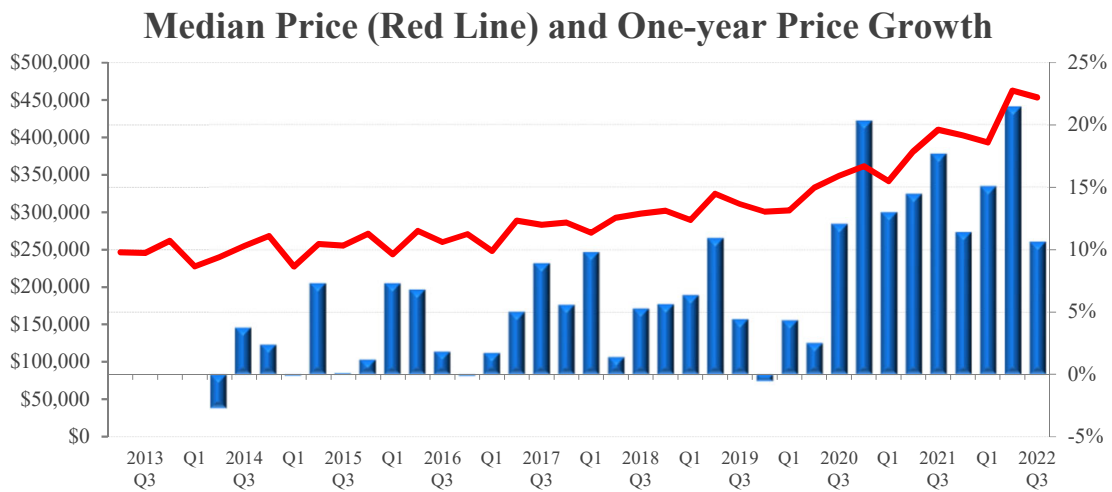


Burlington-South Burlington Area Local Market Report, Third Quarter 2022

Today's Market...



| Local Price Trends | | | |
|--|------------|-----------|--|
| Price Activity | Burlington | U.S. | Local Trend |
| Current Median Home Price (2022 Q3) | \$453,700 | \$391,467 | Prices are up from a year ago, but price growth is slowing |
| 1-year (4-quarter) Appreciation (2022 Q3) | 10.6% | 8.6% | |
| 3-year (12-quarter) Appreciation (2022 Q3) | 45.8% | 41.4% | |
| 3-year (12-quarter) Housing Equity Gain* | \$142,500 | \$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* | \$198,400 | \$164,133 | |
| 9-year (36 quarters) Housing Equity Gain* | \$207,900 | \$184,600 | |

*Note: Equity gain reflects price appreciation only

| | Burlington | U.S. | |
|---|------------|----------------|---|
| Conforming Loan Limit** | \$726,200 | \$1,089,300 | Most buyers in this market have access to government-backed financing |
| FHA Loan Limit | \$492,200 | \$1,089,300 | |
| Local Median to Conforming Limit Ratio | 62% | not comparable | |

