

NH Housing Needs NHHFA Housing Conference

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Applied Economic Research



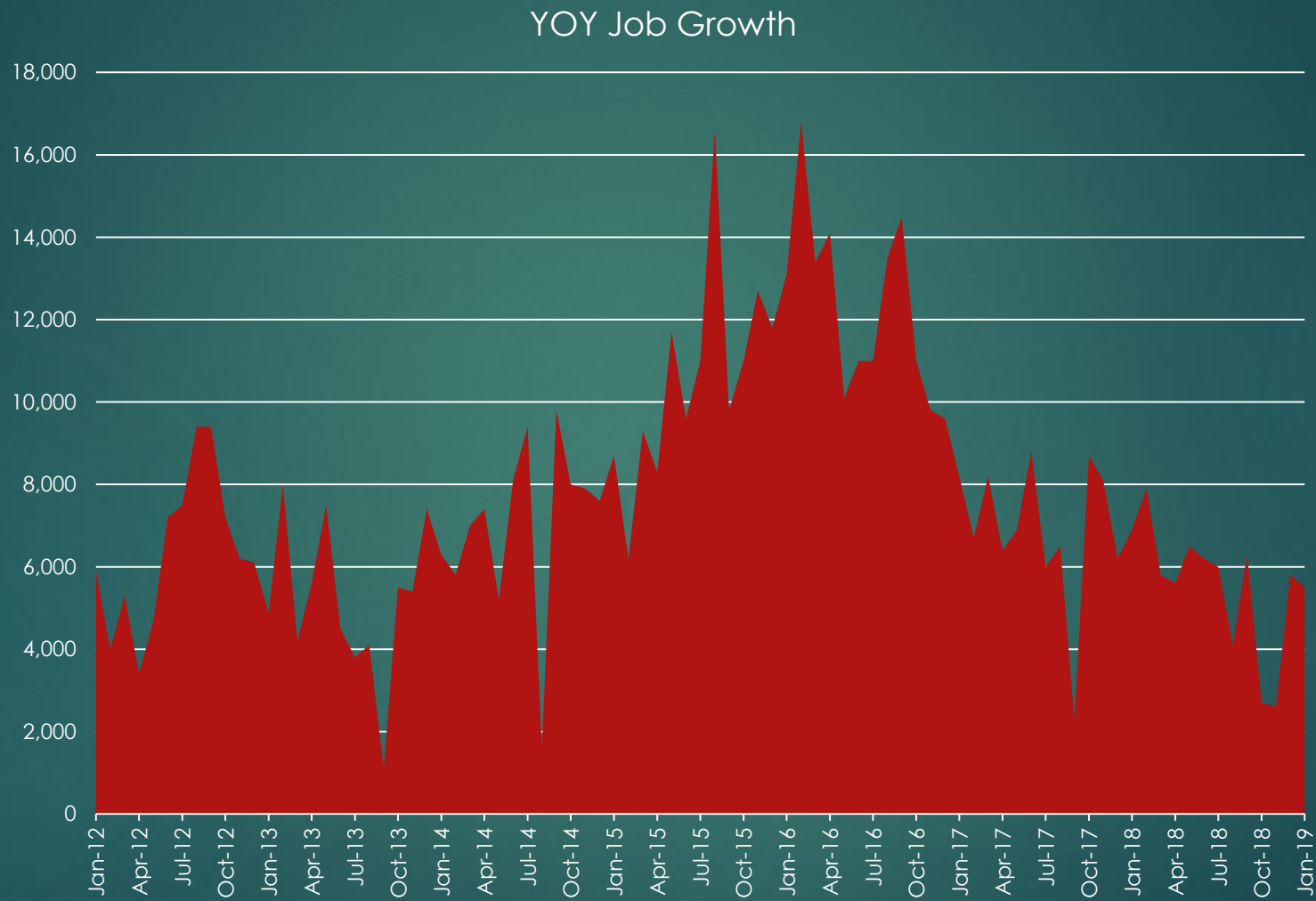
NEW HAMPSHIRE
HOUSING

In A Nutshell

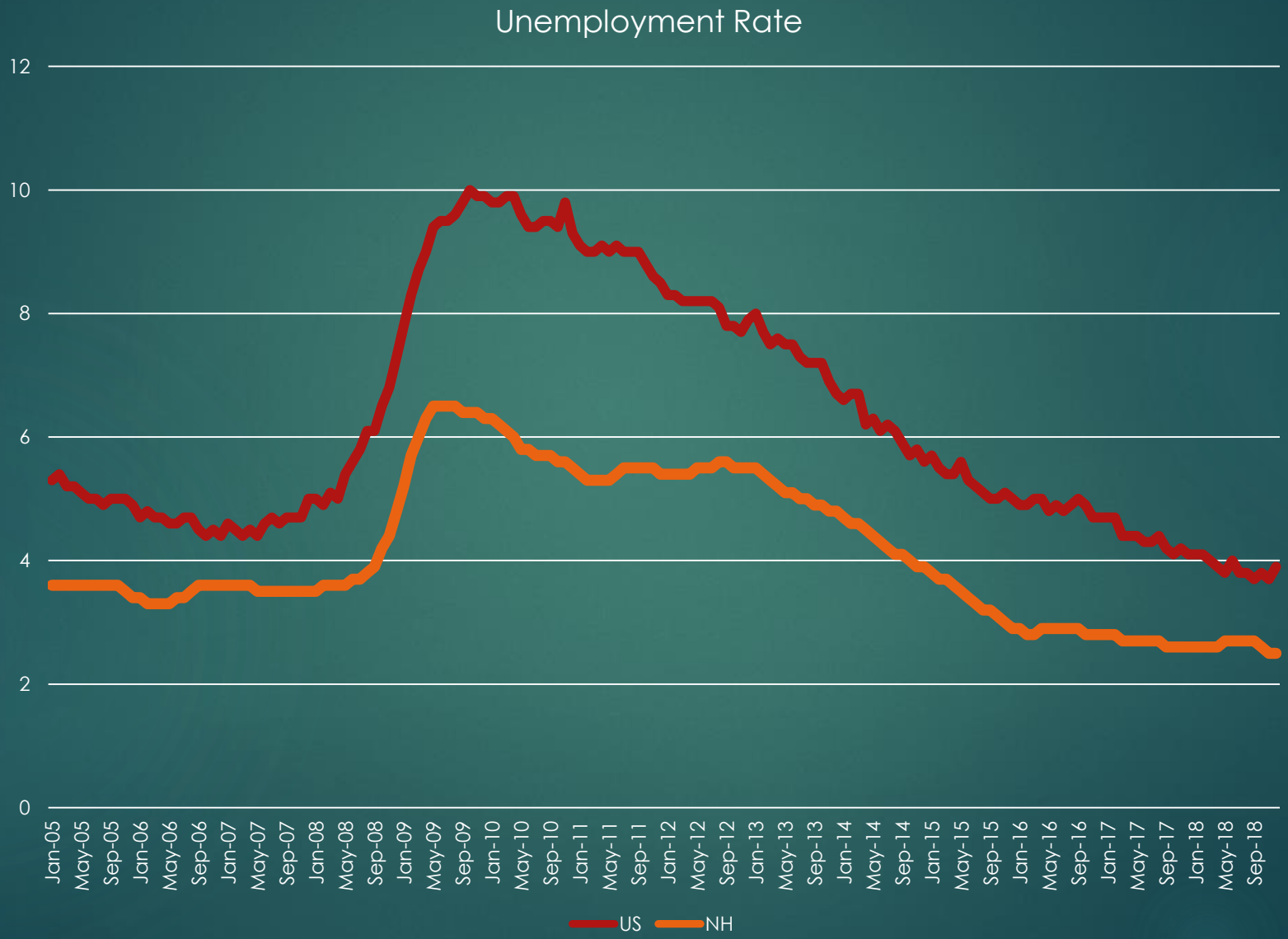
- ▶ The NH Economy is Growing, Generating Demand for More Housing;
- ▶ But, There is a Pronounced Housing Shortage in The State;
 - ▶ Inventory of Existing Units is Near All-Time Low
 - ▶ Rental Vacancies Almost Non-Existent
 - ▶ Pace of New Construction is Well Below What is Needed
- ▶ Current Shortage is About 20,000 Units, Including About 15,000 Ownership Units
 - ▶ This is about 5 Years of Production at Recent Pace
- ▶ Despite Strong Economy and Income Growth, Housing Affordability is Deteriorating: Higher Mortgage Rates, Higher Prices

