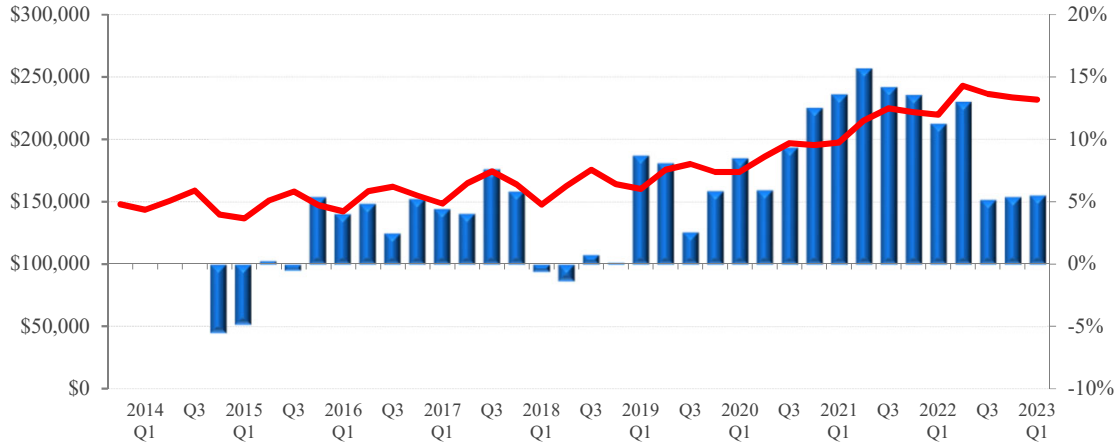


## Reading Area

### Local Market Report, First Quarter 2023

## Today's Market...

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



#### Local Price Trends

| Price Activity                             | Reading   | U.S.      | Local Trend  |
|--|-----------|-----------|--|
| Current Median Home Price (2023 Q1)        | \$231,800 | \$366,733 | Prices continue to grow relative to last year  |
| 1-year (4-quarter) Appreciation (2023 Q1)  | 5.5%      | 0.3%      |  |
| 3-year (12-quarter) Appreciation (2023 Q1) | 33.3%     | 34.6%     |  |
| 3-year (12-quarter) Housing Equity Gain*   | \$57,900  | \$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*  | \$89,700  | \$151,000 |  |
| 9-year (36 quarters) Housing Equity Gain*  | \$88,300  | \$175,733 |  |

\*Note: Equity gain reflects price appreciation only

|   | Reading   | 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> | 32%       | not comparable |   |

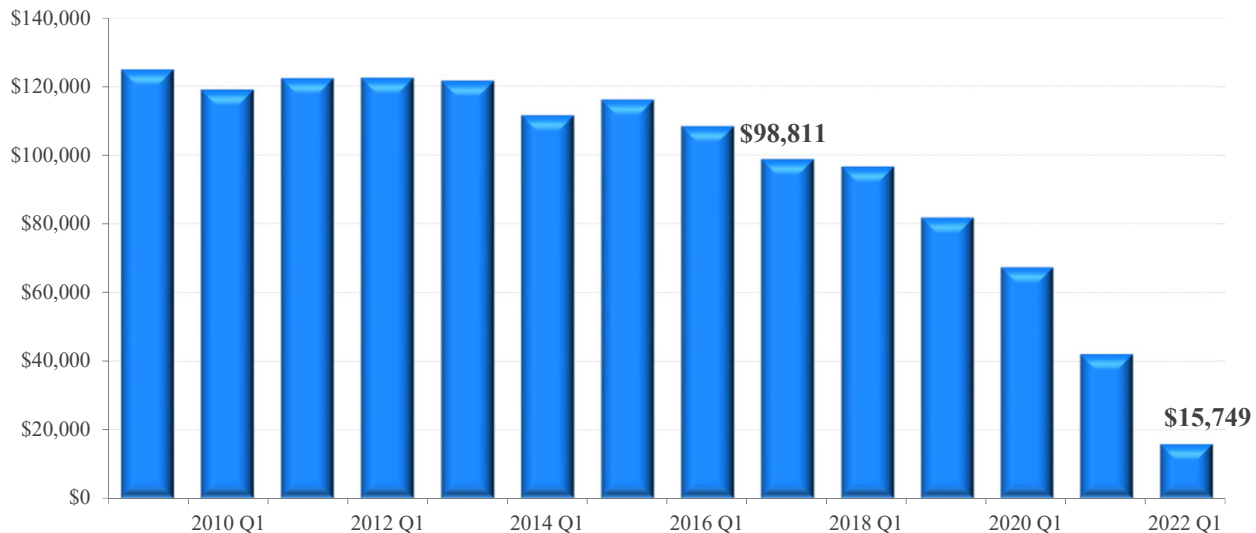
Note: limits are current and include the changes made on January 1st 2023.