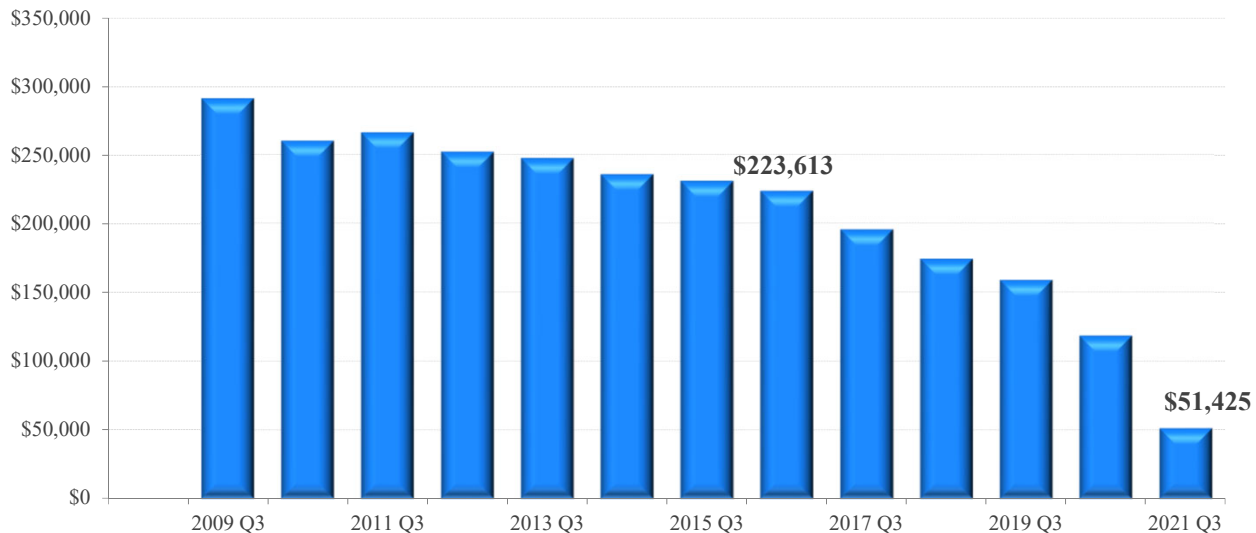
Note: limits are current and include the changes made on January 1st 2023.

Local NAR Leadership

The Burlington-South Burlington 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 | Burlington | U.S. | Local Trend |
|-----------------------|------------|-----------|--|
| 1-year (4-quarter) | \$51,425 | \$38,029 | Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession |
| 3-year (12-quarter)* | \$158,923 | \$129,179 | |
| 5-year (20-quarter)* | \$195,619 | \$160,886 | |
| 7-year (28 quarters)* | \$230,980 | \$193,144 | |
| 9-year (36 quarters)* | \$247,372 | \$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...

