

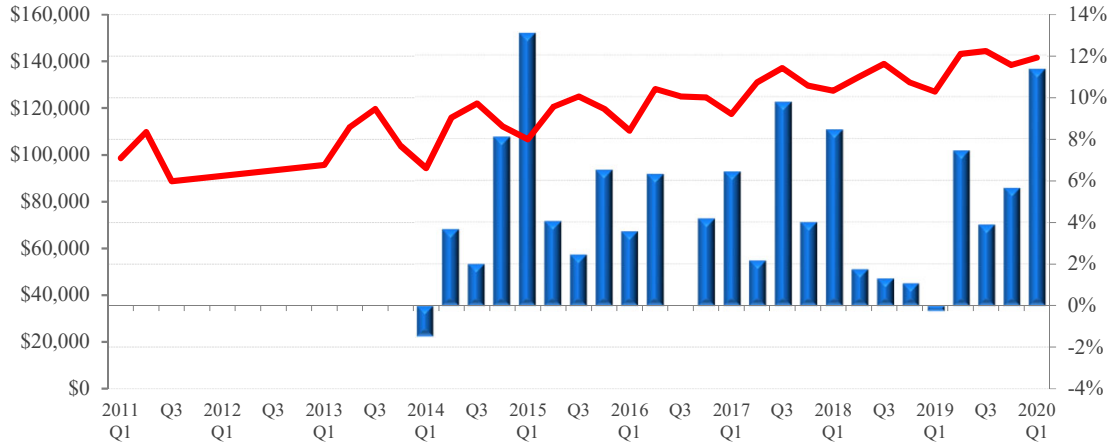
# Canton-Massillon Area

## Local Market Report, First Quarter 2020

including the impact of COVID-19 on the local economy

### Today's Market...

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



| Local Price Trends                         |           |           |  |
|--|-----------|-----------|--|
| Price Activity                             | Canton    | U.S.      | Local Trend  |
| Current Median Home Price (2020 Q1)        | \$141,500 | \$272,433 | Prices continue to grow relative to last year  |
| 1-year (4-quarter) Appreciation (2020 Q1)  | 11.3%     | 7.7%      |  |
| 3-year (12-quarter) Appreciation (2020 Q1) | 20.4%     | 18.1%     |  |
| 3-year (12-quarter) Housing Equity Gain*   | \$24,000  | \$41,733  | Gains in the last 3 years have extended the trend of positive price growth after the recession |
| 7-year (28 quarters) Housing Equity Gain*  | \$45,800  | \$96,500  |  |
| 9-year (36 quarters) Housing Equity Gain*  | \$42,900  | \$114,500 |  |

\*Note: Equity gain reflects price appreciation only

|   | Canton    | U.S.           |   |
|---|-----------|----------------|---|
| <b>Conforming Loan Limit**</b>                | \$484,350 | \$726,525      | Most buyers in this market have access to government-backed financing |
| <b>FHA Loan Limit</b>                         | \$314,827 | \$726,525      |   |
| <b>Local Median to Conforming Limit Ratio</b> | 29%       | not comparable |   |

