FIRST-TIME BUYERS POWER INCREASE

Sales pace increased 3.2% in September after 2 months of decline

Existing Home Sales and Prices

Source: National Association of REALTORS® Existing Home Sales Report
SALES STRONG IN SEPTEMBER

Seasonally adjusted pace of sales +2% y/y for pending, +30% new

Home Sales (New Contracts) SAAR

- Pending Home Sales (Existing)
- New Home Sales

Source: National Association of REALTORS®, Commerce Department
STARTS STALL BUT PERMITS PICK UP

Starts down 12% y/y in September (SF +5%) but permits up 5%

Source: Commerce Department
INVENTORY CONTINUES TO BE LOWER

Inventory down 11% in October y/y while median age down 2%

Listings and Median Age of Inventory

Source: Realtor.com®
AFFORDABLE ERA ISN’T QUITE OVER
Rates are now still low by historical standards but moving up

Housing Affordability Index Composite (Left Axis)
Average 30-Year Conforming Rate (Right Axis)

Source: Moody’s Analytics, Freddie Mac, and National Association of REALTORS®
DEMOGRAPHICS SET THE TABLE

When viewed by age, importance of Millennials becomes clearer

US Population by Age, End of 2015

<table>
<thead>
<tr>
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<th>8</th>
<th>12</th>
<th>16</th>
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<td>Millennial</td>
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<td>Boomer</td>
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</table>

BOOMERS KEEP DISTURBING
Boomer wave is causing a major population shift

Population by Age (US)

- Under 25
- 25-34
- 35-54
- 55-64
- 65+

Over the next 5 years:
- Population grows 4%
- 65+ grows 18%
- 55-64 grows 5%
- 35-54 is flat
- 25-34 grows 1%
- Under 25 grows 1%

Source: Nielsen Demographics Pop-Facts 2016
LIFE DRIVES HOUSING DEMAND
Everyone’s tired of waiting and Millennials are building families

Top 10 Buying Triggers

- tired of current home
- favorable home prices
- change of family circumstance/composition
- getting married/moving in with partner
- looking for a safer neighborhood
- increase in family size
- relocated to a new city
- planning an increase to family size
- desire to live closer to good schools
- increase in income
- change of job/job location

Source: realtor.com Active Home Shopper Survey, September 2016
MARKET COMPOSITION IS SHIFTING
The market is shifting as first-time buyers re-emerge

Buyer Composition, First Time Status and When Started

<table>
<thead>
<tr>
<th></th>
<th>September 2015</th>
<th>September 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Time</td>
<td>47%</td>
<td>52%</td>
</tr>
<tr>
<td>&lt; 3 Months</td>
<td>15%</td>
<td>11%</td>
</tr>
<tr>
<td>4-6 Months</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>7-12 Months</td>
<td>18%</td>
<td>14%</td>
</tr>
<tr>
<td>More than 1 year</td>
<td>33%</td>
<td>51%</td>
</tr>
</tbody>
</table>

IMPEDIMENTS TO PURCHASE

Inventory is losing its dominance; financial impediments growing

What's Getting in the Way of Making a Home Purchase?

Source: Realtor.com Survey of Buyer Traffic, October 2016
LOCATION
LOCATION
LOCATION
LOCATION
LOCATION
LOCATION
MEDIAN SALES PRICES

$260K, up 3% year-on-year New England region (Aug 2016)

Source: Realtor.com
NEW CONSTRUCTION STALLED

Like US, starts now down year-over-year (September)

New Construction Starts in New England

Source: Commerce Department, Moody’s Analytics
LIST PRICES RETAIN MOMENTUM

Asking prices up most (12%) Y/Y in Massachusetts (Aug 2016)

<table>
<thead>
<tr>
<th>State</th>
<th>Median Listing Price</th>
<th>August-2016 Median Listing Price Y/Y</th>
<th>Median Listing Price M/M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Massachusetts</td>
<td>418,300</td>
<td>11.8%</td>
<td>2.3%</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>269,900</td>
<td>8.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Connecticut</td>
<td>325,000</td>
<td>4.8%</td>
<td>-1.5%</td>
</tr>
<tr>
<td>Maine</td>
<td>223,900</td>
<td>4.2%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>299,900</td>
<td>3.2%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Vermont</td>
<td>243,200</td>
<td>1.8%</td>
<td>-0.7%</td>
</tr>
</tbody>
</table>