#### Local NAR Leadership

The Reading market is part of region 2 in the NAR governance system, which includes all of New York, New Jersey, and Pennsylvania. The 2023 NAR Regional Vice President representing region 2 is Ilene Horowitz.

## 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        | Reading   | U.S.      | Local Trend  |
|-----------------------|-----------|-----------|--|
| 1-year (4-quarter)    | \$15,749  | \$7,042   | Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession |
| 3-year (12-quarter)*  | \$67,298  | \$108,992 |  |
| 5-year (20-quarter)*  | \$96,625  | \$143,305 |  |
| 7-year (28 quarters)* | \$108,359 | \$179,328 |  |
| 9-year (36 quarters)* | \$111,591 | \$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...

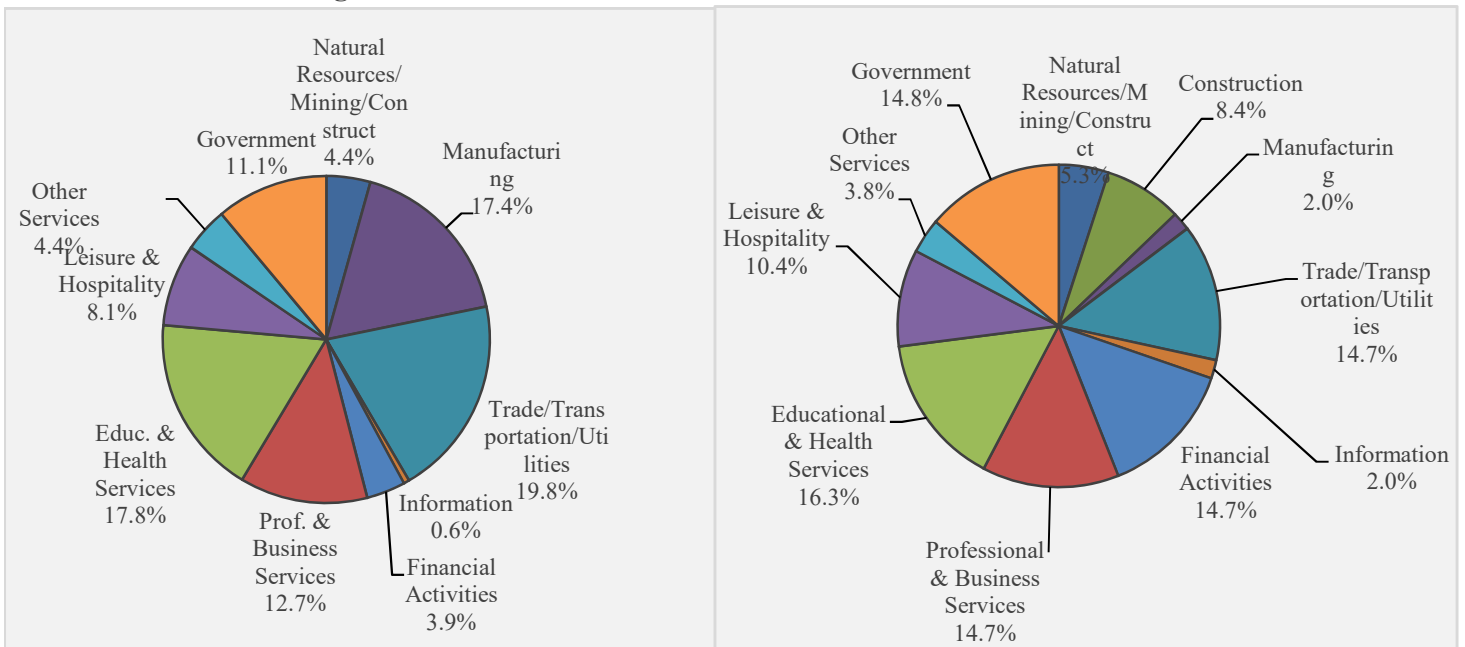


| Local Economic Outlook            | Reading | U.S.           |   |
|-----------------------------------|---------|----------------|---|
| 12-month Job Change (Mar)         | 3,700   | Not Comparable | Employment growth has eased, but remains positive   |
| 12-month Job Change (Feb)         | 4,500   | Not Comparable |   |
| 36-month Job Change (Mar)         | -900    | Not Comparable | Reading's unemployment rate lags the national average, but has improved relative to the same period last year |
| Current Unemployment Rate (Mar)   | 3.7%    | 3.5%           |   |