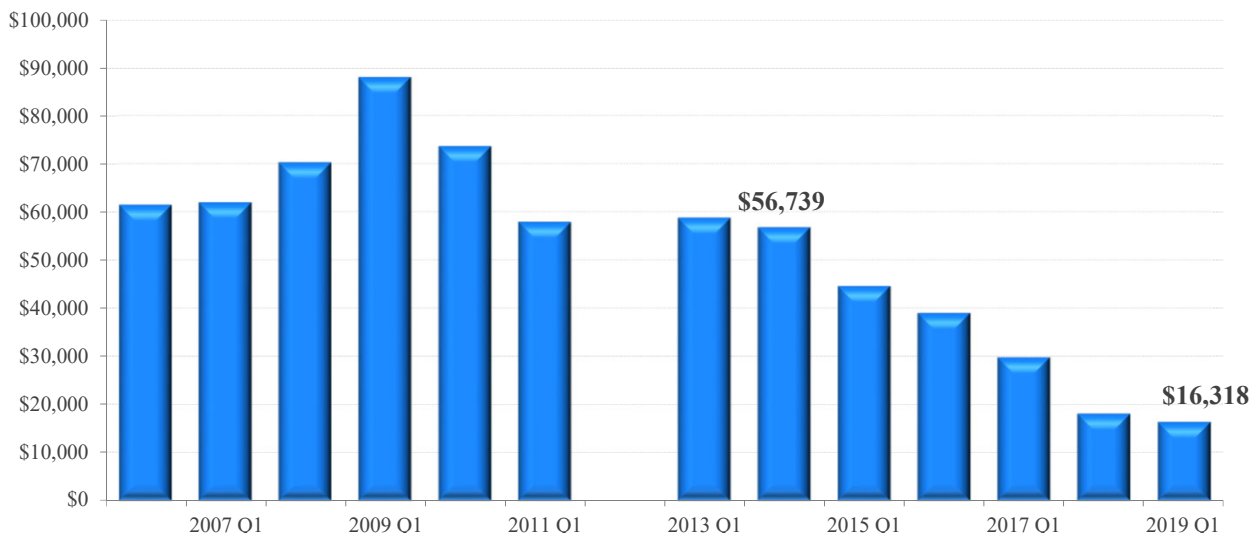
Note: limits are current and include the changes made on January 1st 2019.

#### Local NAR Leadership

The Canton-Massillon market is part of region 6 in the NAR governance system, which includes all of Ohio and Michigan. The 2020 NAR Regional Vice President representing region 6 is Greg Hrabcak.

# Benefits of Ownership: Total Equity Appreciation

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



| Total Equity Gained** through 2020 Q1 from quarter in which home was of purchased |          |           |  |
|---|----------|-----------|--|
| Price Activity  | Canton   | U.S.      | Local Trend  |
| 1-year (4-quarter)  | \$16,318 | \$23,185  | Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession |
| 3-year (12-quarter)*  | \$29,727 | \$52,978  |  |
| 5-year (20-quarter)*  | \$44,539 | \$87,425  |  |
| 7-year (28 quarters)*   | \$58,774 | \$120,351 |  |
| 9-year (36 quarters)*   | \$57,918 | \$138,556 |  |

\*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

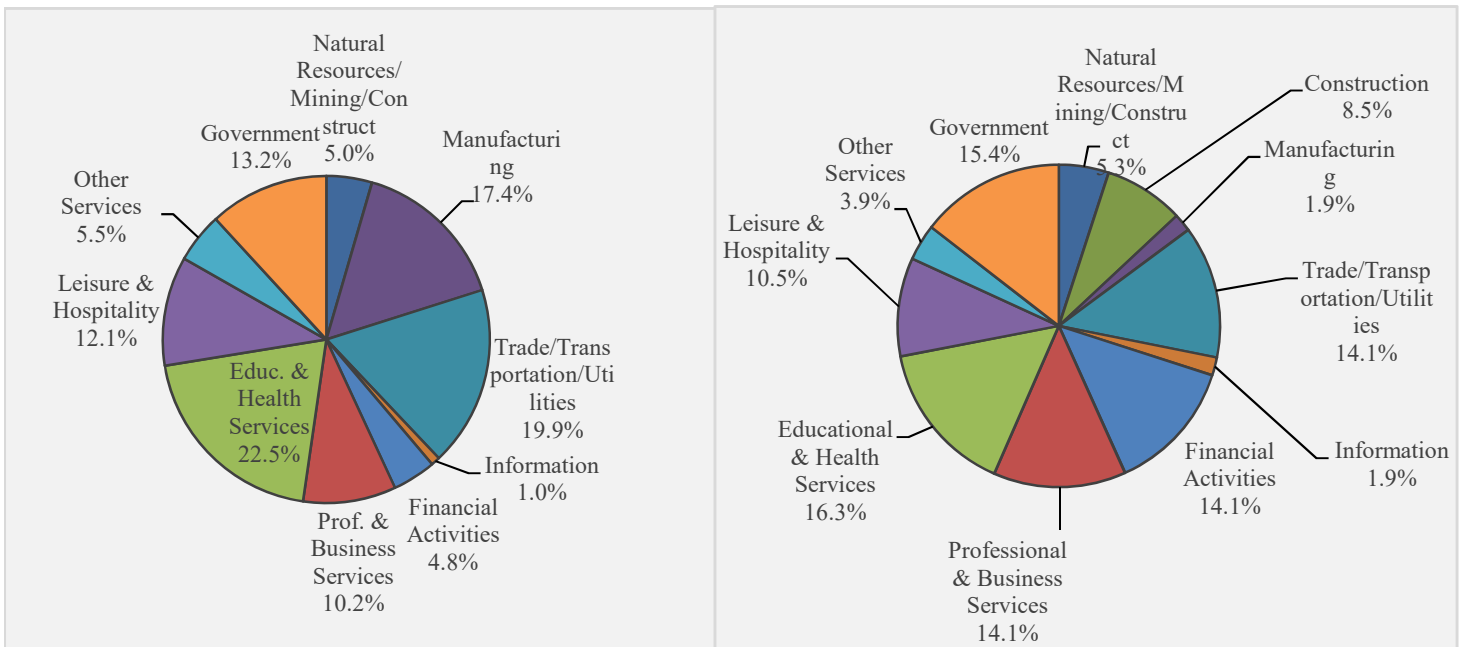
# Drivers of Local Supply and Demand...

