

Boston Trust



October 2023

Economic Recap: Housing, Rates & Construction Costs National & Local

Boston Trust
Economic Snapshot |

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We present the October edition of the Boston Trust Economic Snapshot: Housing, Rates & Construction Costs.

In October, the Massachusetts real estate market continued to grapple with some challenges. Limited housing inventory persisted, intensifying the competitive landscape for buyers. However, a slight uptick in new listings provided a glimmer of hope for those in search of properties. Sellers, although still cautious due to fluctuating mortgage rates, showed some increased activity, potentially signaling a shifting sentiment in the market.

Despite this, home prices sustained a steady climb, albeit at a more restrained pace compared to previous months. Factors such as inflationary pressures and increased construction costs influenced this moderation, maintaining a semblance of affordability in the housing market. Regional disparities persisted, emphasizing the need for localized insights when navigating real estate transactions

No matter how complex your next project may be, Boston Trust has the experience and knowledge to be your trusted lender.



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Monthly New Residential Sales, October 2023

November 27, 2023 – The U.S. Census Bureau and the U.S. Department of Housing and Urban Development (HUD) jointly announced the following new residential sales statistics for October 2023:



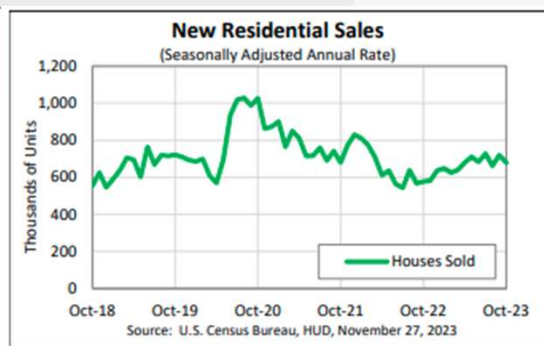
NEW RESIDENTIAL SALES
SALES
OCTOBER 2023

New Houses Sold¹: 679,000
New Houses For Sale²: 439,000
Median Sales Price: \$409,300

Next Release: December 22, 2023

¹Seasonally Adjusted Annual Rate (SAAR)
²Seasonally Adjusted

Source: U.S. Census Bureau, HUD, November 27, 2023



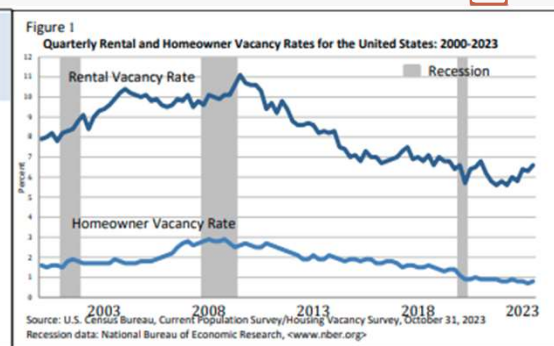


RESIDENTIAL VACANCIES AND HOMEOWNERSHIP
THIRD QUARTER 2023

Rental Vacancy Rate 6.6%
Homeowner Vacancy Rate 0.8%
Homeownership Rate 66.0%

Next release: January 30, 2024

Data are not adjusted for seasonality.
Source: U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey, October 31, 2023



New Home Sales

In October 2023, the estimated annual rate of new single-family home sales stood at 679,000, showing a 5.6% decline from the revised September rate of 719,000. Nonetheless, this figure marks a significant 17.7% increase from the October 2022 estimate of 577,000.

Sales Price

The median sales price for new houses sold in October 2023 was \$409,300, while the average sales price was \$487,000.

For Sale Inventory and Months' Supply

Regarding inventory, there were an estimated 439,000 new houses for sale at the end of October, representing a 7.8 months' supply at the current sales rate.

Massachusetts 2023

MASSACHUSETTS

OCT | '23

SINGLE FAMILIES

↓ HOMES SOLD DOWN 16.2% ↑ AVERAGE PRICE UP 7.6%

CONDOS

↓ HOMES SOLD DOWN 9.6% ↑ AVERAGE PRICE UP 4.3%

MULTI-FAMILIES

↓ HOMES SOLD DOWN 15.3% ↑ AVERAGE PRICE UP 10.8%



Per MLSPIN & Warren Data

The real estate market is showing a mixed trend. While home sales have dropped by 14.3% year over year across all categories, there's been a noticeable increase in average sales prices, rising by 6.9% over the same period.

- Single-family home sales decreased from 4,193 in 2022 to 3,515 in 2023.
- Condominium sales saw a decline from 1,727 in 2022 to 1,562 in 2023.
- Multi-family home sales dropped from 633 in 2022 to 536 in 2023.

However, amidst the sales decline, there's been an upward trend in average sales prices:

- Single-family homes witnessed a rise in average sales price from \$653,286 in 2022 to \$702,935 in 2023.
- Condominiums experienced an increase from \$597,287 in 2022 to \$623,028 in 2023.
- Multi-family homes also saw a price hike, increasing from \$605,432 in 2022 to \$671,070 in 2023.

