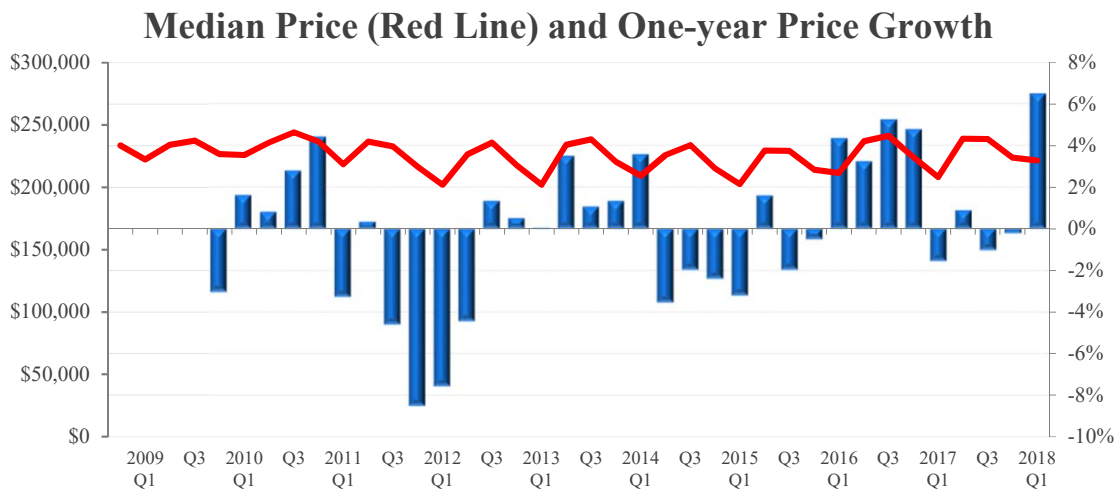


# Hartford-West Hartford-East Hartford Area

## Local Market Report, First Quarter 2018

### Today's Market...



Local Price Trends			
Price Activity	Hartford	U.S.	Local Trend
Current Median Home Price (2018 Q1)	\$221,600	\$243,833	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2018 Q1)	6.5%	5.7%	
3-year (12-quarter) Appreciation (2018 Q1)	9.4%	19.9%	
3-year (12-quarter) Housing Equity Gain*	\$19,000	\$40,433	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$3,100	\$85,900	
9-year (36 quarters) Housing Equity Gain*	-\$700	\$76,267	

\*Note: Equity gain reflects price appreciation only

	Hartford	U.S.	
<b>Conforming Loan Limit**</b>	\$424,100	\$636,150	Most buyers in this market have access to government-backed financing
<b>FHA Loan Limit</b>	\$353,050	\$636,150	
<b>Local Median to Conforming Limit Ratio</b>	52%	not comparable	

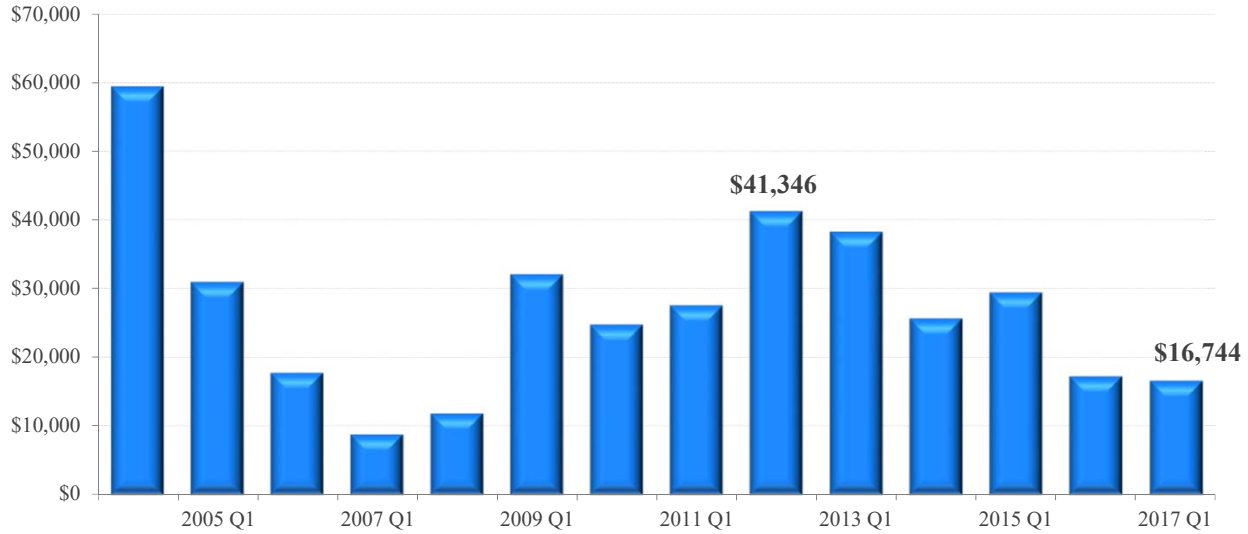
Note: limits are current and include the changes made in December 2016.

