

HOUSING MARKET SNAPSHOT



APRIL/MAY 2020

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NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

Report prepared by the
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THE HOUSING MARKET: SUDDEN UNCERTAINTY

Dean J. Christon, Executive Director, New Hampshire Housing Finance Authority

In early March, we published our first *Housing Market Report* of the year. We would not have predicted that it would become a “before” baseline of the state’s housing market to whatever the “afters” are from the startling impact of the COVID-19 crisis. Recognizing the accelerated pace of housing market changes and the need for timely insight, we will publish this *Housing Market SNAPSHOT* every two months.

In March, Governor Sununu’s Emergency Orders stopped non-payment evictions and foreclosures, expanded unemployment insurance benefits, and prevented utility shut-offs for non-payment. These necessary relief measures will impact the data that we track.

Much is changing very quickly in the state and nationally. Since the sudden arrival of the coronavirus, the data do not yet offer much insight into its effect on the housing market. The exception is unemployment data, which shows that 100,000 New Hampshire residents applied for unemployment compensation in the first quarter of 2020 (primarily in March), whereas only 7,600 applied in the same quarter last year.

We are all looking forward to when these very uncertain times settle into something more similar to our past routines and lives. Even then, we recognize that there will be many people who are likely to have difficulty in meeting their rent or mortgage obligations, especially when the eviction and foreclosure moratorium ends. Those most at risk are individuals who have lower wage jobs and/or do not have cash reserves to cover housing costs. Meanwhile, federal stimulus money, as well as the additional weekly CARES Act unemployment benefit, will help many in the next few months.

New Hampshire Housing is here and committed to continuing to serve, support and work together with communities, partners, renters and homeowners to weather this crisis. We know there are many who need assistance now, and even more will need it as the year goes on. We are working with the Governor’s Office, the legislature and organizations around the state to identify issues and help find solutions to keep our state’s residents safe and in their homes.

FASTEN YOUR SEAT BELTS

Russ Thibeault, Economist, *Applied Economic Research* | AER.com

In these virus-dominated times, the only thing that’s clear is that... uhhmm...well, very little is clear, actually. Every new day reveals abrupt and unprecedented economic pain along with uncertainty as to where the housing market sits and where it’s headed. This is serious.

What can we expect? As I write this in late April, weekly data suggests New Hampshire is headed to a record unemployment rate in the near term, probably over 10 percent. Recovery? Don’t hold your breath. During the last three recessions it’s taken New Hampshire an average of nearly six years to fully recover lost jobs. Hopefully we’ll have a speedier recovery this time.

What about housing? New Hampshire’s ownership and rental markets were on strong footing prior to the downturn spurred by the coronavirus. Too strong, in some respects, because housing choice and affordability have been stressed. Drawing on the experience of past downturns, we can probably expect that rental vacancies and unsold inventories will rise. Sales will flatten or drop, as consumers hunker down in the face of economic and health uncertainty. New construction is likely to ebb, too.

