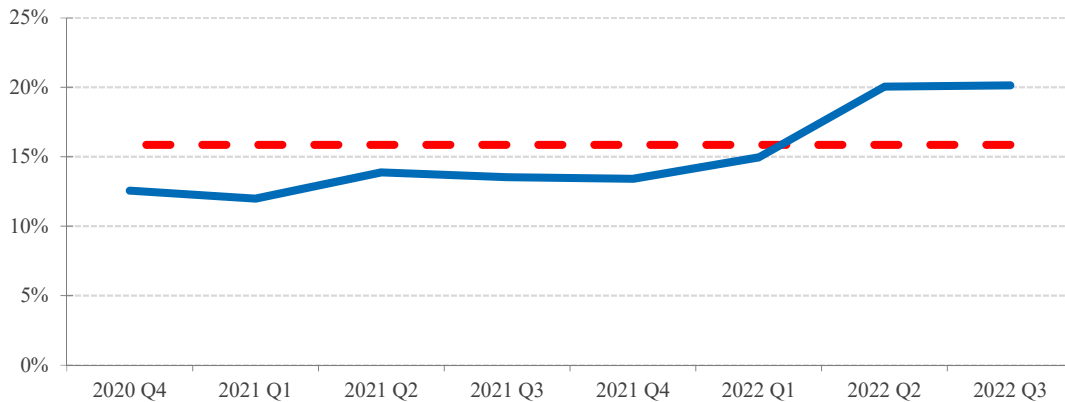
# Affordability

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

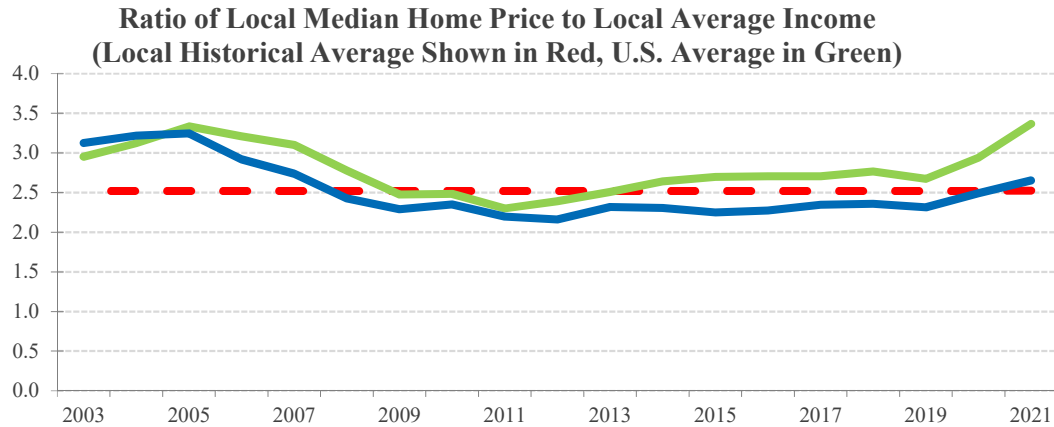


Monthly Mortgage Payment to Income	Boston	U.S.	
Ratio for 2021	13.4%	16.9%	Weak by local standards and could weigh on demand
Ratio for 2022 Q3	20.1%	24.4%	
Historical Average	15.9%	18.1%	More affordable than most markets

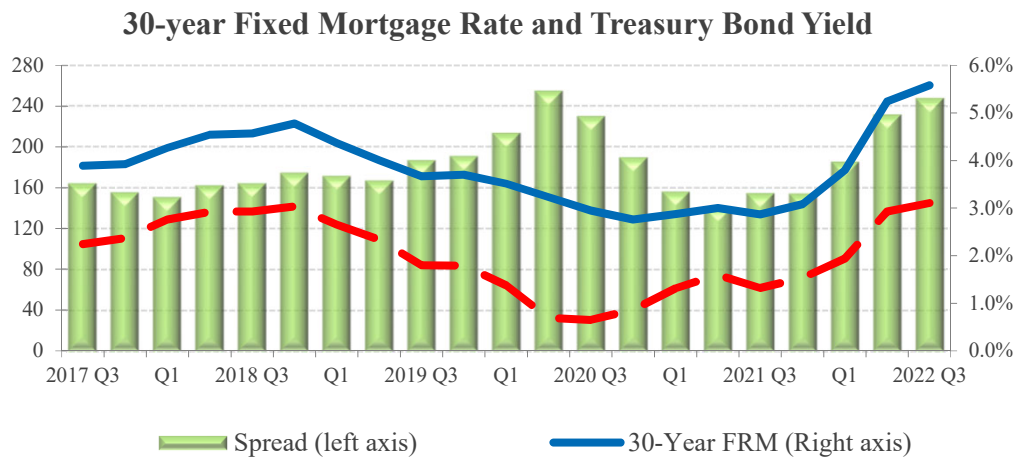
**Recent Trend - Local Mortgage Servicing Cost to Income**  
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Boston	U.S.	
Ratio for 2021	2.7	3.4	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2022 Q3	2.9	3.6	
Historical Average	2.5	2.7	Affordable compared to most markets



## The Mortgage Market



Mortgage rates continued their upward trek in the third quarter of the year. Due to elevated inflation, the Federal Reserve raised twice its short-term interest rates by 75 basis points each time. While both rising inflation and higher interest rates typically move up mortgage rates, the 30-year fixed mortgage rate surpassed the 6.5 percent threshold moving closer to 7 percent. According to the mortgage finance provider Freddie Mac, the 30-year fixed mortgage rate rose to 5.6 percent in Q3 2022 from 2.9 percent a year earlier. As long as inflation remains elevated, mortgage rates will continue to rise. NAR forecasts the 30-year fixed mortgage rate to average 6.5 percent at the end of the year.

## 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/)

