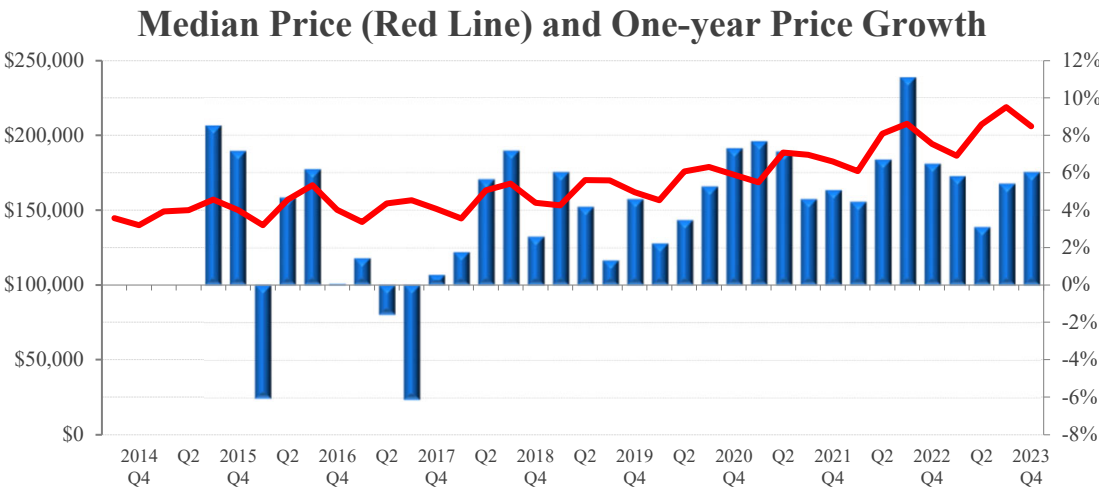


# Cedar Rapids Area

## Local Market Report, Fourth Quarter 2023

### Today's Market...



Local Price Trends			
Price Activity	Cedar Rapids	U.S.	Local Trend
Current Median Home Price (2023 Q4)	\$206,000	\$387,300	Prices continue to grow relative to last year
1-year (4-quarter) Appreciation (2023 Q4)	6.0%	3.9%	
3-year (12-quarter) Appreciation (2023 Q4)	18.6%	24.5%	
3-year (12-quarter) Housing Equity Gain*	\$32,300	\$76,300	Gains in the last 3 years have extended the trend of positive price growth after the recession
7-year (28 quarters) Housing Equity Gain*	\$55,900	\$153,367	
9-year (36 quarters) Housing Equity Gain*	\$66,000	\$179,667	
*Note: Equity gain reflects price appreciation only			

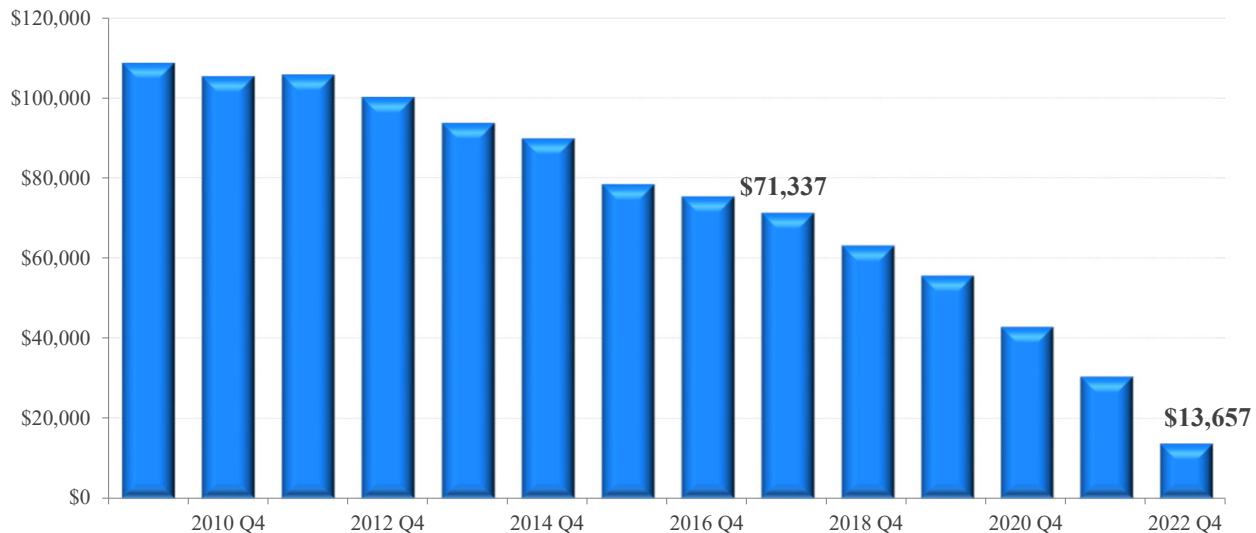
	Cedar Rapids	U.S.	Most buyers in this market have access to government-backed financing
Conforming Loan Limit**	\$766,550	\$1,149,825	
FHA Loan Limit	\$498,257	\$1,149,825	
Local Median to Conforming Limit Ratio	27%	not comparable	
Note: limits are current and include the changes made on January 1st 2024.			