A Growing Economy

Pace of NH Job Growth Remains Strong



Unemployment Rate at 2.4% Essentially Lowest in the Country

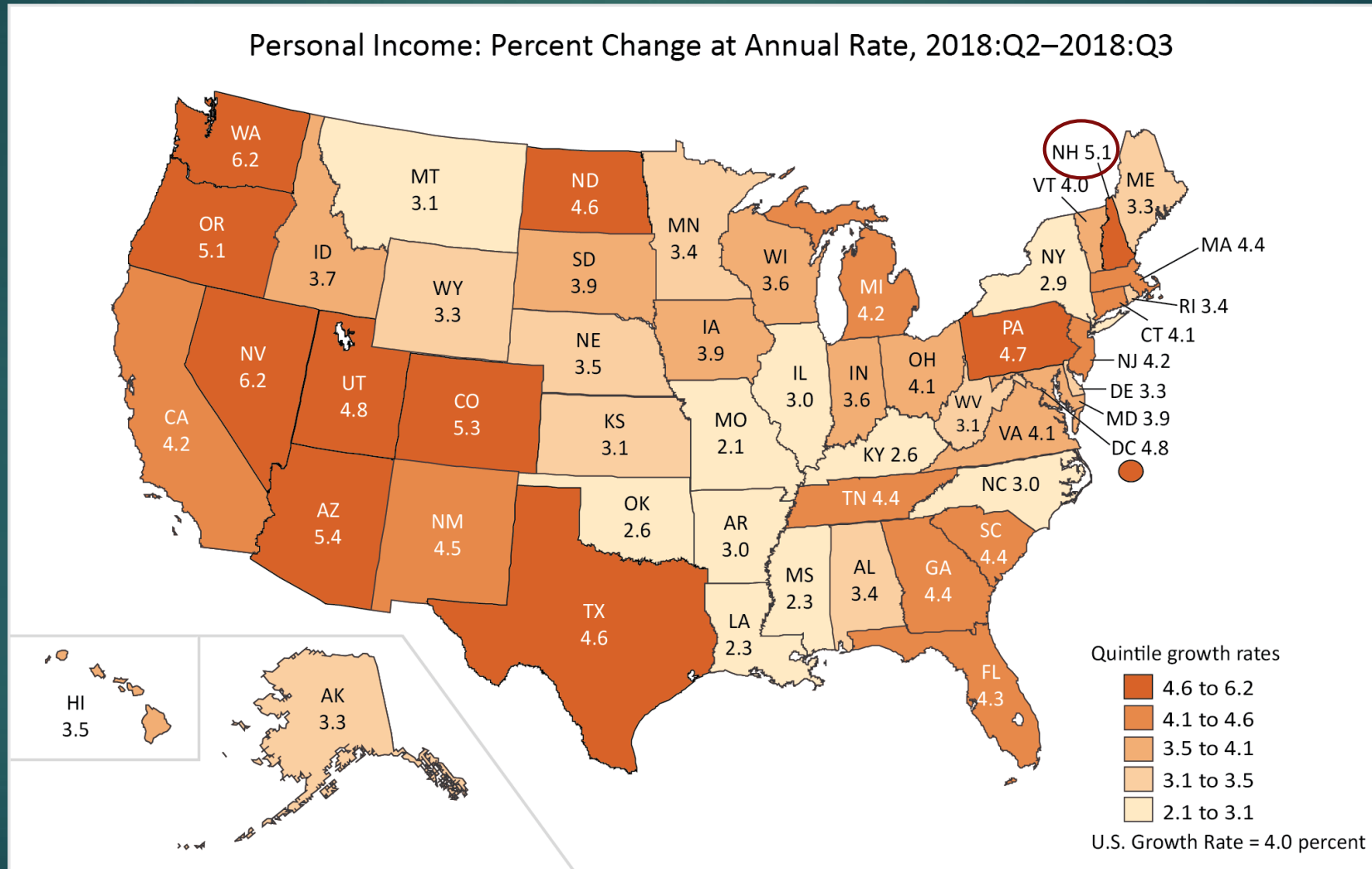


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Personal Income Up 5.1% Annual Rate, Fastest East of Colorado, and Faster Than in Recent Years (more jobs, better quality jobs)

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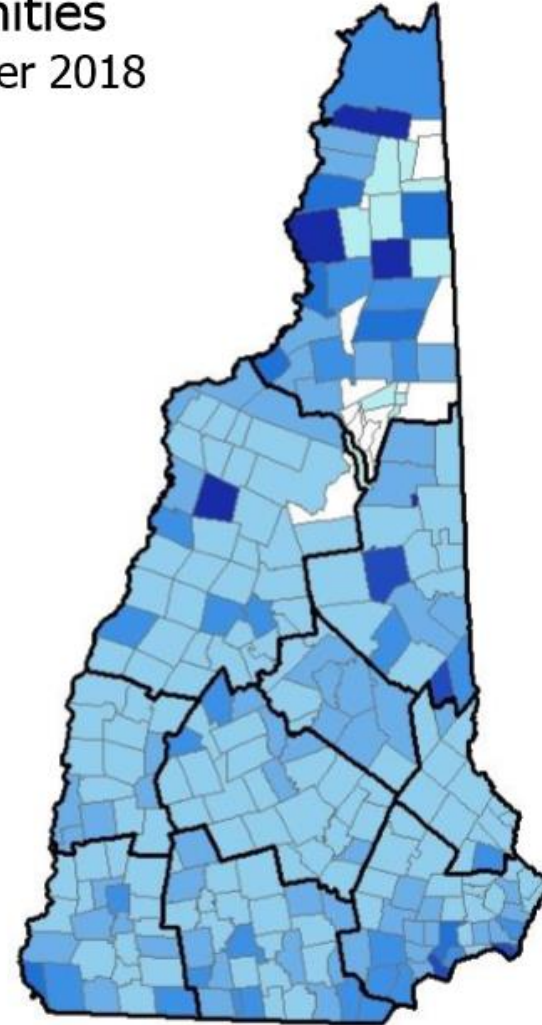
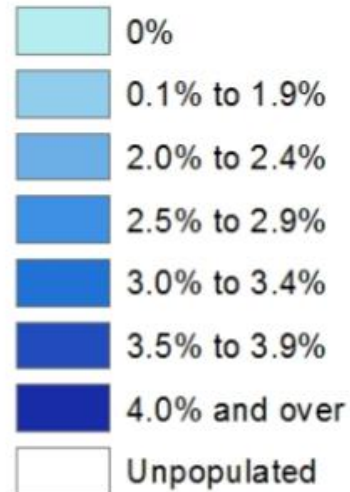