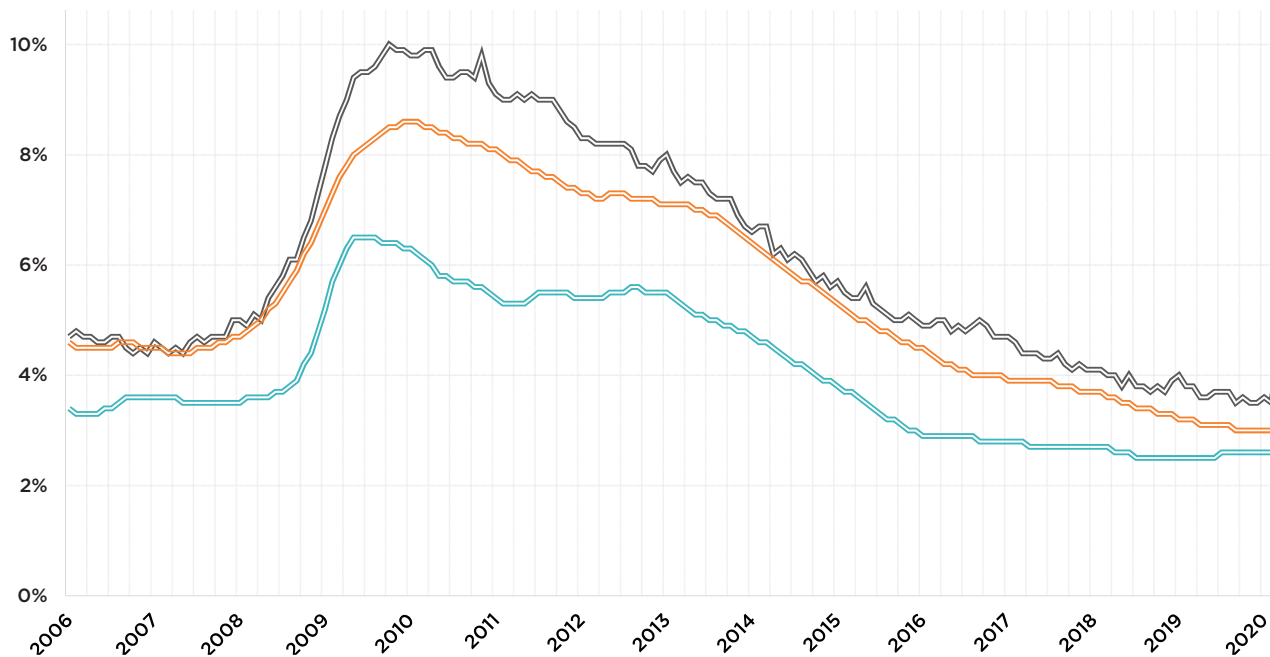
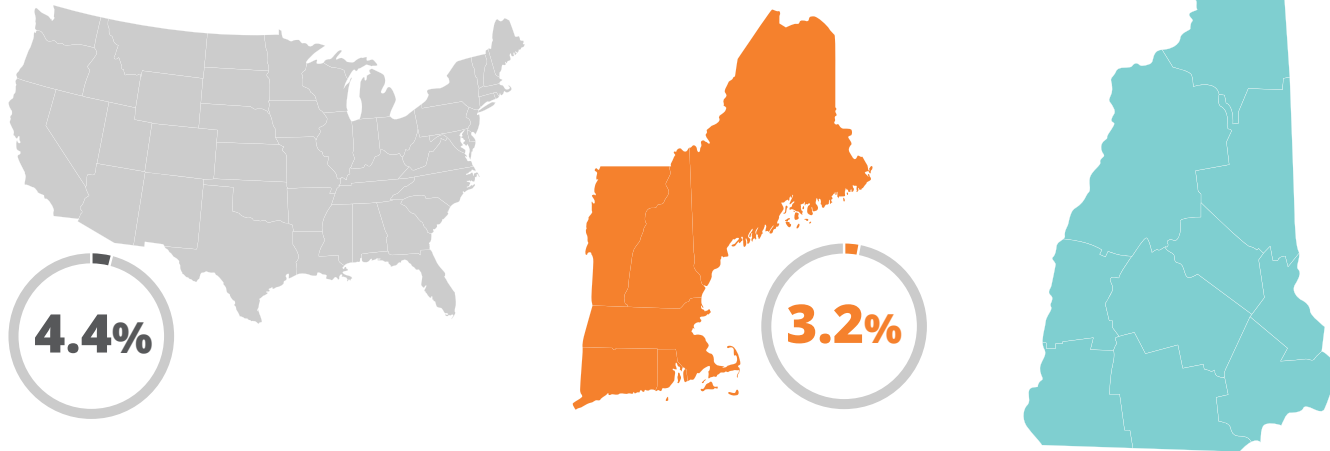
Will the downturn ease our housing choice and affordability crisis? Hopefully, but it’s possible that any improvement on the housing cost front will be offset by deteriorating job prospects and falling incomes. And, those who can least afford a job loss are sustaining the major hits, help from Washington notwithstanding.

We have never seen anything like this. So, stay safe, stay alert and fasten your seatbelts as we await the new normal. This won’t last forever, but all signs are it will last longer than we’d like. In fact, it already has lasted longer than we’d like and that may be the only thing that’s actually clear at this point.



UNEMPLOYMENT RATE

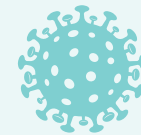
(US, New England, New Hampshire)



Source: U.S. Bureau of Labor Statistics (seasonally adjusted)



New Hampshire's seasonally adjusted unemployment rate for March 2020 was **2.6%**.



