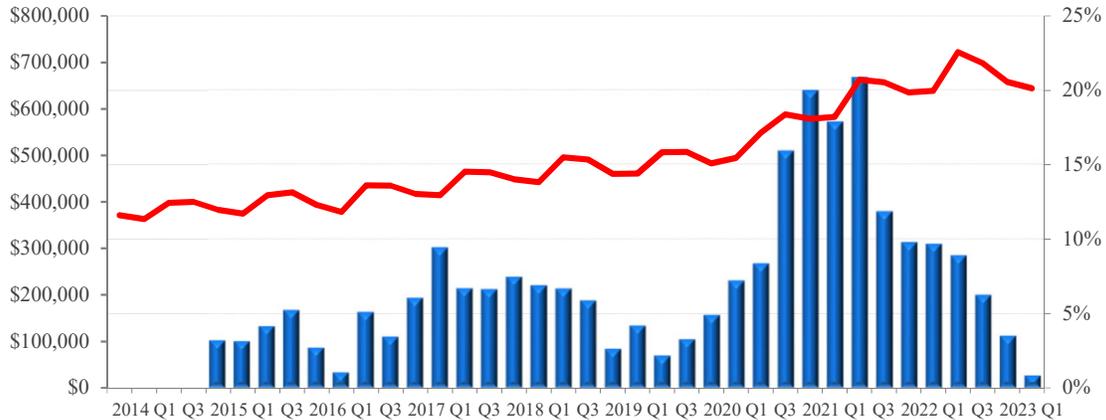


## Boston-Cambridge-Newton Area Local Market Report, First Quarter 2023

### Today's Market...

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



<b>Local Price Trends</b>			
<b>Price Activity</b>	<b>Boston</b>	<b>U.S.</b>	<b>Local Trend</b>
Current Median Home Price (2023 Q1)	\$644,400	\$366,733	Prices are up from a year ago, but price growth is slowing
1-year (4-quarter) Appreciation (2023 Q1)	0.8%	0.3%	
3-year (12-quarter) Appreciation (2023 Q1)	30.3%	34.6%	
3-year (12-quarter) Housing Equity Gain*	\$150,000	\$94,267	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$265,900	\$151,000	
9-year (36 quarters) Housing Equity Gain*	\$281,200	\$175,733	

\*Note: Equity gain reflects price appreciation only

	<b>Boston</b>	<b>U.S.</b>	
<b>Conforming Loan Limit**</b>	\$828,000	\$1,089,300	Not all buyers have access to government-backed financing in this market
<b>FHA Loan Limit</b>	\$828,000	\$1,089,300	
<b>Local Median to Conforming Limit Ratio</b>	78%	not comparable	

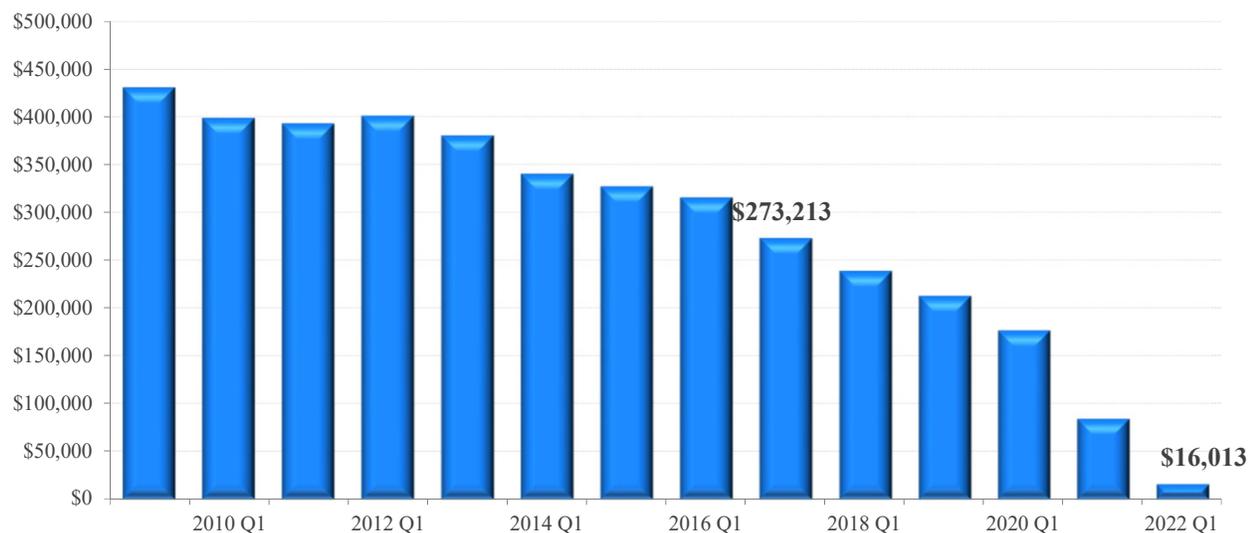
Note: limits are current and include the changes made on January 1st 2023.

