

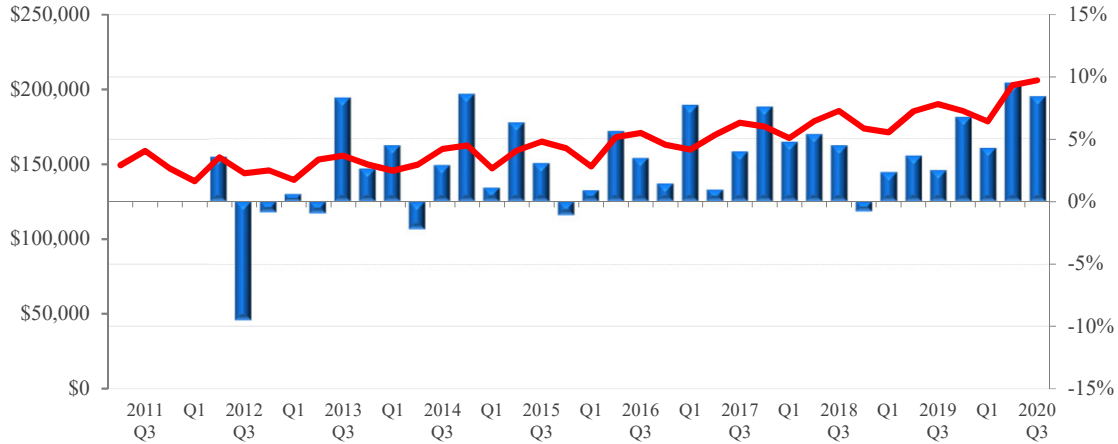
## York-Hanover Area

### Local Market Report, Third 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	York-Hanover	U.S.	Local Trend
Current Median Home Price (2020 Q3)	\$206,100	\$309,100	Prices are up from a year ago, but price growth is slowing
1-year (4-quarter) Appreciation (2020 Q3)	8.4%	11.6%	
3-year (12-quarter) Appreciation (2020 Q3)	16.0%	22.2%	
3-year (12-quarter) Housing Equity Gain*	\$28,400	\$56,167	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$50,300	\$102,233	
9-year (36 quarters) Housing Equity Gain*	\$47,200	\$139,867	

\*Note: Equity gain reflects price appreciation only

	York-Hanover	U.S.	
<b>Conforming Loan Limit**</b>	\$510,400	\$765,600	Most buyers in this market have access to government-backed financing
<b>FHA Loan Limit</b>	\$331,760	\$765,600	
<b>Local Median to Conforming Limit Ratio</b>	40%	not comparable	

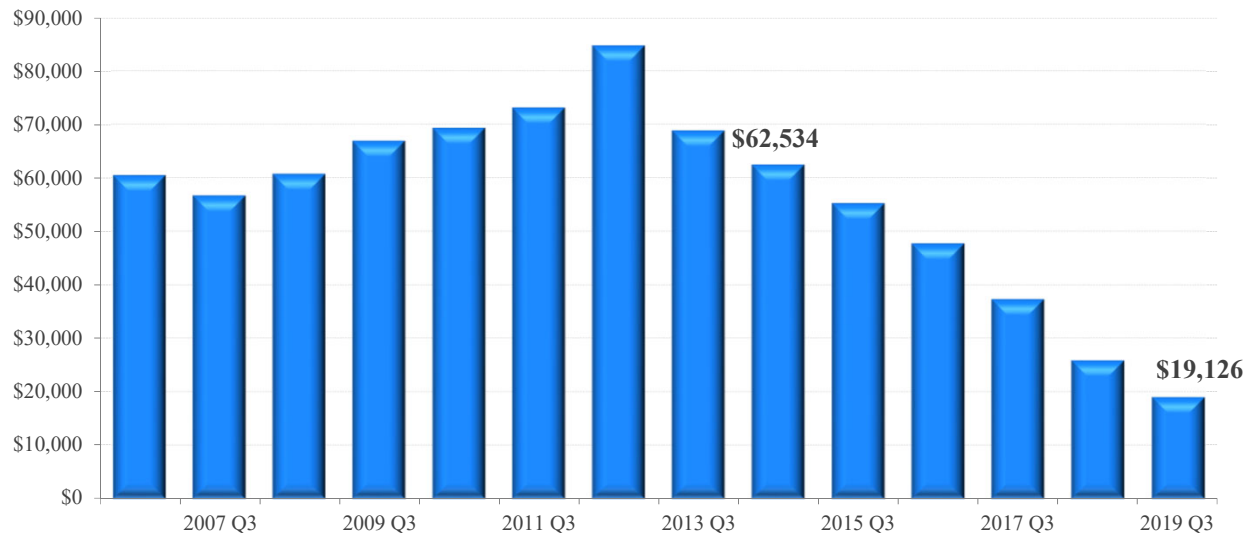
Note: limits are current and include the changes made on January 1st 2020.