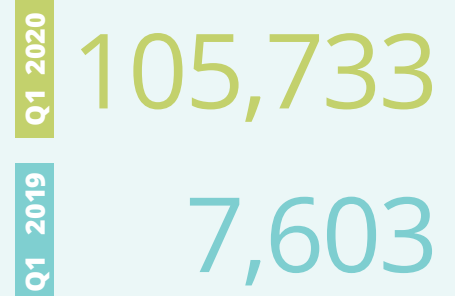
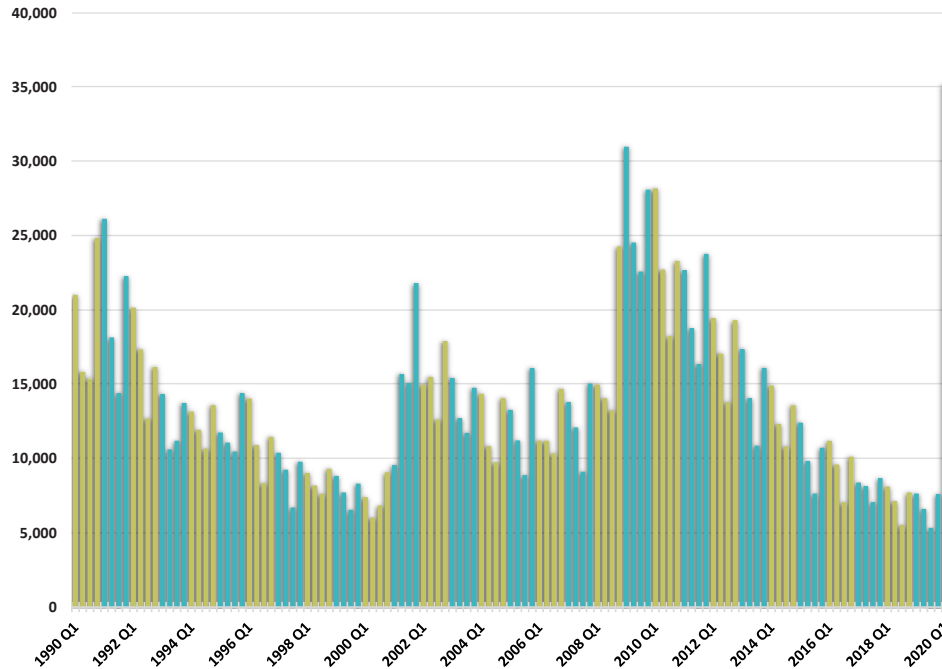
UNTIL THE CORONAVIRUS CRISIS HIT THE U.S., New Hampshire had the nation's **sixth lowest** unemployment rate and it had been **below 4%** for over five years (4% or less is typically considered full employment). New Hampshire's pre-virus seasonally adjusted unemployment rate as of March 12 was 2.6%.

With the rapid escalation of unemployment claims due to job layoffs or furloughs, the unemployment rate will continue to climb higher, as seen in unemployment claims filed in the state (page 4).

Note: The NH Department of Employment Security began issuing a weekly *Community and Industry Breakdown of New Unemployment Claims Report* to show the impact that COVID-19 has on each region and sector of the state. www.nhes.nh.gov/index.htm

UNEMPLOYMENT CLAIMS FILED

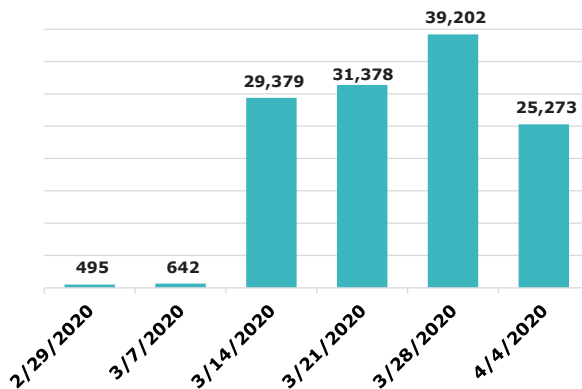
Initial Claims Filed in New Hampshire by Quarter



The total labor force in the state is 768,000, which means that if all new claims for unemployment were approved, the state's unemployment rate would be well over 10% by the end of March. Previously, the highest unemployment the state ever experienced was 8.6% in 1976.

Nationally the advanced seasonally adjusted insured unemployment rate was at 11% for the week ending April 11, an increase from 8.2% in just one week. The advance number for seasonally adjusted insured unemployment during the week ending April 11 was 15,976,000, an increase of 4,064,000 from the previous week's revised level. This marks the highest unemployment rate and number of unemployed Americans in the history of that series published by the U.S. Department of Labor.

