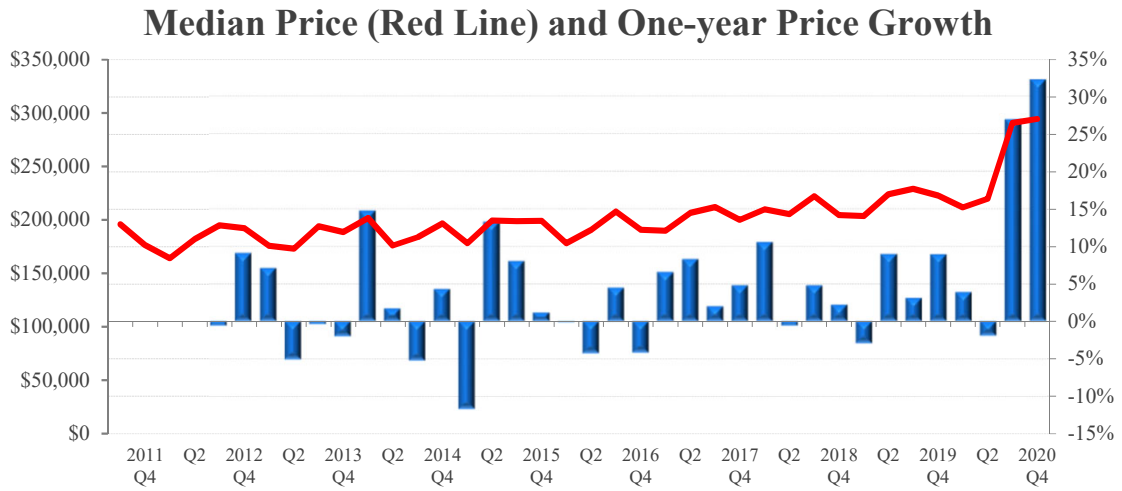
Pittsfield Area

Local Market Report, Fourth Quarter 2020

including the impact of COVID-19 on the local economy

Today's Market…



Local Price Trends			
Price Activity	**Pittsfield**	**U.S.**	**Local Trend**
Current Median Home Price (2020 Q4)	$294,500	$311,000	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2020 Q4)	32.2%	14.2%	
3-year (12-quarter) Appreciation (2020 Q4)	47.3%	26.1%	
3-year (12-quarter) Housing Equity Gain*	$94,500	$64,433	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	$105,900	$114,100	
9-year (36 quarters) Housing Equity Gain*	$118,200	$148,667	
*Note: Equity gain reflects price appreciation only			

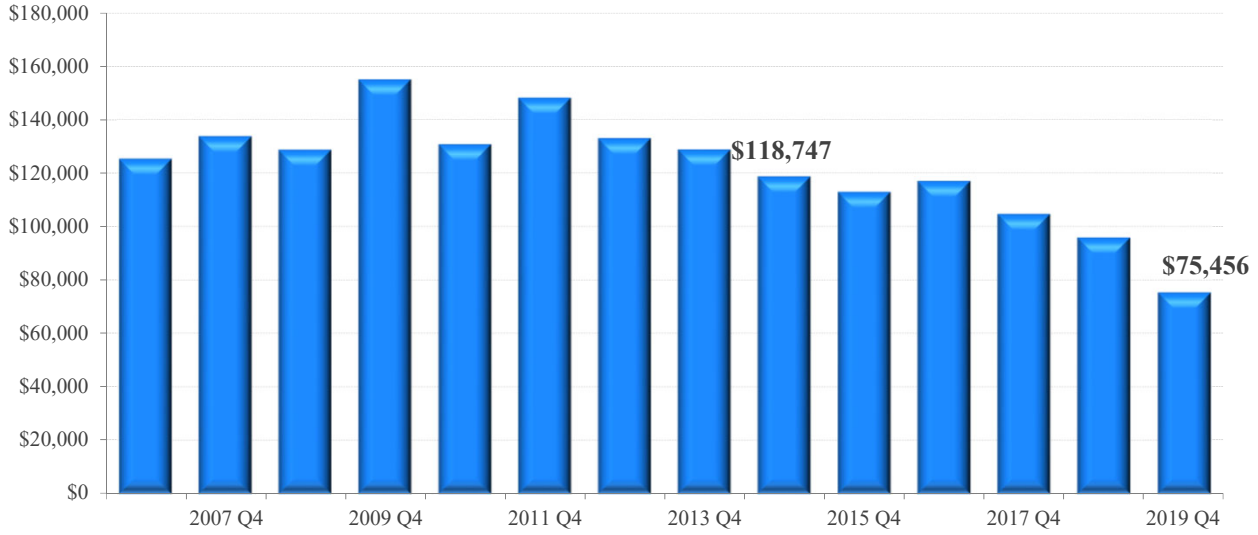
	Pittsfield	**U.S.**	
Conforming Loan Limit**	$510,400	$765,600	Most buyers in this market have access to government-backed financing
FHA Loan Limit	$331,760	$765,600	
Local Median to Conforming Limit Ratio	58%	not comparable	
Note: limits are current and include the changes made on January 1st 2020.			