#### Local NAR Leadership

The York-Hanover market is part of region 2 in the NAR governance system, which includes all of New York, New Jersey, and Pennsylvania. The 2021 NAR Regional Vice President representing region 2 is Margaret Hartman.

## Benefits of Ownership: Total Equity Appreciation

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



### Total Equity Gained\*\* through 2020 Q3 from quarter in which home was of purchased

Price Activity	York-Hanover	U.S.	Local Trend
1-year (4-quarter)	\$19,126	\$16,096	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$37,461	\$47,598	
5-year (20-quarter)*	\$55,364	\$80,260	
7-year (28 quarters)*	\$68,886	\$109,512	
9-year (36 quarters)*	\$73,145	\$147,140	

\*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...

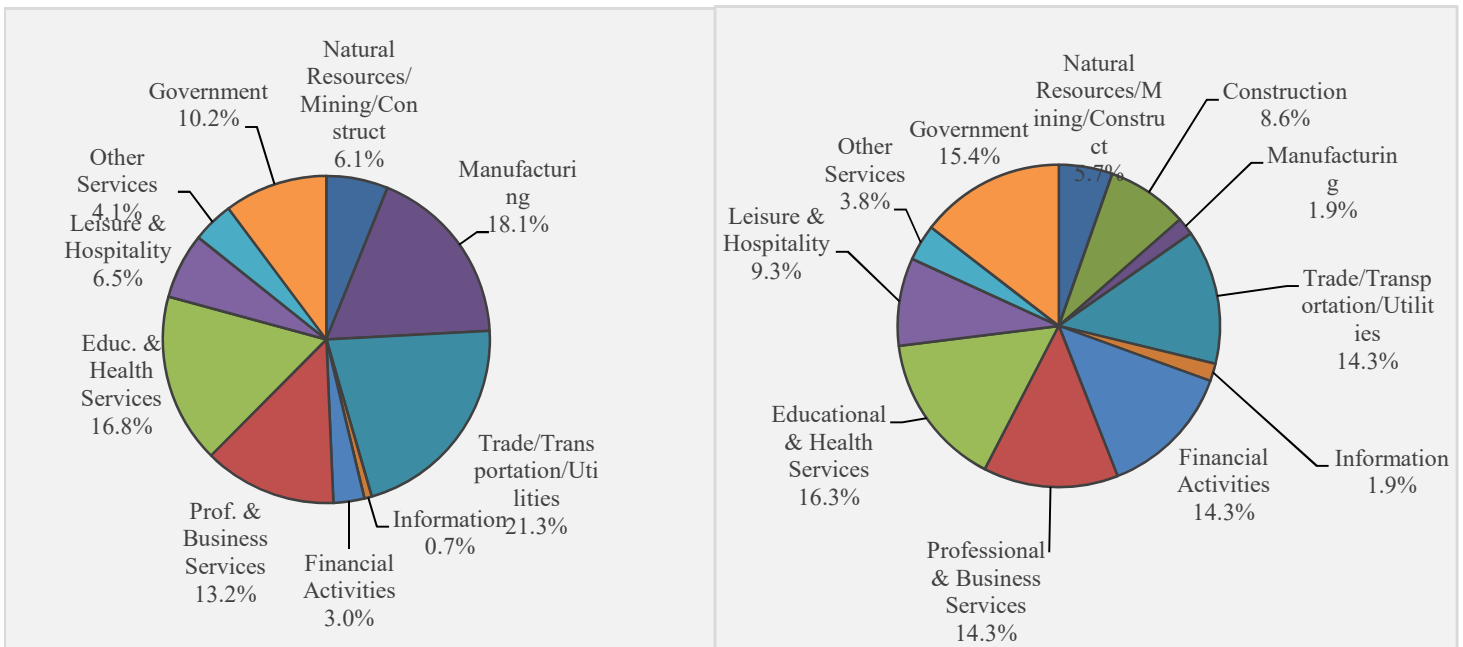


Local Economic Outlook	York-Hanover	U.S.	
12-month Job Change (Sep)	-9,300	Not Comparable	Job losses are a problem and will weigh on demand, but layoffs are declining, a trend that could help buyer confidence