Initial Claims Reflecting Week Ending



Source: U.S. Department of Labor; count totals are compiled by reflecting week ended

MORTGAGE ACTIVITY IN NH

Year-over-Year

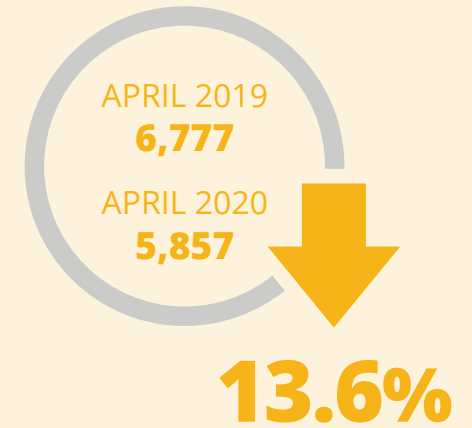
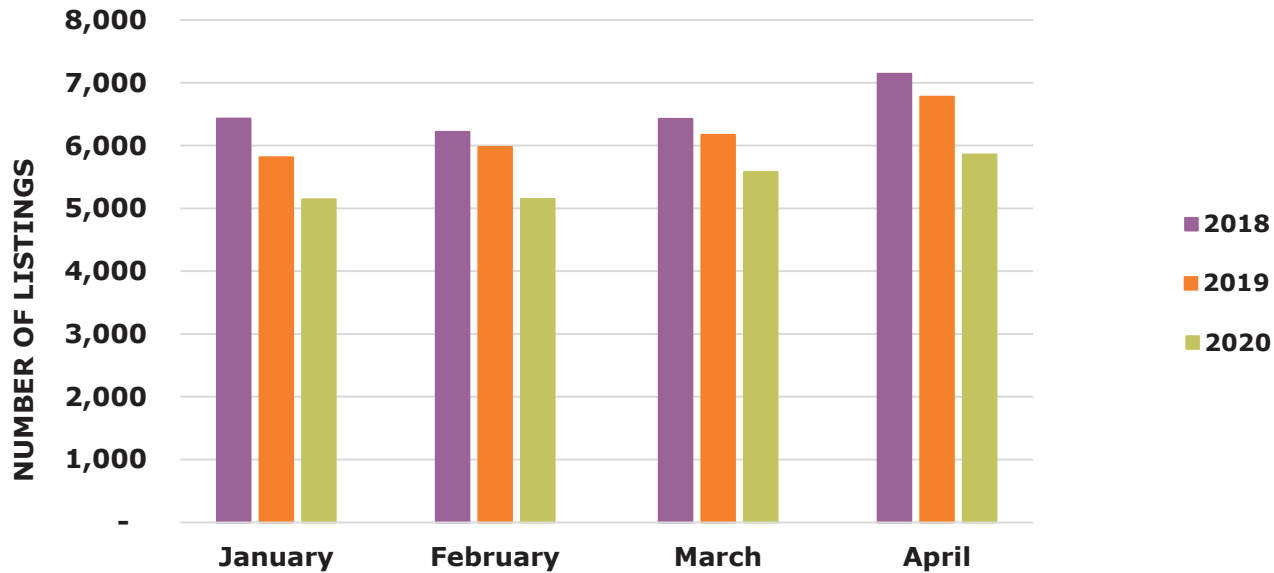
The increase in the number of refinanced mortgages reflects activity instigated by a significant drop in interest rates, especially in March 2020.

% CHANGE
YEAR-OVER-YEAR

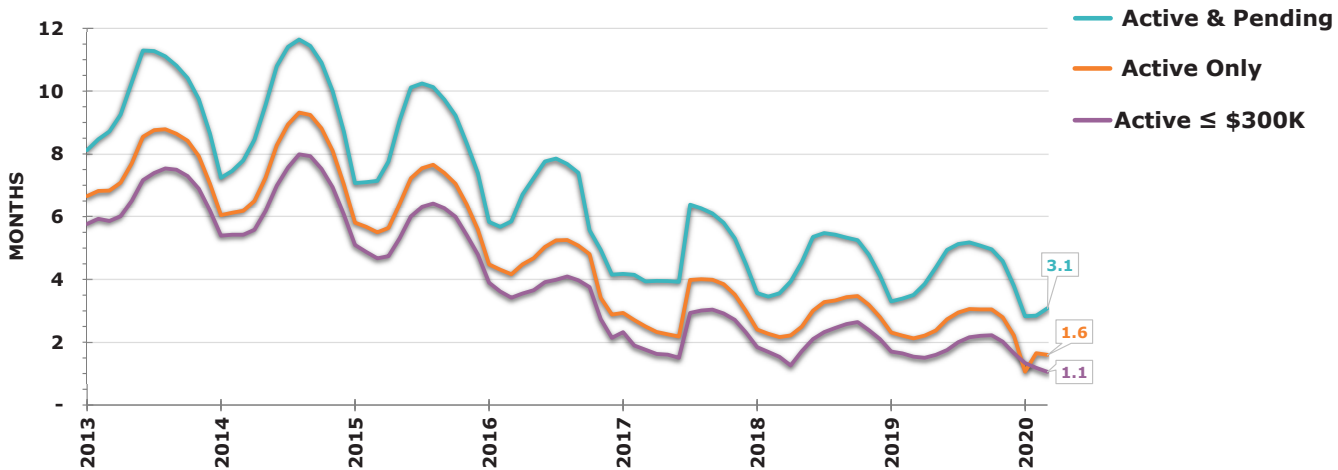
MORTGAGE ACTIVITY IN NEW HAMPSHIRE	Q1 2020	Q1 2019	
All Mortgages	11,189	6,707	67%
Purchase Mortgages	3,167	3,058	4%
Refinance Mortgages	8,022	3,649	120%
All Mortgages ≤ \$300K	8,031	5,323	51%
Purchase Mortgages ≤ \$300K	2,140	2,253	-5%
Refinance Mortgages ≤ \$300K	5,891	3,070	92%