#### Local NAR Leadership

The Boston-Cambridge-Newton 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 2023 NAR Regional Vice President representing region 1 is Joanne Breen.

## Benefits of Ownership: Total Equity Appreciation

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



#### Total Equity Gained\*\* through 2023 Q1 from quarter in which home was of purchased

Price Activity	Boston	U.S.	Local Trend
1-year (4-quarter)	\$16,013	\$7,042	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$176,719	\$108,992	
5-year (20-quarter)*	\$238,692	\$143,305	
7-year (28 quarters)*	\$315,600	\$179,328	
9-year (36 quarters)*	\$340,150	\$206,734	

\*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...

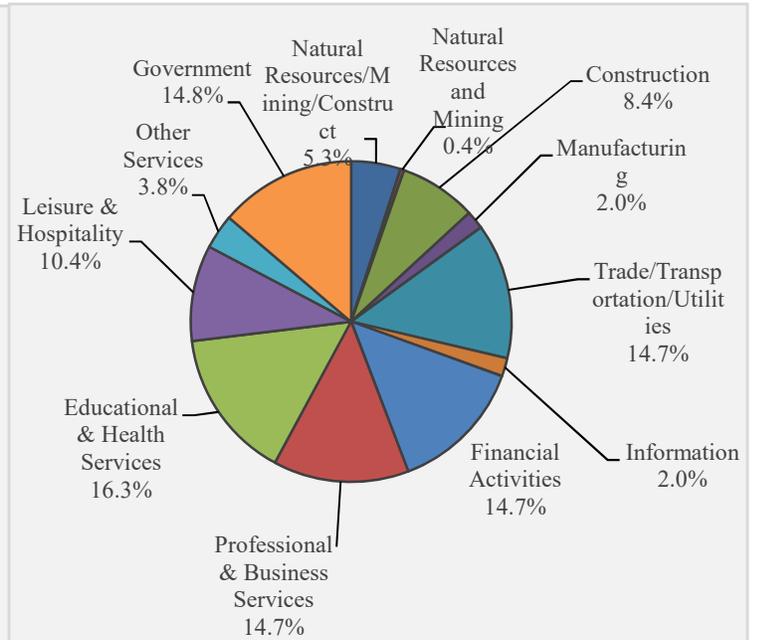
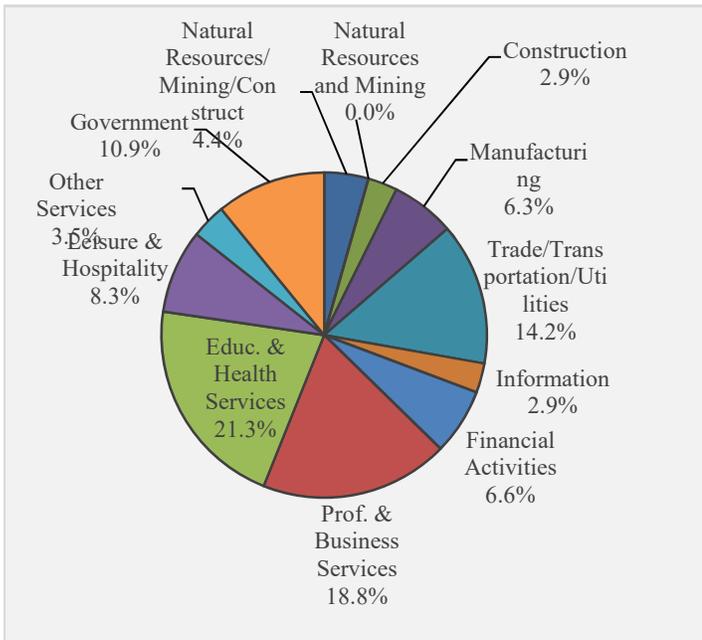


