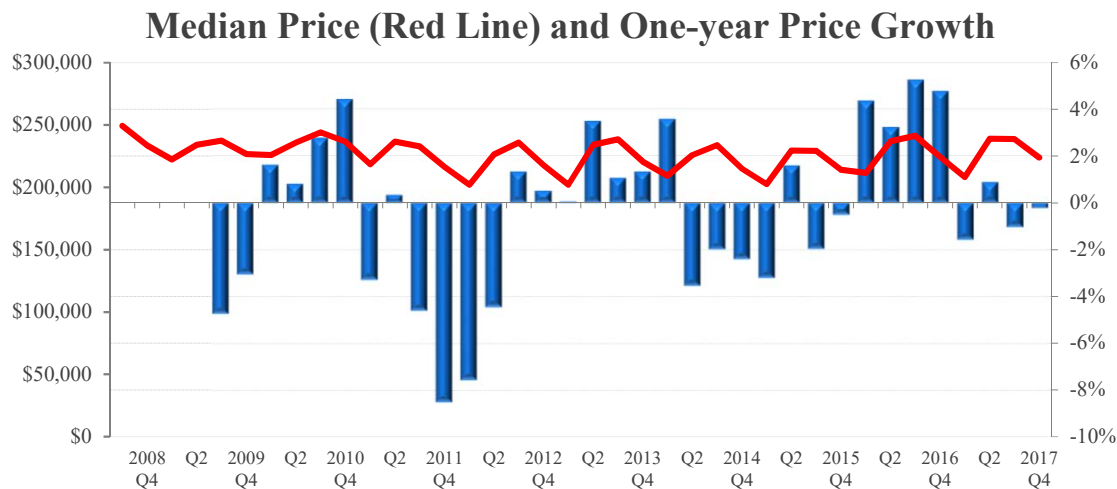


Hartford-West Hartford-East Hartford Area

Local Market Report, Fourth Quarter 2017

Today's Market...



Local Price Trends			
Price Activity	Hartford	U.S.	Local Trend
Current Median Home Price (2017 Q4)	\$223,800	\$246,567	Prices are still down from a year ago, but the trend is improving
1-year (4-quarter) Appreciation (2017 Q4)	-0.2%	5.4%	
3-year (12-quarter) Appreciation (2017 Q4)	4.0%	18.8%	
3-year (12-quarter) Housing Equity Gain*	\$8,600	\$38,933	Gains in the last 3 years have helped to pull the local market out of the post-recession price weakness
7-year (28 quarters) Housing Equity Gain*	-\$12,800	\$76,700	
9-year (36 quarters) Housing Equity Gain*	-\$9,900	\$65,800	

*Note: Equity gain reflects price appreciation only

	Hartford	U.S.	
Conforming Loan Limit**	\$424,100	\$636,150	Most buyers in this market have access to government-backed financing
FHA Loan Limit	\$353,050	\$636,150	
Local Median to Conforming Limit Ratio	53%	not comparable	