12-month Job Change (Aug)	-10,800	Not Comparable	
36-month Job Change (Sep)	-7,700	Not Comparable	Unemployment has risen since the same period last year, but York-Hanover's labor market has been more resilient than the national average
Current Unemployment Rate (Sep)	6.3%	7.9%	
Year-ago Unemployment Rate	3.7%	3.5%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	-4.9%	-3.9%	

## Share of Total Employment by Industry

York-Hanover Area

U.S.



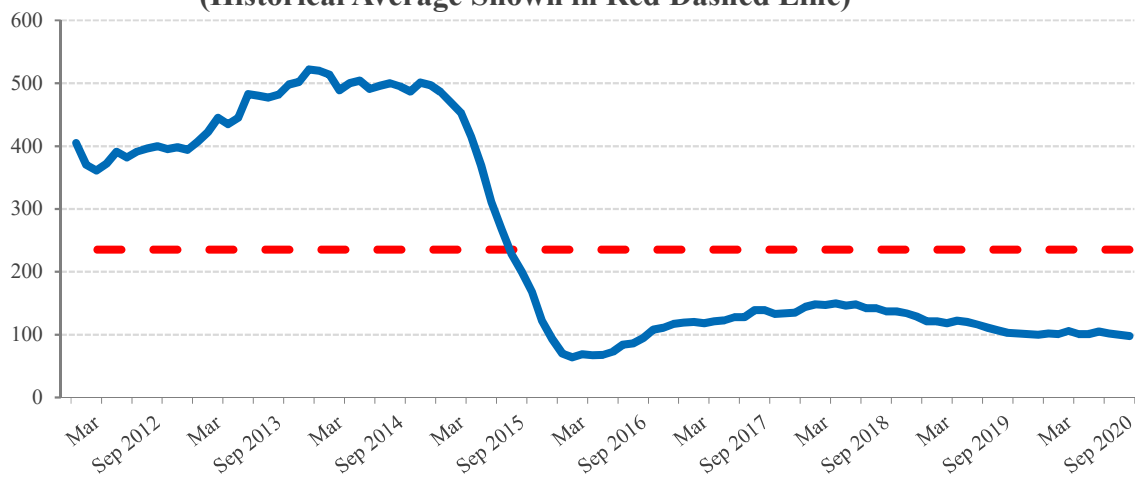
### 12-month Employment Change by Industry in the York-Hanover Area (Sep - 2020)

Goods Producing	NA	Information	-200
Natural Resources/Mining/Construction	-1,600	Financial Activities	0
Natural Resources and Mining	NA	Prof. & Business Services	-1,100
Construction	NA	Educ. & Health Services	900
Manufacturing	-200	Leisure & Hospitality	-5,400
Service Providing Excluding Government	NA	Other Services	-3,100
Trade/Transportation/Utilities	0	Government	-100