#### Local NAR Leadership

The Hartford-West Hartford-East Hartford 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 2018 NAR Regional Vice President representing region 1 is David Wluka.

# Benefits of Ownership: Total Equity Appreciation

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



**Total Equity Gained\*\* through 2018 Q1 from quarter in which home was of purchased**

Price Activity	Hartford	U.S.	Local Trend
1-year (4-quarter)	\$16,744	\$16,729	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$29,587	\$51,062	
5-year (20-quarter)*	\$38,385	\$79,252	
7-year (28 quarters)*	\$27,714	\$96,091	
9-year (36 quarters)*	\$32,231	\$87,079	
If purchase in 2005, the national price peak	\$31,100	\$57,237	

\*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

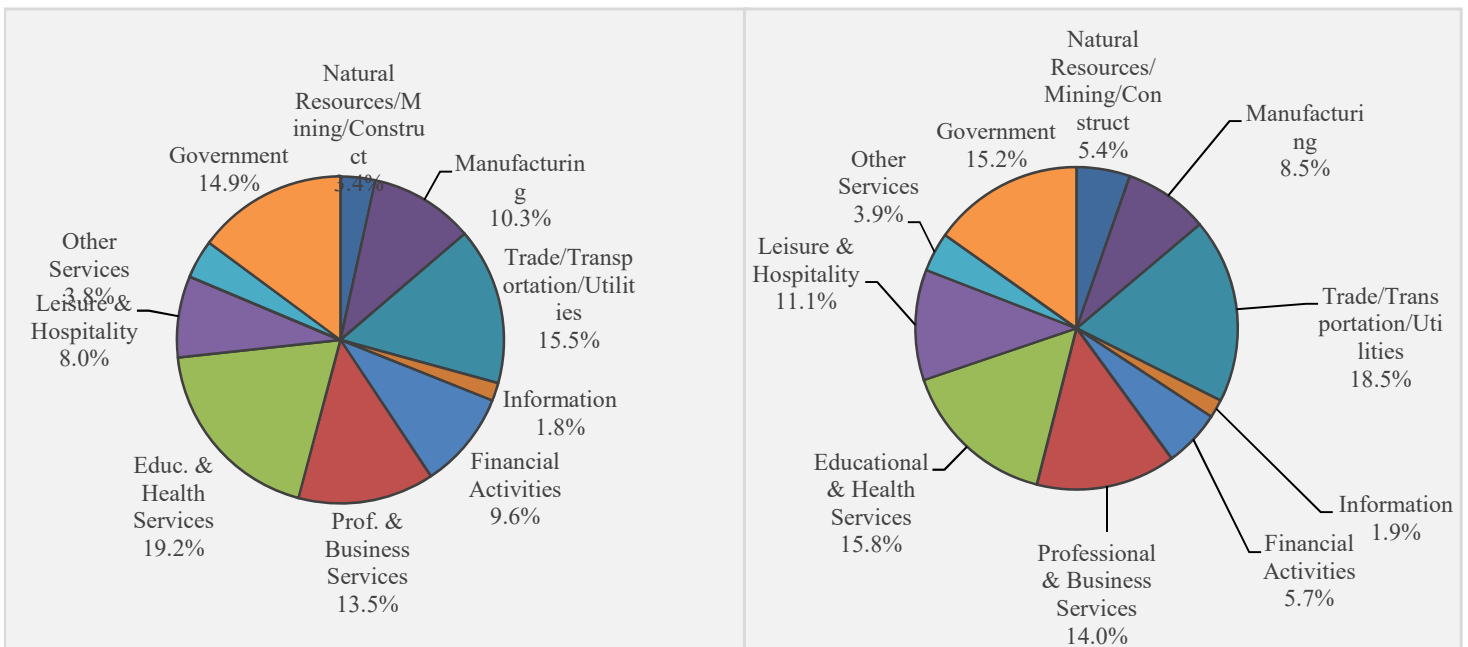
# Drivers of Local Supply and Demand...