| Local Economic Outlook            | Canton | U.S.           |   |
|-----------------------------------|--------|----------------|---|
| 12-month Job Change (Mar)         | -2,900 | Not Comparable | Employment continues to decline and will weigh on demand in some areas                      |
| 12-month Job Change (Feb)         | -800   | Not Comparable |   |
| 36-month Job Change (Mar)         | -2,900 | Not Comparable | Canton's unemployment situation is worse than the national average and weighs on confidence |
| Current Unemployment Rate (Mar)   | 5.9%   | 4.4%           |   |
| Year-ago Unemployment Rate        | 4.9%   | 3.8%           | Local employment growth is poor and needs to improve  |
| 1-year (12 month) Job Growth Rate | -1.7%  | 1.3%           |   |

## Share of Total Employment by Industry

Canton-Massillon Area

U.S.



### 12-month Employment Change by Industry in the Canton-Massillon Area (Mar - 2020)

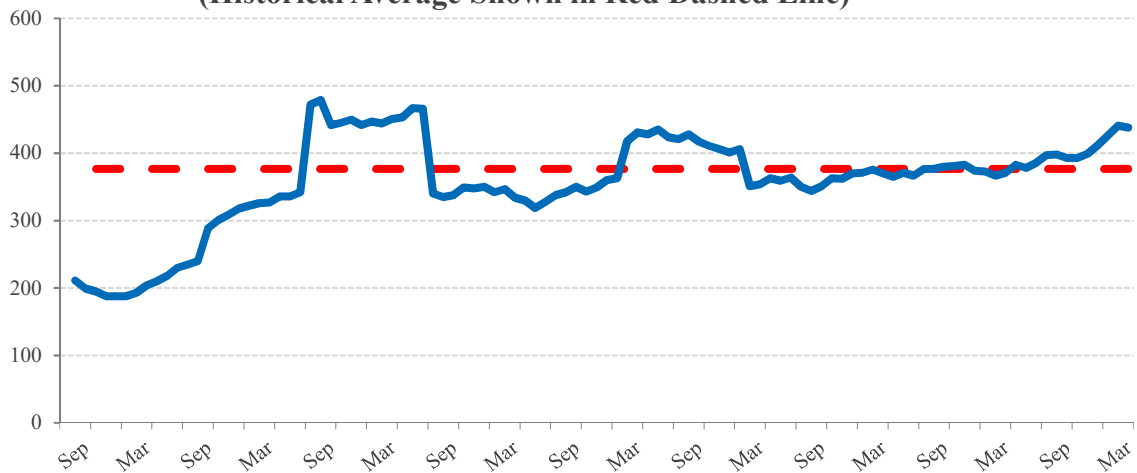
|  |      |                           |      |
|--|------|---------------------------|------|
| Goods Producing                        | NA   | Information               | 0    |
| Natural Resources/Mining/Construction  | -300 | Financial Activities      | -200 |
| Natural Resources and Mining           | NA   | Prof. & Business Services | 100  |
| Construction                           | NA   | Educ. & Health Services   | 400  |
| Manufacturing                          | -600 | Leisure & Hospitality     | 300  |
| Service Providing Excluding Government | NA   | Other Services            | 0    |
| Trade/Transportation/Utilities         | -200 | Government                | -300 |