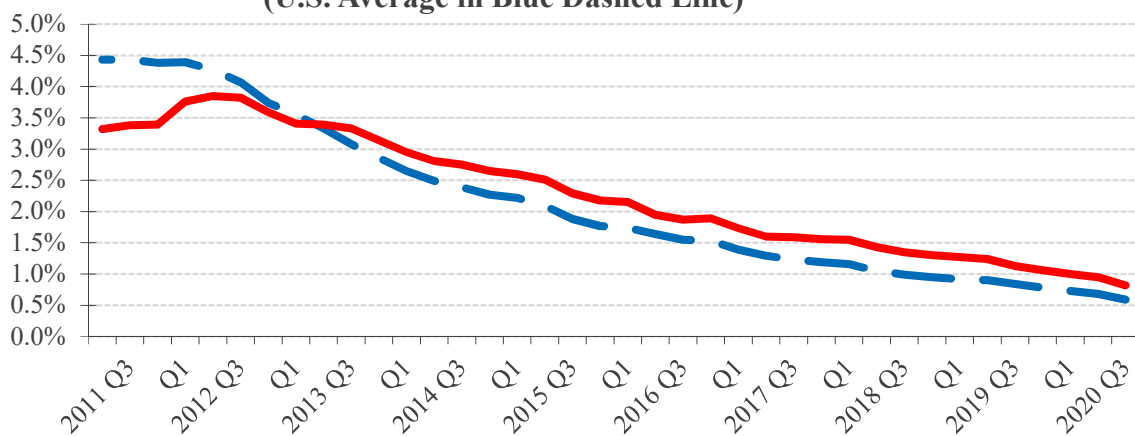
State Economic Activity Index	Pennsylvania	U.S.	
12-month change (2020 - Sep)	-9.5%	-4.9%	The economy of Pennsylvania is still in recession, but improved modestly from last month's -12.98% change
36-month change (2020 - Sep)	-5.7%	0.6%	

New Housing Construction			
Local Fundamentals	York-Hanover	U.S.	
12-month Sum of 1-unit Building Permits through Sep 2020	99	not comparable	The current level of construction is 57.9% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	235	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Sep 2020) 12-month sum vs. a year ago	-2.9%	10.2%	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)