Local Economic Outlook	Hartford	U.S.	
12-month Job Change (Mar)	7,000	Not Comparable	Employment has held up and is on an upward trend
12-month Job Change (Feb)	5,600	Not Comparable	
36-month Job Change (Mar)	11,800	Not Comparable	Hartford's unemployment rate lags the national average, but has improved relative to the same period last year
Current Unemployment Rate (Mar)	4.7%	4.1%	
Year-ago Unemployment Rate	5.0%	4.5%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	1.2%	1.5%	

## Share of Total Employment by Industry

Hartford-West Hartford-East Hartford Area

U.S.



### 12-month Employment Change by Industry in the Hartford-West Hartford-East Hartford Area (Mar - 2018)

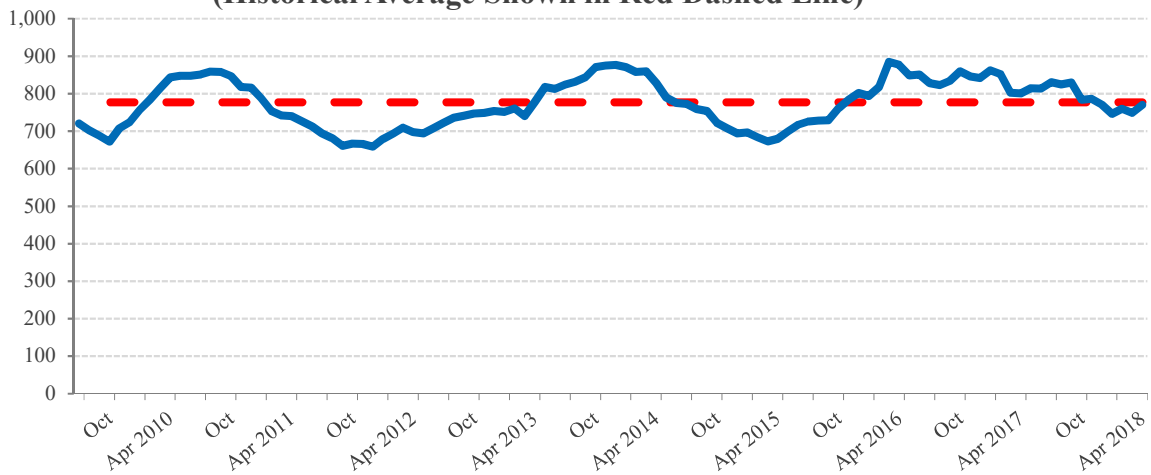
Goods Producing	NA	Information	-300
Natural Resources/Mining/Construction	-200	Financial Activities	-300
Natural Resources and Mining	NA	Prof. & Business Services	1,800
Construction	NA	Educ. & Health Services	2,200
Manufacturing	1,800	Leisure & Hospitality	1,000
Service Providing Excluding Government	NA	Other Services	200
Trade/Transportation/Utilities	900	Government	-1,500

State Economic Activity Index	Connecticut	U.S.	
12-month change (2018 - Mar)	3.1%	2.7%	The economy of Connecticut has outpaced the rest of the nation and improved modestly from last month's 3.10% change
36-month change (2018 - Mar)	NA	9.0%	