Unemployment Rates are Low Throughout the State

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Unemployment Rates for NH Communities Preliminary, Not Seasonally Adjusted - December 2018

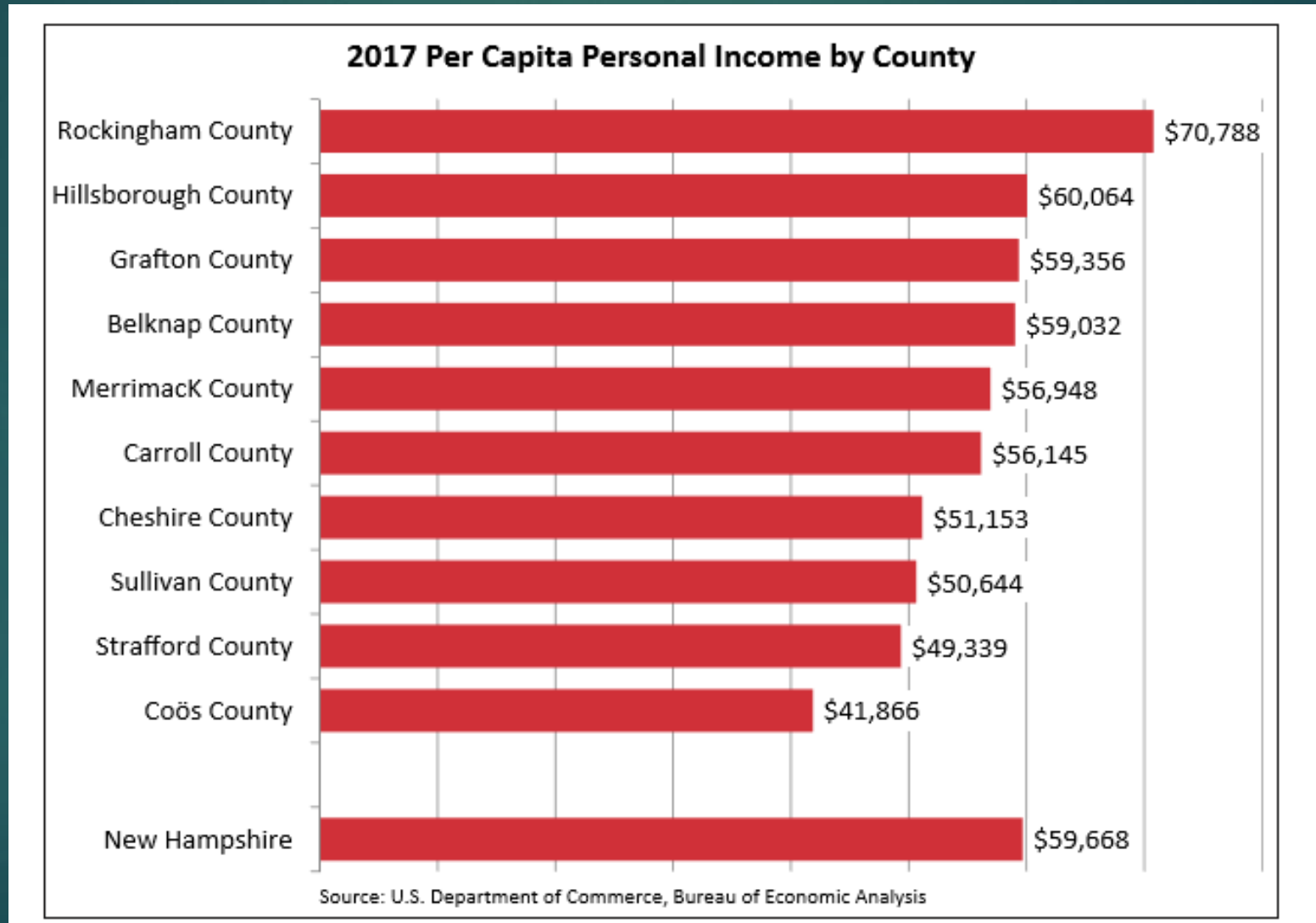
New Hampshire Rate = 2.1%
preliminary, not seasonally adjusted



Source: Economic & Labor Market Information Bureau, NHES 24-January-19
Next Scheduled Update: February-19

There is Extreme Income Variance By County, Influencing Housing Affordability

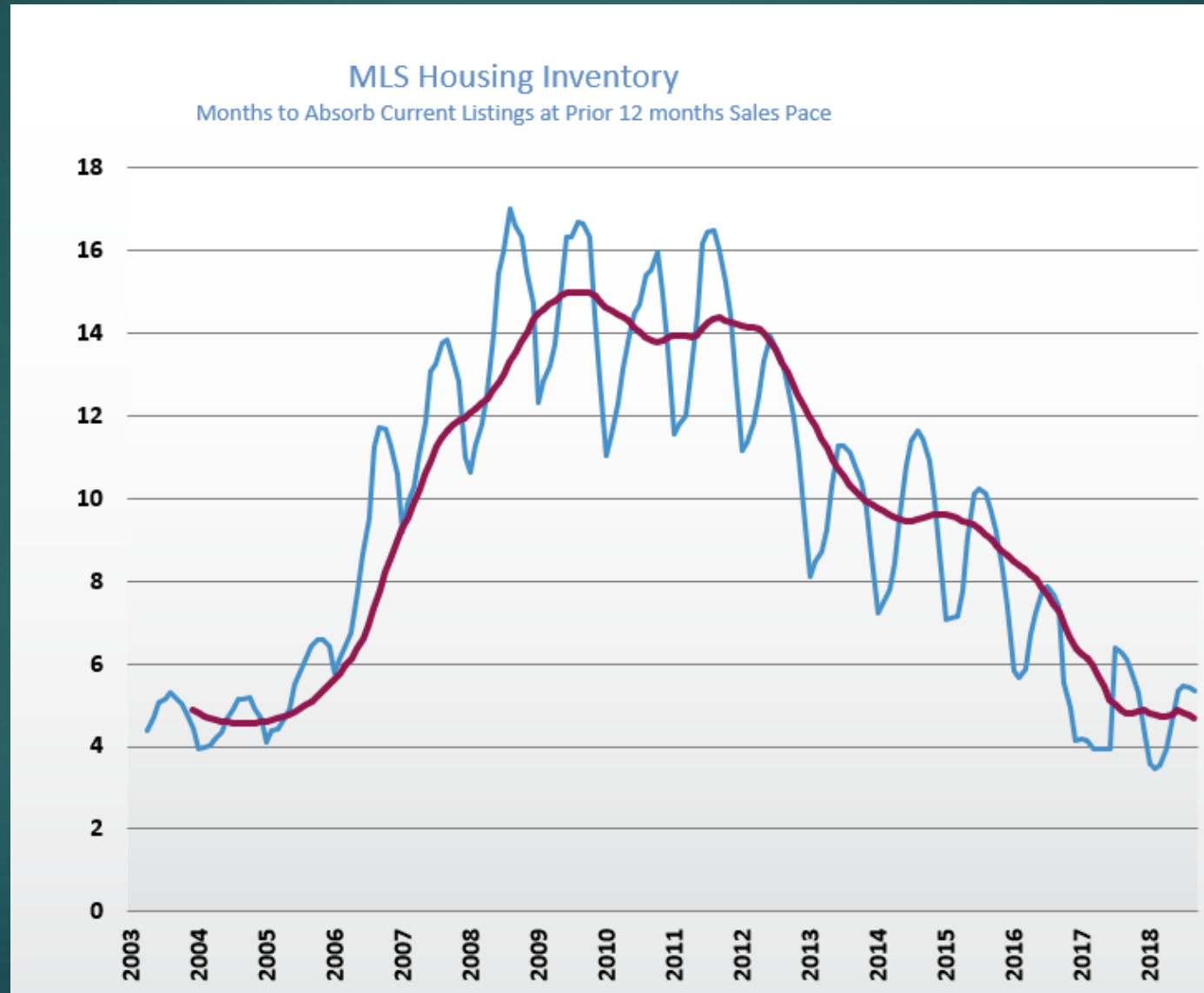
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A Tight Housing Market