Source: Realtor.com
LIST PRICES RETAIN MOMENTUM

Asking prices up Y/Y in October the most in NH and MA

Source: Realtor.com
LIST PRICES BY COUNTY

List price growth year-over-year (Oct 2016)

Top 10 Fastest Growing Counties

<table>
<thead>
<tr>
<th>Rank</th>
<th>County</th>
<th>Median List Price YOY</th>
<th>Median List Price</th>
<th>Active Listings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hillsborough, NH</td>
<td>21%</td>
<td>326,500</td>
<td>1,793</td>
</tr>
<tr>
<td>2</td>
<td>Suffolk, MA</td>
<td>18%</td>
<td>609,500</td>
<td>1,173</td>
</tr>
<tr>
<td>3</td>
<td>York, ME</td>
<td>16%</td>
<td>329,900</td>
<td>1,892</td>
</tr>
<tr>
<td>4</td>
<td>Norfolk, MA</td>
<td>15%</td>
<td>539,900</td>
<td>2,126</td>
</tr>
<tr>
<td>5</td>
<td>Essex, MA</td>
<td>15%</td>
<td>459,900</td>
<td>2,362</td>
</tr>
<tr>
<td>6</td>
<td>Rockingham, NH</td>
<td>15%</td>
<td>379,900</td>
<td>1,709</td>
</tr>
<tr>
<td>7</td>
<td>Middlesex, MA</td>
<td>15%</td>
<td>550,000</td>
<td>3,461</td>
</tr>
<tr>
<td>8</td>
<td>Belknap, NH</td>
<td>14%</td>
<td>270,000</td>
<td>765</td>
</tr>
<tr>
<td>9</td>
<td>Orange, VT</td>
<td>13%</td>
<td>225,000</td>
<td>306</td>
</tr>
<tr>
<td>10</td>
<td>Cheshire, NH</td>
<td>12%</td>
<td>238,500</td>
<td>518</td>
</tr>
</tbody>
</table>

Includes Zips with a minimum 300 active listings.

Source: Realtor.com
INVENTORY GETTING TIGHTER
Active listings down Y/Y in all six states (Oct 2016)

<table>
<thead>
<tr>
<th>State</th>
<th>October 2016 Active Listing Count</th>
<th>Active Listing Y/Y</th>
<th>Active Listing Mm</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Hampshire</td>
<td>9,205</td>
<td>-36%</td>
<td>-28%</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>25,342</td>
<td>-27%</td>
<td>-1%</td>
</tr>
<tr>
<td>Maine</td>
<td>13,064</td>
<td>-23%</td>
<td>-5%</td>
</tr>
<tr>
<td>Vermont</td>
<td>7,490</td>
<td>-22%</td>
<td>-14%</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>5,551</td>
<td>-12%</td>
<td>-3%</td>
</tr>
<tr>
<td>Connecticut</td>
<td>30,082</td>
<td>-11%</td>
<td>-3%</td>
</tr>
</tbody>
</table>

Source: Realtor.com
INVENTORY

Single Family and Condo Active Listings (Oct 2016)

Top 10 Counties by Active Listings

1. Fairfield, CT 9,609
2. New Haven, CT 6,874
3. Hartford, CT 5,333
4. Barnstable, MA 4,556
5. Middlesex, MA 3,401
6. Worcester, MA 3,025
7. Litchfield, CT 2,988
8. Plymouth, MA 2,402
9. Essex, MA 2,362
10. New London, CT 2,291

Source: Realtor.com
AGE OF INVENTORY VARIES

Inventory moving faster Y/Y in RI and MA (Oct 2016)

Source: Realtor.com
HOTTEST COUNTIES

Massachusetts has 4 of 5 hottest counties in region

Source: Realtor.com Q2 2016 Market Hotness Report
HOTTEST ZIPS

Middlesex (MA) County has 7 of 10 hottest zips in region

Source: Realtor.com Q2 2016 Market Hotness Report
FLIPPING UP IN MOST STATES

Activity in region is rarely as frequent as in the US (thru Aug 2016)

Source: Realtor.com® Analysis of Recorded Deeds
BIG DATA IN NEW ENGLAND

Top age group by zip code (H1 2016)

Home Buying Interest by Age Group
Top Age Group by Zip

INTEREST IN HOTTEST ZIPS

Interest by age group (H1 2016)

RENT VS BUY

Relative to income, cheaper to rent in 59/67 counties

Source: Realtor.com® Analysis of Nielsen Pop-Facts Demographics, HUD Median Rents and Realtor.com Data
RENTS RISING

Rents up 9%+ in 10 counties

Source: Realtor.com® Analysis of HUD Median Rents
AFFORDABILITY VARIES GREATLY

16% of zip codes priced out of range of median household

"Bad Zips" are those where at least half of the households in the zip cannot afford to buy a home.