Source: The Warren Group

MLS LISTINGS



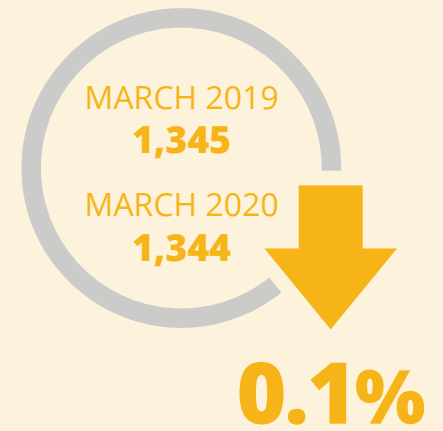
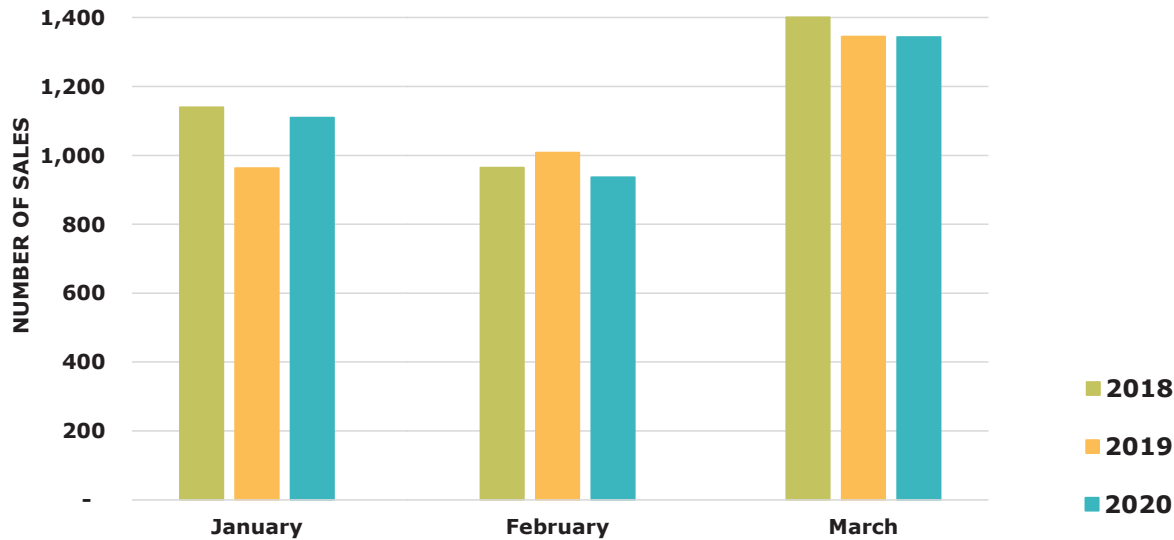
MONTHS OF SUPPLY OF INVENTORY



