Marblehead H1 2022 Housing Market Summary

Single Family Homes (SFH)

The median price of Single Family Homes (SFH) sold in the 6 months to June 30, 2022 (H1) increased 8% to $875,000, while sales, reflecting the reduced inventory, dropped sharply to the lowest number this century, just above the numbers of 2008/09.

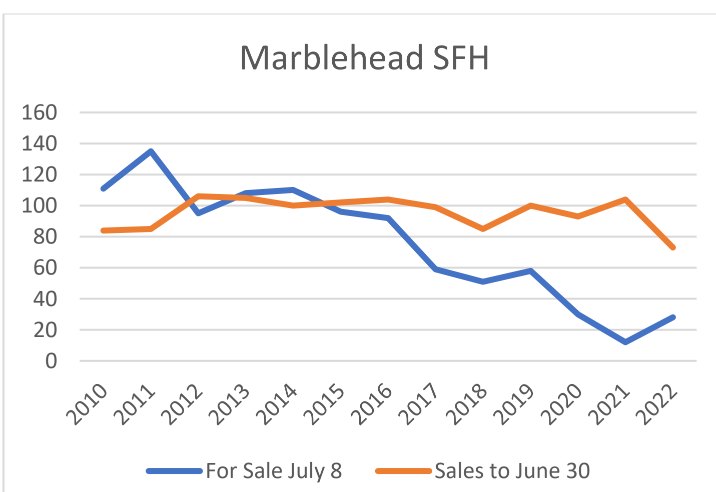
SFH	2019	2020	2021	2022	Change
Q1	$602,500	$692,500	$765,000	**$875,000**	14.4%
Q2	$738,500	$668,500	$837,500	**$868,000**	3.6%
Q3	$715,000	$846,000	**$894,925**		
Q4	$720,000	$837,450	**$855,000**		
H1	$705,000	$678,500	$810,000	**$875,000**	8.0%
H2	$720,000	$839,900	**$882,000**		
Year	$717,500	$775,000	**$850,000**		
H1 Sales	100	93	104	73	-29.8%

Condos

There were 19 condo sales in H1 2022, down from 25 in 2021, while the median price increased 4.1% to $505,000.

Condos	2019	2020	2021	2022	Change
Q1	$352,000	$392,170	$440,000	**$472,000**	7.3%
Q2	$409,500	$454,900	$525,000	**$555,000**	5.7%
Q3	$409,400	$384,750	**$599,000**		
Q4	$398,900	$407,500	**$525,000**		
H1	$383,250	$452,950	$485,100	**$505,000**	4.1%
H2	$399,000	$404,009	**$550,000**		
Year	$398,900	$407,500	**$520,000**		
H1 Sales	19	20	25	19	-24.0%

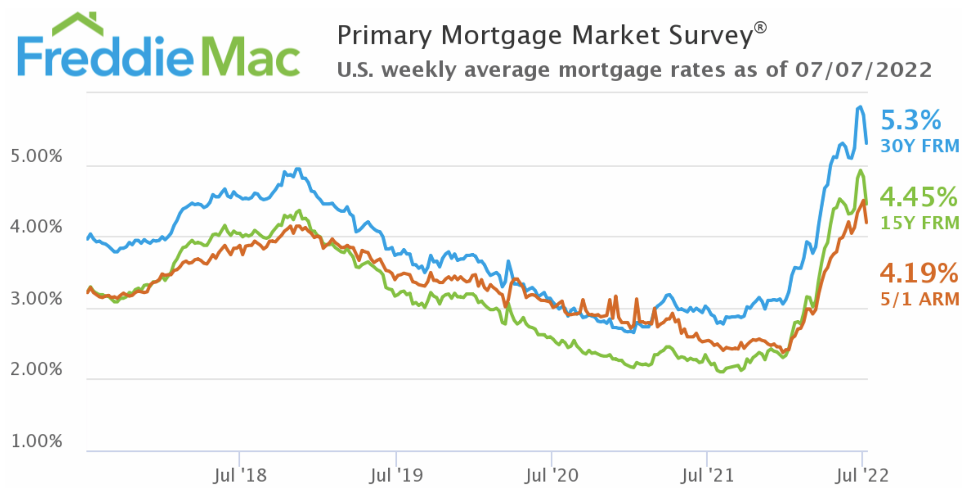
Inventory



For the last few years one of the main topics in discussions about real estate has been the decline in inventory. In fact, as the chart above shows, in Marblehead the decline has been steady over the last decade, reaching a nadir in 2021.The increase in 2022 reflects a surge in new listings after July 4. What is interesting is that, excluding this week's 13 New Listings, the median days on market for the other 15 active listings is 36 days. In the 4 months from March to June, the median number of days the houses which sold in that period were on the market before receiving an offer was just 7.

Mortgage rates

While I have been writing since March 2021 about the risk that the Federal Reserve's continued pumping of massive amounts of cash into a rapidly recovering economy would trigger renewed inflation, for a long time markets believed that the Fed would not significantly change its policy. That belief changed dramatically at the end of 2021 when the Fed acknowledged that inflation was not, in fact, transitory. Markets reacted and the yield on the 10-year Treasury – the benchmark used in calculating mortgage rates – more than doubled from around 1.5% in late 2021 to almost 3.5% in mid-June, driving the 30-year Fixed Rate Mortgage to 5.8%, the highest level since 2008.



The Federal Reserve finally responded to the rapid increase in inflation and started raising interest rates, but the Fed's rate influences banks' prime rates – used for things like credit cards and auto loans – not the 30-year Fixed rate Mortgage (FRM) which is more closely tied to the market yield on the 10-year Treasury Note (10T). And that yield was already climbing before the Fed acted, driving the FRM rate sharply upwards. On June 25 I published Have Mortgage Rates peaked? when the national average rate was 5.81%. This week it fell to 5.3% as the yield on 10T fell on renewed fears of a recession.

Andrew Oliver
Market Analyst | Team Harborside | teamharborside.com
REALTOR®
m. 617.834.8205
Andrew@TeamHarborside.com

www.OliverReportsMA.com
www.AndrewOliverRealtor.com