Source: Realtor.com® Analysis of Nielsen Pop-Facts Demographics and Realtor.com Data
AFFORDABILITY VARIES IN REGION

Percentage of zips out of reach of median household

"Bad Zips" are those where at least half of the households in the zip cannot afford to buy a home.

Source: Realtor.com® Analysis of Nielsen Pop-Facts Demographics and Realtor.com Data
AFFORDABILITY EQUALITY CURVE

Analyzing affordability based on income and price distributions

Source: Realtor.com® Analysis of Nielsen Pop-Facts Demographics and Realtor.com Data
HOME OWNERSHIP VARIES

Overall rate highest in ME (71%) and lowest in RI (61%)

Source: Nielsen Demographics Pop-Facts 2016
MILLENNIAL OWNERSHIP
25-34 rate highest in ME (47%); lowest in MA (34%)

Source: Nielsen Demographics Pop-Facts 2016
HOUSEHOLD GROWTH 2016-2021
Massachusetts expected to see highest growth

Source: Nielsen Demographics Pop-Facts 2016
BOOMERS ARE ALL OF THE GROWTH

Growth in only ages above 55

Population by Age (Connecticut)

- Under 25: 31%
- 25-34: 12%
- 35-54: 27%
- 55-64: 14%
- 65+: 16%

Over the next 5 years:
- Population grows 1%
- 65+ grows 15%
- 55-64 grows 6%
- 35-54 declines 7%
- 25-34 is flat
- Under 25 declines 2%

Source: Nielsen Demographics Pop-Facts 2016
BOOMERS ARE MOST OF GROWTH

Growth is in 55+ and 25-34 only

Population by Age (Massachusetts)

Over the next 5 years:
- Population grows 3%
- 65+ grows 18%
- 55-64 grows 8%
- 35-54 declines 2%
- 25-34 grows 1%
- Under 25 is flat

Source: Nielsen Demographics Pop-Facts 2016
BOOMERS ARE ONLY GROWTH

Growth in 55+ but declines in all younger ages

Population by Age (Maine)

- Under 25: 28%
- 25-34: 11%
- 35-54: 19%
- 55-64: 16%
- 65+: 21%

Over the next 5 years:
- Population is flat
- 65+ grows 14%
- 55-64 grows 4%
- 35-54 declines 8%
- 25-34 declines 1%
- Under 25 declines 2%

Source: Nielsen Demographics Pop-Facts 2016
BOOMERS ARE MOST OF GROWTH
Growth in 55+ is significant but 25-34 growing too

Population by Age (New Hampshire)

Over the next 5 years:
- Population grows 1%
- 65+ grows 17%
- 55-64 grows 8%
- 35-54 declines 9%
- 25-34 grows 3%
- Under 25 declines 3%

Source: Nielsen Demographics Pop-Facts 2016
BOOMERS ARE ALL OF GROWTH

Growth in 55+ with declines in all younger ages

Population by Age (Rhode Island)

- Under 25: 16%
- 25-34: 14%
- 35-54: 26%
- 55-64: 13%
- 65+: 31%

Over the next 5 years:
- Population grows 1%
- 65+ grows 14%
- 55-64 grows 5%
- 35-54 declines 5%
- 25-34 declines 1%
- Under 25 declines 4%

Source: Nielsen Demographics Pop-Facts 2016
BOOMERS ARE MOST OF GROWTH
Growth in 55+ and 25-34

Population by Age (Vermont)

Over the next 5 years:
- Population is flat
- 65+ grows 15%
- 55-64 grows 3%
- 35-54 declines 8%
- 25-34 grows 2%
- Under 25 declines 4%

Source: Nielsen Demographics Pop-Facts 2016
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realtor.com®

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@SmokeonHousing

Access market data, research, and presentations at research.realtor.com