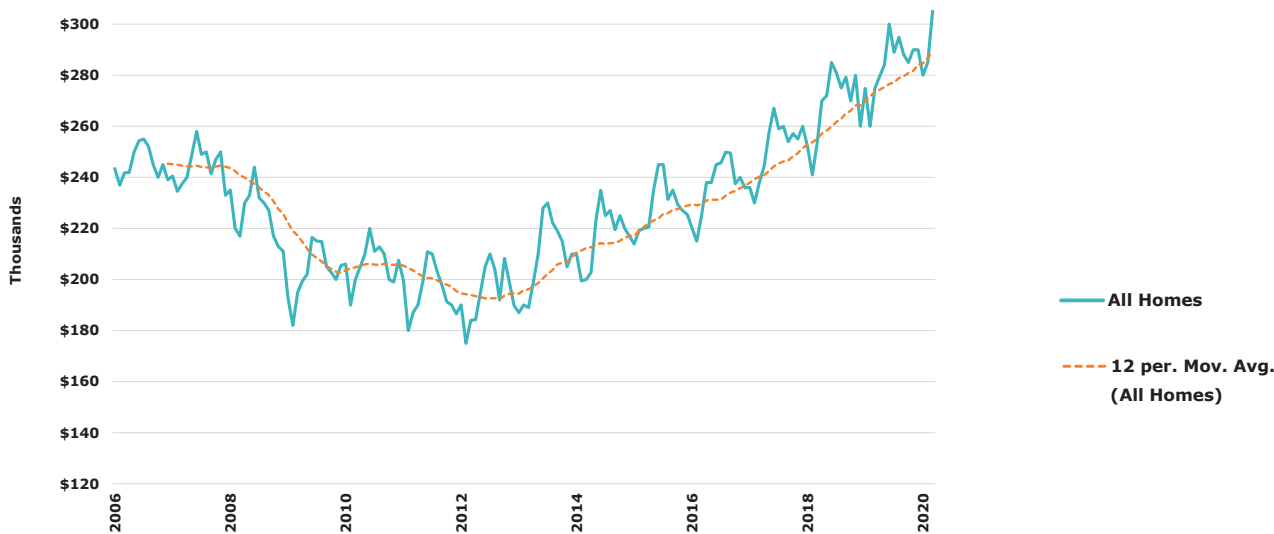
Months of supply of inventory shows how many months it would take for the current inventory of homes on the market to sell, given the current pace of home sales.

Source: Based on information from the Northern New England Real Estate Network and compiled by NHHFA. Excludes land, interval ownership, seasonal camps/cottages, multi-family properties, mobile/manufactured homes and commercial/industrial property.

MLS CLOSED SALES



MLS MEDIAN SALES PRICE



MARCH 2020
MARCH 2019

\$305K

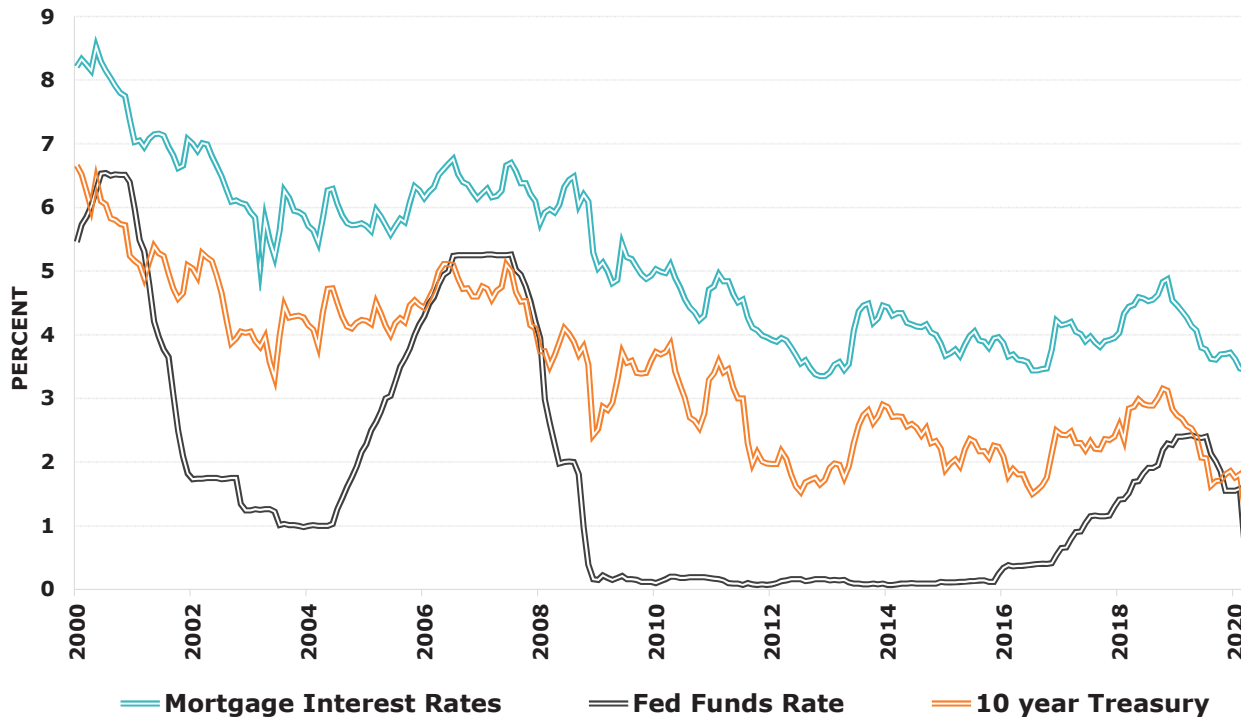
\$275K

Source: Based on information from the Northern New England Real Estate Network and compiled by NHHFA. Excludes land, interval ownership, seasonal camps/cottages, multi-family properties, mobile/manufactured homes and commercial/industrial property.