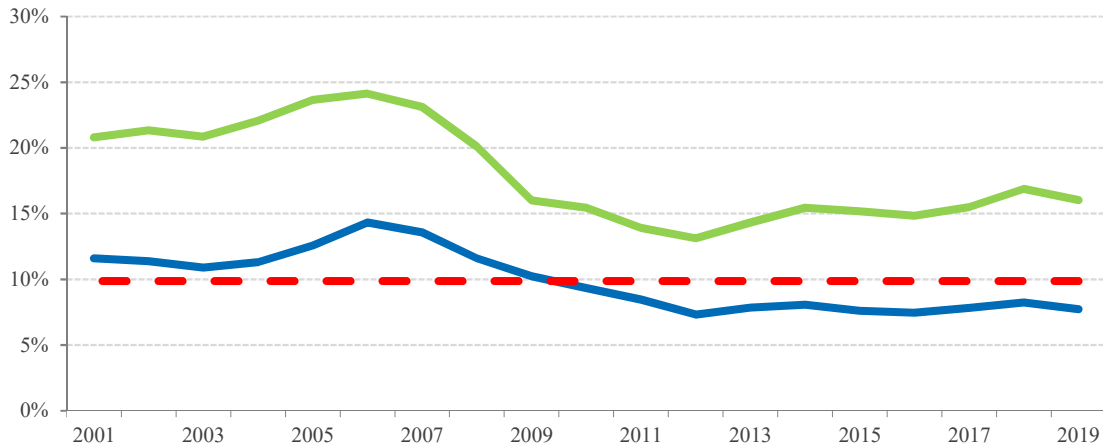


**State Total Foreclosure Rate vs. U.S. Average**  
(U.S. Average in Blue Dashed Line)



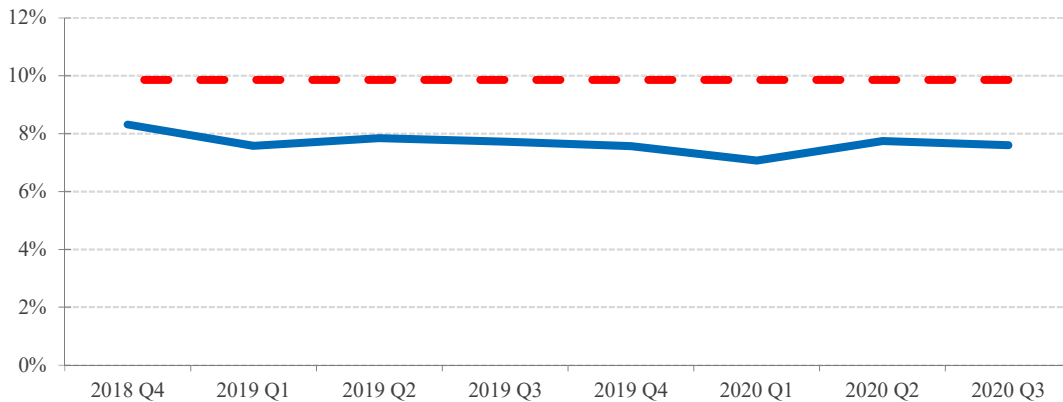
# Affordability

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

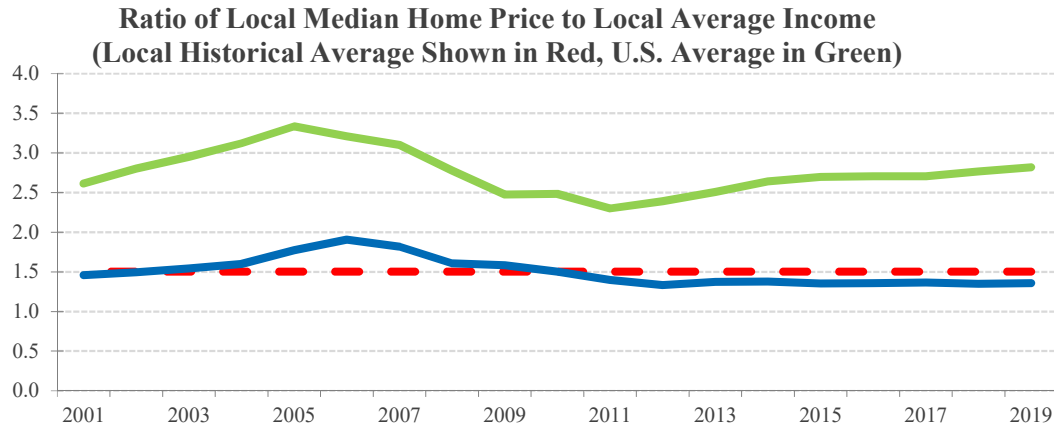


Monthly Mortgage Payment to Income	York-Hanover	U.S.	
Ratio for 2019	7.7%	16.0%	Historically strong and an improvement over the second quarter of 2020
Ratio for 2020 Q3	7.6%	15.4%	
Historical Average	9.9%	18.4%	More affordable than most markets

