

FALL 2022

Market Update



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The housing market has faced many changes in the last few months with interest rates and inventory, but the North Shore remains an active real estate location. The real estate market has been booming within our coastal communities. This edition of our Q3 Fall 2022 market update provides statistics and key insights impacting home buyers and sellers here on the North Shore.

Should the new season find you considering a change of address, allow us to assist you. Sagan Harborside Sotheby's International Realty® proudly provides a luxury real estate experience at every price point. We invite you to meet with us to discuss your goals. Our team of experienced and knowledgeable sales associates offer you unsurpassed skills, dedication, and personal service across Boston's North Shore and beyond.

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WELCOME TO OUR

2022 Fall Market Update

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Notes and Abbreviations

MEDIAN PRICE

The price in the very middle of a data set, with exactly half of the houses priced for less and half priced for more. It is not the average price. Median prices exclude distressed sales – foreclosures and short sales – because these are not normally arms-length transactions. “Sales” include everything.

Look at this list of numbers: 5,6,7,8,9,10,11,12,13,14,15,100,100. The median price – the middle one – is 11. The average is 24. Median price removes the impact of outliers – whether high or low.

If 50% of sales take place above \$100,000 and 50% below then the median will be \$100,000. When the percentage increases to 60% **above** \$100,000, it means that more sales are occurring at **higher** prices and so the median price **increases**.

DTO

Days to Offer. The number of days a property is listed before an accepted offer is received. A more reliable guide to activity than DOM – Days on Market – as a number of factors can affect the timing for the latter,

MONTHS OF SUPPLY

If 60 properties have sold in the last 6 months that is a rate of 10 per month. If there are currently 20 properties for sale the supply is 20 divided by 10 = 2 months. Because properties sell more quickly in summer months, we use Year to Date (YTD) numbers to even out those fluctuations.

SFH

Single Family Home

YTD

Year to Date

DOM

Days on Market

YOY

Year on Year

FRM

Fixed Rate Mortgage

FRR

Federal Funds Rate

YTD Q3

Year to Date January- September



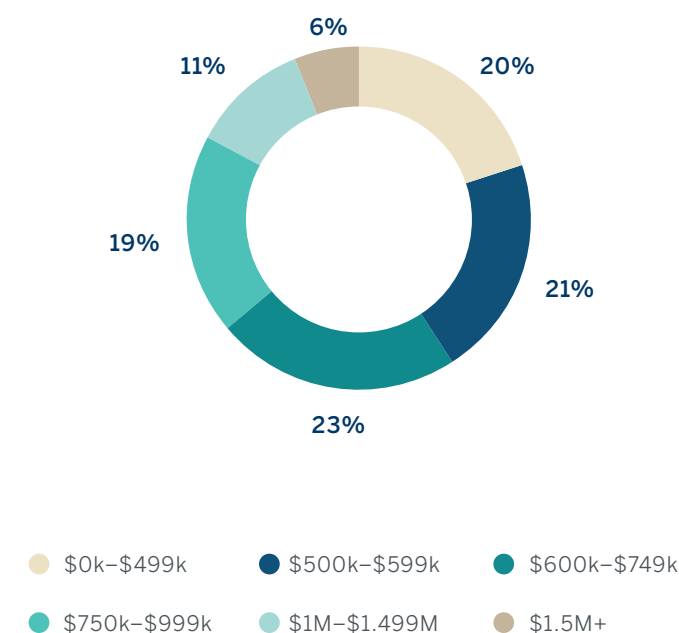
Essex County Fall Review

Essex County

HOUSING MARKET BY THE NUMBERS

Inventory levels are currently at just over 1 month of supply.

SOLD UNITS JAN – SEPT 2022



A market is said to be in equilibrium between buyers and sellers when there is 6 months of supply, although in the current era of online listing and video viewing that period may well be shorter. Although inventory has recovered from the extremely low levels earlier in the year, it represents just over 1 month of supply currently. The spike in mortgage rates may have impacted supply, but it has also dampened demand.

LIST PRICE	SUPPLY (Months)
\$0k-\$499k	1.0
\$500k-\$599k	0.8
\$600k-\$749k	0.9
\$750k-\$999k	1.3
\$1M-\$1.499M	1.4
\$1.5M+	3.8
All Prices	1.2

Despite the Russian invasion of Ukraine, the spike in mortgage rates, stock market volatility, increased talk of recession, and headlines about the slowing housing market, the market in Essex County continued on its upward path in the first 9 months of 2022 (YTD Q3).