| State Economic Activity Index | Ohio  | U.S. |   |
|-------------------------------|-------|------|---|
| 12-month change (2020 - Mar)  | -2.1% | 1.2% | The economy of Ohio is still in recession, but improved modestly from last month's -22.17% change |
| 36-month change (2020 - Mar)  | NA    | 7.0% |   |

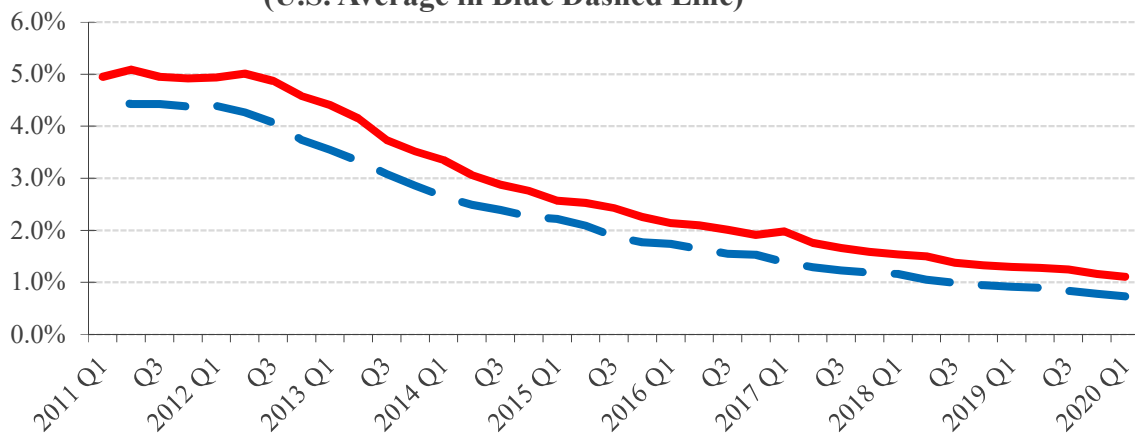
## New Housing Construction

| Local Fundamentals   | Canton | U.S.           |  |
|--|--------|----------------|--|
| 12-month Sum of 1-unit Building Permits through Mar                | 438    | not comparable | The current level of construction is 16.3% above the long-term average   |
| 8-year average for 12-month Sum of 1-Unit Building Permits         | 377    | 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 (Mar)<br>12-month sum vs. a year ago | 18.1%  | 5.5%           | 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)



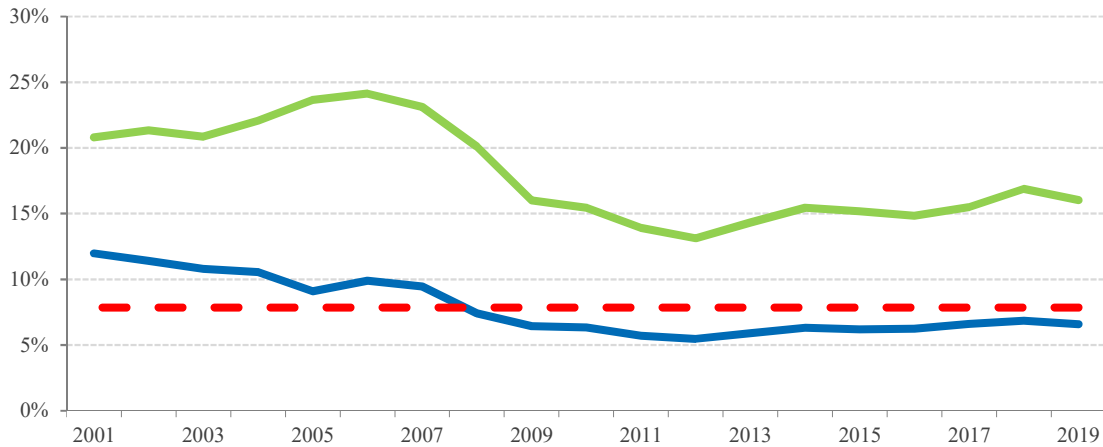
**State Total Foreclosure Rate vs. U.S Average**  
(U.S. Average in Blue Dashed Line)