## New Housing Construction

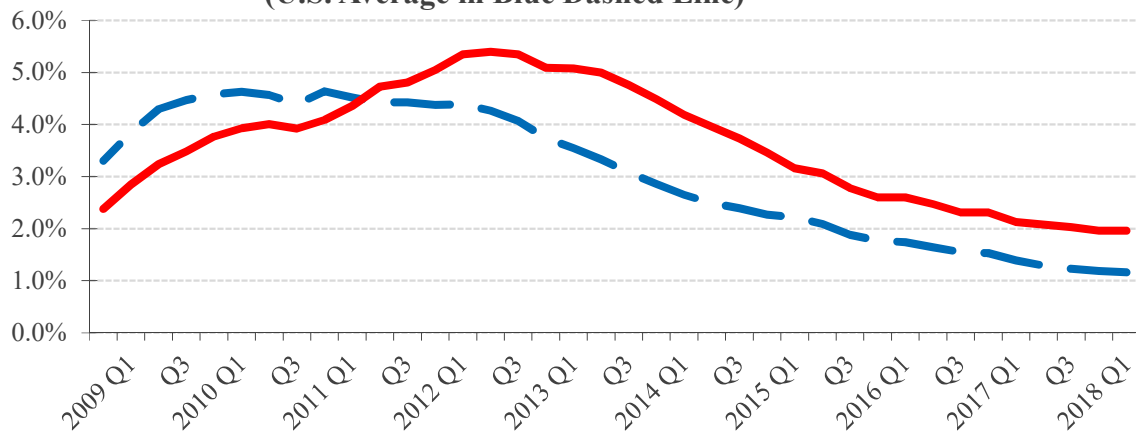
Local Fundamentals	Hartford	U.S.	
12-month Sum of 1-unit Building Permits through Mar	749	not comparable	The current level of construction is 3.7% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	777	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Mar) 12-month sum vs. a year ago	-6.7%	7.9%	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)**



While new construction is the traditional driver of supply in real estate, foreclosures and short-sales now have a strong impact on inventories, particularly at the local level. Rising inventories, through construction or distressed sales, place downward pressure on the median home prices.

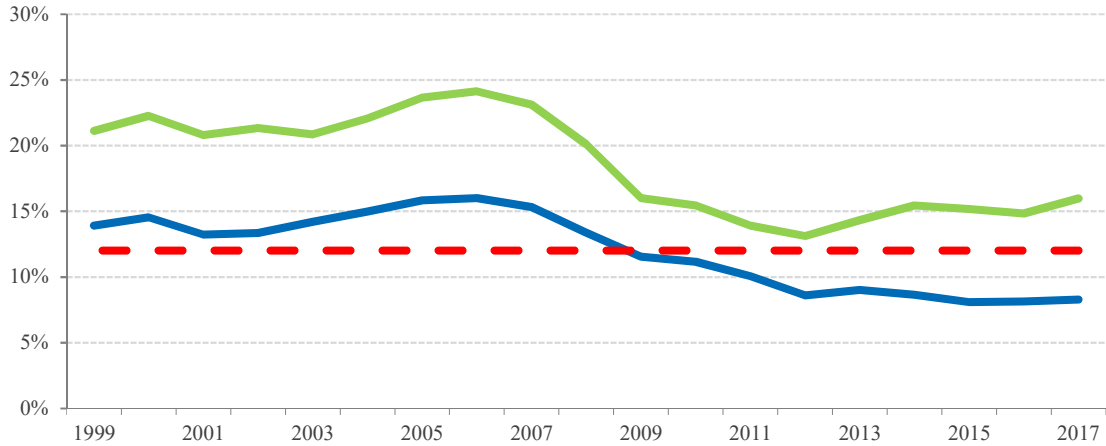
**State Total Foreclosure Rate vs. U.S. Average  
(U.S. Average in Blue Dashed Line)**