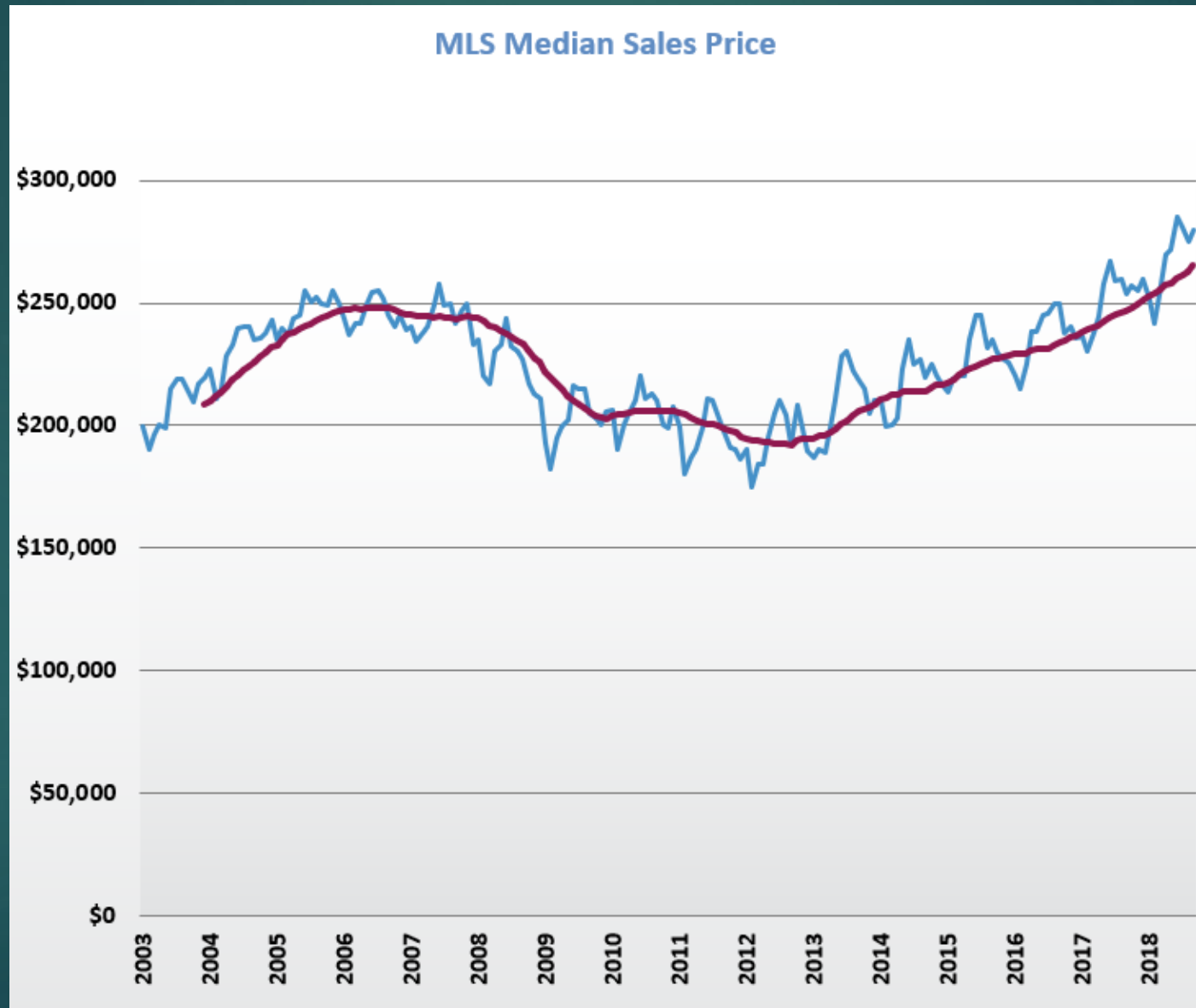
Effective For-Sale Inventory is 5 Months: Signaling Shortage

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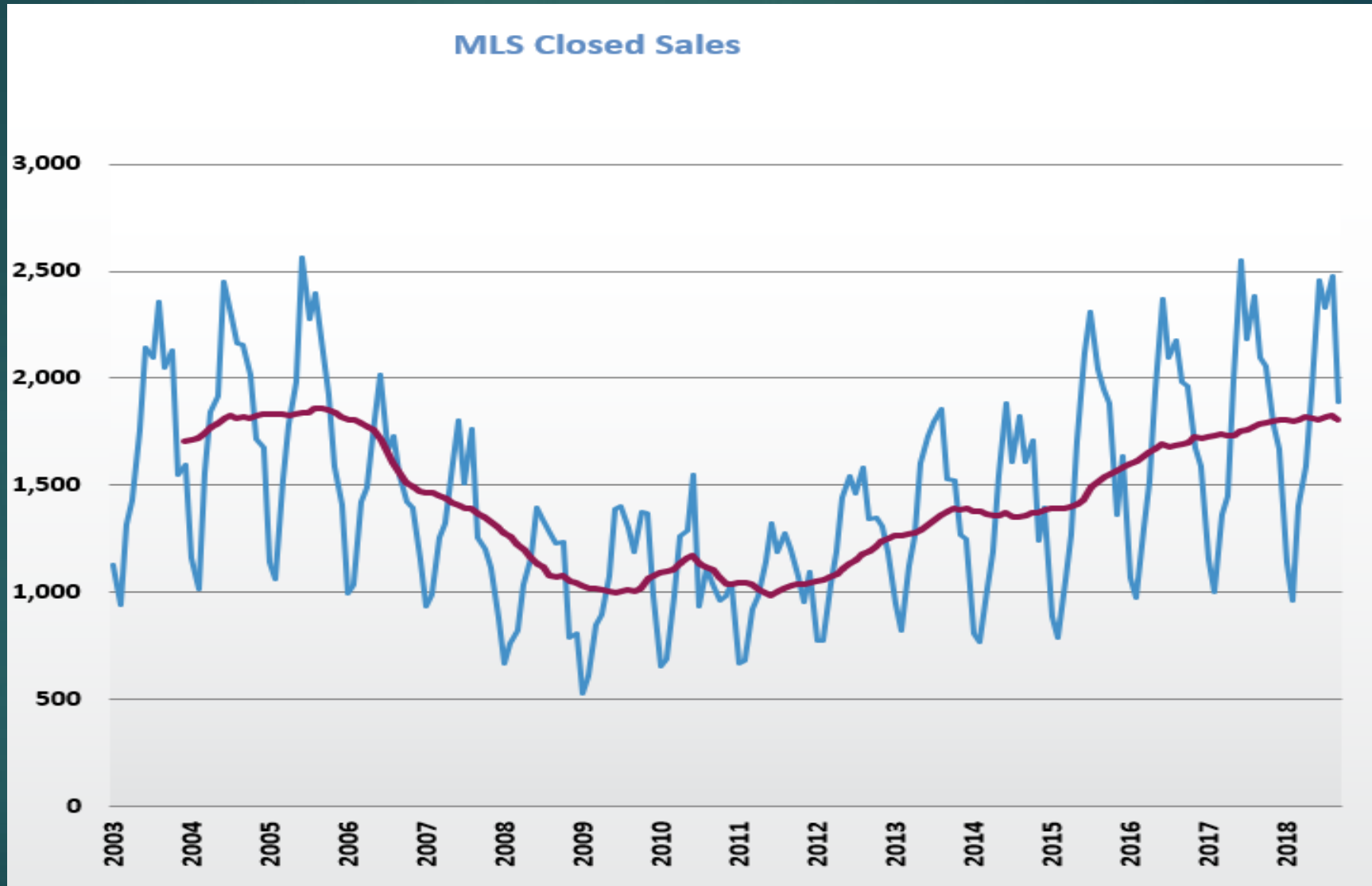
Prices Continue to Rise