# Affordability

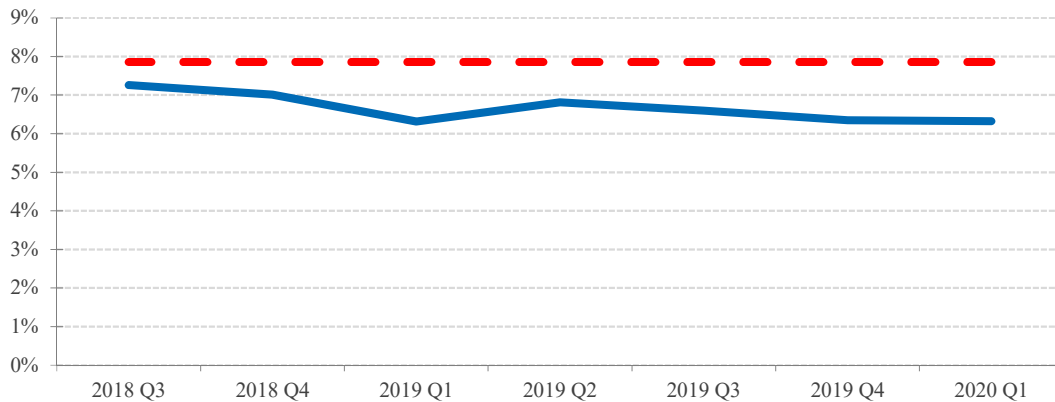


**Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income**  
(Local Historical Average Shown in Red, U.S. Average in Green)



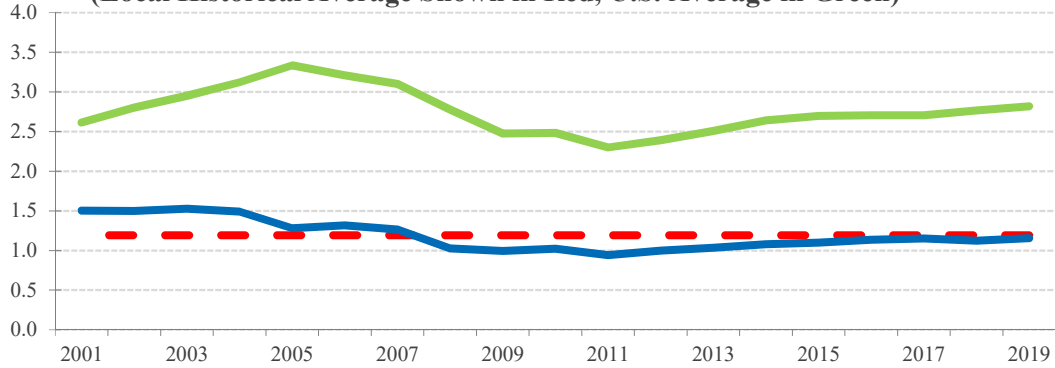
| Monthly Mortgage Payment to Income | Canton | U.S.  |   |
|------------------------------------|--------|-------|---|
| Ratio for 2019                     | 6.6%   | 16.0% | Historically strong, but weaker than the fourth quarter of 2019 |
| Ratio for 2020 Q1                  | 6.3%   | 14.6% |   |
| Historical Average                 | 7.9%   | 18.4% | More affordable than most markets                               |

