

# HOUSING MARKET REPORT

March 2020



NEW HAMPSHIRE  
HOUSING

# PERSPECTIVES ON HOUSING PRODUCTION

**Dean J. Christon**  
Executive Director  
New Hampshire  
Housing Finance  
Authority

The publication of our March 2020 *Housing Market Report* coincides with our 2020 Homeownership Conference. Both are focused on analyzing trends and influences on the state’s homeownership and rental housing markets.

At the conference, **economist Russ Thibeault spoke about his housing needs assessment study** – where we are, where we are headed and what we can do – which will come out this spring. Spoiler alert: We need 20,000 – 30,000 more housing units to meet the demand of our state’s workforce and continue our economic growth.

Our keynote speaker, **John Anderson, described how small-scale development, particularly what is known as incremental development, can help our communities.** This in-fill construction or the reuse of existing structures to create more housing and mixed-use buildings is one way we can add more housing.

We see incremental development as an opportunity for New Hampshire communities to enlist residents to develop and own buildings. These buildings, whether new or renovated, are smaller in scale, are more affordable to build and lease, and they generally fit more easily and naturally in non-urban community landscapes of the state.

In the fall and into 2021, we will be offering workshops on incremental development to raise awareness of it as a development option for communities. Following the workshops, we will sponsor a boot camp for would-be small developers to provide hands-on assistance. The boot camp will walk participants through the process of bringing a project from the drawing board to the planning board to construction and lease-up.

This time of year the **legislature is in session** and hundreds of bills are under review, some of which are of significance to housing development in the state. New Hampshire Housing works with other partners in support of legislation that will increase the state’s housing stock and streamline processes that impede development.

**Our ongoing focus in the area of homeownership** is working with a statewide network of lenders and real estate professionals to offer our single-family mortgage programs for home purchases, refinancing, and purchase-rehab. Used primarily by moderate-income homebuyers, our programs include downpayment and closing cost assistance, the Homebuyer Tax Credit Program, and discounted mortgage insurance.

Our goal continues to be to support a more inviting environment for housing development and the creation of homes that meet the needs of New Hampshire’s residents and support our growing economy.

*“Missing Middle Housing” – a representation of incremental development – spans the gap between detached single-family homes to large apartment buildings.  
Diagram by Opticos Design, from [IncrementalDevelopment.com](http://IncrementalDevelopment.com).*



## CHICKEN SOUP & HOUSING

Russ Thibeault is the founder of Applied Economic Research, a Laconia-based economic and real estate consulting firm. His soup is not for sale. *These views are his, and not necessarily those of NHHFA.*  
AERH.com



I like to make chicken soup. You start with water, chicken, vegetables, herbs, etc. Initially, it is not that tasty. Then you let it simmer all day, and voila...it ends up as something to savor.

What does chicken soup have to do with housing, you ask? Good question. Soup goes through phases as you cook it. The watery phase, the phase where it starts to pick up the taste of the chicken and herbs, the adding salt phase (enough, but not too much), the getting rid of soggy vegetables phase, and finally, the boiled-down to its delicious essence phase. Ooh la la!

So here's the point... as housing consumers, we also go through phases – lifestyle phases. And we need a diversity of housing that's affordable to accommodate our dynamic lifestyles. What are these housing lifestyles phases? Something along these lines:

- **Age 20-30** Millennials...pre-buyers
- **Age 30-40** First-time buyers
- **Age 40- 55** Move-up market
- **Age 55-65** Pre-retirement
- **Age 65-80** Seniors/retirement downsizing
- **Age 80+** Elderly (often needing supportive housing)

I've been reflecting on the housing my family has occupied as we've passed through life's phases—in-town double-deckers, several garden apartment complexes, a single-family home on a tiny in-town lot, and most recently a small condo in a 59-unit cluster development.

It then occurred to me that none of the dwellings that housed us so well over the years could be built under the large lot, single-family zoning dominating many New Hampshire communities.

When we talk about "housing needs" it's clear that one size doesn't fit all. New Hampshire's zoning should reflect that. Especially now when we are trying to balance our demographic profile with more young households and when boomers are looking to downsize.

Recently I was before a New Hampshire planning board speaking about a project that included some workforce housing. A board member asked a sincere question, "Why not make the entire project age-restricted? Wouldn't that be better for our town?"

Well, that might be like too much salt in the soup. Communities, like soup, need balance to accommodate our diverse lifestyles and changing demographics.

Our communities do need four-bedroom colonials on large lots, but they also need affordable apartments, starter homes, and cluster condominiums to attract young families and accommodate us as we pass through lifestyle changes. Development controls in many of our communities don't allow that diversity. I wish they did.

Accommodating housing needs, like making good soup, boils down to one word: balance.

# NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

## HOUSING MARKET REPORT ■ MARCH 2020

### TABLE OF CONTENTS

Perspectives on Housing Production .....	2 - 3
<b>Economic Indicators</b> .....	<b>5</b>
• Unemployment Rate (US, New England, New Hampshire)	
• Unemployment Percentages by Year (US, New England, New Hampshire)	
• Mortgage Delinquencies in New England (Q4, 2019)	
• Foreclosure Deeds in New Hampshire	
• Owner and Renter Median Household Income	
• Mortgage Status by Age of Householder	
• Comparison of Interest Rates	
• Median Purchase Price & Median Family Income	
<b>Home Prices, Inventory &amp; Permits</b> .....	<b>9</b>
• MLS Median Sales Price	
• MLS Closed Sales	
• Change in Home Sales	
• MLS Current Listings	
• MLS Housing Inventory	
• Months of Supply of Inventory	
• Average New Home Square Footage and Average Household Size	
• NH Permits Compared to Households	
• NH Housing Permits (Single-Family & Multi-Family)	
• Index of NH and US Single-Unit Housing Permits Issued	
• Real Estate Listings by NH County	
• Profile of New Hampshire Housing's Mortgage Borrowers	
<b>New Hampshire's Rental Market (2019)</b> .....	<b>15</b>
<i>The 2020 NHHFA Rental Market Survey is underway and will be published in June.</i>	
• 2-Bedroom Units, Statewide (median gross rent, vacancy, percent change)	
• Monthly Median Gross Rent (2-bedroom, all units, statewide)	
• Percent Change in 2-Bedroom Median Gross Rent Over 5-Years Statewide	

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### REPORT PREPARED BY THE POLICY, PLANNING AND COMMUNICATIONS GROUP

Ben Frost, Managing Director  
Heather McCann, Director of Housing Research  
Kathleen Moran, Housing Research Analyst

#### For questions about this report and press inquiries:

Grace Lessner, Public Information Manager | [glessner@nhhfa.org](mailto:glessner@nhhfa.org) | 603-310-9371

P.O. Box 5087 | Manchester, NH 03108 | 603-472-8623

[NHHFA.org](http://NHHFA.org) | [info@nhhfa.org](mailto:info@nhhfa.org)

*Front cover: Evelyn scoots around her neighborhood in Rochester in front of her new home (Robert Jenkins Photography); Wallace Farm Apartments (72 new units) in Londonderry, funded through NHHFA and the Low Income Housing Tax Credit program, will be completed in November; residents of Chandler Place Apartments in Plaistow enjoy a warm day on their front porch.*



## ECONOMIC INDICATORS

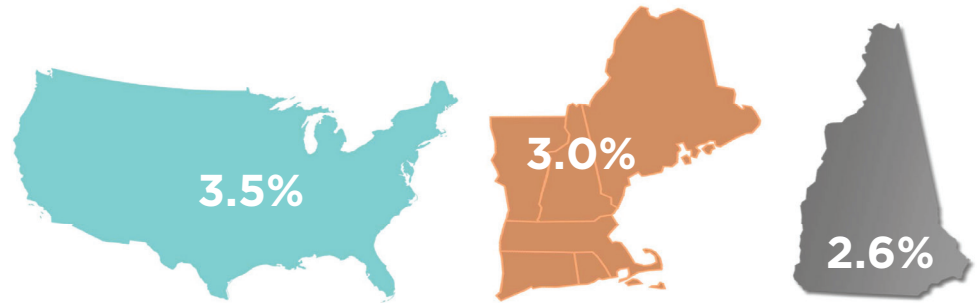
Economic indicators continue to reflect a strong economy in New Hampshire, with steady job opportunities. They also show household income has increased over the past five years but may be starting to slow.

