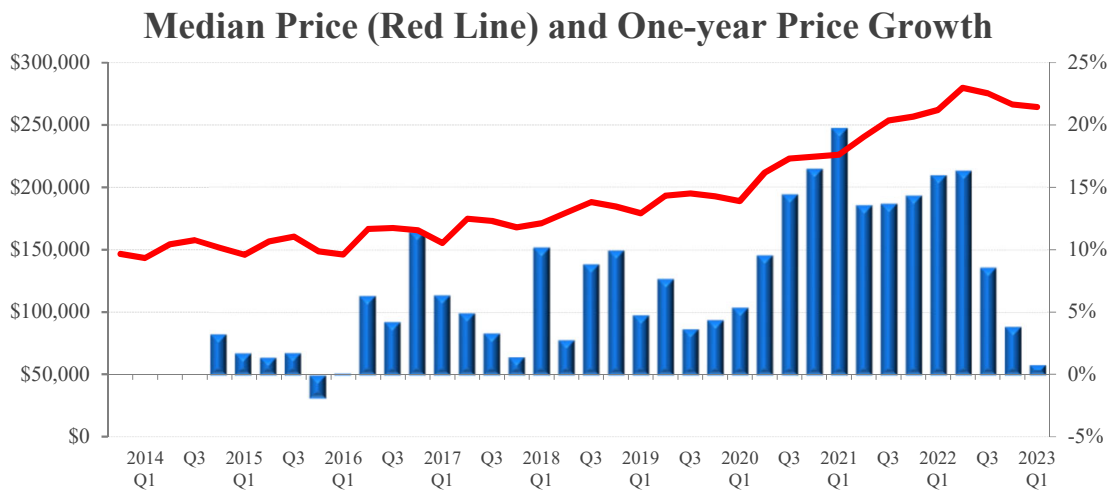


## Hagerstown-Martinsburg Area Local Market Report, First Quarter 2023

### Today's Market...



<b>Local Price Trends</b>			
Price Activity	Hagerstown	U.S.	<b>Local Trend</b>
Current Median Home Price (2023 Q1)	\$264,400	\$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)	39.9%	34.6%	
3-year (12-quarter) Housing Equity Gain*	\$75,400	\$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*	\$118,400	\$151,000	
9-year (36 quarters) Housing Equity Gain*	\$121,100	\$175,733	

\*Note: Equity gain reflects price appreciation only

	Hagerstown	U.S.	
<b>Conforming Loan Limit**</b>	\$726,200	\$1,089,300	Most buyers in this market have access to government-backed financing
<b>FHA Loan Limit</b>	\$472,030	\$1,089,300	
<b>Local Median to Conforming Limit Ratio</b>	36%	not comparable	

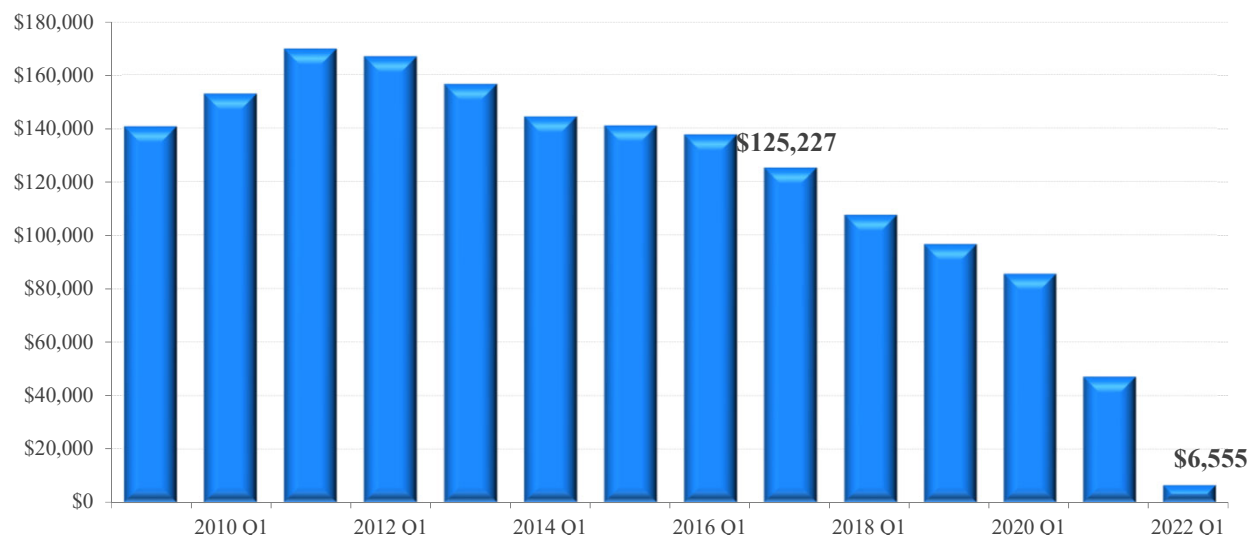
Note: limits are current and include the changes made on January 1st 2023.