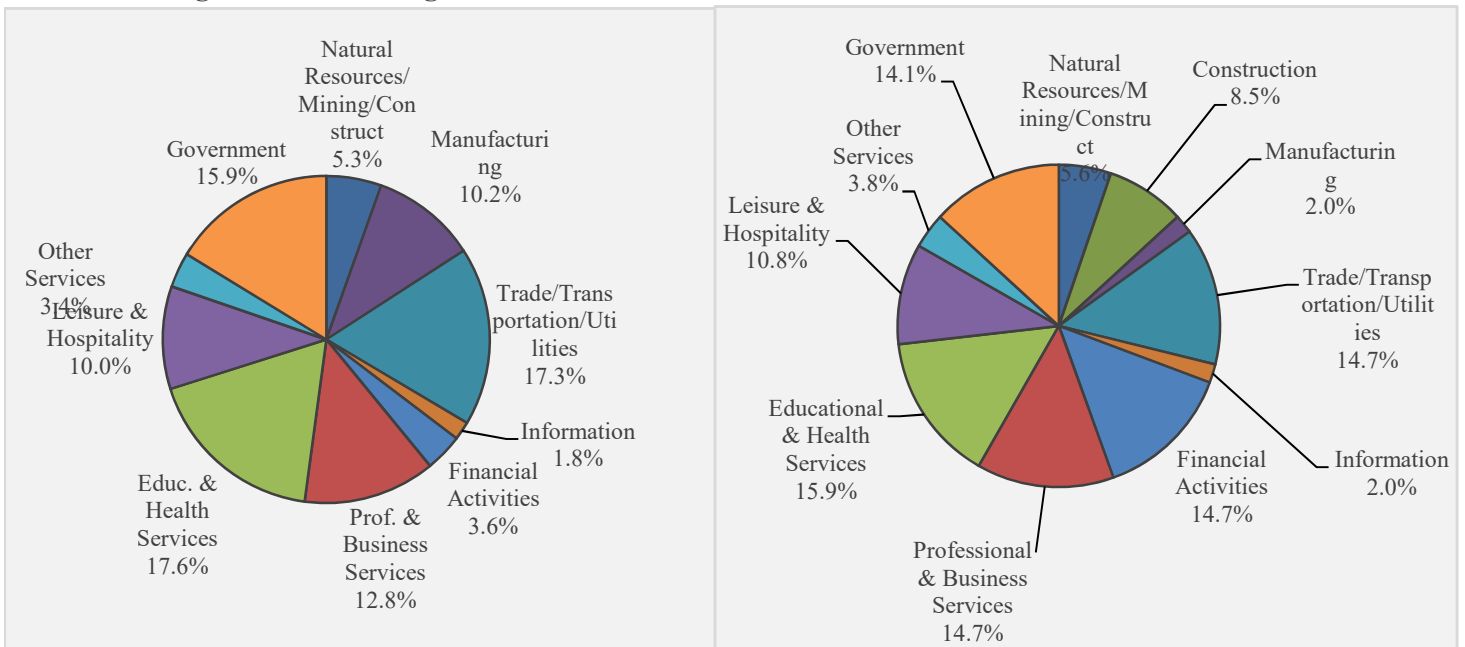


| Local Economic Outlook | Burlington | U.S. | |
|-----------------------------------|------------|----------------|--|
| 12-month Job Change (Sep) | 4,200 | Not Comparable | Employment has held up and is on an upward trend |
| 12-month Job Change (Aug) | 2,100 | Not Comparable | |
| 36-month Job Change (Sep) | -4,200 | Not Comparable | Unemployment in Burlington is better than the national average and improving |
| Current Unemployment Rate (Sep) | 1.8% | 3.5% | |
| Year-ago Unemployment Rate | 2.6% | 4.7% | Local employment growth is poor and needs to improve |
| 1-year (12 month) Job Growth Rate | 3.5% | 4.3% | |

Share of Total Employment by Industry

Burlington-South Burlington Area

U.S.



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

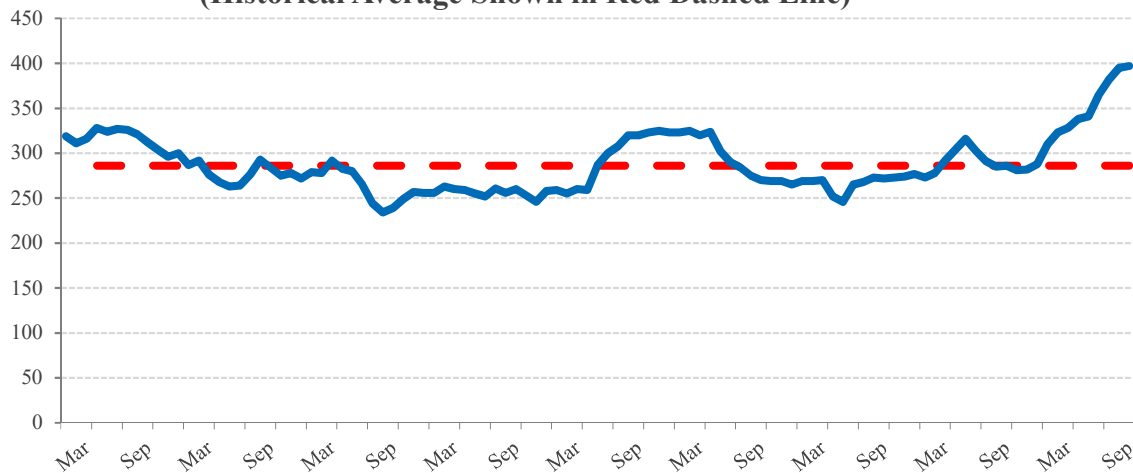
| | | | |
|--|------|---------------------------|-------|
| Goods Producing | NA | Information | 0 |
| Natural Resources/Mining/Construction | 300 | Financial Activities | -100 |
| Natural Resources and Mining | NA | Prof. & Business Services | 400 |
| Construction | NA | Educ. & Health Services | 1,100 |
| Manufacturing | 300 | Leisure & Hospitality | 200 |
| Service Providing Excluding Government | NA | Other Services | 200 |
| Trade/Transportation/Utilities | -100 | Government | -200 |

| State Economic Activity Index | Vermont | U.S. | |
|-------------------------------|---------|------|---|
| 12-month change (2022 - Sep) | 2.2% | 4.9% | The economy of Vermont is growing more slowly than the rest of the nation, but improved modestly from last month's 2.06% change |
| 36-month change (2022 - Sep) | 6.6% | 5.2% | |