# Affordability

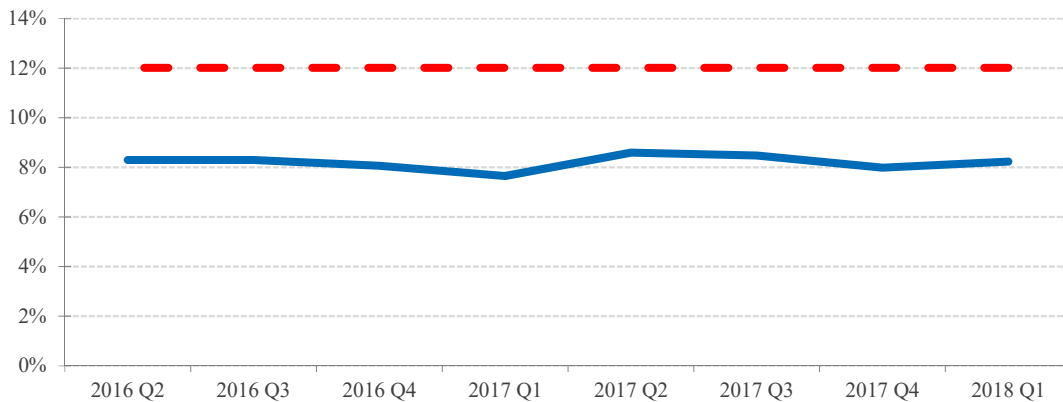


**Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income**  
(Local Historical Average Shown in Red, U.S. Average in Green)

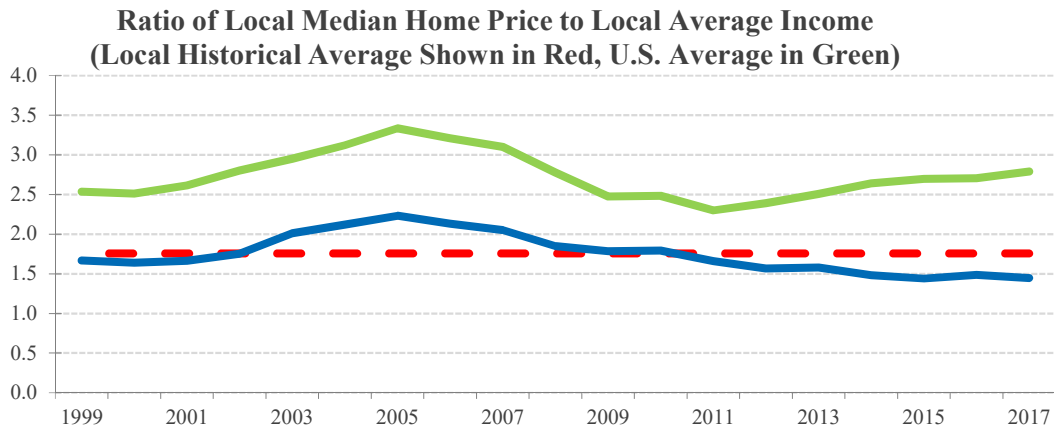


Monthly Mortgage Payment to Income	Hartford	U.S.	
Ratio for 2017	8.3%	16.0%	Historically strong, but weaker than the fourth quarter of 2017
Ratio for 2018 Q1	8.2%	15.8%	
Historical Average	12.0%	18.9%	More affordable than most markets