#### Local NAR Leadership

The Hagerstown-Martinsburg market is part of region 3 in the NAR governance system, which includes all of Delaware, Maryland, District of Columbia, Virginia, and West Virginia. The 2023 NAR Regional Vice President representing region 3 is Gail Renulfi.

## 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	Hagerstown	U.S.	Local Trend
1-year (4-quarter)	\$6,555	\$7,042	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$85,614	\$108,992	
5-year (20-quarter)*	\$107,597	\$143,305	
7-year (28 quarters)*	\$137,571	\$179,328	
9-year (36 quarters)*	\$144,359	\$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...

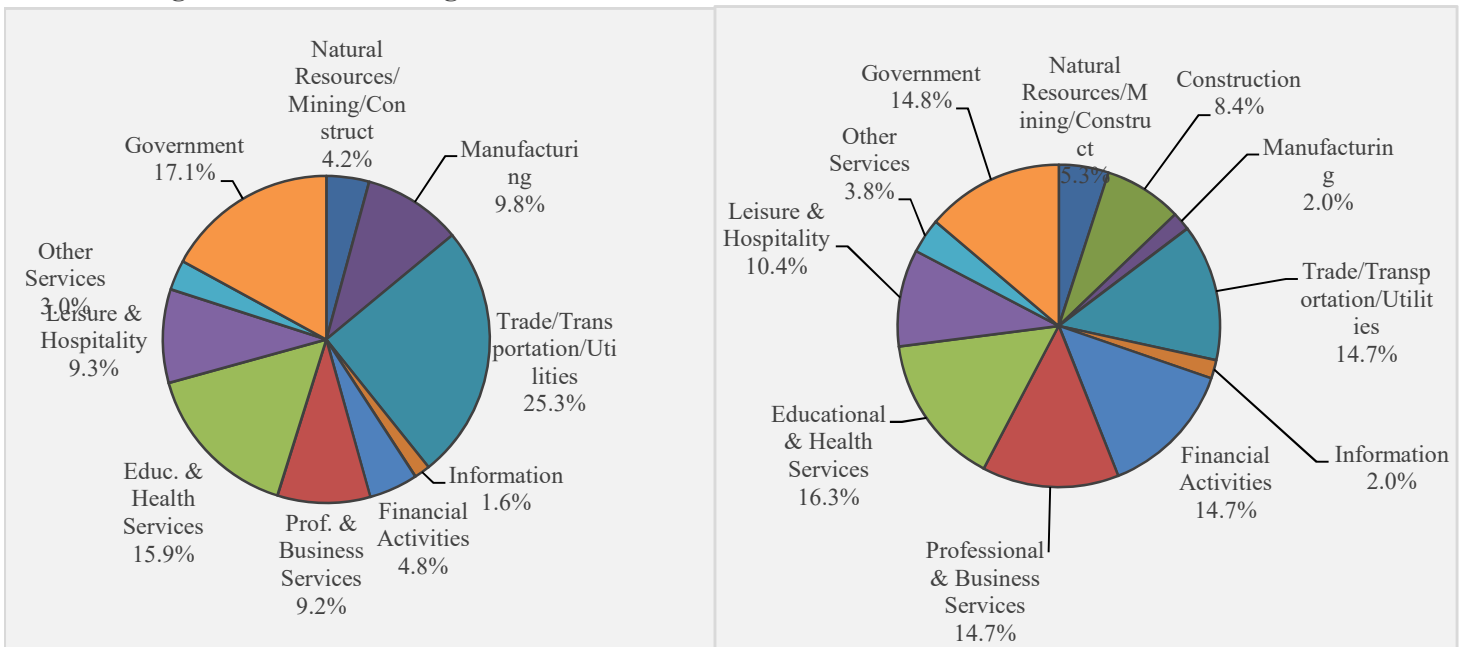


Local Economic Outlook	Hagerstown	U.S.	
12-month Job Change (Mar)	-2,300	Not Comparable	Employment continues to decline and will weigh on demand in some areas