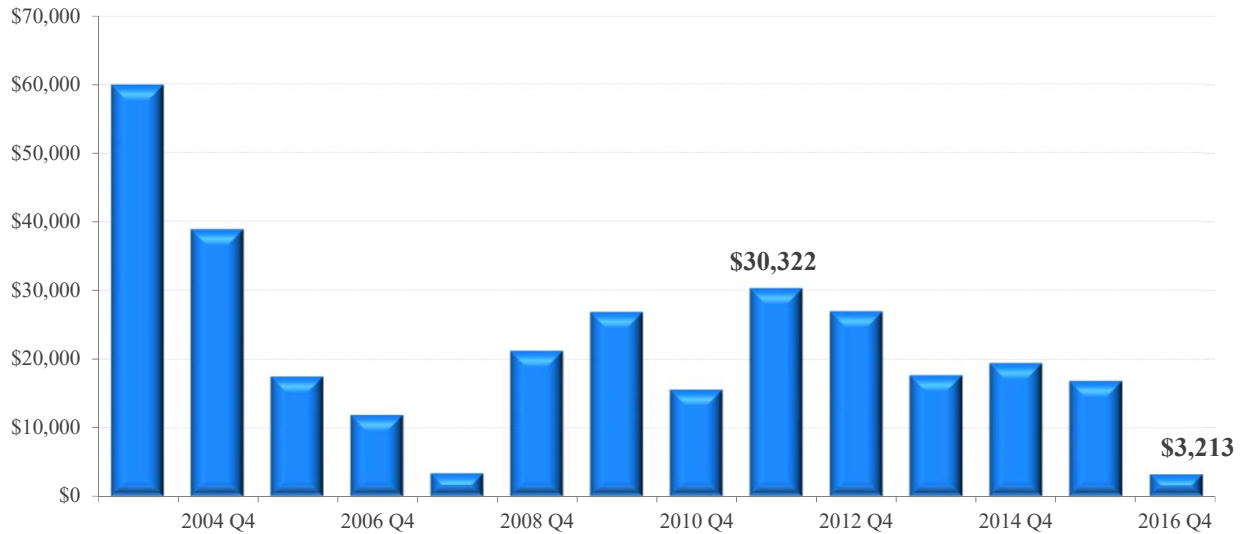
Note: limits are current and include the changes made in December 2016.

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 2017 Q4 from quarter in which home was of purchased

Price Activity	Hartford	U.S.	Local Trend
1-year (4-quarter)	\$3,213	\$16,506	Price trends in the last three years have undercut the steady post-recession home equity growth despite owners paying down principle
3-year (12-quarter)*	\$19,437	\$49,389	
5-year (20-quarter)*	\$26,958	\$79,367	
7-year (28 quarters)*	\$15,529	\$87,751	
9-year (36 quarters)*	\$21,197	\$77,560	
If purchase in 2005, the national price peak	\$17,474	\$35,924	

*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

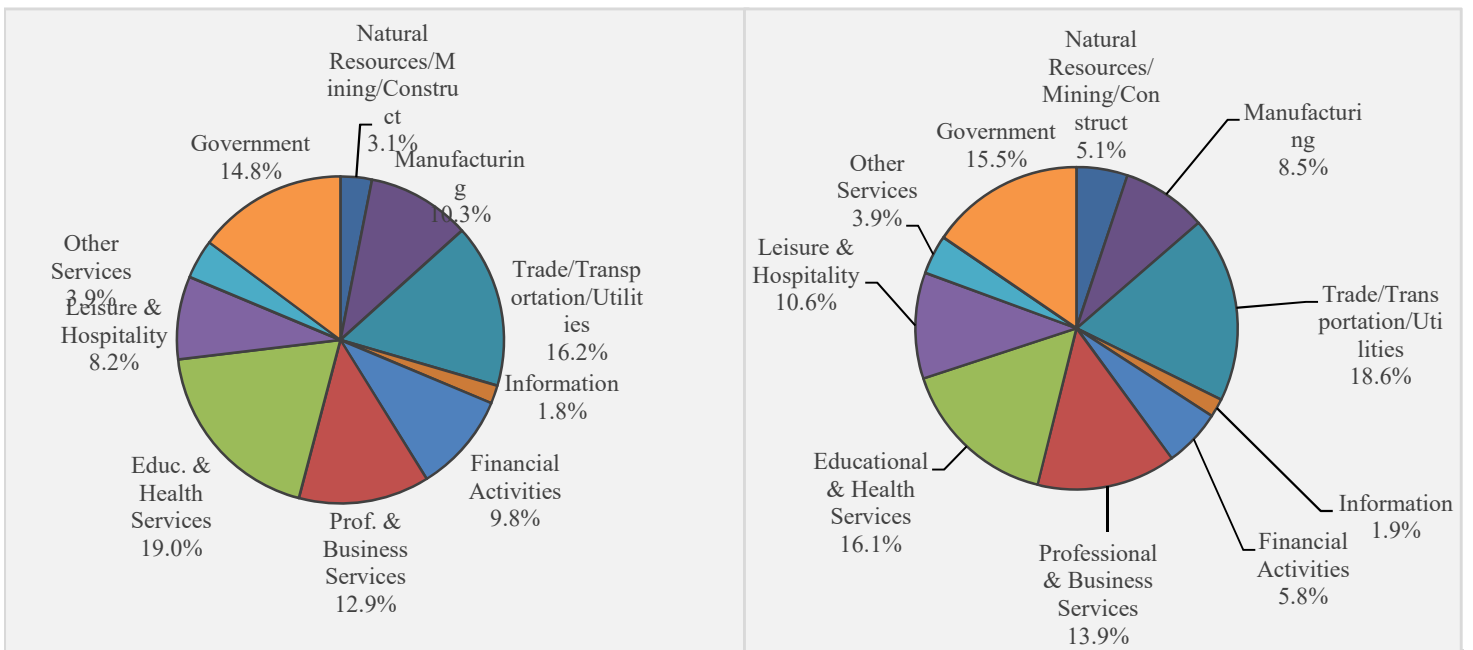
Drivers of Local Supply and Demand...