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



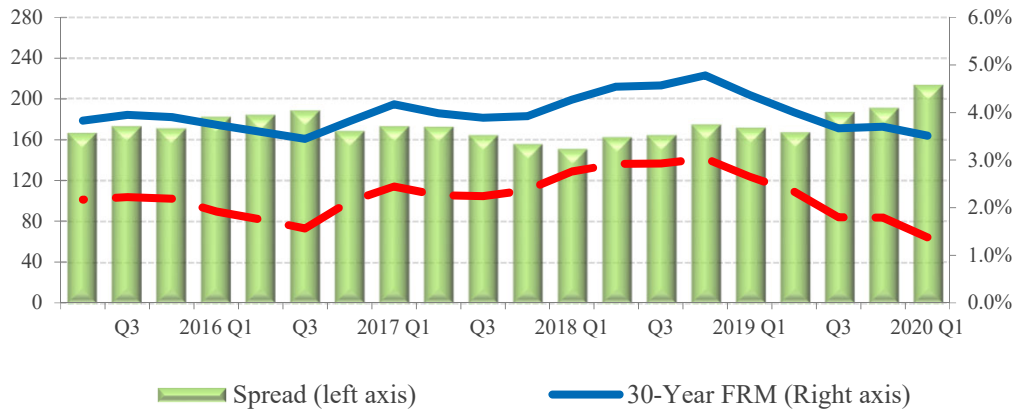
| Median Home Price to Income | Canton | U.S. |   |
|-----------------------------|--------|------|---|
| Ratio for 2019              | 1.2    | 2.8  | The price-to-income ratio rose, but is better than the historic average |
| Ratio for 2020 Q1           | 1.2    | 2.7  |   |
| Historical Average          | 1.2    | 2.7  | Affordable compared to most markets                                     |

**Ratio of Local Median Home Price to Local Average Income  
(Local Historical Average Shown in Red, U.S. Average in Green)**



## The Mortgage Market

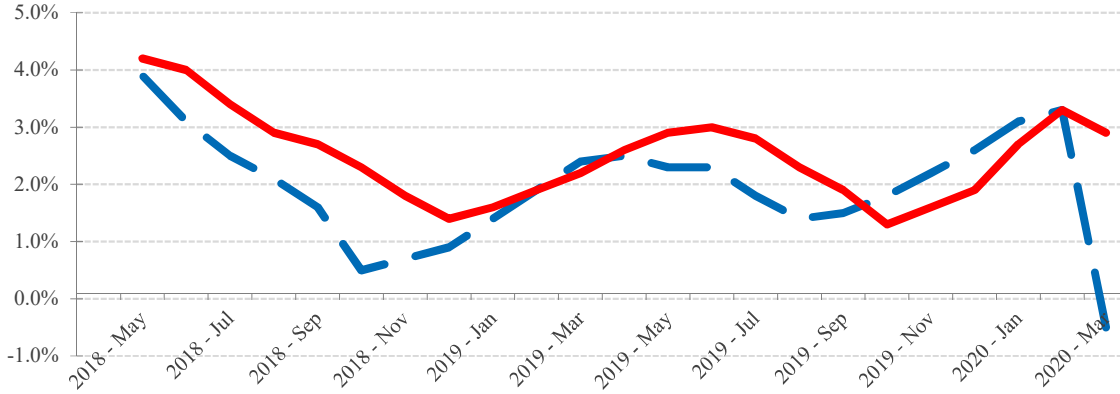
**30-year Fixed Mortgage Rate and Treasury Bond Yield**



The first quarter of the year mostly encompassed a pre-pandemic economy that was characterized by low unemployment and a robust economy. Nevertheless, as a result of the COVID-19 outbreak, mortgage rates reached a then-historical low in March of 2020 fueling an increase in refinance activities. Specifically, at the end of the first quarter, mortgage rates declined 90 basis points compared to a year earlier. According to the mortgage finance provider Freddie Mac, the 30-year fixed rate mortgage dropped to 3.51 percent in Q1 2020 from 4.37 percent in Q1 2019. Looking ahead, NAR is forecasting the 30-year fixed rate mortgage to average 3.20 percent for 2020.

# REALTOR® Price Expectations

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



Source: NAR

| REALTOR® Price Expectations | Ohio | U.S.  |  |
|-----------------------------|------|-------|--|
| 2020 - Mar                  | 2.9% | -0.5% | REALTORS® expect higher price growth in Ohio than in the U.S. in the next 12 months. Their price expectations are also higher than a year ago. |
| Prior 12 months             | 2.2% | 2.4%  |  |



## Geographic Coverage for this Report

The Canton area referred to in this report covers the geographic area of the Canton-Massillon 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:

Carroll County and Stark 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/)