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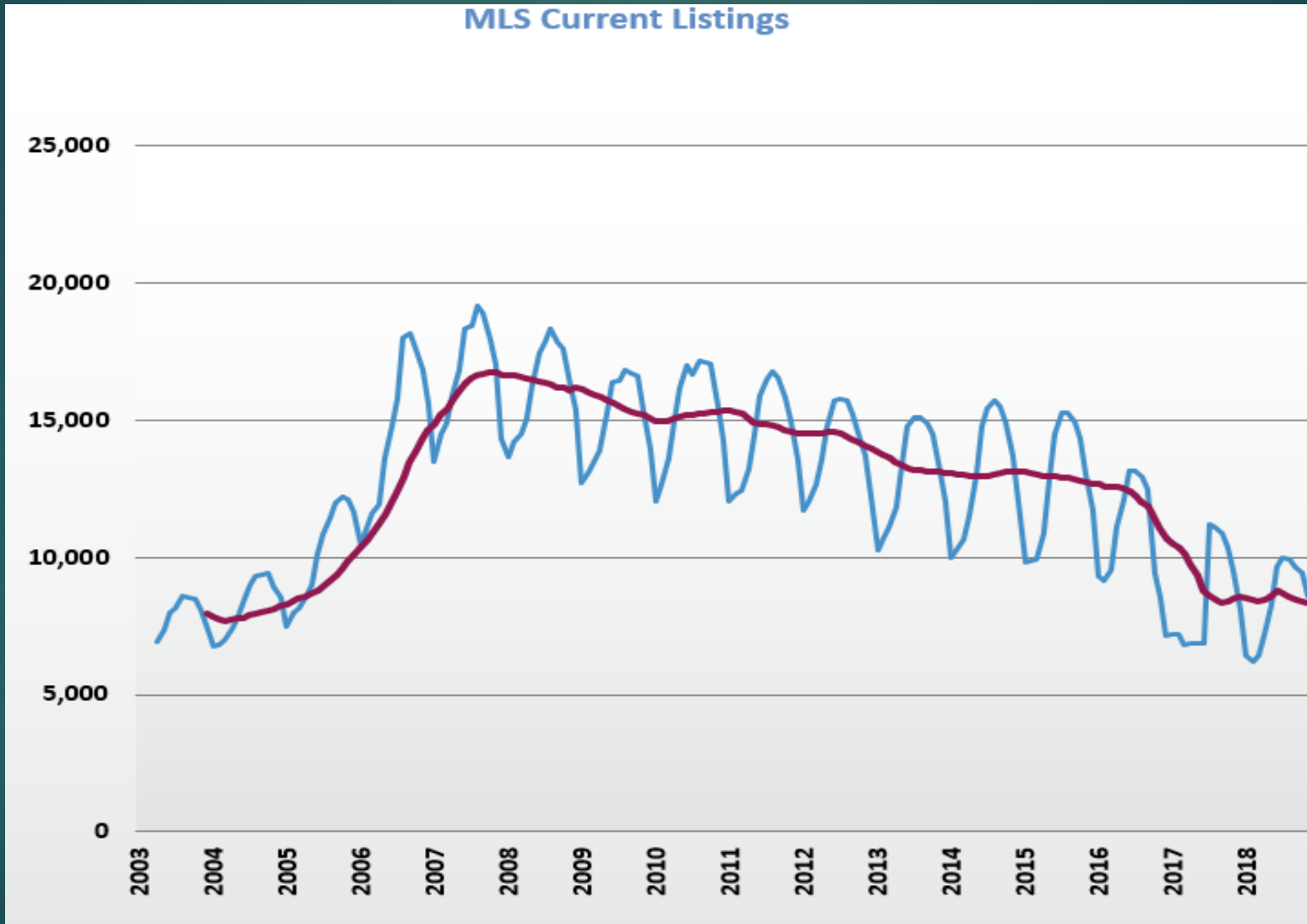
Number of NH Sales Flattens Out Recently