Local NAR Leadership

The Pittsfield 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 2021 NAR Regional Vice President representing region 1 is Donna Cusson.

Benefits of Ownership:
Total Equity Appreciation

Total Equity Accrued to Owner by Year and Quarter of Purchase



Total Equity Gained** through 2020 Q4 from quarter in which home was of purchased			
Price Activity	**Pittsfield**	**U.S.**	**Local Trend**
1-year (4-quarter)	$75,456	$43,291	
3-year (12-quarter)*	$104,640	$76,934	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
5-year (20-quarter)*	$112,961	$109,705	
7-year (28 quarters)*	$128,828	$138,037	
9-year (36 quarters)*	$148,115	$176,211	

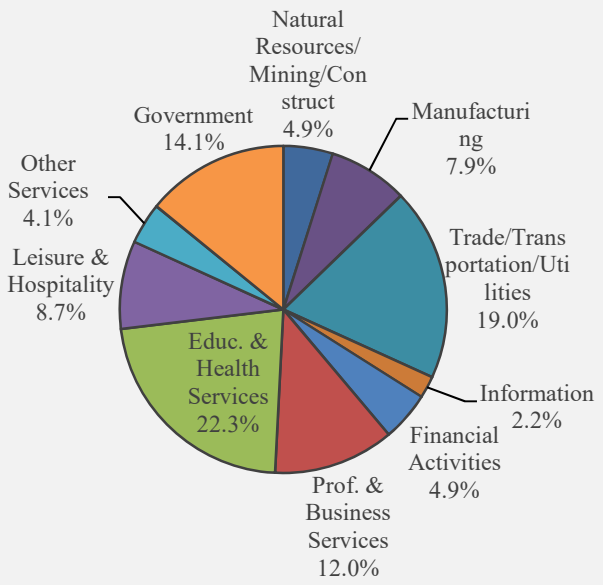
*Note: Equity gain reflects price and principle payments since purchase, prevailing 30-year fixed rate mortgage at time of purchase and a 10% downpayment. Downpayment is not included in total equity

Drivers of Local Supply and Demand…

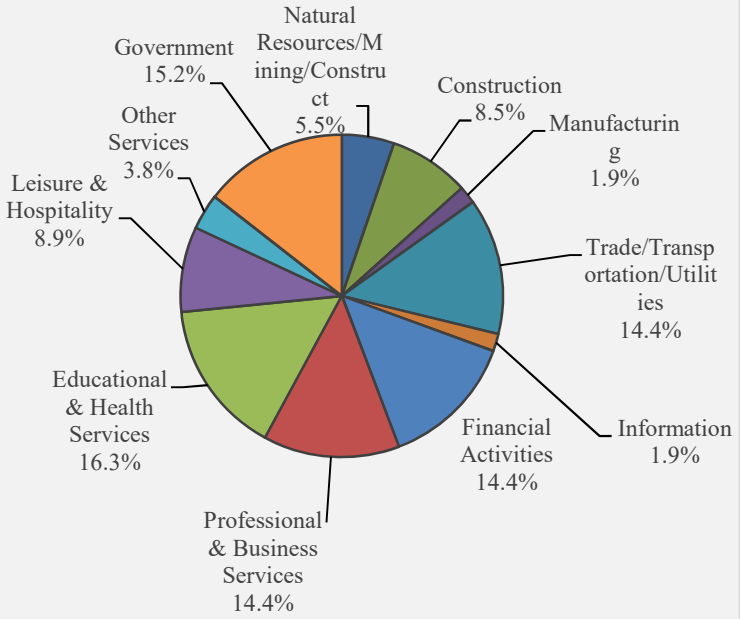
Local Economic Outlook	Pittsfield	U.S.	
12-month Job Change (Dec)	-4,600	Not Comparable	Emplyoment continues to decline and will weigh on demand in some areas
12-month Job Change (Nov)	-4,400	Not Comparable	
36-month Job Change (Dec)	-5,100	Not Comparable	Pittsfield's unemployment situation is worse than the national average and weighs on confidence
Current Unemployment Rate (Dec)	8.3%	6.7%	
Year-ago Unemployment Rate	3.3%	3.6%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	-11.2%	-5.8%	