**Local NAR Leadership**

The Cedar Rapids market is part of region 8 in the NAR governance system, which includes all of Minnesota, Iowa, North Dakota, South Dakota, and Nebraska. The 2024 NAR Regional Vice President representing region 8 is Scott Wendl.

## Benefits of Ownership: Total Equity Appreciation

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



**Total Equity Gained\*\* through 2023 Q4 from quarter in which home was of purchased**

Price Activity	CedarRapids	U.S.	Local Trend
1-year (4-quarter)	\$13,657	\$18,387	Price appreciation and principle payments in the last 3 years have boosted total equity growth since the recession
3-year (12-quarter)*	\$42,833	\$95,158	
5-year (20-quarter)*	\$63,179	\$151,356	
7-year (28 quarters)*	\$75,414	\$183,780	
9-year (36 quarters)*	\$89,875	\$215,076	

\*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

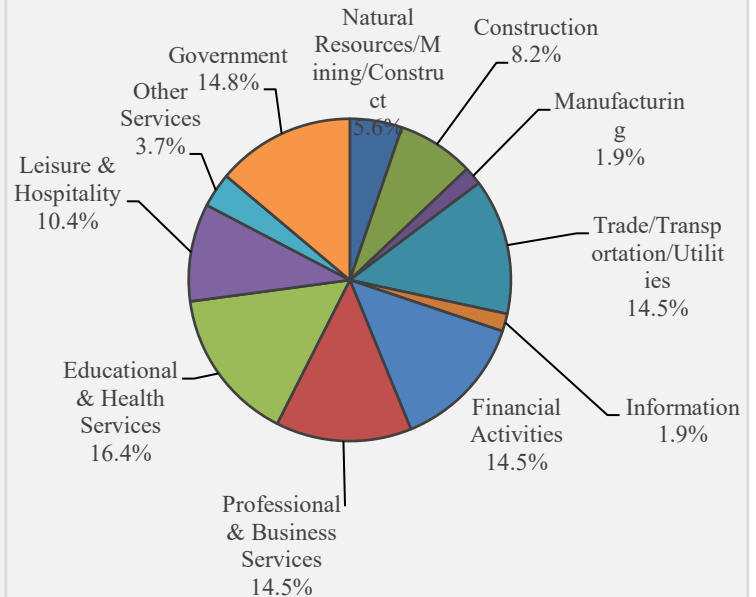
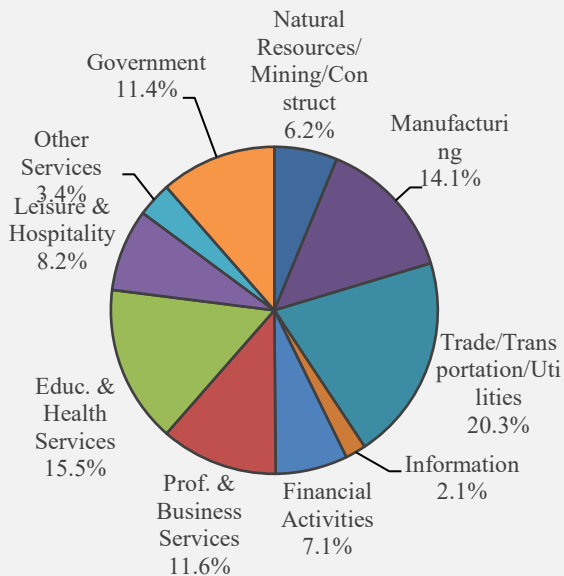
# Drivers of Local Supply and Demand...