### UNEMPLOYMENT RATE (US, NEW ENGLAND, NEW HAMPSHIRE)

Seasonally adjusted

Source: U.S. Bureau of Labor Statistics

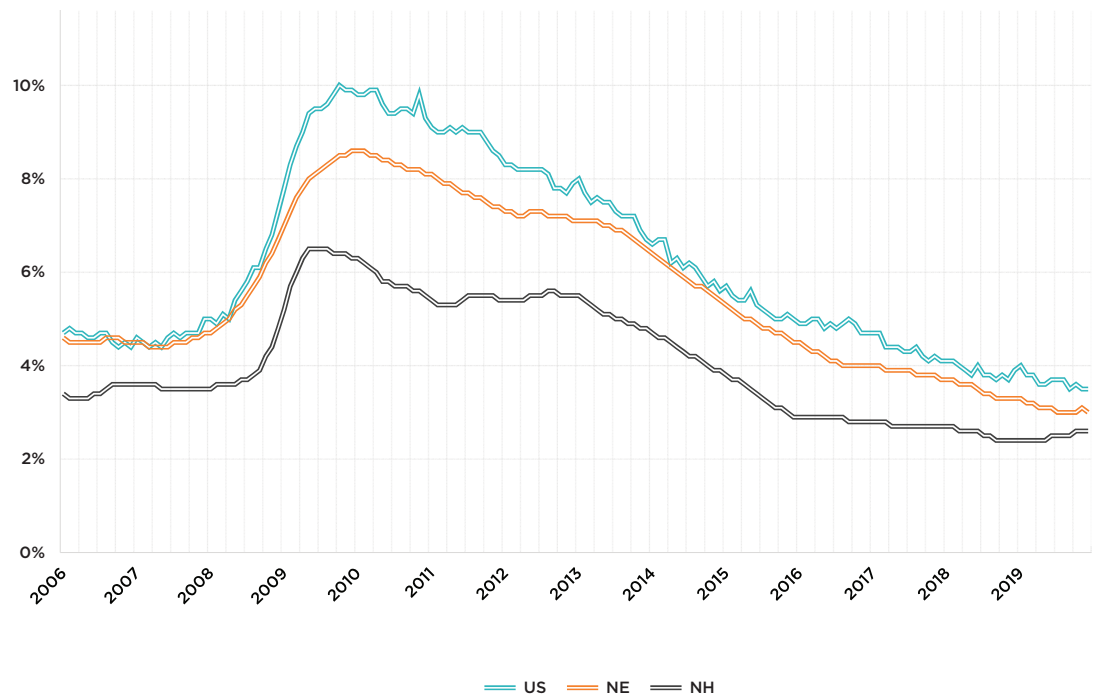
New Hampshire's seasonally adjusted unemployment rate for December is 2.6%, which is where it has remained for the past three months. It is the nation's sixth lowest unemployment rate. Our unemployment rate has been below 4% for the past five years. An unemployment rate of 4% or less is typically considered full employment.



### UNEMPLOYMENT PERCENTAGES, BY YEAR (US, NEW ENGLAND, NEW HAMPSHIRE)

Seasonally adjusted

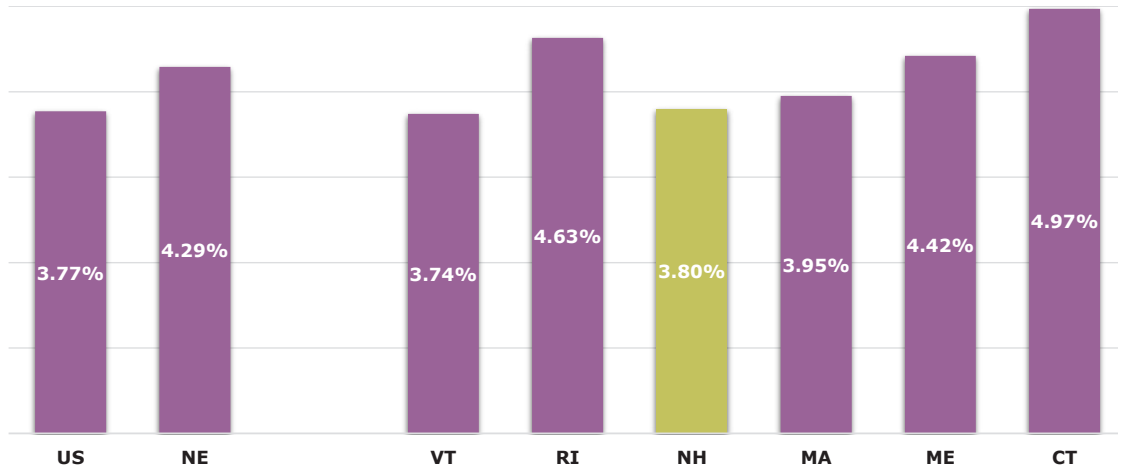
Source: U.S. Bureau of Labor Statistics



**MORTGAGE DELINQUENCIES IN NEW ENGLAND**  
Q4, 2019

Source: National Delinquency Survey, Mortgage Bankers Association; prepared by NHHFA

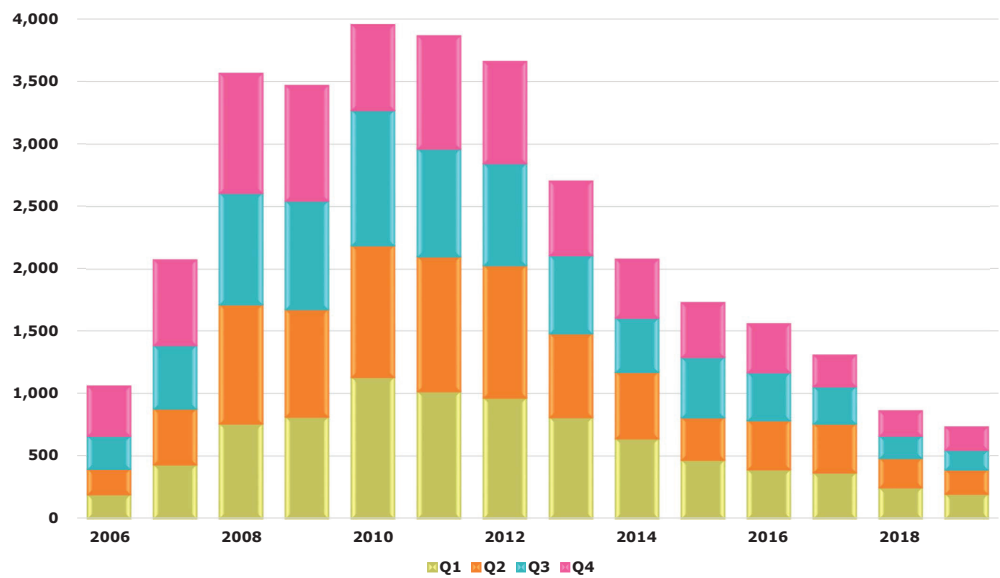
Mortgage delinquencies in New Hampshire in Q4 2019 have remained consistent from last quarter. Currently, only 3.8% of all loans in the state have at least one payment past due, which is lower than other New England states except Vermont. The Mortgage Bankers Association announced that the mortgage delinquency rates in the final three months of 2019 fell to the lowest level in more than 40 years.