| Year-ago Unemployment Rate        | 4.3%    | 3.6%           | Local employment growth is poor and needs to improve  |
| 1-year (12 month) Job Growth Rate | 2.1%    | 3.8%           |   |

## Share of Total Employment by Industry

Reading Area

U.S.



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

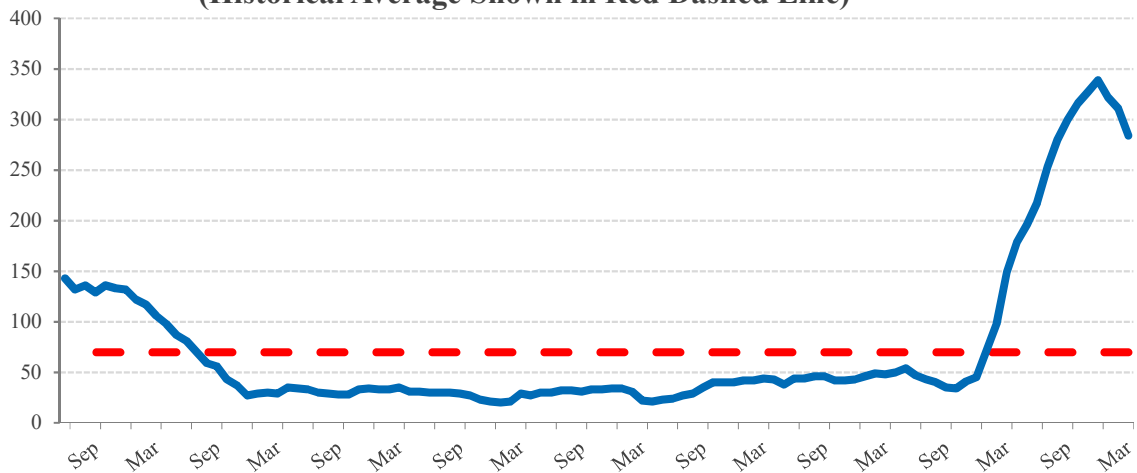
|  |     |                           |       |
|--|-----|---------------------------|-------|
| Goods Producing                        | NA  | Information               | 0     |
| Natural Resources/Mining/Construction  | 0   | Financial Activities      | 100   |
| Natural Resources and Mining           | NA  | Prof. & Business Services | 600   |
| Construction                           | NA  | Educ. & Health Services   | 1,400 |
| Manufacturing                          | 700 | Leisure & Hospitality     | 600   |
| Service Providing Excluding Government | NA  | Other Services            | 200   |
| Trade/Transportation/Utilities         | 600 | Government                | 300   |

| State Economic Activity Index | Pennsylvania | U.S. |  |
|-------------------------------|--------------|------|--|
| 12-month change (2023 - Mar)  | 3.4%         | 3.8% | The economy of Pennsylvania is growing more slowly than the rest of the nation, but improved modestly from last month's 2.95% change |
| 36-month change (2023 - Mar)  | 6.0%         | 6.7% |  |