Local Economic Outlook	Boston	U.S.	
12-month Job Change (Mar)	77,800	Not Comparable	Employment has held up and is on an upward trend
12-month Job Change (Feb)	69,300	Not Comparable	
36-month Job Change (Mar)	19,200	Not Comparable	Unemployment in Boston is better than the national average and improving
Current Unemployment Rate (Mar)	3.4%	3.5%	
Year-ago Unemployment Rate	3.4%	3.6%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	2.9%	3.8%	

## Share of Total Employment by Industry

**Boston-Cambridge-Newton Area**

**U.S.**



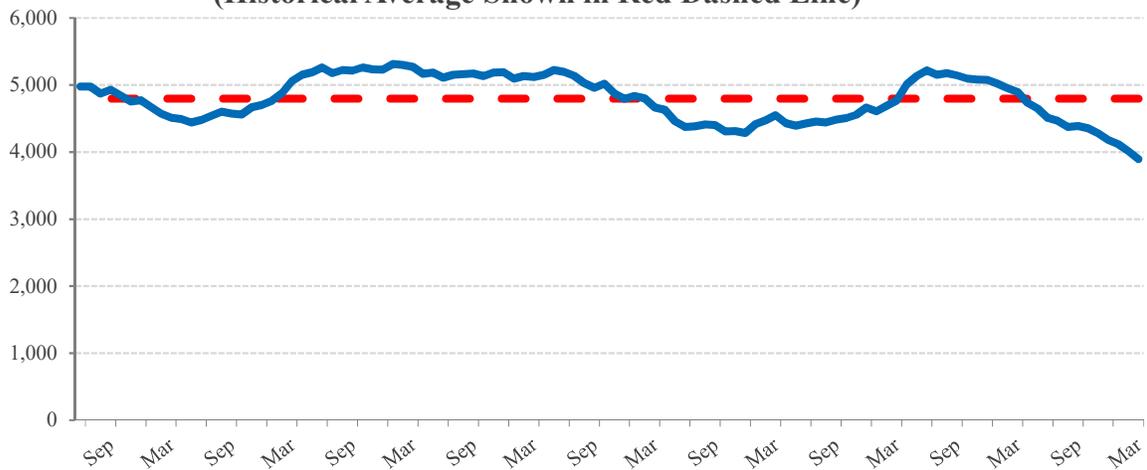
### 12-month Employment Change by Industry (Mar - 2023)

Goods Producing	NA	Information	2,200
Natural Resources/Mining/Construction	2,500	Financial Activities	6,200
Natural Resources and Mining	-100	Prof. & Business Services	15,800
Construction	1,900	Educ. & Health Services	15,600
Manufacturing	300	Leisure & Hospitality	12,300
Service Providing Excluding Government	NA	Other Services	3,600
Trade/Transportation/Utilities	6,800	Government	4,000