**FORECLOSURE DEEDS IN NEW HAMPSHIRE**  
By quarter

Source: The Warren Group, compiled by NHHFA

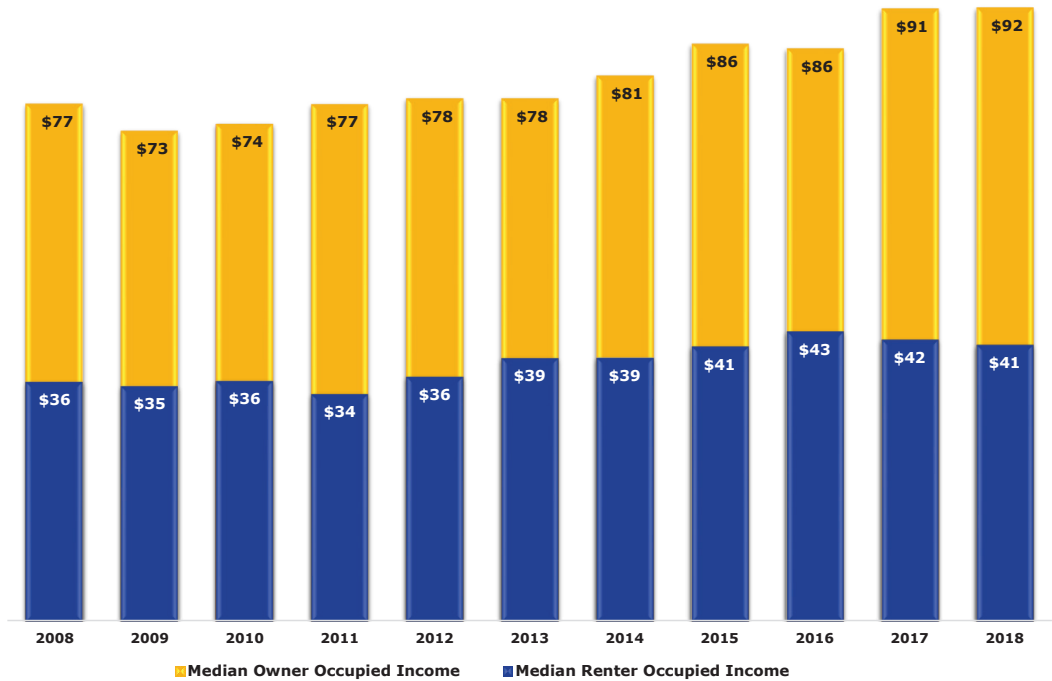
Foreclosures dropped 7.5% in Q4 2019 from the same period in 2018; annually, foreclosures dropped 15% in 2019 (731) when compared to 2018 (860). The increase in median sales price and lack of inventory within the state provides borrowers who cannot make their mortgage payments with a favorable market to sell their home, and thus avoid foreclosure.



# ECONOMIC INDICATORS

## OWNER & RENTER MEDIAN HOUSEHOLD INCOME

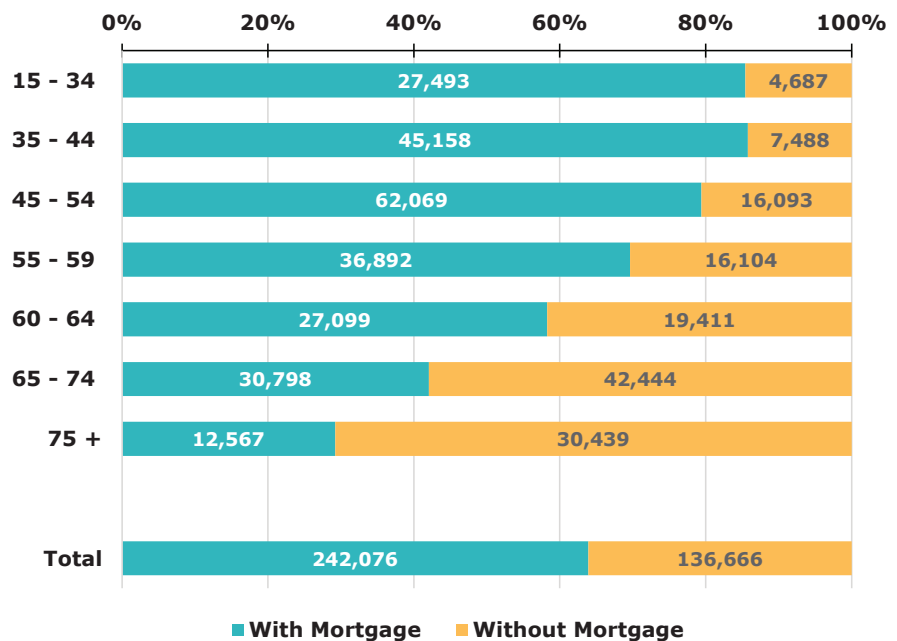
Source: U.S. Census Bureau, American Community Survey, 2007-2018. One Year Estimated Median Household Income by Tenure, B25119.



## MORTGAGE STATUS BY AGE OF HOUSEHOLDER

Source: U.S. Census Bureau, American Community Survey, 2018. One Year Estimated Mortgage Status by Age of Householder, B25027.

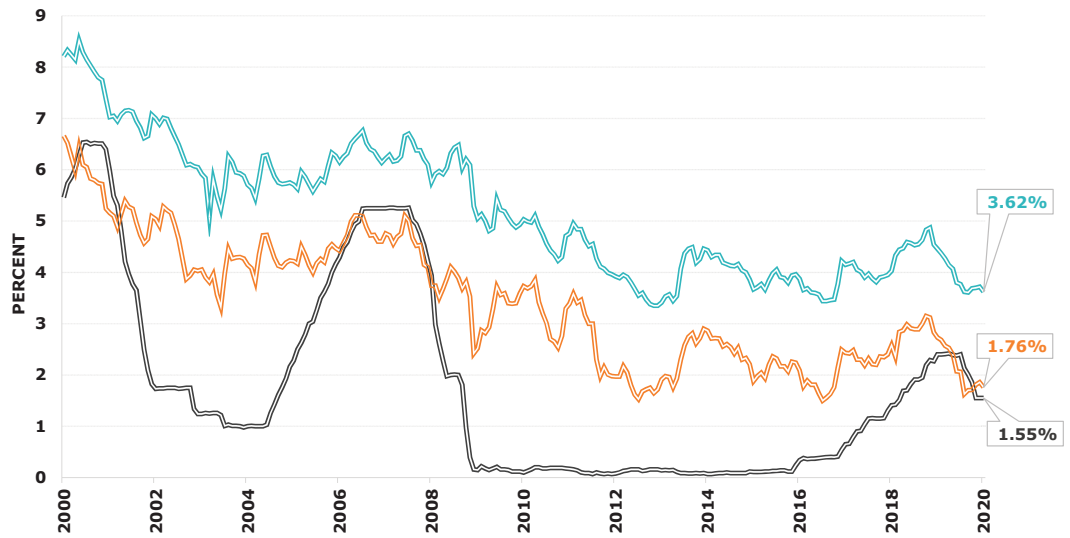
In New Hampshire, 37% of homeowners aged 65 and over still have a mortgage on their home.



**COMPARISON OF INTEREST RATES**

Source: Freddie Mac Primary National Mortgage Market Survey; US Federal Reserve Selected Interest Rate H.15.

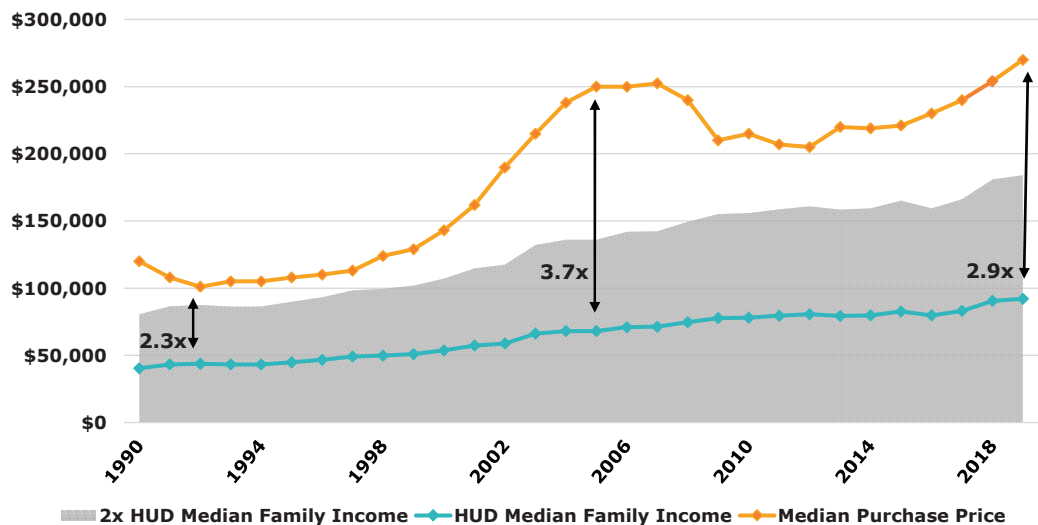
Mortgage interest rates have remained low over the last six months. They have not been this low since October 2016.