Local Economic Outlook	Hartford	U.S.	
12-month Job Change (Dec)	4,900	Not Comparable	Employment has held up and is on an upward trend
12-month Job Change (Nov)	2,100	Not Comparable	
36-month Job Change (Dec)	8,000	Not Comparable	Unemployment has risen since the same period last year, but Hartford's labor market has been more resilient than the national average
Current Unemployment Rate (Dec)	4.0%	4.1%	
Year-ago Unemployment Rate	3.9%	4.7%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	0.9%	1.6%	

Share of Total Employment by Industry

Hartford-West Hartford-East Hartford Area

U.S.



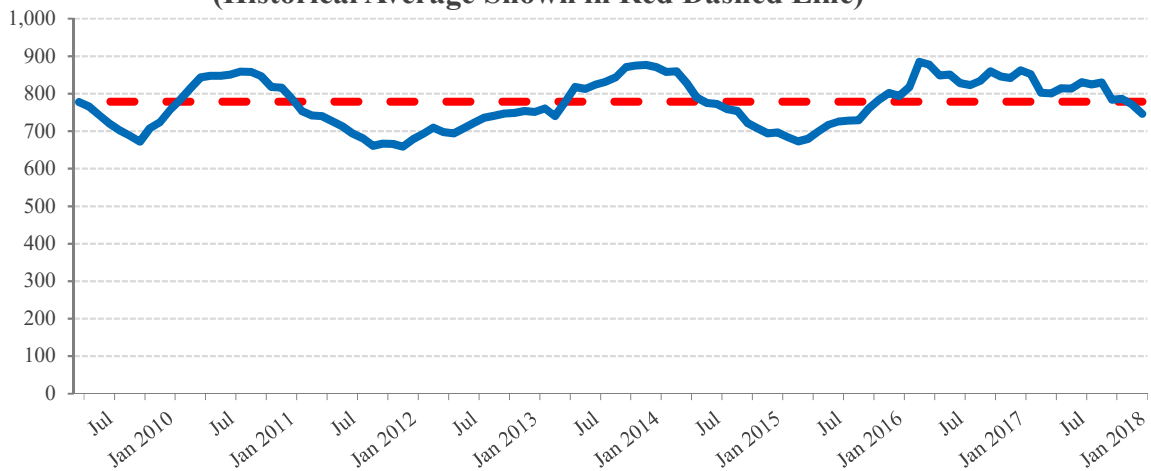
12-month Employment Change by Industry in the Hartford-West Hartford-East Hartford Area (Dec - 2017)