Share of Total Employment by Industry

Pittsfield Area



U.S.

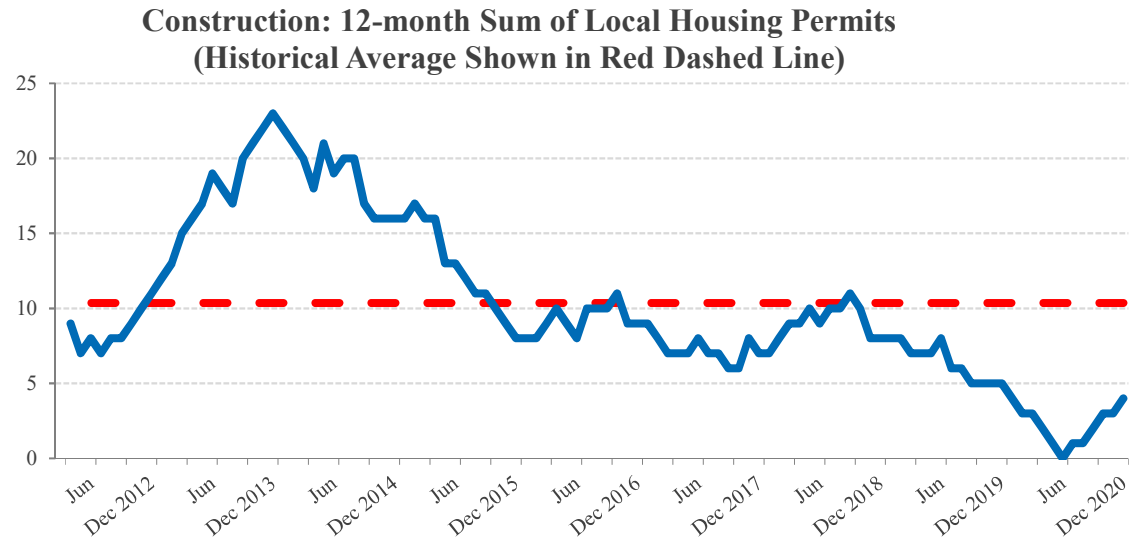


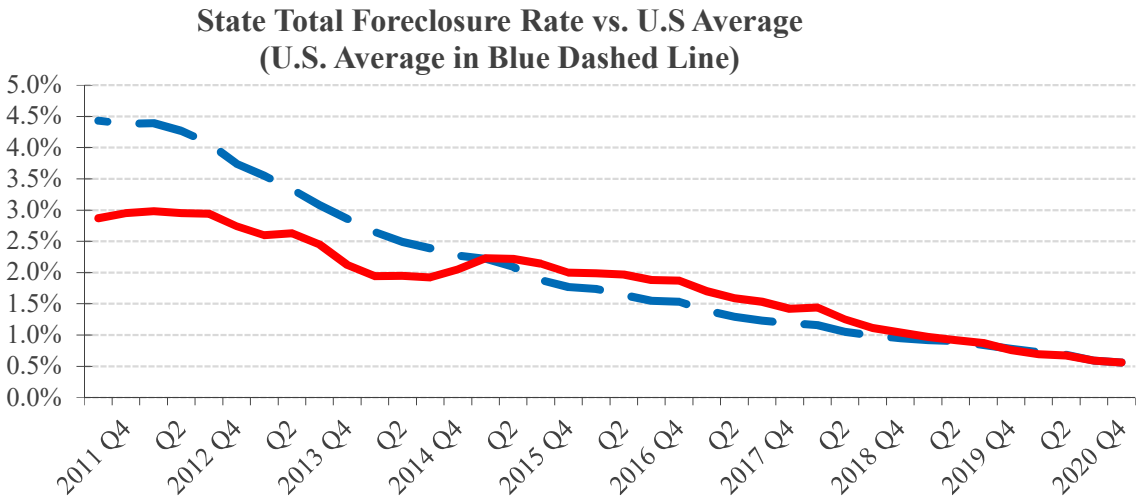
12-month Employment Change by Industry in the Pittsfield Area (Dec - 2020)			
Goods Producing	NA	Information	0
Natural Resources/Mining/Construction	-400	Financial Activities	-100
Natural Resources and Mining	NA	Prof. & Business Services	-500
Construction	NA	Educ. & Health Services	-800
Manufacturing	-200	Leisure & Hospitality	-1,600
Service Providing Excluding Government	NA	Other Services	-100
Trade/Transportation/Utilities	-400	Government	-300

State Economic Activity Index	Massachusetts	U.S.	