**MEDIAN PURCHASE PRICE AND MEDIAN FAMILY INCOME**

Source: The Warren Group; filtered and analyzed by NHHFA; HUD Median Family Income for New Hampshire.

In years past, the price-to-income guideline for buyers was a home that cost two times their gross annual household income. Using HUD's Median Family Income, the closest New Hampshire has ever come to that ratio was in 1992. With home prices in our current market historically high, first-time buyers now need approximately three times their annual household income to purchase a home.





# HOME PRICES, INVENTORY & PERMITS

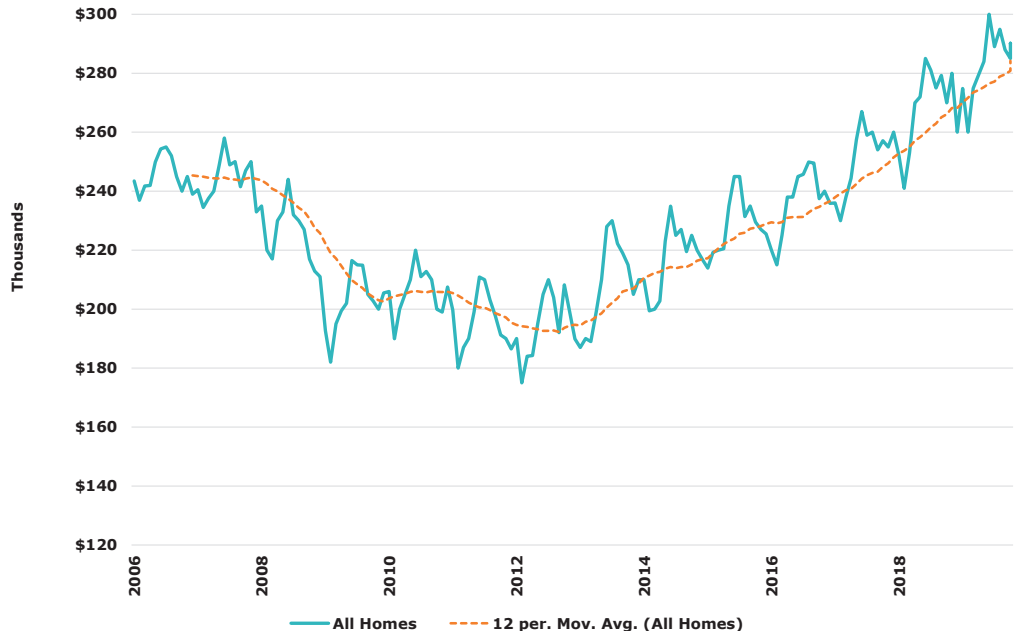
Prices and a low inventory of homes in New Hampshire makes homeownership challenging, especially for first-time buyers. Homebuyers face an extremely competitive market due to the inventory at most prices and a strong economy.

## MLS MEDIAN SALES PRICE

Source: Based on information from the Northern New England Real Estate Network and compiled by NHHFA. Excludes land, interval ownership, seasonal camps/ cottages, multi-family property, mobile/ manufactured homes and commercial/ industrial property.



The median sales price reached a new peak in June 2019 of \$300,000. This was 5.3% greater than the previous peak in June 2018. Overall, home prices are increasing. From December 2018 to December 2019, the median sales price increased 11.5%.

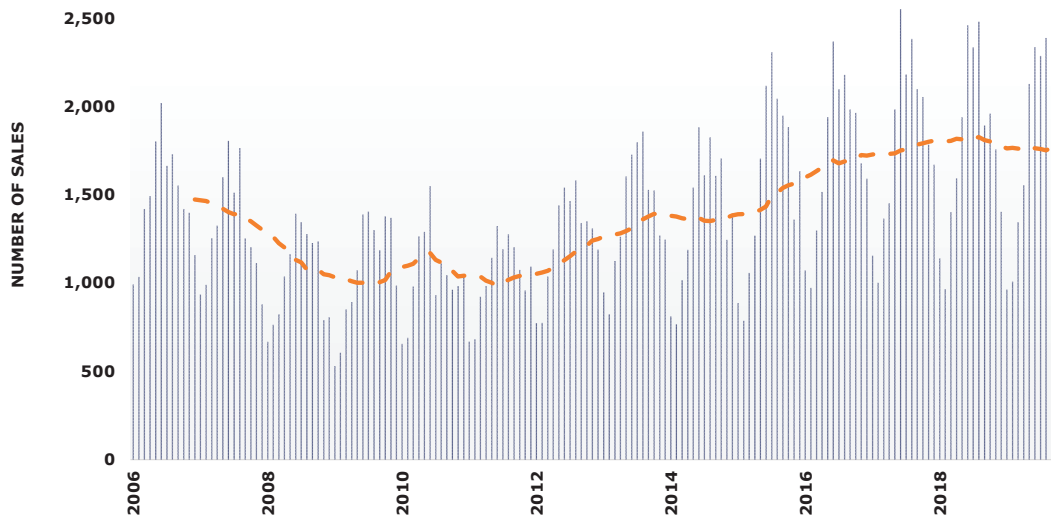


## MLS CLOSED SALES

Dotted line reflects a six-month moving average

Source: Based on information from the Northern New England Real Estate Network and compiled by NHHFA. Excludes land, interval ownership, seasonal camps/ cottages, multi-family property, mobile/ manufactured homes and commercial/ industrial property.

In 2019, total annual closed sales increased 1.4% from 2018. December 2019 saw a 21% increase in homes sold when compared with the same month in 2018.



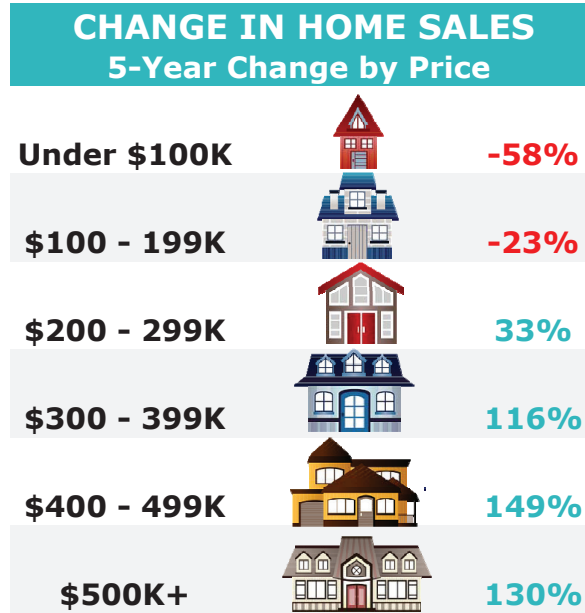
# HOME PRICES, INVENTORY & PERMITS

## CHANGE IN HOME SALES

MLS Solds annual,  
2014 compared to 2019,  
by price

Source: Based on information from the Northern New England Real Estate Network and compiled by NHHFA. Excludes land, interval ownership, seasonal camps/ cottages, multi-family property, mobile/ manufactured homes and commercial/ industrial property.