Goods Producing	NA	Information	-600
Natural Resources/Mining/Construction	-1,100	Financial Activities	-300
Natural Resources and Mining	NA	Prof. & Business Services	1,000
Construction	NA	Educ. & Health Services	900
Manufacturing	2,000	Leisure & Hospitality	100
Service Providing Excluding Government	NA	Other Services	-100
Trade/Transportation/Utilities	900	Government	-700

State Economic Activity Index	Connecticut	U.S.	
12-month change (2017 - Dec)	1.4%	2.7%	The economy of Connecticut is growing more slowly than the rest of the nation, but improved modestly from last month's 1.41% change
36-month change (2017 - Dec)	NA	9.1%	

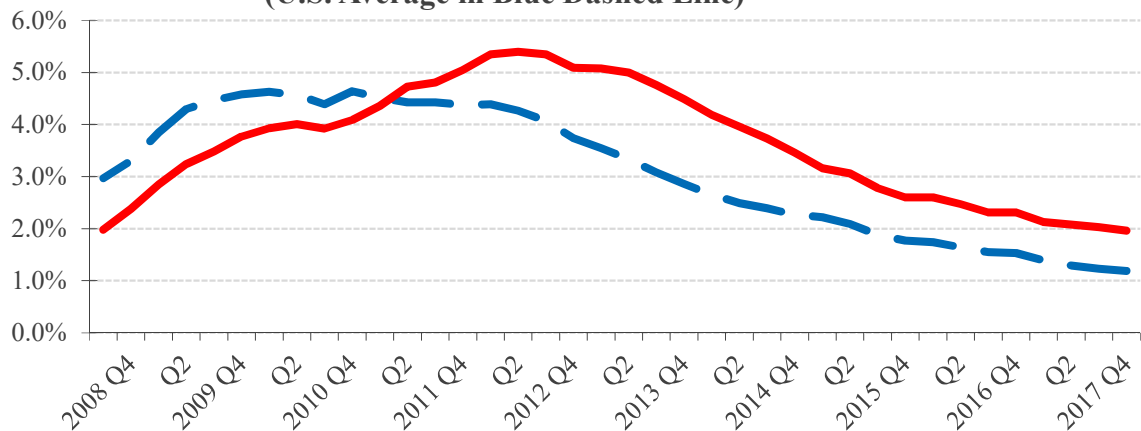
New Housing Construction			
Local Fundamentals	Hartford	U.S.	
12-month Sum of 1-unit Building Permits through Dec	771	not comparable	The current level of construction is 1.0% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	779	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Dec) 12-month sum vs. a year ago	-8.4%	9.7%	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)**



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.

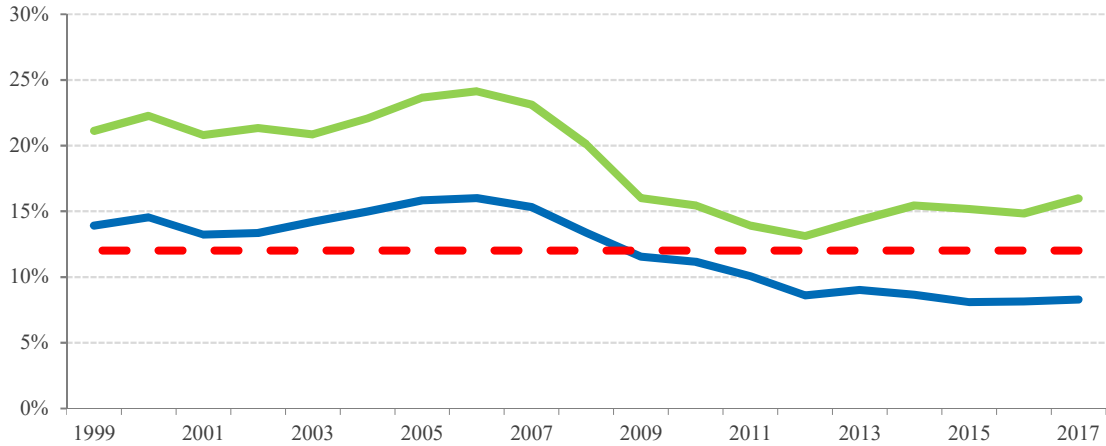
**State Total Foreclosure Rate vs. U.S. Average
(U.S. Average in Blue Dashed Line)**