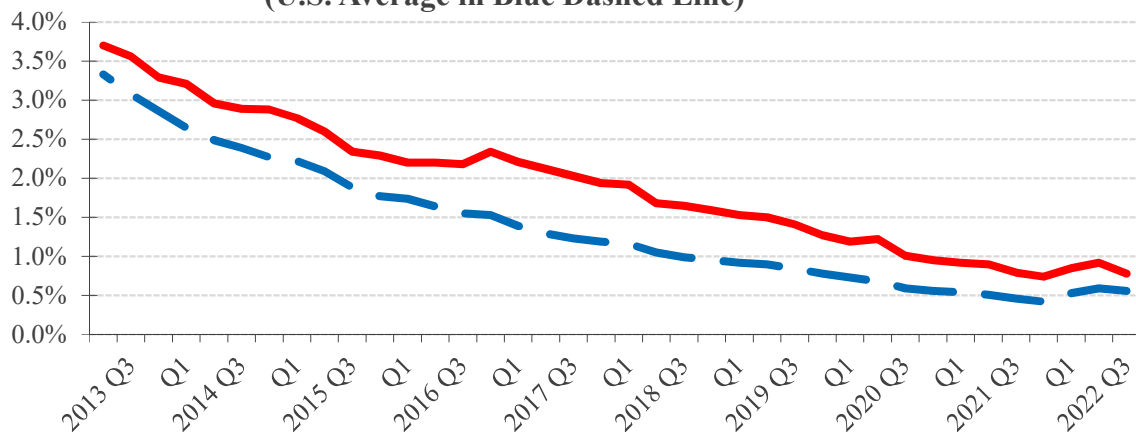
New Housing Construction

| Local Fundamentals | Burlington | U.S. | |
|--|------------|----------------|--|
| 12-month Sum of 1-unit Building Permits through Sep | 397 | not comparable | The current level of construction is 38.7% above the long-term average |
| 8-year average for 12-month Sum of 1-Unit Building Permits | 286 | 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 (Sep) 12-month sum vs. a year ago | 38.8% | -7.7% | Construction is on the rise relative to last year, suggesting that the local inventory has stabilized |