Local Economic Outlook	Cedar Rapids	U.S.	
12-month Job Change (Dec)	1,200	Not Comparable	Employment growth has eased, but remains positive
12-month Job Change (Nov)	2,200	Not Comparable	
36-month Job Change (Dec)	5,500	Not Comparable	Unemployment in Cedar Rapids is better than the national average and improving
Current Unemployment Rate (Dec)	3.1%	3.7%	
Year-ago Unemployment Rate	3.3%	3.5%	Local employment growth is poor and needs to improve
1-year (12 month) Job Growth Rate	0.8%	2.3%	

## Share of Total Employment by Industry

**Cedar Rapids Area**

**U.S.**



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

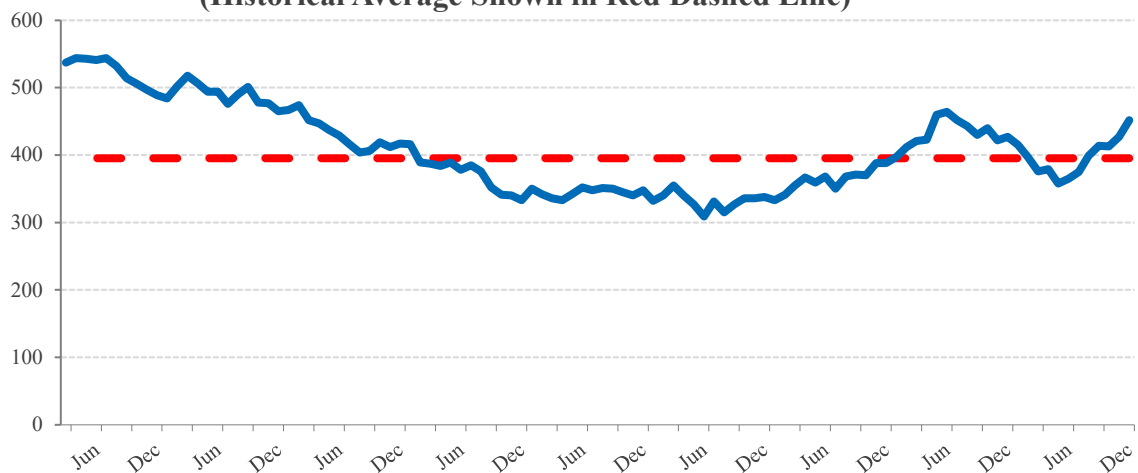
Goods Producing	NA	Information	0
Natural Resources/Mining/Construction	100	Financial Activities	-100
Natural Resources and Mining	NA	Prof. & Business Services	1,400
Construction	NA	Educ. & Health Services	700
Manufacturing	700	Leisure & Hospitality	0
Service Providing Excluding Government	NA	Other Services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

State Economic Activity Index	Iowa	U.S.	
12-month change (2023 - Dec)	1.6%	3.0%	The economy of Iowa is growing more slowly than the rest of the nation, but improved modestly from last month's 1.56% change
36-month change (2023 - Dec)	10.1%	14.3%	