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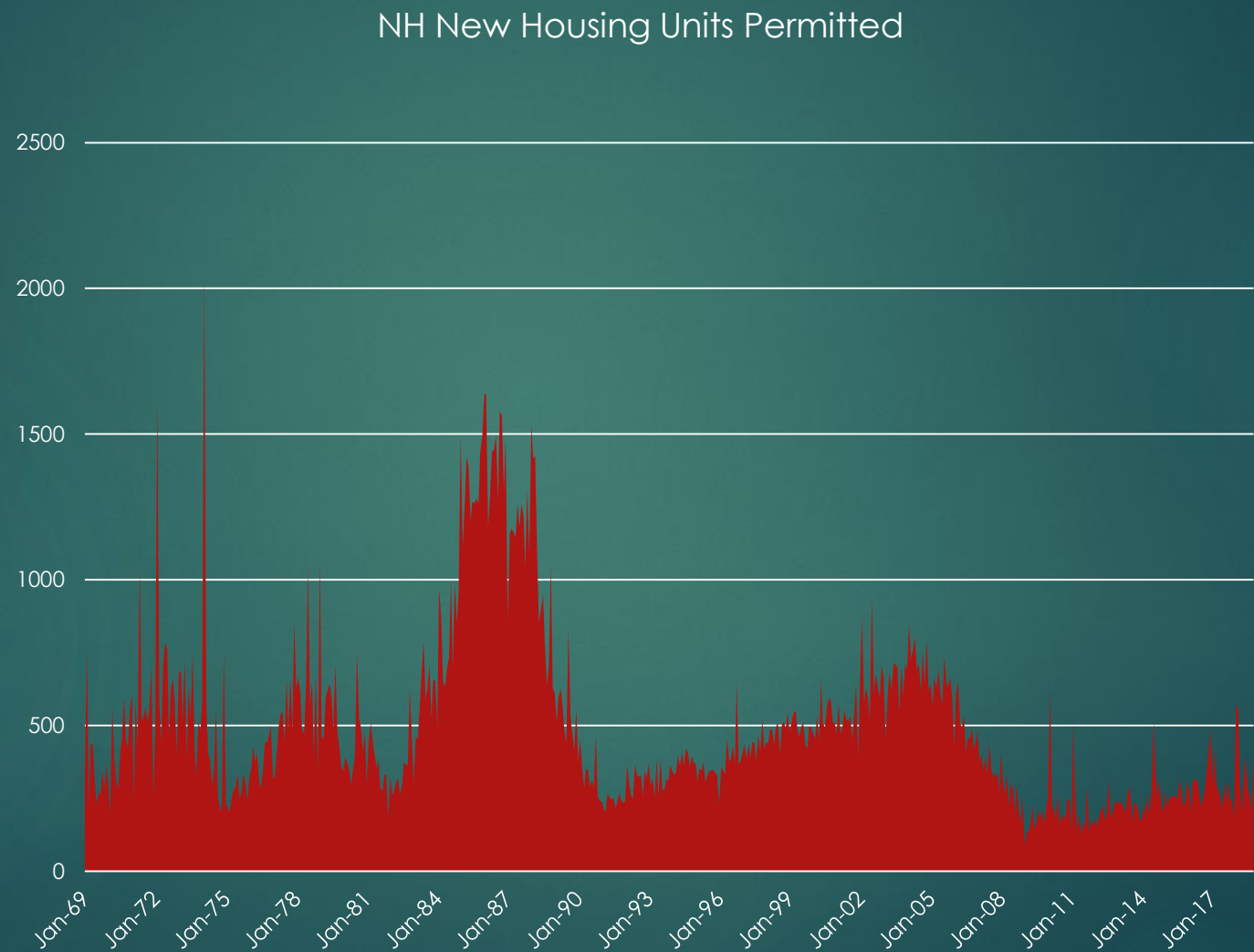


Shortage of Listings May Be A Factor in Slower Sales, Along with Rising Costs

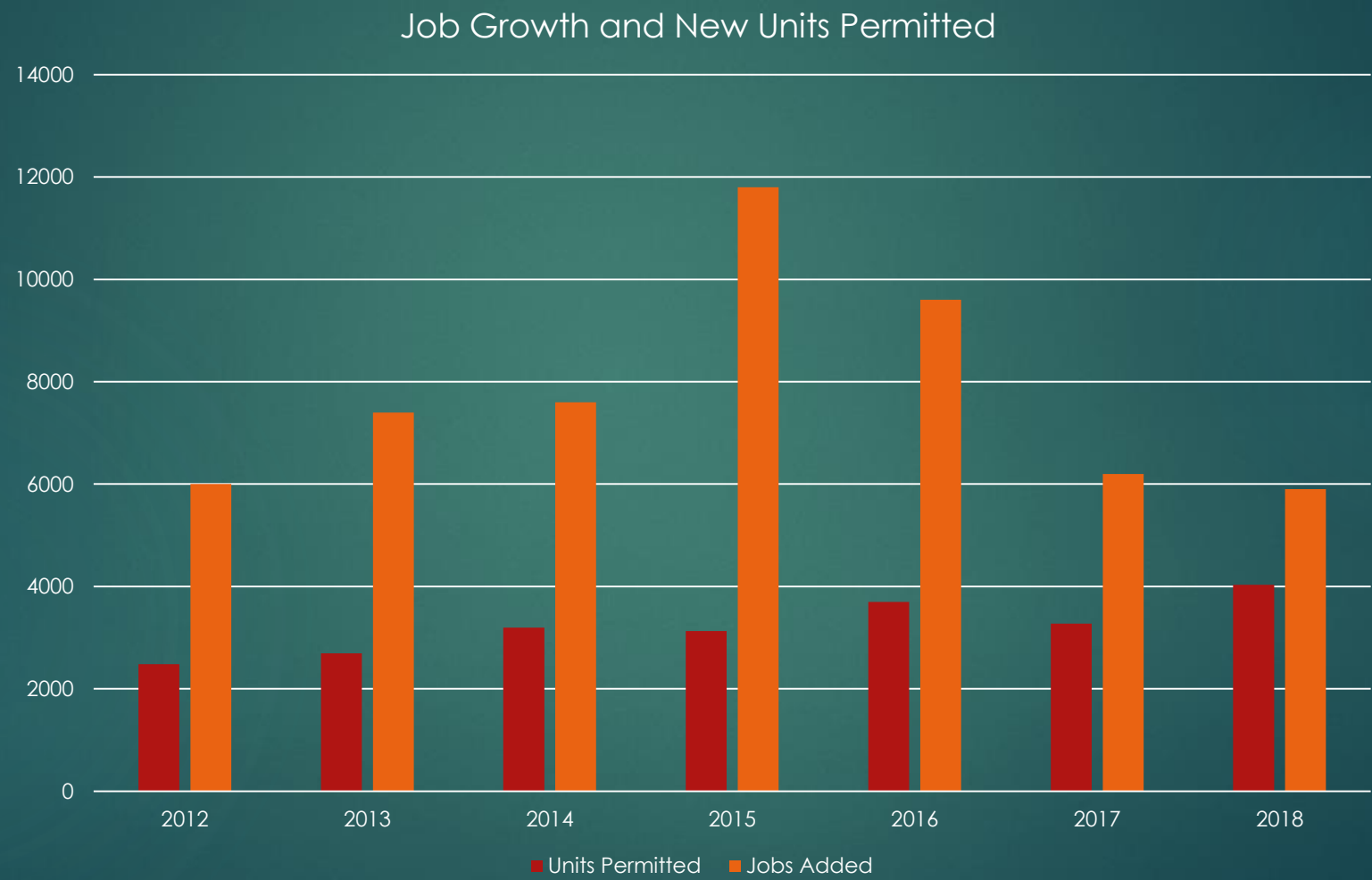
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Number of New Housing Permitted is Sub-Par, Lowest in Decades Despite Strong Recent Job Growth



Construction Shortfall Relative to Job Growth Generates Cumulative Rising Housing Shortage