Affordability

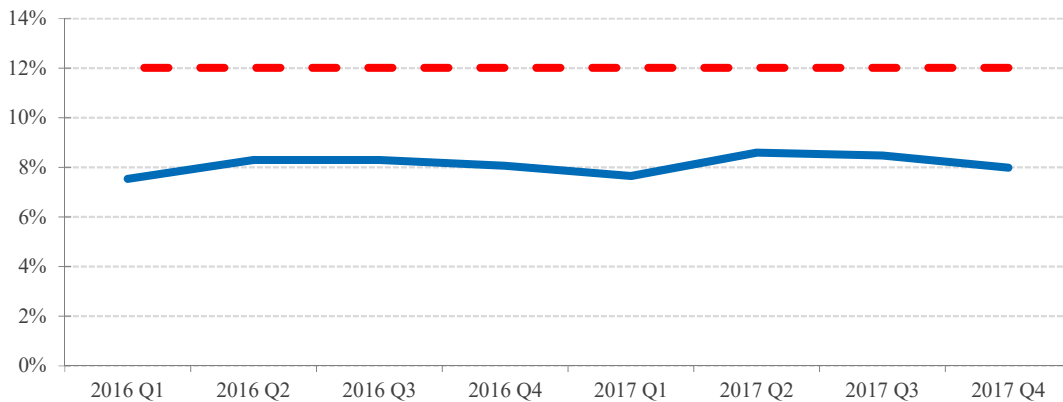


Long-Term Trend: Ratio of Local Mortgage Servicing Cost to Income
(Local Historical Average Shown in Red, U.S. Average in Green)

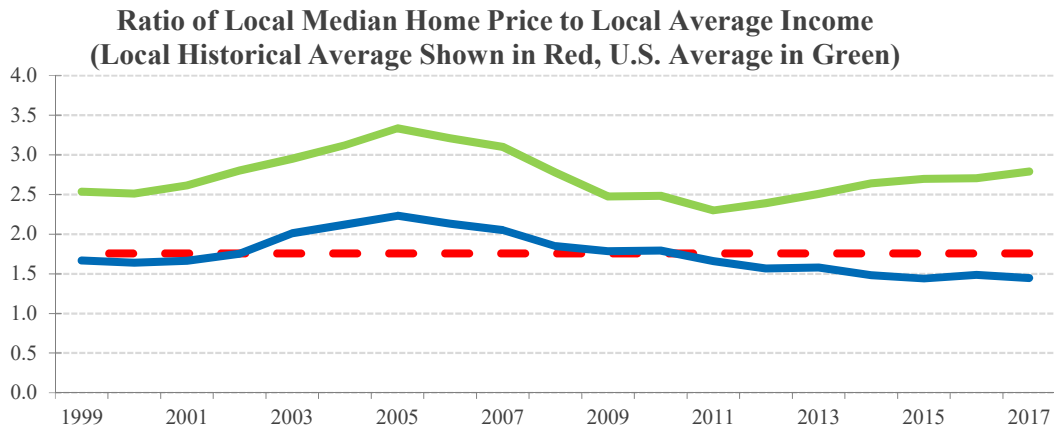


Monthly Mortgage Payment to Income	Hartford	U.S.	
Ratio for 2017	8.3%	16.0%	Historically strong and an improvement over the third quarter of 2017
Ratio for 2017 Q4	8.0%	15.3%	
Historical Average	12.0%	18.9%	More affordable than most markets