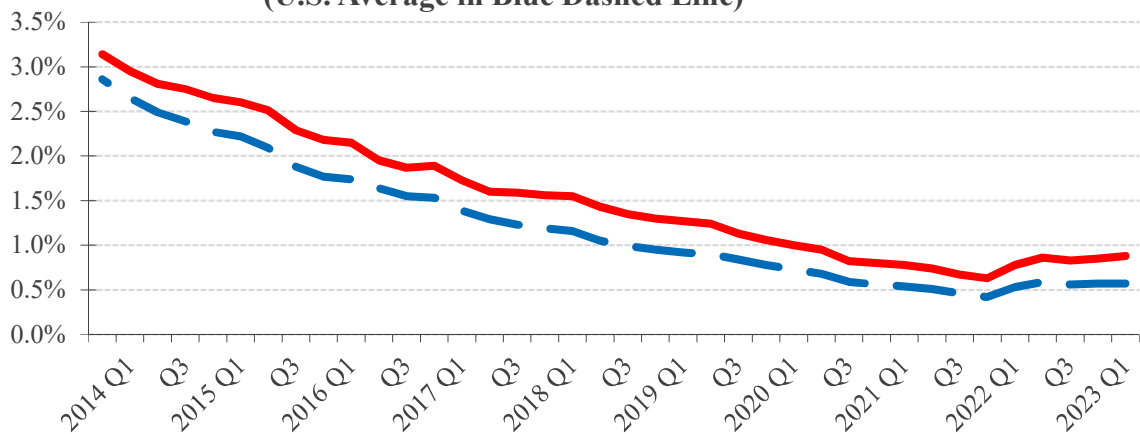
## New Housing Construction

| Local Fundamentals   | Reading | U.S.           |  |
|--|---------|----------------|--|
| 12-month Sum of 1-unit Building Permits through Mar                | 284     | not comparable | The current level of construction is 307.4% above the long-term average  |
| 8-year average for 12-month Sum of 1-Unit Building Permits         | 70      | 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)<br>12-month sum vs. a year ago | 90.6%   | -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)**