INTEREST RATES

March 2020

Mortgage Interest | Fed Funds | 10-Year Treasury



0%

MORTGAGE

3.62%

FED FUNDS

0.65%

TREASURY

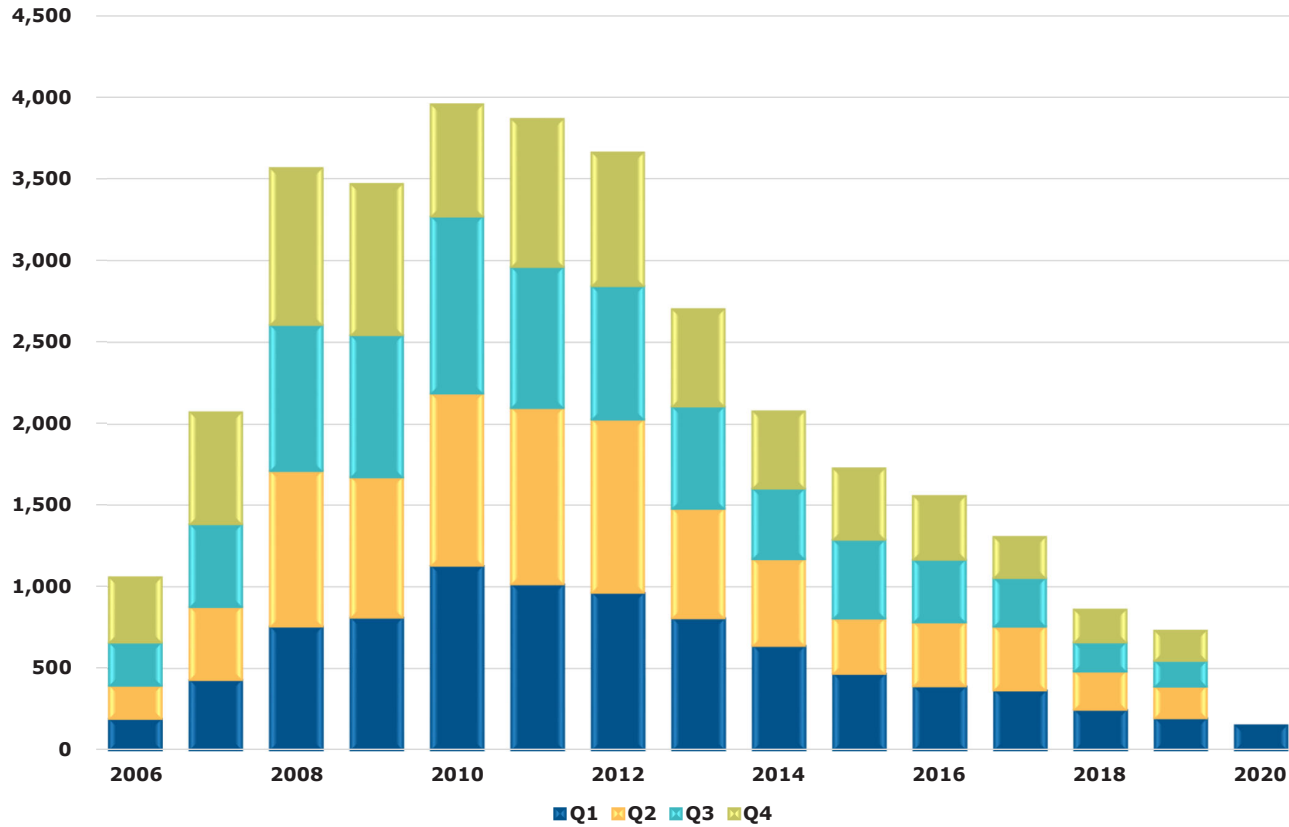
1.26%

Source: Freddie Mac Primary National Mortgage Market Survey; US Federal Reserve Selected Interest Rate H.15

FORECLOSURE DEEDS

During the Great Recession, foreclosure deeds reached a high of about 4,000 in 2010. After that, the numbers declined each year.