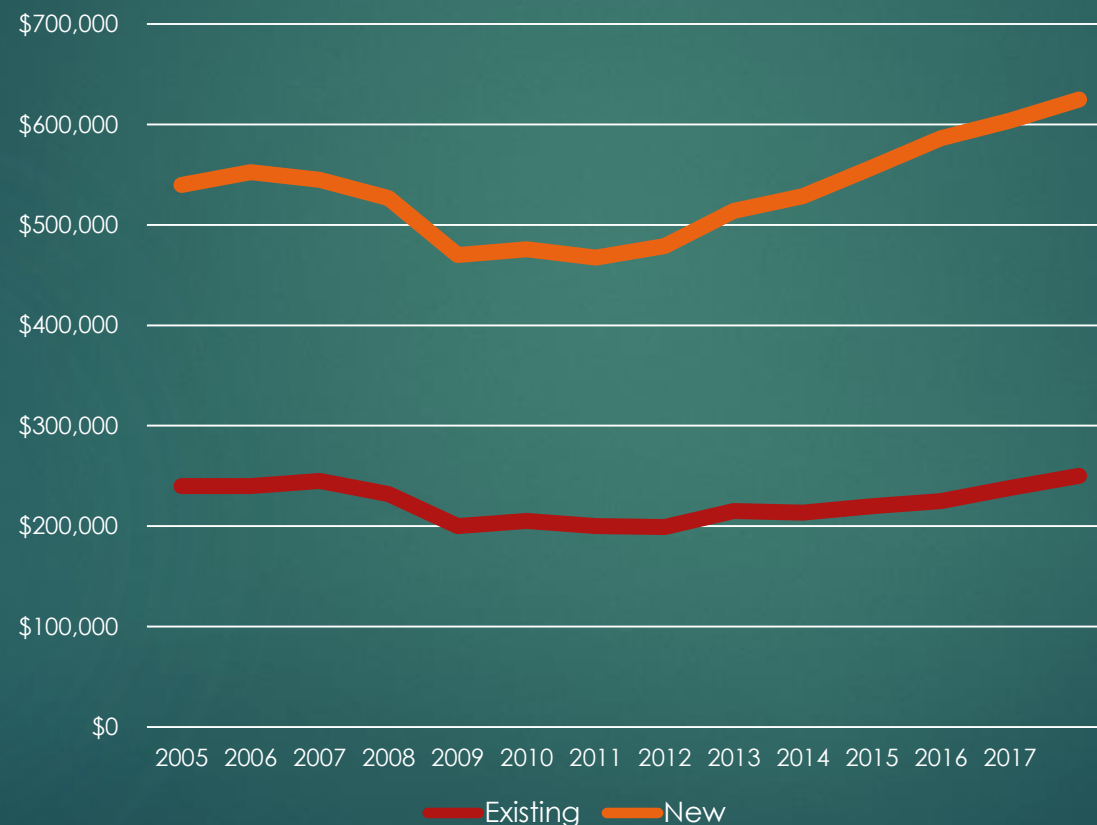
Since 2012 Shortfall Is About 15,000-20,000 Units to Meet Job Growth and Provide Adequate Choice--, Including About 10,000-15,000 Ownership Units

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Median Price of New Homes Outstrips Existing Home Prices, Blunting Affordability of New Units

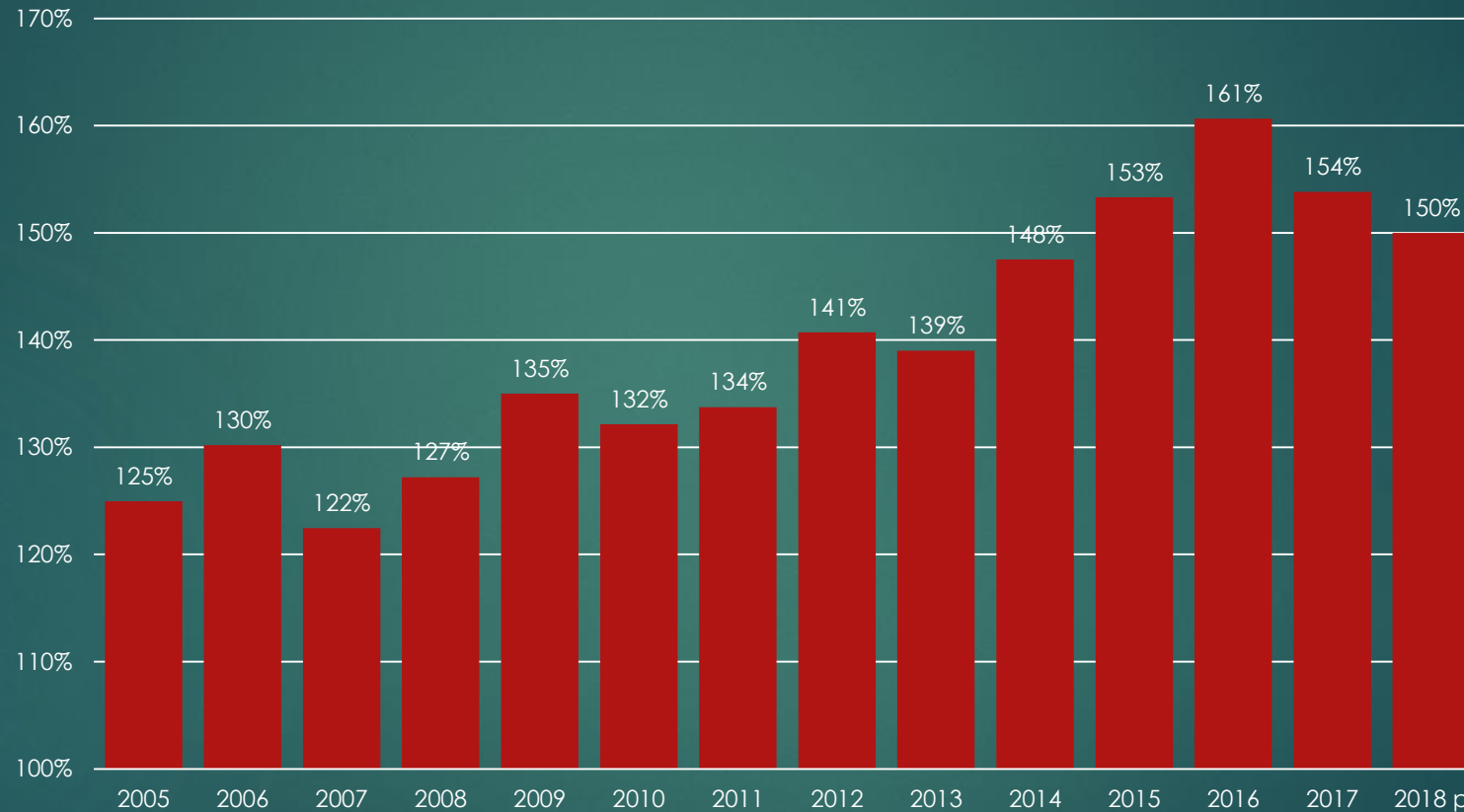
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Gap Between Median Price of New and Existing Homes Widens