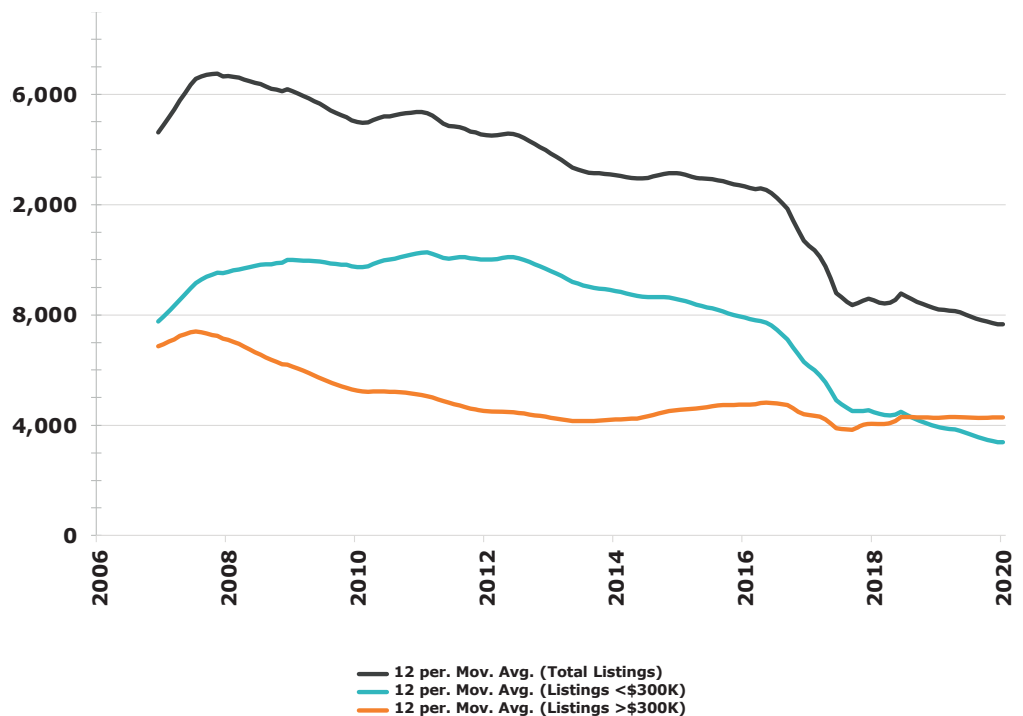
A comparison of the number of New Hampshire homes sold within certain price ranges in the past five years shows the largest increase is at \$400,000 and above.



## MLS CURRENT LISTINGS

Based on information from the Northern New England Real Estate Network and compiled by NHHFA. Excludes land, interval ownership, seasonal camps/ cottages, multi-family property, mobile/manufactured homes and commercial/industrial property.

In January, there were more homes in New Hampshire listed for over \$300,000 than under. When compared to listings five years prior (January 2015), overall listings have dropped 41%. Listings priced over \$300,000 have dropped only 8%, while listings under \$300,000 have dropped 58%.

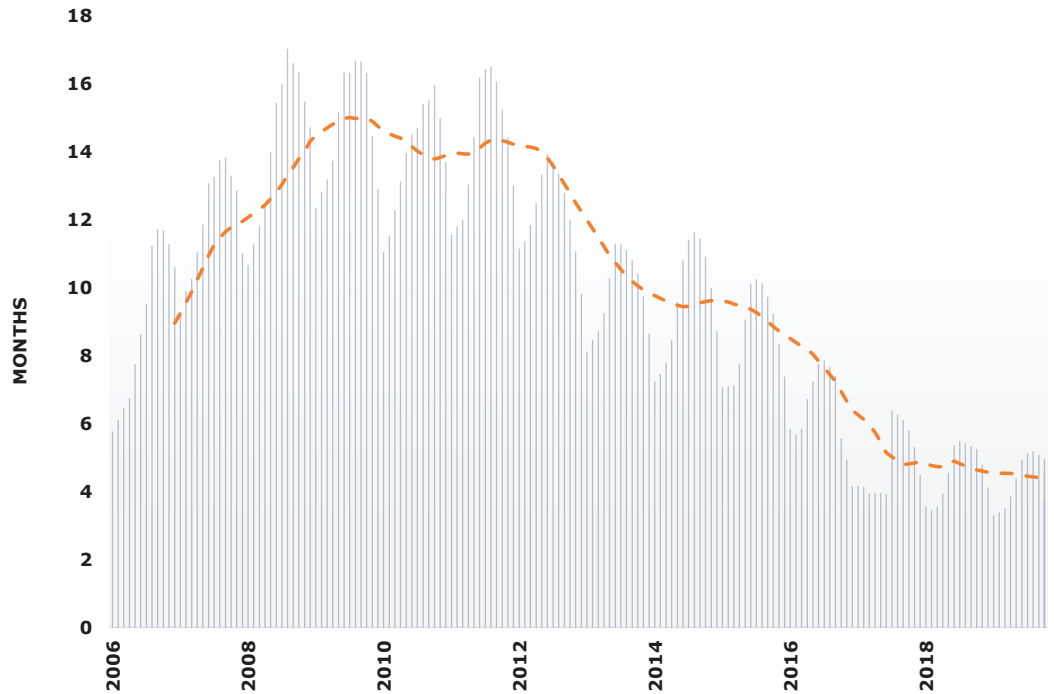


# HOME PRICES, INVENTORY & PERMITS

## MLS HOUSING INVENTORY

Based on information from the Northern New England Real Estate Network and compiled by NHHFA. Excludes land, interval ownership, seasonal camps/cottages, multi-family property, mobile/manufactured homes and commercial/industrial property.

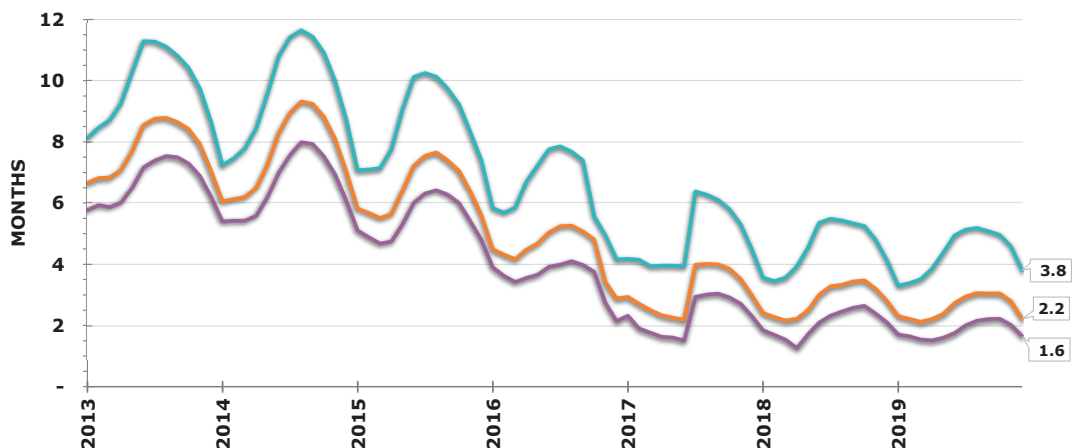
The supply of homes may be leveling as higher prices encourage more sellers and/or sales volume has slowed due to limited options in homes priced at \$300,000 and below.



## MONTHS OF SUPPLY OF INVENTORY

Based on information from the Northern New England Real Estate Network and compiled by NHHFA. Excludes land, interval ownership, seasonal camps/cottages, multi-family property, mobile/manufactured homes and commercial/industrial property.

Months of supply of inventory shows how many months it would take for the current inventory of homes on the market to sell, given the current pace of home sales. Active listings less than or equal to \$300,000 had a high of eight months in August 2014. In December 2019, New Hampshire dropped to 1.6 months of supply of homes listed at or below \$300,000.