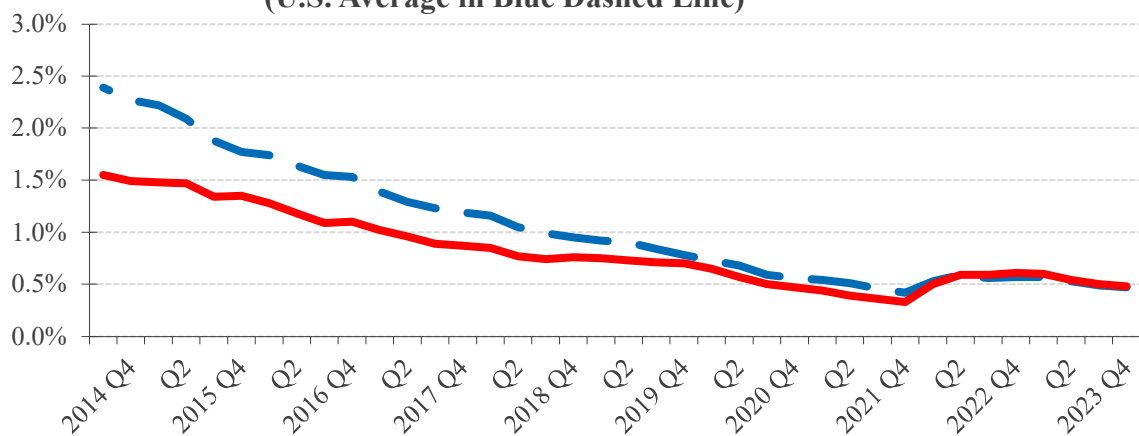
## New Housing Construction

Local Fundamentals	Cedar Rapids	U.S.	
12-month Sum of 1-unit Building Permits through Dec	452	not comparable	The current level of construction is 14.3% above the long-term average
8-year average for 12-month Sum of 1-Unit Building Permits	396	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 (Dec) 12-month sum vs. a year ago	5.9%	-6.1%	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)