Massachusetts Housing Report

October 2023 Massachusetts Housing Report - Lamacchia Realty

Source Lamacchia Realty

National Mortgage Foreclosure & Delinquency

Serious Delinquency Mortgage Payments (90 days past due or in foreclosure)

	October 2023	Month-over-month change	Year-over-year change	12-month trend
Total U.S. loan delinquency rate (loans 30 or more days past due, but not in foreclosure):	3.26%	↓ -0.99%	↓ -2.81%	
Total U.S. foreclosure pre-sale inventory rate:	0.41%	↑ 1.17%	↓ -6.13%	
Total U.S. foreclosure starts:	33,000	↑ 30.43%	↑ 32.85%	
Monthly Prepayment Rate (SMM):	0.43%	↓ -3.41%	↓ -12.78%	
Total U.S. foreclosure sales:	6,400	↑ 0.48%	↑ 0.78%	
Number of properties that are 30 or more days past due, but not in foreclosure:	1,734,000	↓ -15,000	↓ -22,000	
Number of properties that are 90 or more days past due, but not in foreclosure:	447,000	↓ -8,000	↓ -135,000	
Number of properties in foreclosure pre-sale inventory:	217,000	↑ 3,000	↓ -11,000	
Number of properties that are 30 or more days past due or in foreclosure:	1,951,000	↓ -12,000	↓ -32,000	

Legend
■ Low ■ High

In October, the national delinquency rate dropped to 3.26%, showing a 9 bps improvement from last year. Serious delinquencies fell to 447,000, hitting their lowest since 2006. Loans 30 days late decreased for the first time in five months. However, foreclosure starts rose to 33,000, an 18-month high, while completed foreclosures stayed steady. Active foreclosure inventory increased slightly but remains 25% below pre-pandemic levels. Even with the uptick in foreclosure starts, immediate risks seem low, given the historically low serious delinquencies and protections for over 70% of these loans. Prepay activity dipped to 0.43%, mainly due to seasonal factors, despite a slight ease in interest rates from the prior month.

Source: <https://www.fanniemae.com/about-us/investor-relations/monthly-summary>
 Source: <https://www.freddiemac.com/investors/financials/monthly-volume-summaries>

United States Prime Rate

The Current U.S. (Fed) Prime Rate is: **8.50%**

November 1, 2023: The FOMC has voted to keep the target range for the fed funds rate at 5.25% - 5.50%. Therefore, the United States Prime Rate remains at 8.50%

The next FOMC meeting and decision on short-term interest rates will be on December 13, 2023.

Primary Mortgage Market Survey®

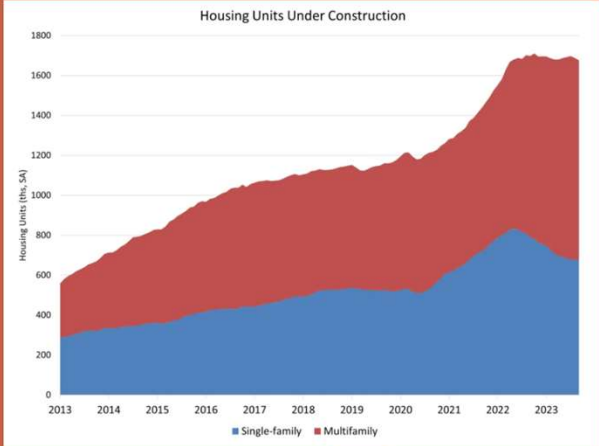
U.S. weekly averages as of 11/22/2023

30-Yr FRM	1-Wk change	∨ -0.15
7.29%	1-Yr change	∧ 0.71
	4-Wk avg.	7.5%
	52-Wk avg.	6.76%

15-Yr FRM	1-Wk change	∨ -0.09
6.67%	1-Yr change	∧ 0.77
	4-Wk avg.	6.82%
	52-Wk avg.	6.06%

Construction

October 2023



SINGLE FAMILY:



MULTI-FAMILY:



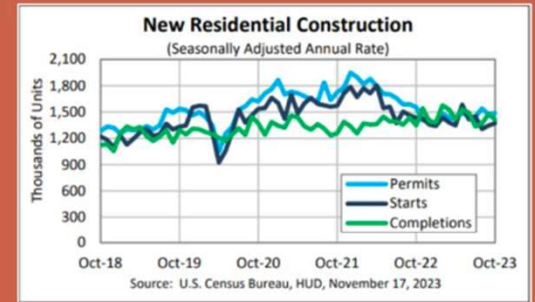
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U.S. CONSTRUCTION MATERIAL COST CHANGES		
From Producer Price Index (PPI) Series		
October 2023		
Materials	MoM	YoY
Asphalt	3.1% ↑	-22.7% ↓
Paint Materials	-0.9% ↓	3.3% ↑
Softwood Lumber	-2.8% ↓	-16.3% ↓
Hardwood Lumber	1.1% ↑	-5.7% ↓
Hardwood Flooring	0.1% ↑	2% ↑
Millwork	0.3% ↑	-4.9% ↓
Plywood	1.1% ↑	-8.5% ↓
Plumbing Fixtures	0.5% ↑	1.4% ↑
Heating Equipment	0.7% ↑	4.9% ↑
Lighting Fixtures	0	3% ↑
Cement	-0.6% ↓	8.5% ↑
Copper Wire	-1.3% ↓	2.7% ↑
Airconditioning & Refridg.	0.4% ↑	3.9% ↑
Household Appliances	0.1% ↑	1.9% ↑
Concrete Products	0.7% ↑	9.7% ↑
Gypsum Products	0%	-1.2% ↓
Insulation Materials	-0.3% ↓	1.6% ↑

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October 2023



Building Permits: ↑ 1.1% MoM

Housing Starts: ↑ 1.9% MoM

Housing Completions: ↓ 4.6% MoM

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An aerial, high-angle photograph of a city harbor, likely New York City. The image is heavily faded and has a light gray overlay. In the center, a large, dark-colored ship is docked at a pier. The surrounding area is filled with buildings, streets, and other structures, all appearing in a muted, monochromatic tone. The text "Fast Financing you can Trust" is superimposed over the center of the image in a dark red, serif font.

Fast Financing you can Trust