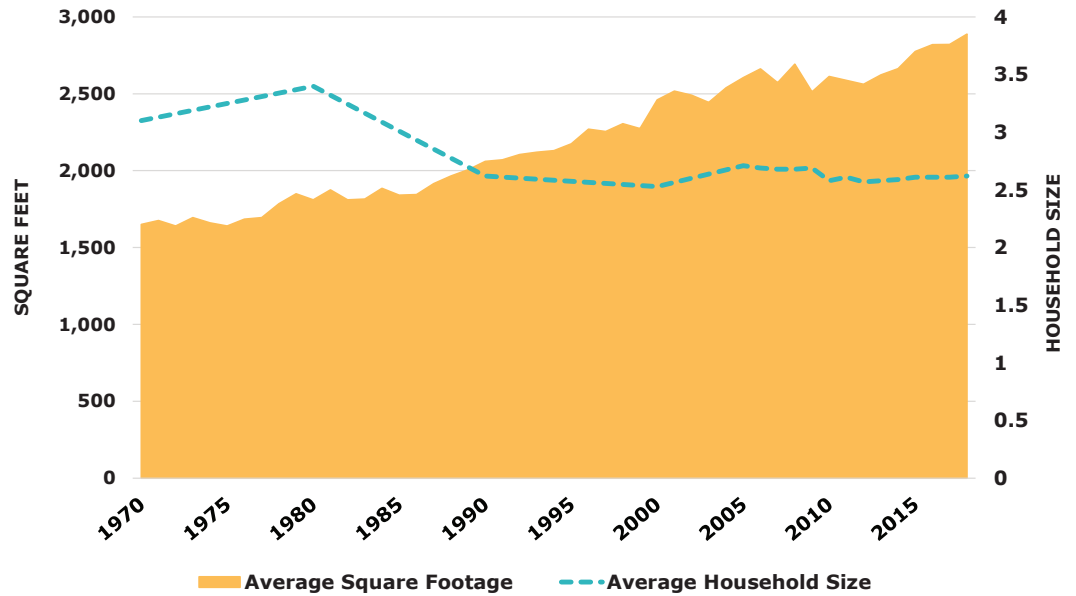


# HOME PRICES, INVENTORY & PERMITS

## AVERAGE NEW HOME SQUARE FOOTAGE AND AVERAGE HOUSEHOLD SIZE

Source: U.S. Census Bureau

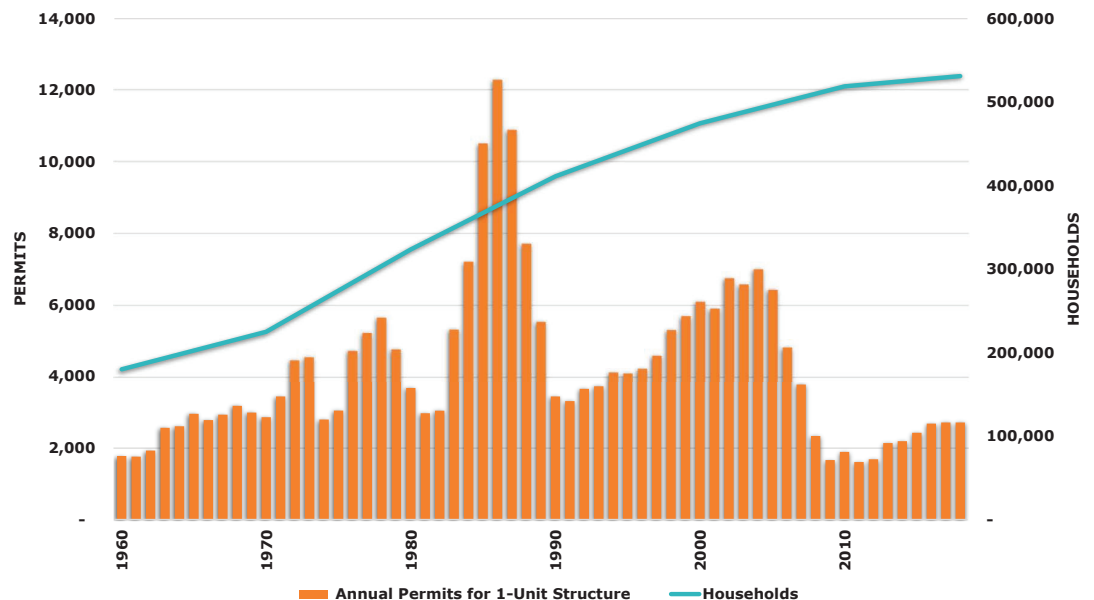
The average square footage of new homes built for sale in the Northeast region has increased 76% in the past 45 years. Meanwhile, the average household size has decreased 23% from a high of 3.4 people in 1980 to 2.62 people in 2018.



## NH PERMITS COMPARED TO HOUSEHOLDS

Source: U.S. Department of Commerce, Construction Statistics Division, U.S. Census Bureau, ACS data.

The number of households in New Hampshire has grown 195% from 1960 to 2018. Annual permits for a 1-unit structure, or single-family homes, have not come back to the levels prior to the Great Recession, even with an increase in households.



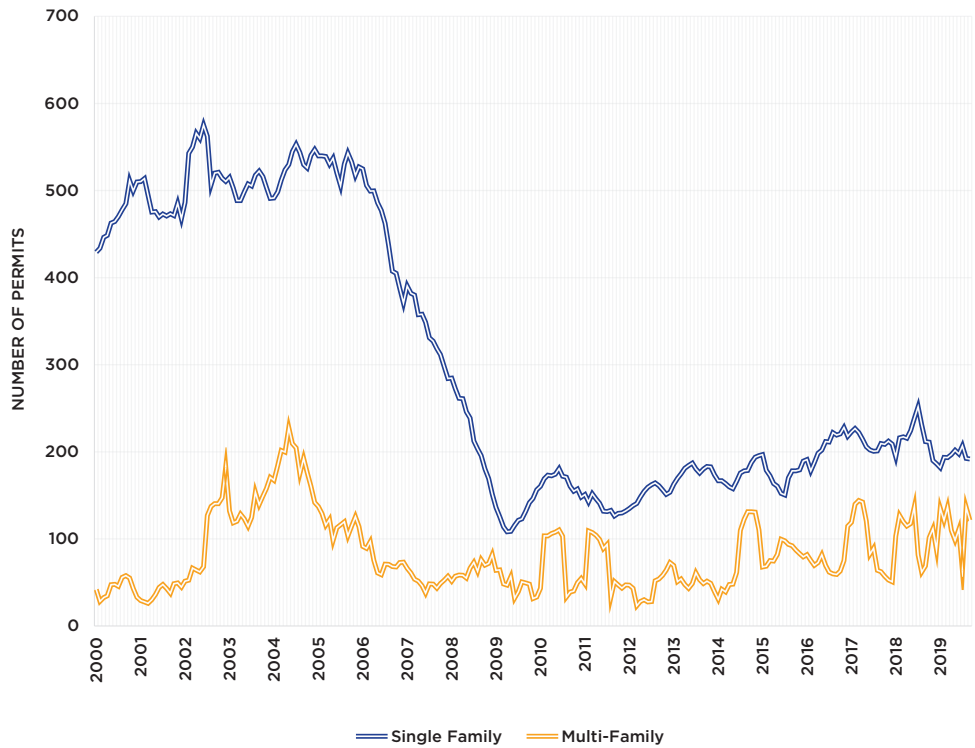
# HOME PRICES, INVENTORY & PERMITS

## NH HOUSING PERMITS (SINGLE-FAMILY AND MULTI-FAMILY)

Seasonally adjusted, 6-month moving average, through December 2019

Source: U.S. Department of Commerce, Construction Statistics Division

Single-family permits dropped 10% in 2019 when compared to 2018. In contrast, multi-family permits have increased by 16%.

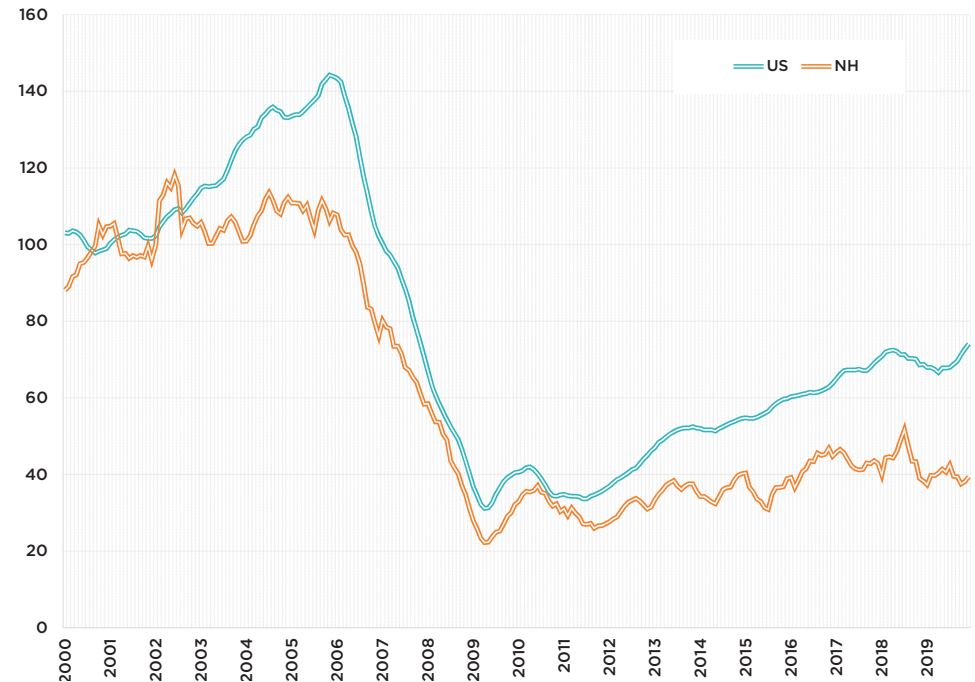


## INDEX OF NH & US SINGLE-FAMILY HOUSING PERMITS ISSUED

Seasonally adjusted, 6-month moving average, indexed, through December 2019. Index 12-month average of year 2000 = 100

Source: U.S. Department of Commerce, Construction Statistics Division

New Hampshire experienced a 43% increase in permit issuance annually in 2019 when compared to the annual low in 2009, yet a 7% decrease when compared to 2018. The number of single-family housing permits issued in the state remains behind the national average.