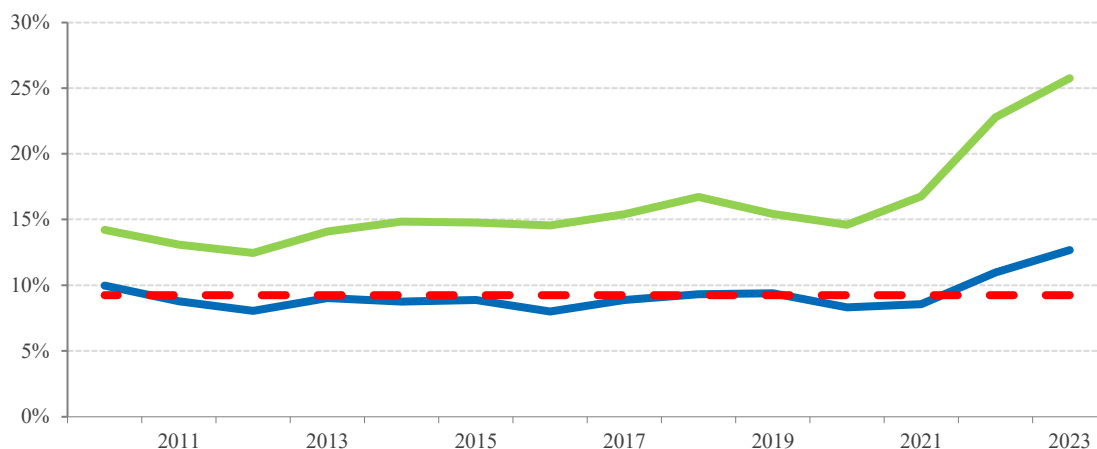


**State Total Foreclosure Rate vs. U.S. Average**  
(U.S. Average in Blue Dashed Line)



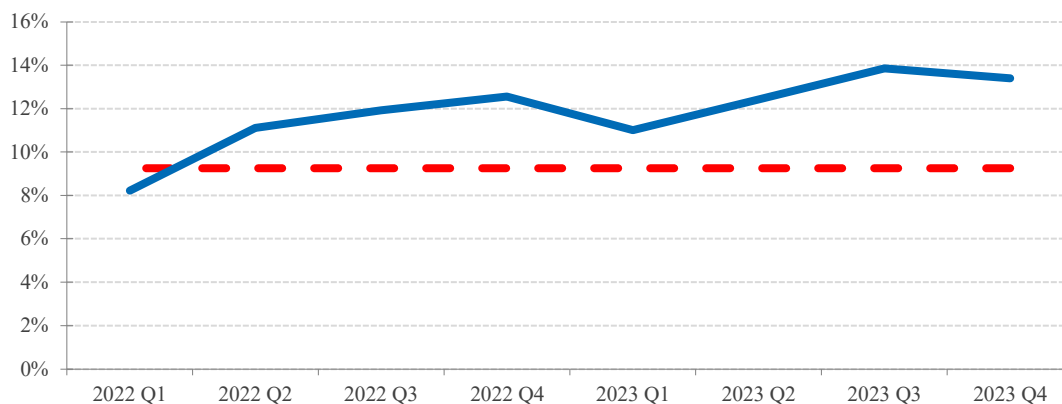
# Affordability

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

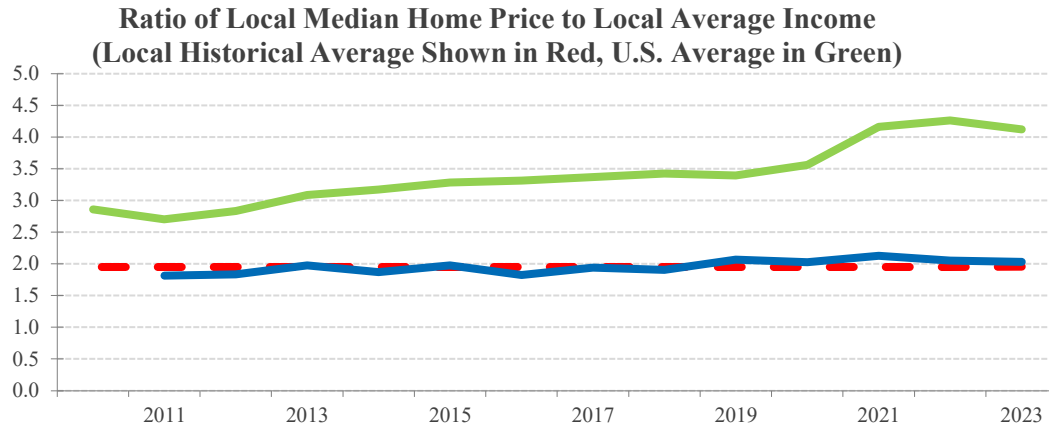


Monthly Mortgage Payment to Income	Cedar Rapids	U.S.	
Ratio for 2023	12.7%	25.8%	Weak by local standards and could weigh on demand
Ratio for 2023 Q4	13.4%	25.5%	
Historical Average	9.3%	17.0%	More affordable than most markets

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



Median Home Price to Income	Cedar Rapids	U.S.	
Ratio for 2023	2.0	4.1	The price-to-income ratio eased, but could be better
Ratio for 2023 Q4	2.0	3.9	
Historical Average	2.0	3.4	Affordable compared to most markets



## The Mortgage Market



Throughout much of the final quarter of the year, mortgage rates remained elevated near 7.5 percent. According to the mortgage provider Freddie Mac, the 30-year fixed mortgage rate rose to 7.3 percent in the fourth quarter of 2023 from 6.7 percent the previous year. Nevertheless, rates fell below 7 percent at the end of year as the Federal Reserve continued to halt its interest rates hikes. With lower interest rates on the horizon, mortgage rates are expected to continue their downward trend in 2024, thereby enhancing affordability for potential homebuyers.

NAR forecasts the 30-year fixed mortgage rate to average 6.8 percent in the first quarter of 2024, with a further decline expected to bring them below 6.6% by the end of the first half.

## Geographic Coverage for this Report

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

Benton County, Jones County, and Linn 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/)