12-month Job Change (Feb)	-2,000	Not Comparable	
36-month Job Change (Mar)	-1,800	Not Comparable	Unemployment in Hagerstown is better than the national average and improving
Current Unemployment Rate (Mar)	2.8%	3.5%	
Year-ago Unemployment Rate	3.2%	3.6%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	-2.2%	3.8%	

## Share of Total Employment by Industry

Hagerstown-Martinsburg Area

U.S.



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

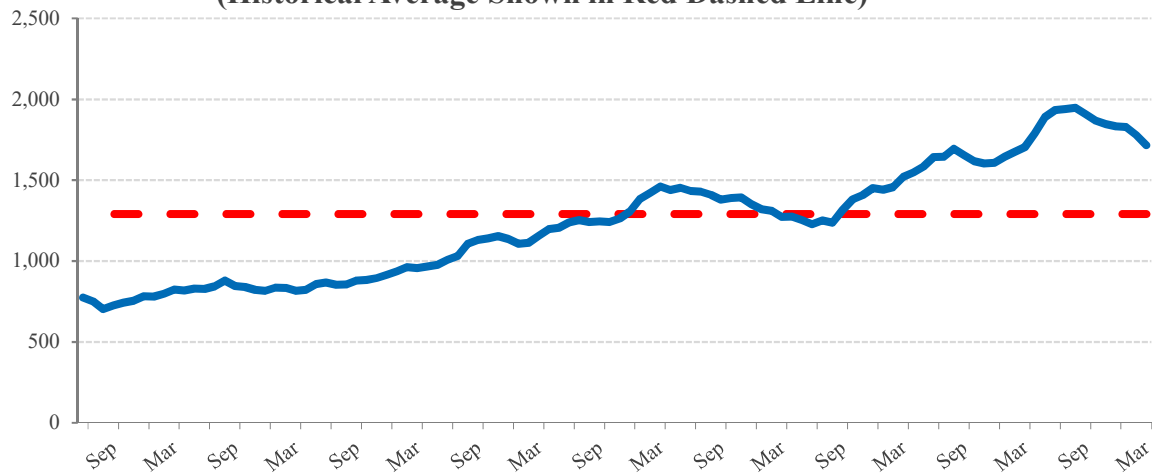
Goods Producing	NA	Information	-300
Natural Resources/Mining/Construction	100	Financial Activities	100
Natural Resources and Mining	NA	Prof. & Business Services	-1,400
Construction	NA	Educ. & Health Services	700
Manufacturing	-100	Leisure & Hospitality	200
Service Providing Excluding Government	NA	Other Services	100
Trade/Transportation/Utilities	-1,400	Government	0