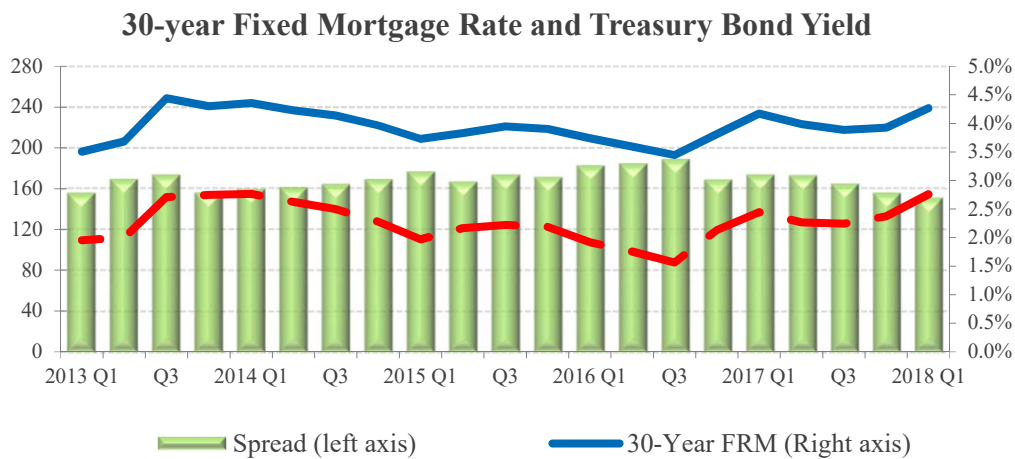
**Recent Trend - Local Mortgage Servicing Cost to Income**  
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	Hartford	U.S.	
Ratio for 2017	1.4	2.8	The price-to-income ratio has fallen and is below the historical average
Ratio for 2018 Q1	1.4	2.7	
Historical Average	1.8	2.7	Affordable compared to most markets



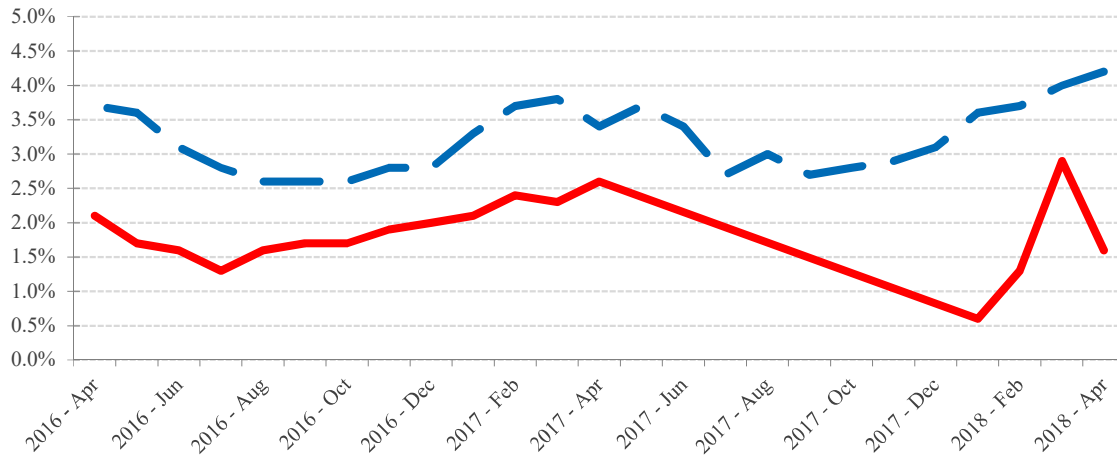
## The Mortgage Market



In the first quarter of 2018 the economic momentum in the U.S. continued with positive GDP growth, low unemployment rates and expanding private consumption. In an environment of improving economic conditions, the government’s 10-year Treasury note rose to 2.76 percent in Q1 2018 from 2.44 in Q1 2017. As a result, Freddie Mac published that the average interest rate on a 30-year conventional home loan was 4.27 percent in Q1 2018 from 3.99 percent in Q4 2017. While mortgage rates still hover in the historically low range, homebuyers have excellent purchasing power at current mortgage rates. Looking ahead, NAR is forecasting the 30-year fixed rate mortgage to average 4.6 percent for 2018 and 5.1 percent for 2019, respectively.

# REALTOR® Price Expectations

**REALTOR® Price Expectations for the Next 12 Months**  
(U.S. Average in Blue Dashed Line)



Source: NAR

REALTOR® Price Expectations	Connecticut	U.S.	
2018 - Mar	2.9%	4.0%	REALTORS® expect weaker price growth in Connecticut than in the U.S. in the next 12 months although their local expectations are higher than a year ago.
Prior 12 months	2.3%	3.8%	



## Geographic Coverage for this Report

The Hartford area referred to in this report covers the geographic area of the Hartford-West Hartford-East Hartford 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:

Hartford County, Middlesex County, and Tolland 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/)