12-month change (2020 - Dec)	-10.9%	-4.4%	Massachusetts's economy remains in recession and weakened from last months's -9.32% change
36-month change (2020 - Dec)	-3.9%	1.0%	

NATIONAL ASSOCIATION OF REALTORS®

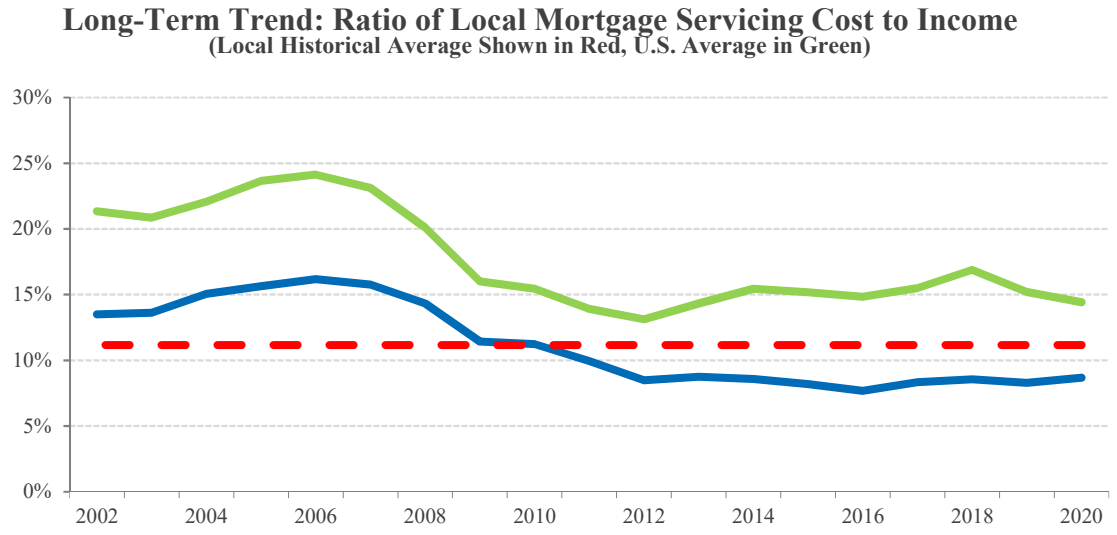
New Housing Construction			
Local Fundamentals	**Pittsfield**	**U.S.**	
12-month Sum of 1-unit Building Permits through Dec 2020	5	not comparable	The current level of construction is 51.8% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	10	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Dec 2020) 12-month sum vs. a year ago	25.0%	14.5%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized