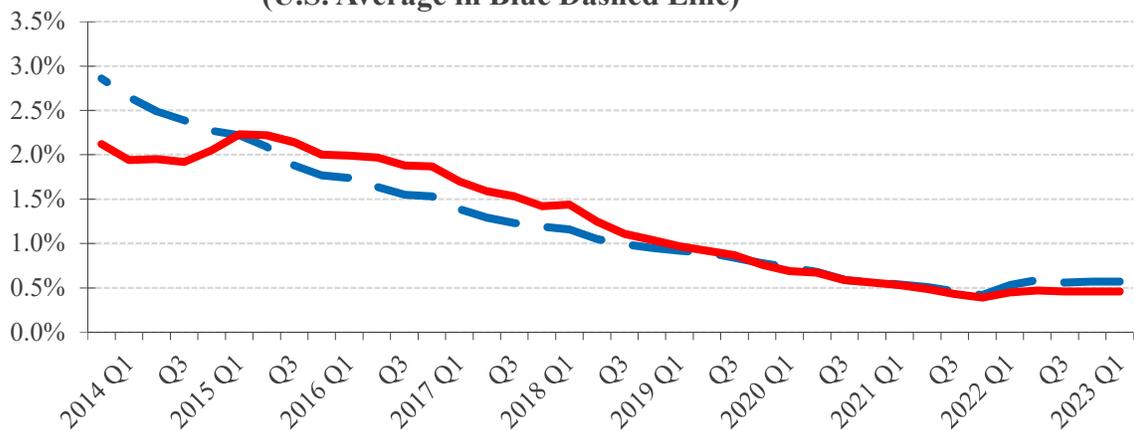
State Economic Activity Index	Massachusetts	U.S.	
12-month change (2023 - Mar)	3.9%	3.8%	The economy of Massachusetts has outpaced the rest of the nation and improved modestly from last month's 3.87% change
36-month change (2023 - Mar)	5.4%	6.7%	

New Housing Construction			
Local Fundamentals	Boston	U.S.	
12-month Sum of 1-unit Building Permits through Mar	3,895	not comparable	The current level of construction is 18.8% below the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	4,797	not comparable	Reduced construction will limit new supply to the market, allowing demand to catch up with inventory more quickly
Single-Family Housing Permits (Mar) 12-month sum vs. a year ago	-20.5%	-21.2%	Construction continues to decline from last year