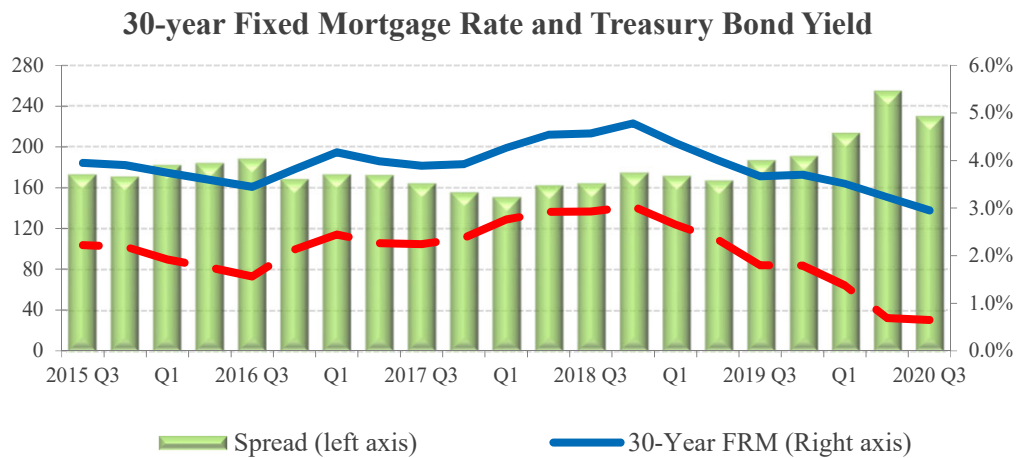
**Recent Trend - Local Mortgage Servicing Cost to Income**  
(Historical Average Shown in Red Dashed Line)



Median Home Price to Income	York-Hanover	U.S.	
Ratio for 2019	1.4	2.8	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2020 Q3	1.5	3.1	
Historical Average	1.5	2.7	Affordable compared to most markets



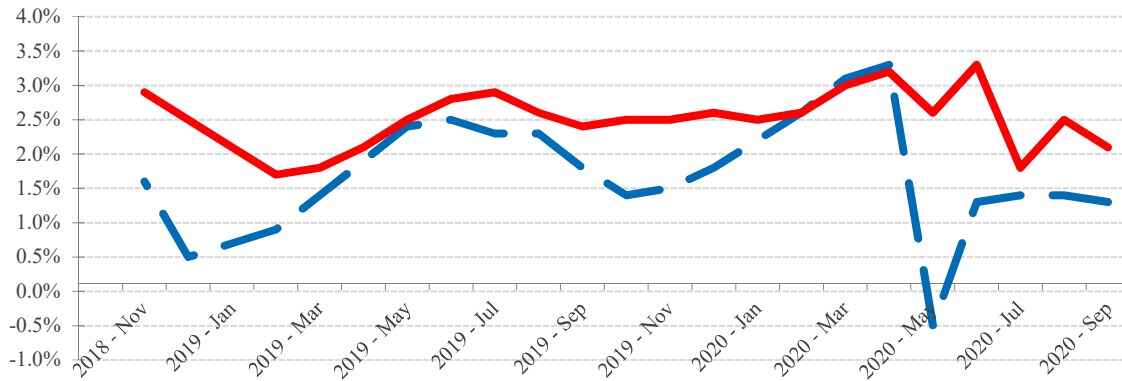
## The Mortgage Market



In the third quarter of the year, the 30-year fixed rate hit an all-time low, as investors were skeptical about the recovery of the economy from the shutdowns. According to the mortgage finance provider Freddie Mac, the 30-year fixed rate mortgage dropped to 2.95 percent in Q3 2020 from 3.67 percent a year earlier. In the meantime, in August, the Fed announced the adoption of a more flexible policy that will seek to achieve inflation that averages 2 percent over time. This means that a period where inflation is above 2 percent can compensate for a period when inflation is below 2 percent. This significant change can keep interest rates low for longer periods, which could translate into both long periods of cheap mortgages and stronger job market. Thus, more and more homebuyers and homeowners are expected to take advantage of these ultra-low rates. Looking ahead, NAR is forecasting the 30-year fixed rate mortgage to average 3.1 percent for both 2020 and 2021.

# REALTOR® Price Expectations

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



Source: NAR

REALTOR® Price Expectations	Pennsylvania	U.S.	
2020 - Sep	0.0%	1.7%	REALTORS® expect weaker price growth in Pennsylvania than in the U.S. in the next 12 months. Their price expectations for the local market are more modest than a year ago.
Prior 12 months	2.5%	1.5%	

## Geographic Coverage for this Report

The York-Hanover area referred to in this report covers the geographic area of the York-Hanover 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:

York 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/)