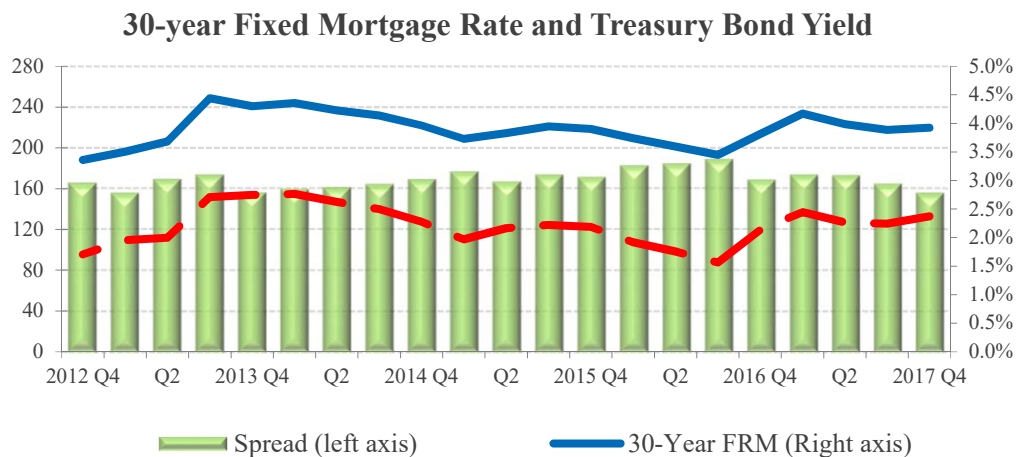
Recent Trend - Local Mortgage Servicing Cost to Income
(Historical Average Shown in Red Dashed Line)



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 2017 Q4	1.4	2.7	
Historical Average	1.8	2.7	Affordable compared to most markets



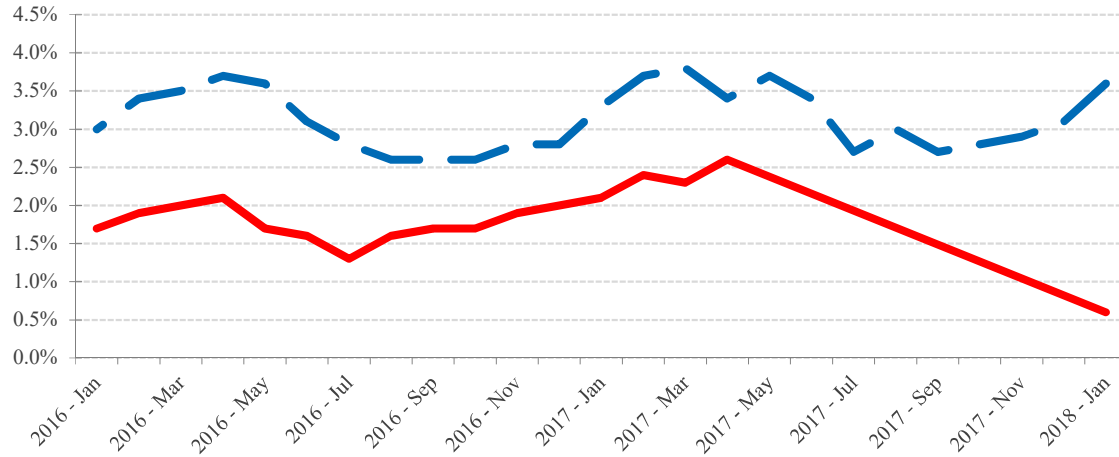
The Mortgage Market



In the last quarter of 2017 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 2.4 percent in Q4 2017 from 2.2 in Q3 2017. As a result, Freddie Mac published that the average interest rate on a 30-year conventional home loan was 3.92 percent in Q4 2017 from 3.89 percent in Q3 2017. Mortgage rates still hover in the historically low range. Homebuyers have excellent purchasing power at current mortgage rates, and while it may make sense for fewer households to refinance, there are still some households that can save cash with a refinance. Looking ahead, NAR is forecasting the 30-year fixed rate mortgage to average 4.4 percent for 2018 and 4.9 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.	
2017 - Dec	#N/A	3.1%	#N/A
Prior 12 months	2.0%	2.8%	



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/