## HOME PRICES, INVENTORY & PERMITS

### REAL ESTATE LISTINGS BY NH COUNTY

Listings as of 2/1/20.

Based on information from the Northern New England Real Estate Network and compiled by NHHFA. Excludes land, interval ownership, seasonal camps/cottages, multi-family property, mobile/manufactured homes and commercial/industrial property.

County	Total Listings	Median List Price	Listings at or Below \$300,000	Percent of County Total	Listings at or Above \$300,000	Percent of County Total
Belknap County	339	\$309,900	168	49.6%	171	50.4%
Carroll County	416	\$319,950	197	47.4%	219	52.6%
Cheshire County	256	\$266,950	159	62.1%	97	37.9%
Coos County	277	\$159,900	222	80.1%	55	19.9%
Grafton County	529	\$295,000	279	52.7%	250	47.3%
Hillsborough County	1,087	\$349,000	393	36.2%	694	63.8%
Merrimack County	456	\$300,000	227	49.8%	229	50.2%
Rockingham County	1,183	\$449,900	207	17.5%	976	82.5%
Strafford County	370	\$334,950	156	42.2%	214	57.8%
Sullivan County	238	\$265,000	139	58.4%	99	41.6%
<b>New Hampshire</b>	<b>5,151</b>	<b>\$344,900</b>	<b>2,147</b>		<b>3,004</b>	

### PROFILE OF NEW HAMPSHIRE HOUSING'S MORTGAGE BORROWERS

An adjustment factor (from Bureau of Labor Statistics) of 1.48 was used to convert 2000 dollar values into 2019 dollars.

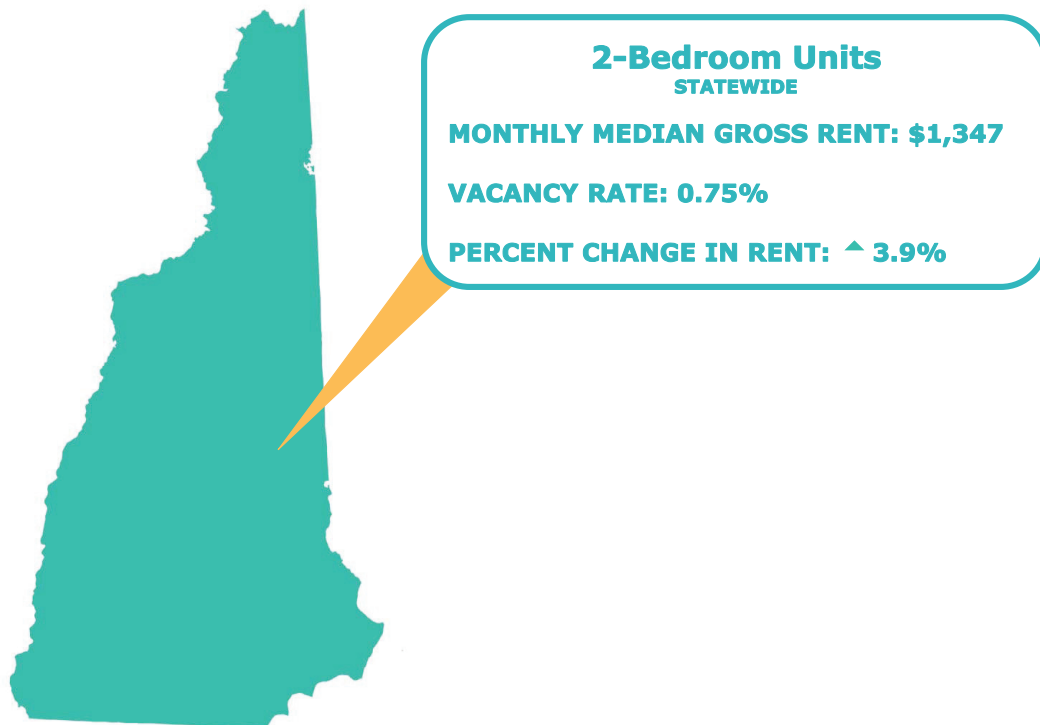
Source: New Hampshire Housing Finance Authority, Homeownership Division

New Hampshire Housing Loans Borrower Profile		
2000		2019
\$138,000	Average Purchase Price	\$215,000
\$59,000	Average Annual Income	\$72,000
34.9	Average Age of Borrower	36.5
2.46	Average Household Size	2.51
95%	Percent of First Time Buyers	90%
51%	Homebuyers who are Single	56%
4%	New Homes as a % of All Homes Bought	0.7%



## NEW HAMPSHIRE'S RENTAL MARKET

A tight rental market with very low vacancy rates, along with a strong state economy, was reflected in the NHHFA 2019 Residential Rental Cost Survey. *Download the 2019 report at NHHFA.org.*  
The 2020 report will be published in June.

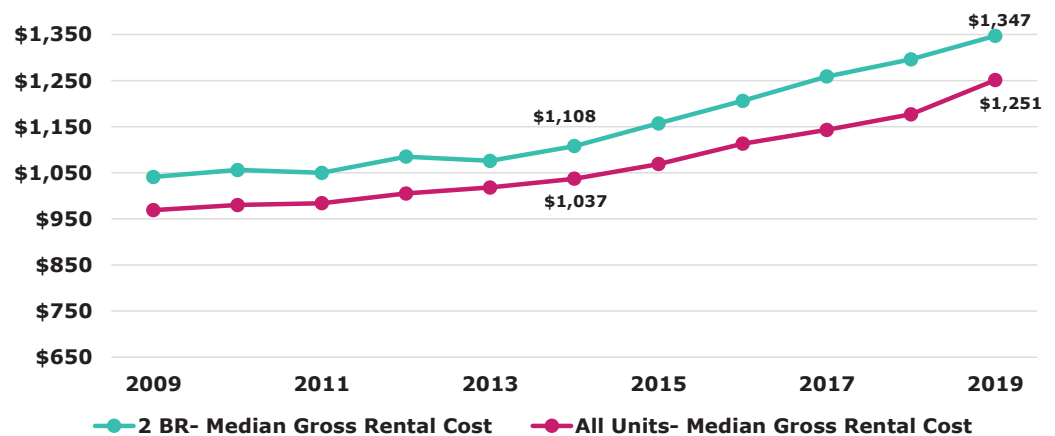


### MONTHLY MEDIAN GROSS RENT, 2-BEDROOM & ALL UNITS (STATEWIDE)

*Includes utilities*

Source: NHHFA 2019 Residential Rental Cost Survey

The statewide median gross rent (including utilities) for a 2-bedroom unit has increased over 20% in the past 5 years.