Since the COVID crisis hit New Hampshire in March, the Governor's Emergency Orders prohibit foreclosures, including all judicial and non-judicial foreclosure actions.

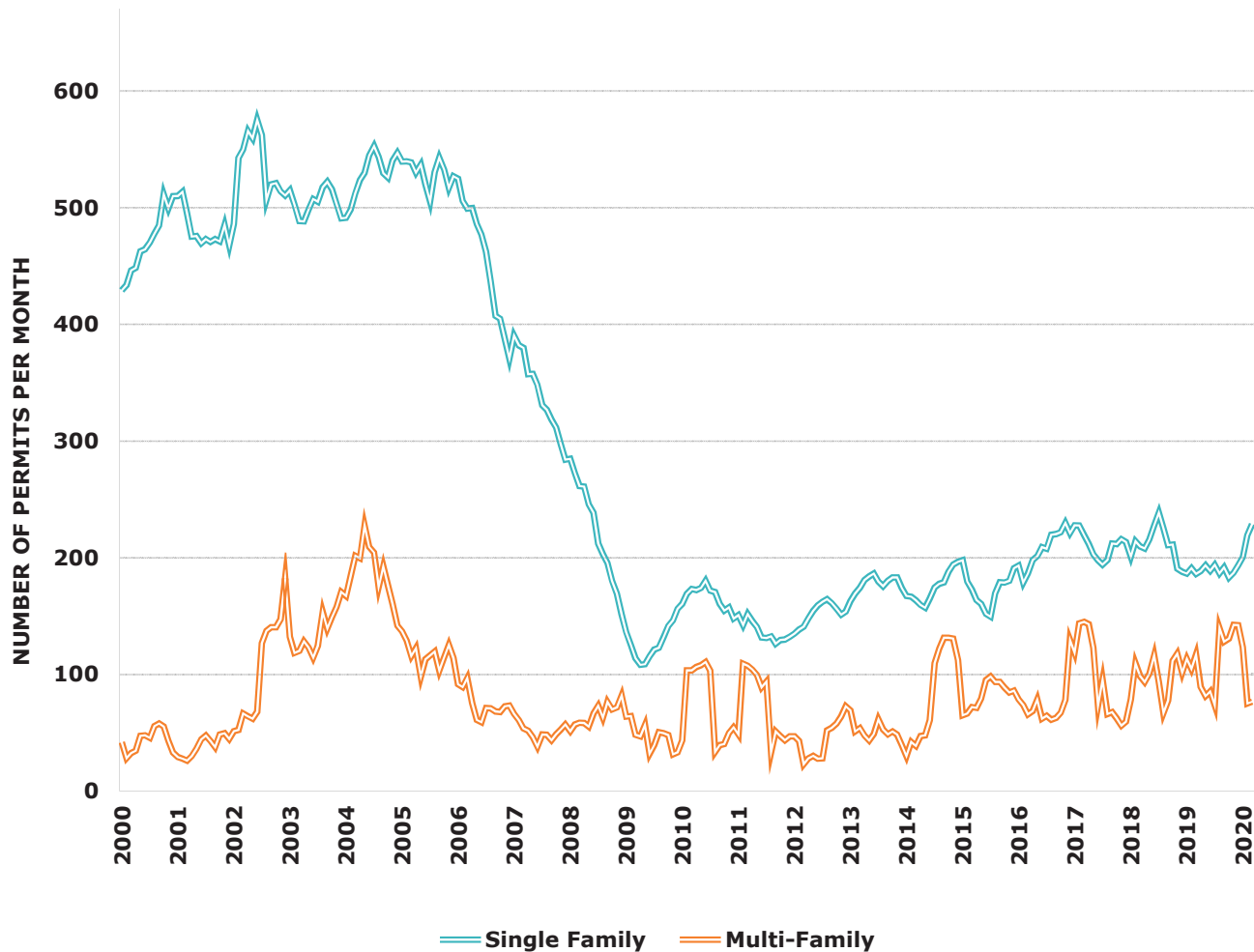


Q1 2020 152
Q1 2019 195

Source: Warren Group

PERMITS ISSUED IN NH

Single-Family & Multi-Family



This graph reflects the status of permits issued as of March 2020. The decrease seen thus far likely indicates a seasonal change.

We have yet to see the impact of the coronavirus crisis on permits issued for single-family and multi-family construction.

Source: U.S. Census Bureau, Construction Statistics Division (6-month moving average of actual permit issues)