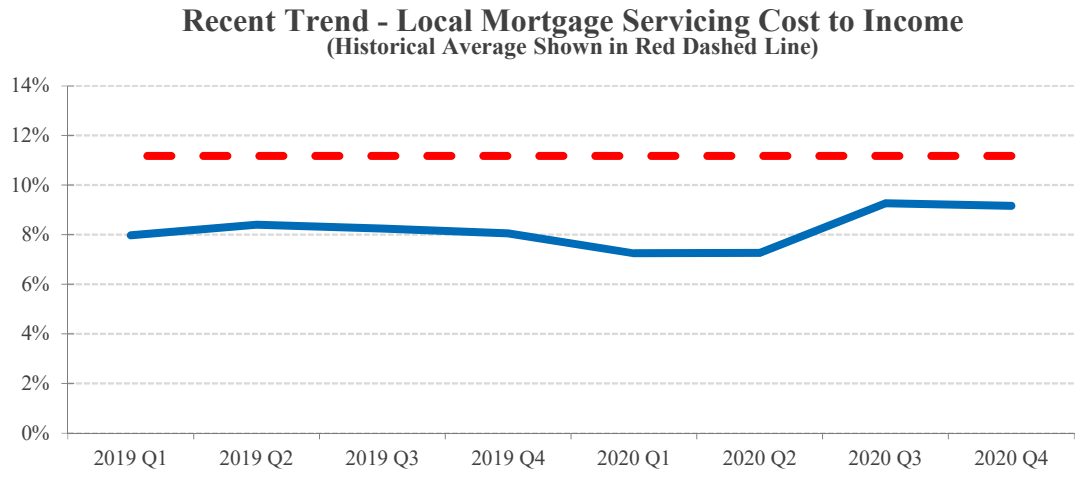


Source: Mortgage Bankers' Association

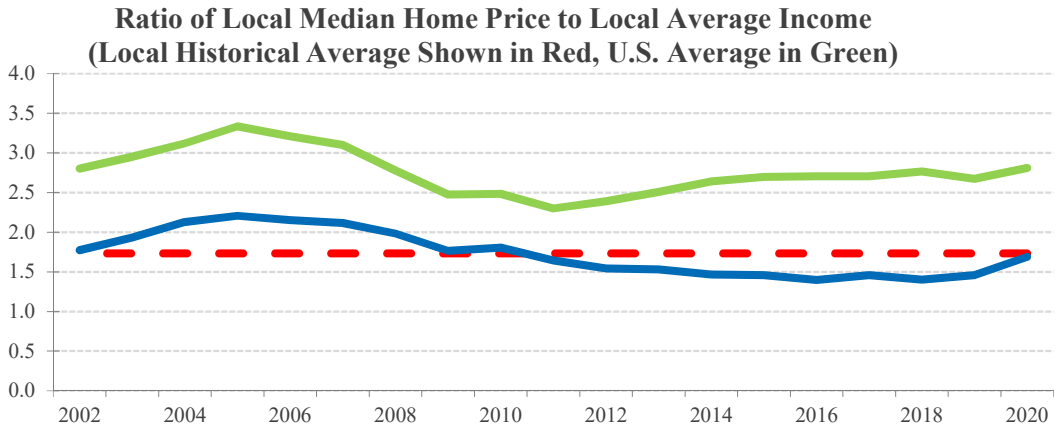
Affordability



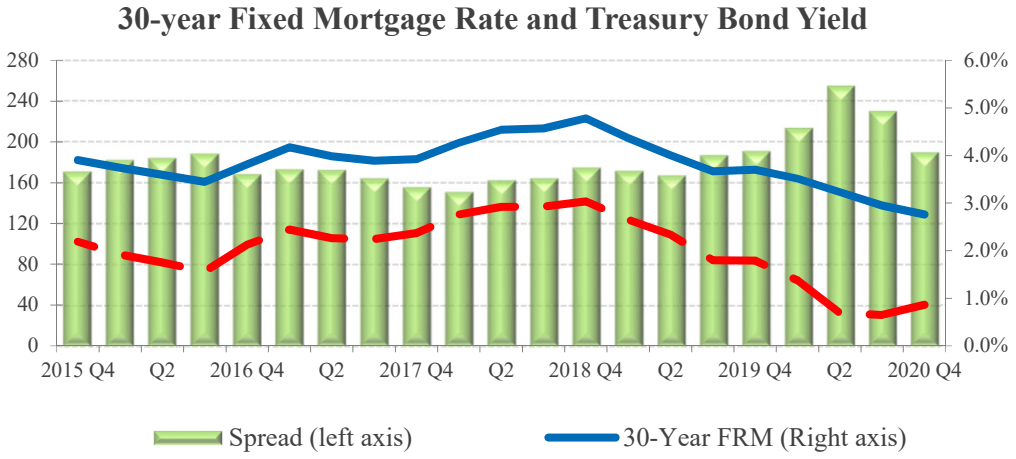
Monthly Mortgage Payment to Income	Pittsfield	U.S.	
Ratio for 2020	8.7%	14.4%	Historically strong and an improvement over the third quarter of 2020
Ratio for 2020 Q4	9.2%	13.7%	
Historical Average	11.2%	18.0%	More affordable than most markets



Median Home Price to Income	Pittsfield	U.S.	
Ratio for 2020	1.7	2.8	The price-to-income ratio is high by historic standards and getting worse
Ratio for 2020 Q4	1.9	2.8	
Historical Average	1.7	2.7	Affordable compared to most markets

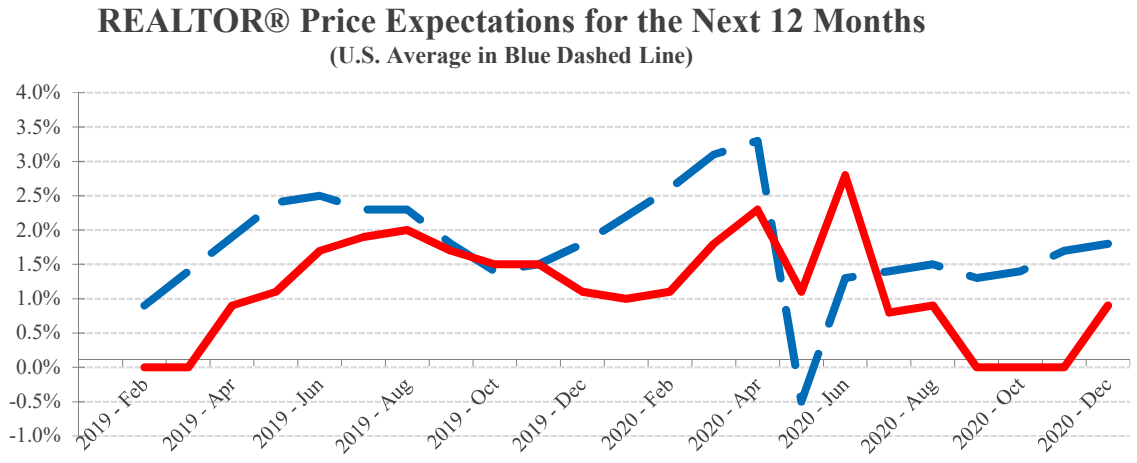


The Mortgage Market



In the fourth 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 pandemic. According to the mortgage finance provider Freddie Mac, the 30-year fixed rate mortgage dropped to 2.76 percent in Q4 2020 from 3.70 percent a year earlier. However, mortgage rates are expected to rise in 2021. As COVID-19 vaccine becomes widely available and additional policy support is on track, the re-opening of businesses will likely put upward pressure to prices. Following the trend of the 10-year Treasury yield, mortgage rates will also increase, but only slightly. NAR is forecasting the 30-year mortgage rate to average 3.0% for the first half of 2021.

REALTOR® Price Expectations



Source: NAR

REALTOR® Price Expectations	Massachusetts	U.S.	
2020 - Dec	0.7%	2.0%	REALTORS® expect weaker price growth in Massachusetts 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	1.1%	2.6%	

Geographic Coverage for this Report

The Pittsfield area referred to in this report covers the geographic area of the Pittsfield 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:

Berkshire County

More information on the OMB's geographic definitions can be found at https://obamawhitehouse.archives.gov/omb/bulletins_default/