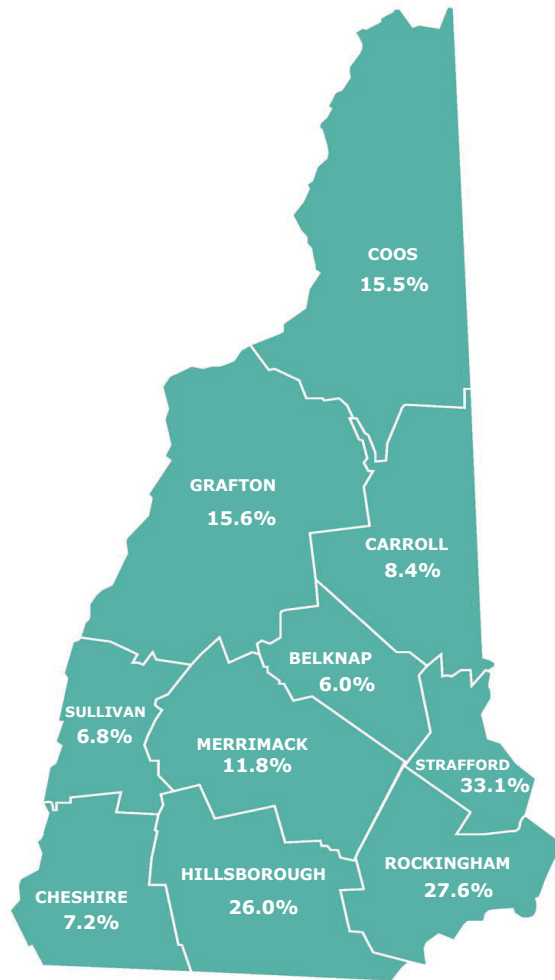


## NEW HAMPSHIRE'S RENTAL MARKET

### PERCENT CHANGE IN 2-BEDROOM MEDIAN GROSS RENT OVER 5-YEARS (STATEWIDE), 2014-2019

Source: NHHFA 2019 Residential Rental Cost Survey

The statewide median gross rent for a 2-bedroom unit in 2019 was \$1,347; 78% of the rental units surveyed are in the southern tier (Hillsborough, Rockingham, Merrimack, and Strafford counties) and they have the highest median gross rents overall. The rental costs seen in Grafton County are driven by the market in the Hanover/Lebanon area.



# 2020 NEW HAMPSHIRE RENTAL COST SURVEY

*NHHFA's annual residential rental survey now underway.*

New Hampshire Housing's annual Residential Rental Cost Survey is underway. The survey is conducted on our behalf by the University of New Hampshire's Survey Center online and by telephone.

Each year we ask the owners or managers of residential rental property to take this brief survey to assist New Hampshire Housing in tracking rental housing costs and to provide important housing data to the public. *All information provided to us in the survey is aggregated and kept confidential.*

If you own or manage one or more units of rental housing, please contact us and take the survey. ***Because we appreciate that it takes time to complete the survey, after you have completed it online or via phone, you may elect to be entered into a drawing to win one of thirty \$100 VISA gift cards.***

New Hampshire Housing will publish the *2020 New Hampshire Residential Rental Cost Survey Report* in June.

To participate in the survey, please contact Kathleen Moran, Housing Research Analyst, at [kmoran@nhhfa.org](mailto:kmoran@nhhfa.org).



# NHHFA HOUSING RESEARCH, PUBLICATIONS AND RESOURCES

NHHFA's Policy, Planning and Communications Group focuses on researching, surveying and identifying the state's housing needs and conditions. It also provides technical assistance and information to local governments and the public on housing-related matters. Additionally, it administers grant programs to support non-profits engaged in affordable housing activities.



## HOUSING ADVOCACY AND GRANTS

NHHFA provides funding to support local housing advocacy and public education activities. NHHFA also focuses on engaging partners such as local and regional chambers of commerce and economic development organizations. The state's network of workforce housing coalitions, along with Housing Action NH, are key to raising awareness about the need for a diverse and affordable range of housing in our communities. NHHFA provides grants to support the housing coalitions such as Vital Communities (Upper Valley); the Workforce Housing Coalition of the Greater Seacoast; and the Mt. Washington Valley Housing Coalition.

## MUNICIPAL TECHNICAL ASSISTANCE GRANT PROGRAM

To provide towns and cities with assistance to address locally identified planning needs, NHHFA partners with Plan NH to administer the Municipal Technical Assistance Grant Program. Municipalities may apply for grants of up to \$20,000. A cash match of 25% of the grant amount is required to participate in the program. Additionally, NHHFA staff provide direct technical assistance to municipalities upon request.

NHHFA published *A New Hampshire Homeowner's Guide to Accessory Dwelling Units* in 2018 and an ADU guide for local officials in 2017. These guides provide assistance in implementing the Accessory Dwelling Unit statute (RSA 674:71-73). The intent of that law is to expand affordable housing options in New Hampshire communities by encouraging the efficient use of existing housing stock and infrastructure.

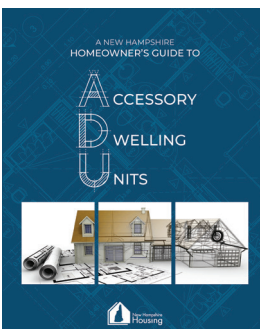
## HOUSING CONFERENCE SERIES

NHHFA hosts a series of conferences each year for the financial, real estate, lending, development, nonprofit, and other housing-related sectors, as well as public officials and business leaders. These events encourage discussion about ways to address the Granite State's affordable housing and economic development needs. In 2020, NHHFA will present the Homeownership Conference (March 3), Multi-Family Rental Housing Development Conference (May 29), and Housing and the Economy Conference (October 15).



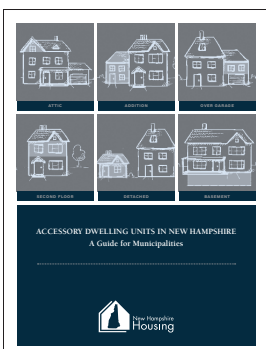
## HOUSING-RELATED STUDIES, GUIDES AND REPORTS

- New Hampshire's Housing Challenge and Projected Housing Needs: Dimensions and Policy Options (to be published in 2020)
- Housing Solutions Handbook (updated 2019)
- A New Hampshire Homeowner's Guide to Accessory Dwelling Units (2018)
- Accessory Dwelling Units in New Hampshire: A Guide for Municipalities (2017)
- Affordable Rental Housing Developments: Characteristics of Residents of New Hampshire Low Income Housing Tax Credit Apartments (2017)
- Analysis of Impediments to Fair Housing (2004 & 2015)
- Housing Needs in NH (NH Center for Public Policy Studies) (2014)
- Community Planning Grant Case Studies (2014)
- Information Briefs: A Planning Resource for Municipalities (2014)
- Fair Housing for Regional and Municipal Planners (2014)
- New Hampshire Employer Survey (2005, 2008 & 2014)



## OTHER NHHFA PUBLICATIONS

- Annual Report
- Financial Statements and Independent Auditor's Report
- Strategic / Program Plan
- Residential Rental Cost Survey (and Utility Allowance Survey)
- HUD Required Consolidated Plan / Action Plan
- State Biennial Housing Plan (every 2 years)
- Housing Market Report (Spring - Summer - Fall)





# HOMEBUYER FAIRS

**Get started on your path  
to homeownership!**

Talk with professionals in the homebuying process, including counseling agencies, lenders, real estate agents, and more!

**Saturday, March 7 | 9AM - 1PM**

Grappone Conference Center  
70 Constitution Avenue, Concord, NH

**Saturday, March 14 | 10AM - 1PM**

Littleton Opera House  
2 Union Street, Littleton, NH

**Saturday, March 21 | 9AM - 1PM**

Executive Court Banquet Facility  
1199 South Mammoth Road, Manchester

**Saturday, March 28 | 10AM - 2PM**

Holiday Inn, Portsmouth Traffic Circle  
300 Woodbury Ave, Portsmouth



[GoNHHousing.com](http://GoNHHousing.com)





NEW HAMPSHIRE  
HOUSING

P.O. Box 5087 | Manchester, NH 03108  
603-472-8623 | [NHHFA.org](http://NHHFA.org) | [info@nhhfa.org](mailto:info@nhhfa.org)

*As a self-supporting public corporation created by the state legislature,  
New Hampshire Housing Finance Authority promotes, finances,  
and supports affordable housing.*

New Hampshire housing market, economic and demographic  
data are available at [NHHFA.org/data-resources-planning](http://NHHFA.org/data-resources-planning).