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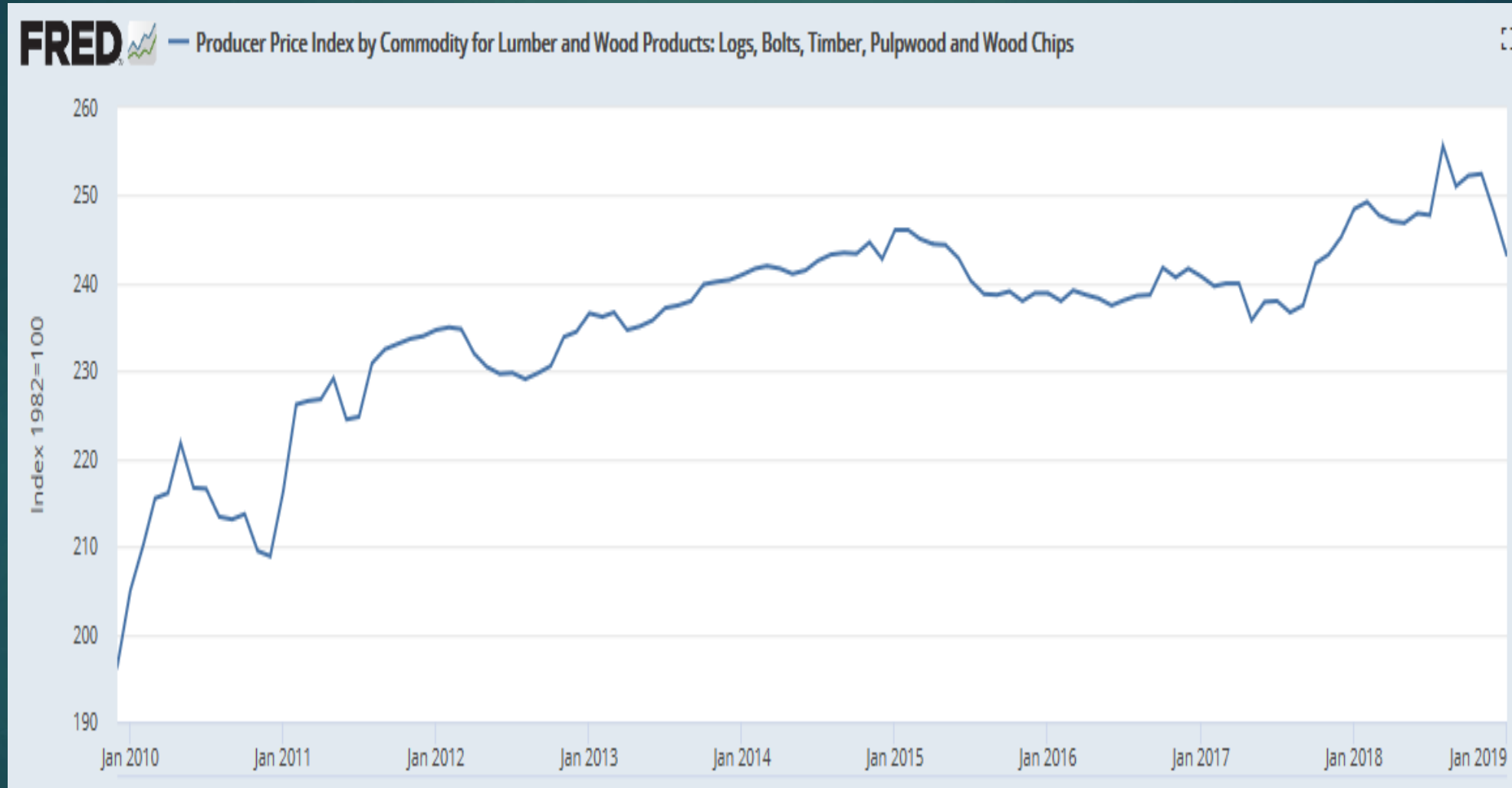
Median Price of NH New Versus Existing Homes



// home prices new and existing

Lumber Prices Up 30% Since 2010 (Fires, Tariffs)

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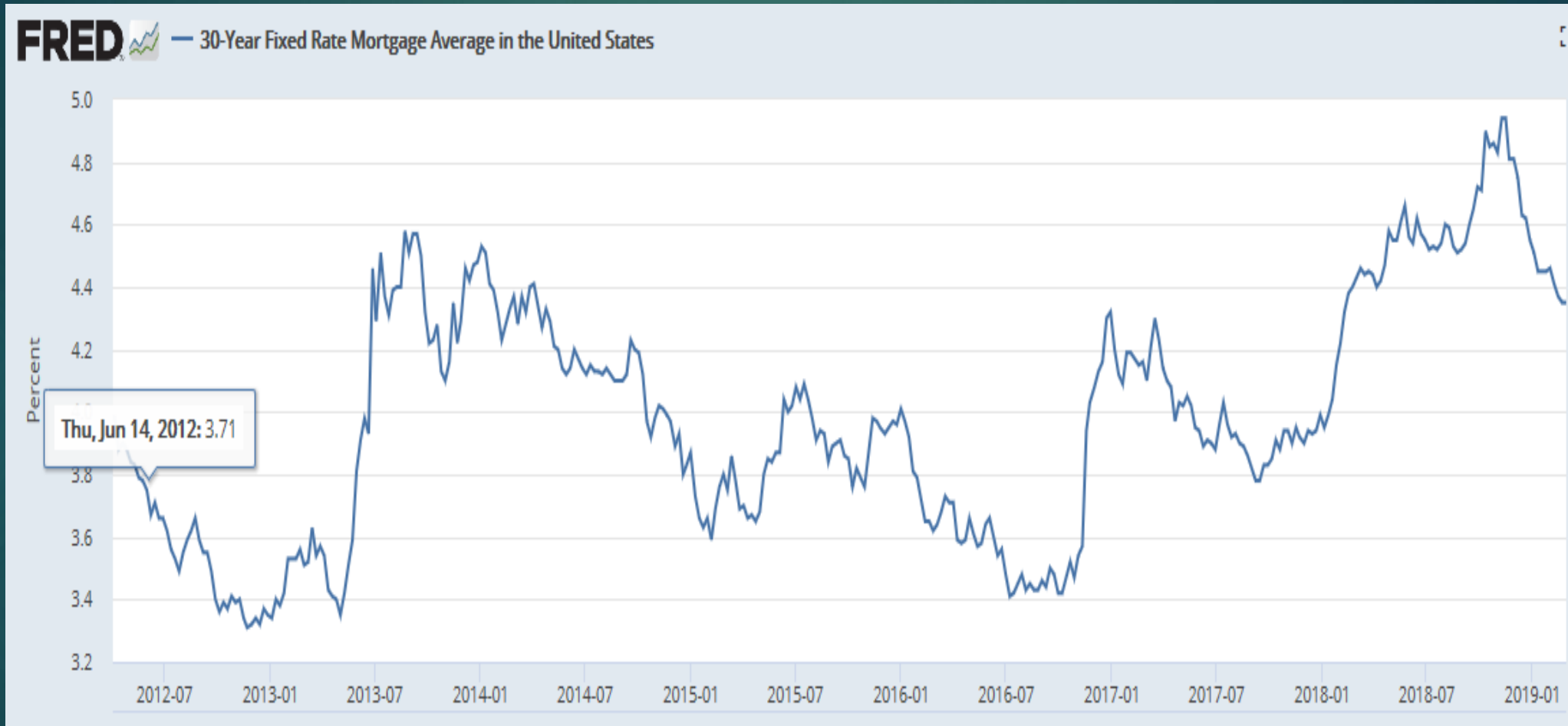
Construction Wages Rise Faster than Overall Consumers, Contributing to Rising Costs

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Change 2012-17		
	Construction	All Sectors
Wages	19%	14%
Jobs	19%	7%

Some Relief: Mortgage Rates Ease From 2018's 5% Peak, But Still Highest Since 2013

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Mortgage Payment Jumps: Higher Prices, Higher Mortgage Rates= Lower Affordability

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	2012	2018	Change
Annual Mortgage Payment Existing Housing	\$10,000	\$14,000	40%
Annual Mortgage Payment New Housing	\$14,000	\$21,000	50%