State Economic Activity Index	Maryland	U.S.	
12-month change (2023 - Mar)	3.6%	3.8%	The economy of Maryland is growing more slowly than the rest of the nation, but improved modestly from last month's 3.53% change
36-month change (2023 - Mar)	8.5%	6.7%	

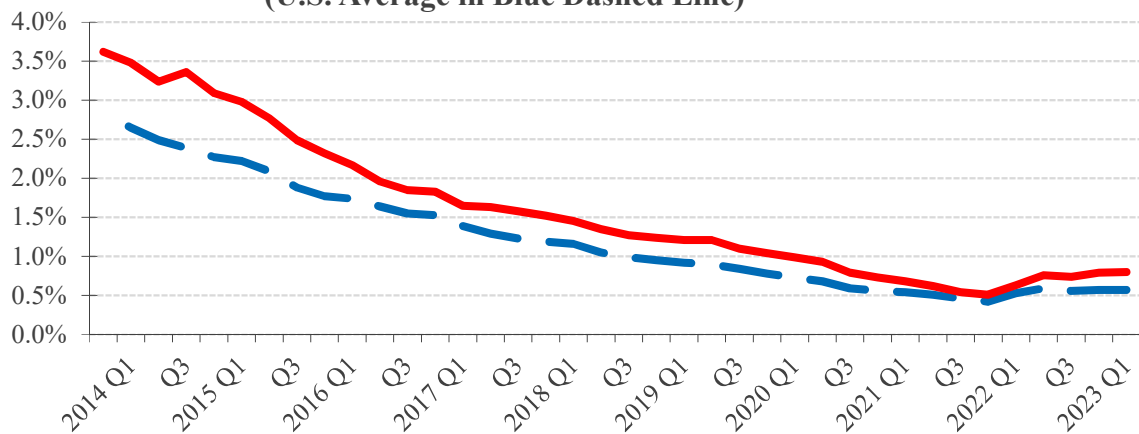
## New Housing Construction

Local Fundamentals	Hagerstown	U.S.	
12-month Sum of 1-unit Building Permits through Mar	1,717	not comparable	The current level of construction is 33.0% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	1,291	not comparable	Production above trend for an extended period of time could cause prices to moderate as inventory is built up.
Single-Family Housing Permits (Mar) 12-month sum vs. a year ago	0.7%	-21.2%	Construction is on the rise relative to last year, suggesting that the local inventory has stabilized