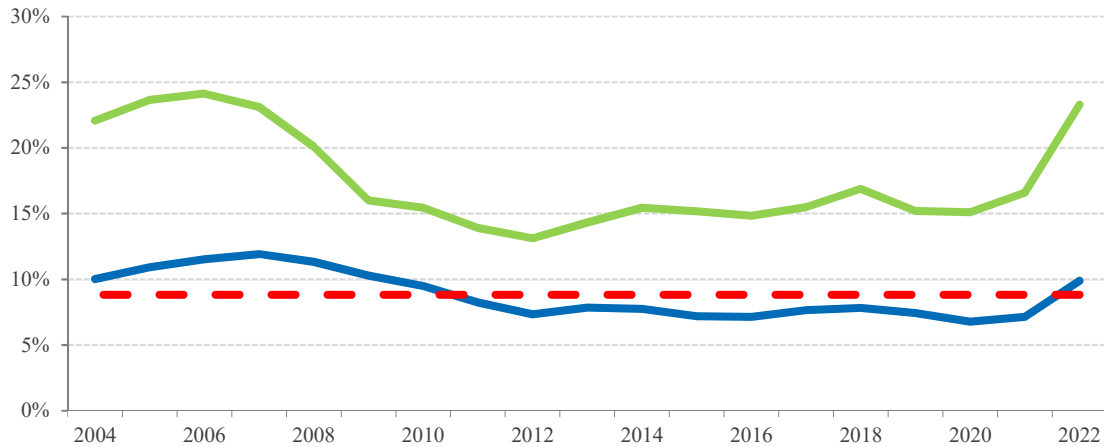


**State Total Foreclosure Rate vs. U.S. Average  
(U.S. Average in Blue Dashed Line)**



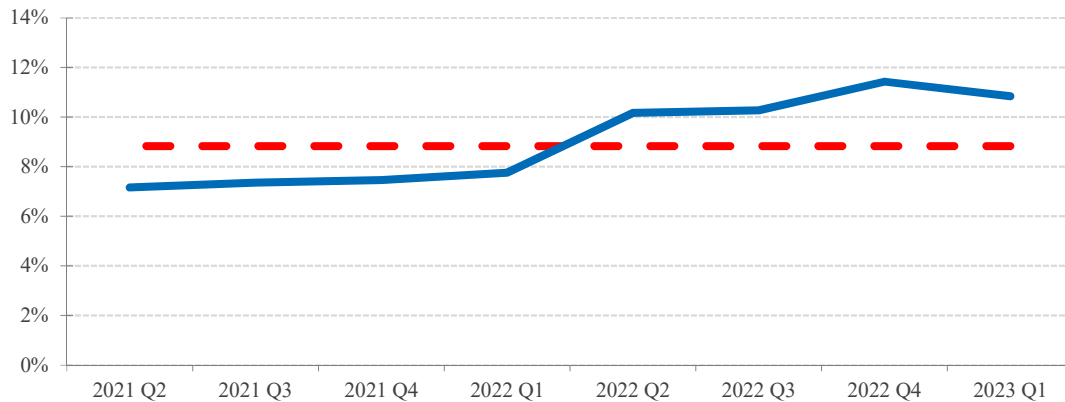
# Affordability

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

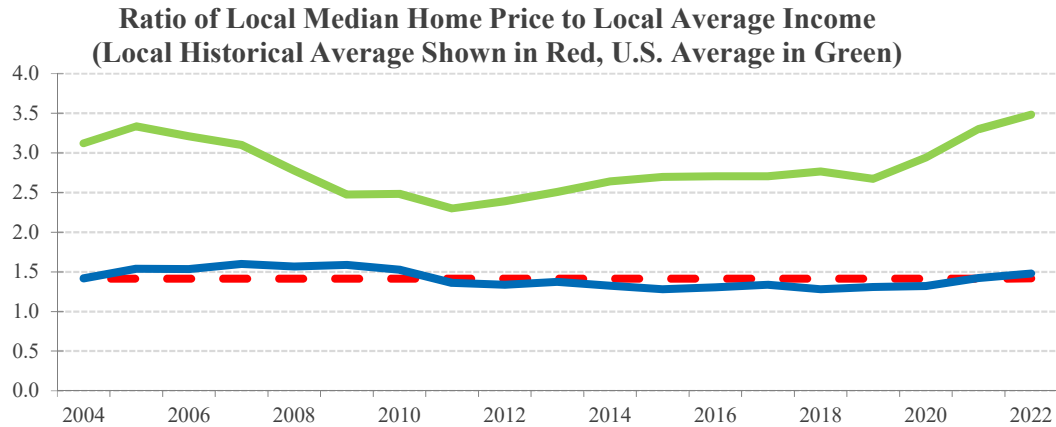


| Monthly Mortgage Payment to Income | Reading | U.S.  |   |
|------------------------------------|---------|-------|---|
| Ratio for 2022                     | 9.9%    | 23.3% | Weak by local standards and could weigh on demand |
| Ratio for 2023 Q1                  | 10.8%   | 23.3% |   |
| Historical Average                 | 8.8%    | 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 | Reading | U.S. |  |
|-----------------------------|---------|------|--|
| Ratio for 2022              | 1.5     | 3.5  | The price-to-income ratio eased, but could be better |
| Ratio for 2023 Q1           | 1.5     | 3.1  |  |
| Historical Average          | 1.4     | 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 Reading area referred to in this report covers the geographic area of the Reading 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:

Berks 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/)