**Construction: 12-month Sum of Local Housing Permits**  
(Historical Average Shown in Red Dashed Line)

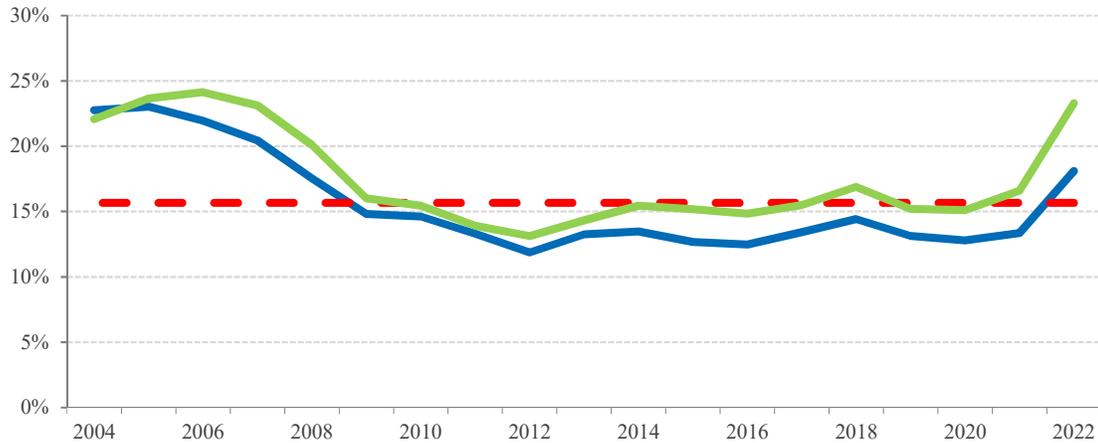


**State Total Foreclosure Rate vs. U.S. Average**  
(U.S. Average in Blue Dashed Line)



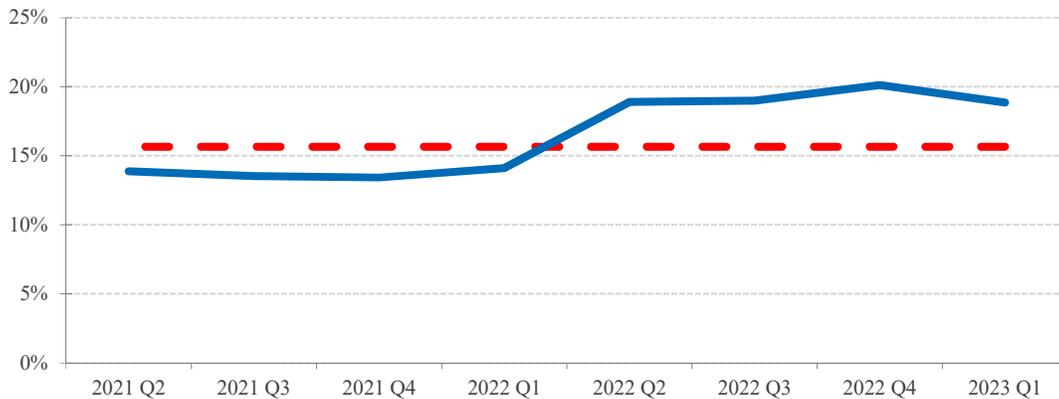
# Affordability

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

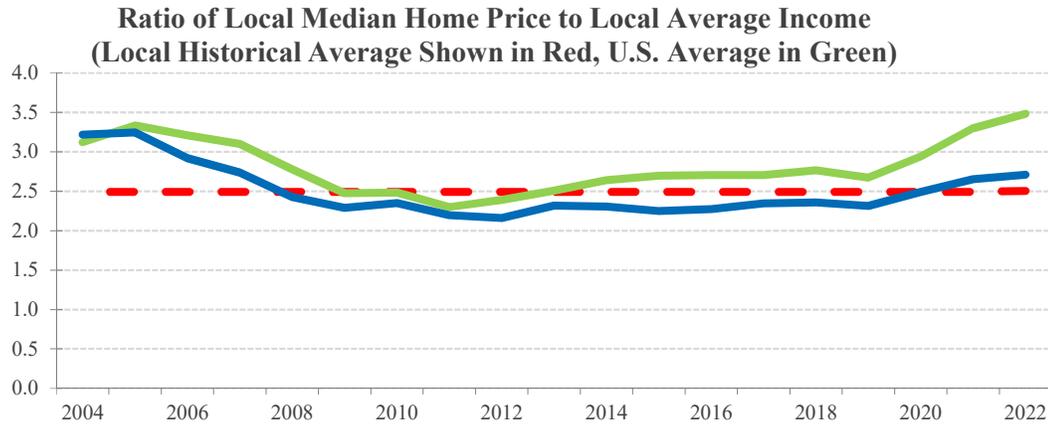


Monthly Mortgage Payment to Income	Boston	U.S.	
Ratio for 2022	18.1%	23.3%	Weak by local standards, but better than the fourth quarter of 2022
Ratio for 2023 Q1	18.8%	23.3%	
Historical Average	15.7%	17.8%	More affordable than most markets

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



Median Home Price to Income	Boston	U.S.	
Ratio for 2022	2.7	3.5	The price-to-income ratio eased, but could be better
Ratio for 2023 Q1	2.5	3.1	
Historical Average	2.5	2.8	Affordable compared to most markets



## The Mortgage Market



After surpassing twice the 7 percent threshold at the end of 2022, mortgage rates fell in the beginning of 2023. According to the mortgage finance provider Freddie Mac, the 30-year fixed mortgage rate dropped to 6.36% in the first quarter of 2023 from 6.69% the previous quarter. Nevertheless, rates continue to be 1.7 times higher than the previous year (3.79%). Although rates will continue to fluctuate in the following months, with inflation easing further and the Federal Reserve expected to pause its rate hikes soon, mortgage rates will stabilize near 6% in the second half of the year. NAR forecasts the 30-year fixed mortgage rate to average 6.3% and 6.1% at the second and third quarter of the year, respectively.

## Geographic Coverage for this Report

The Boston area referred to in this report covers the geographic area of the Boston-Cambridge-Newton 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:

Essex County, Middlesex County, Norfolk County, Plymouth County, Rockingham County, Strafford County, and Suffolk 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/)