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

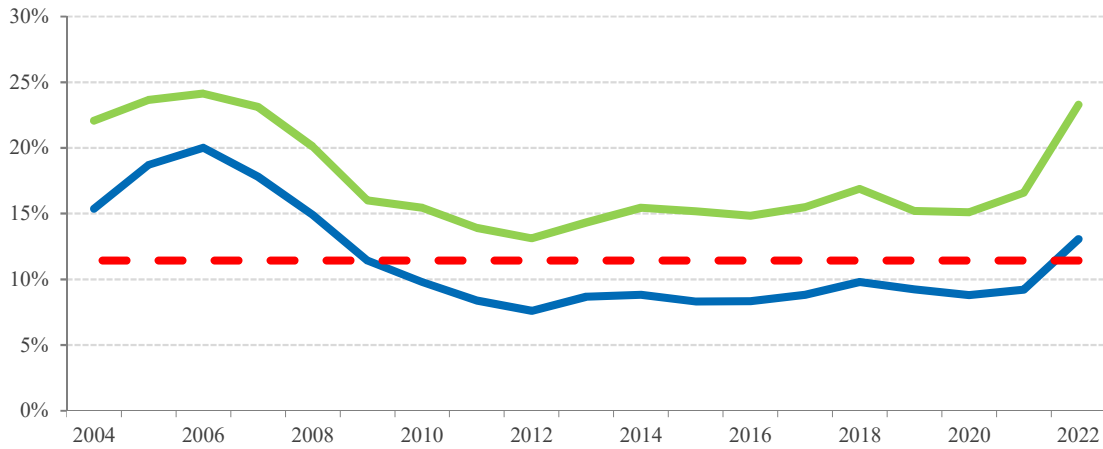


**State Total Foreclosure Rate vs. U.S Average  
(U.S. Average in Blue Dashed Line)**



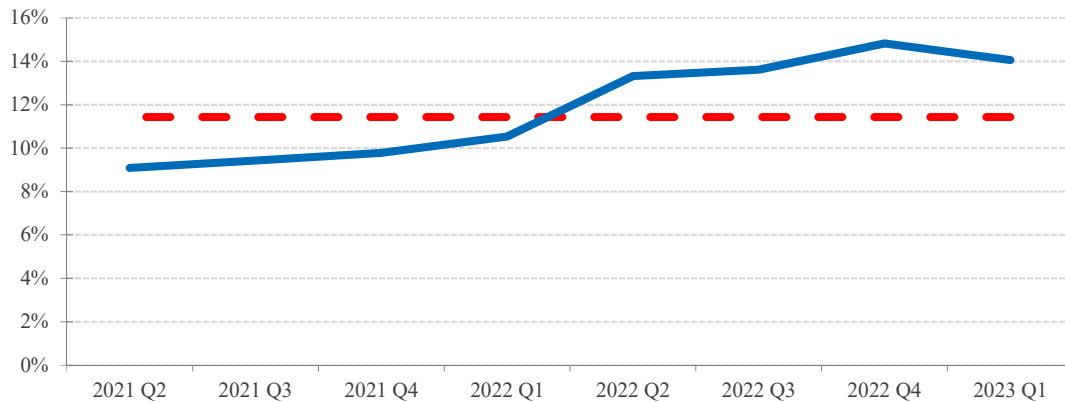
# Affordability

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

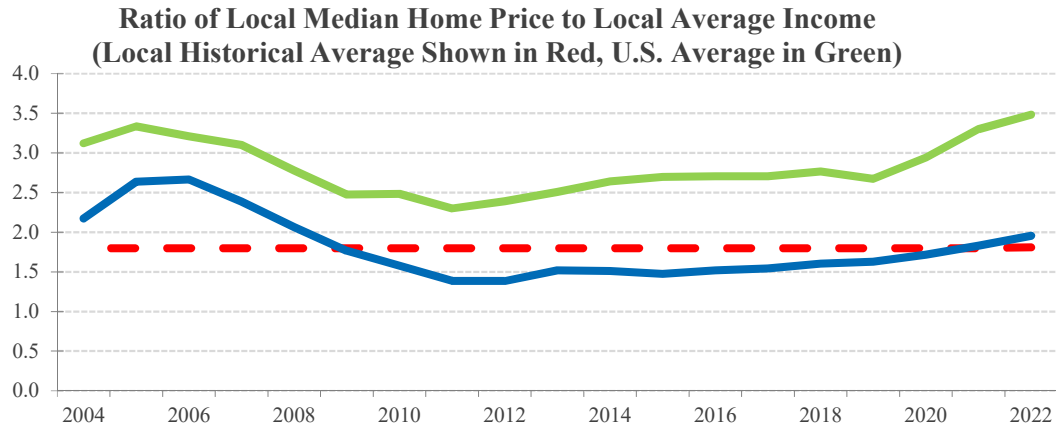


Monthly Mortgage Payment to Income	Hagerstown	U.S.	
Ratio for 2022	13.1%	23.3%	Weak by local standards and could weigh on demand
Ratio for 2023 Q1	14.1%	23.3%	
Historical Average	11.4%	17.8%	More affordable than most markets

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



Median Home Price to Income	Hagerstown	U.S.	
Ratio for 2022	2.0	3.5	The price-to-income ratio eased, but could be better
Ratio for 2023 Q1	1.9	3.1	
Historical Average	1.8	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 Hagerstown area referred to in this report covers the geographic area of the Hagerstown-Martinsburg 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:

Berkeley County, WV and Washington County, MD

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/)