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

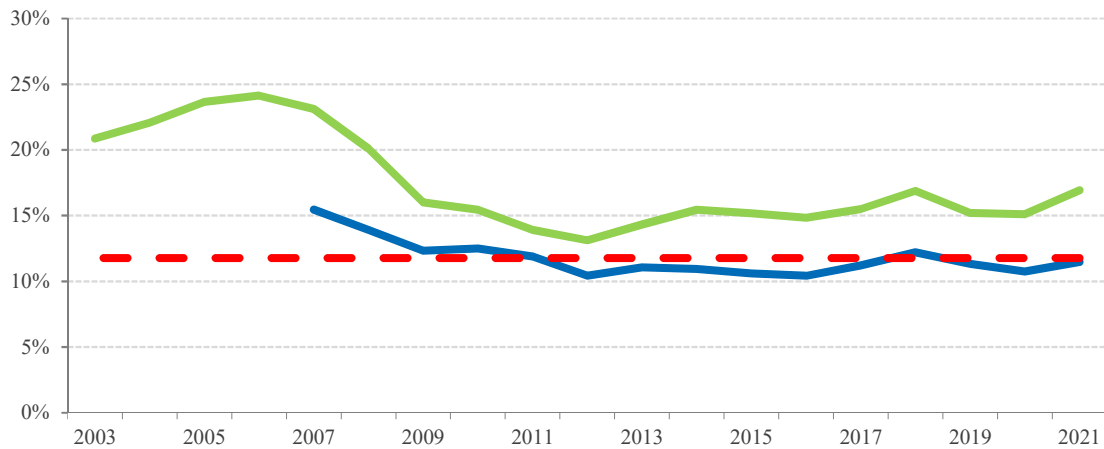


**State Total Foreclosure Rate vs. U.S Average
(U.S. Average in Blue Dashed Line)**



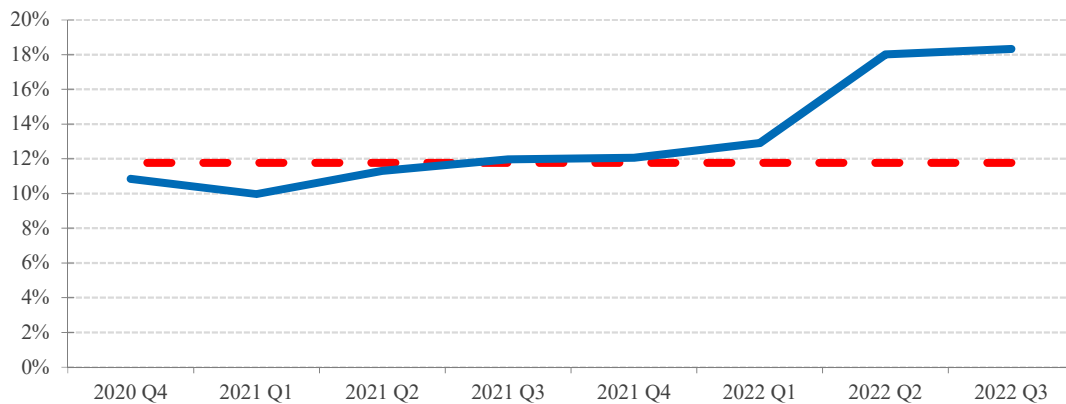
Affordability

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

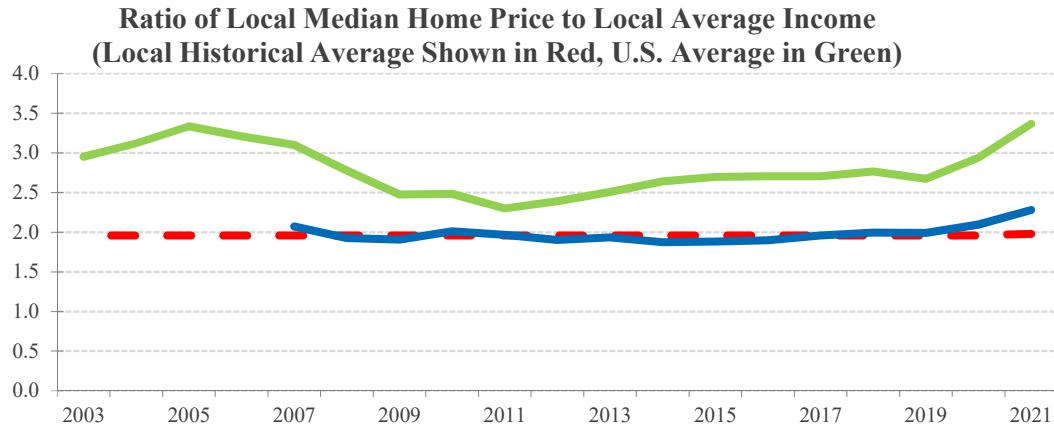


| Monthly Mortgage Payment to Income | Burlington | U.S. | |
|------------------------------------|------------|-------|---|
| Ratio for 2021 | 11.5% | 16.9% | Weak by local standards and could weigh on demand |
| Ratio for 2022 Q3 | 18.3% | 24.4% | |
| Historical Average | 11.8% | 18.1% | More affordable than most markets |

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



| Median Home Price to Income | Burlington | U.S. | |
|-----------------------------|------------|------|---|
| Ratio for 2021 | 2.3 | 3.4 | The price-to-income ratio is high by historic standards and getting worse |
| Ratio for 2022 Q3 | 2.7 | 3.6 | |
| Historical Average | 2.0 | 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 Burlington area referred to in this report covers the geographic area of the Burlington-South Burlington 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:

Chittenden County, Franklin County, and Grand Isle County

More information on the OMB's geographic definitions can be found at https://obamawhitehouse.archives.gov/omb/bulletins_default/