SFH and Condo Median Price ▲

The median Single Family Home (SFH) price increased from Q1 to Q2 to Q3, and was up 7% to \$650,000 YTD Q3. While Lawrence is now the only city in Essex County with a median SFH price under \$500,000, there are 9 – Andover, Boxford, Lynnfield, Manchester, Marblehead, Nahant, Newburyport, North Andover and Wenham – where it is \$900,000 or higher. Unit SFH sales declined by about 11%, each quarter, reflecting the continued low inventory. Inventory was at absurdly low levels in the early months of the year, and then increased sharply into the third quarter, exceeding 2021 levels and getting close to 2020 levels. The doubling of mortgage rates is now putting a dampener on inventory as homeowners with existing mortgages with very low rates are reluctant to move and pay twice as much on a new loan. Currently, inventory reflects just over 1 month of supply.

The median condo sale price did dip slightly from Q2 to Q3, but still showed an 11% increase YTD Q3, while unit sales dropped by 13%.

Fixed Rate Mortgage (FRM) ▲

The big feature of 2022 has been the huge jump in mortgage rates. The 30-year FRM ended 2021 at 3.1%, rose to 4.7% at the end of Q1, to 5.7% at the end of Q2, to 6.7% at the end of Q3, and then to the current 7%, the highest level in 20 years. The Federal Reserve has, belatedly, been increasing its interest rate (Fed Funds rate – FFR) rapidly in recent months. The FFR affects banks' prime rates, used for setting interest rates on credit cards and auto loans. The 30-year FRM is determined by market forces and, in particular, is priced at a premium – or spread – over the yield on the 10-year Treasury (10T).

After reaching 3.5% in mid-June, the yield on 10T dropped to 3% on concerns that the economy had slowed sharply and may be headed into a recession. Inflation, however, has proved stubborn, and the Fed's determination to bring inflation under control, even at the cost of higher unemployment, caused the market to reprice risks, and the yield on 10T has risen to over 4%, driving up mortgage rates again after the brief drop to 5% in August.

Supply Remains Below Demand ▼

The dominant factor in the housing market for several years has been the supply demand imbalance, a situation that seemed to ease in the second Quarter. The spike in mortgage rates may have impacted supply, but it has also dampened demand.

SALE PRICE TO LIST PRICE

The share of both SFHs and Condos selling above list price increased in both Q1 and Q2 compared with 2021, but in Q3 this reversed and the share dropped.

Single Family Homes

		<100%	100%	>100%	>110%
Q1	2021	27%	10%	63%	16%
	2022	24% ▼	8% ▼	68% ▲	21% ▲
Q2	2021	16%	5%	70%	35%
	2022	12% ▼	4% ▼	84% ▲	42% ▲
Q3	2022	16%	7%	77%	28%
	2022	25% ▲	9% ▲	67% ▼	19% ▼

Condos

		<100%	100%	>100%	>110%
Q1	2021	36%	16%	48%	6%
	2022	23% ▼	17% ▲	60% ▲	15% ▲
Q2	2021	18%	14%	68%	15%
	2022	12% ▼	13% ▼	74% ▲	24% ▲
Q3	2022	20%	16%	65%	14%
	2022	25% ▲	14% ▼	61% ▼	13% ▼

	MED. SALES \$ YTD Q3 '21	MED. SALES \$ YTD Q3 '22	YTD '22/'21 % CHANGE	# SALES YTD '21	# SALES YTD '22	YTD '22/'21 % CHANGE
Amesbury	\$512,500	\$601,000	17.3%	114	100	-12.3% ▼
Andover	\$845,000	\$950,000	12.4%	275	252	-8.4% ▼
Beverly	\$622,500	\$645,000	3.6%	225	201	-10.7% ▼
Boxford	\$894,000	\$940,000	5.1%	86	81	-5.8% ▼
Danvers	\$650,000	\$630,000	-3.1% ▼	174	147	-15.5% ▼
Essex	\$845,000	\$734,825	-13.0% ▼	19	14	-26.3% ▼
Georgetown	\$617,500	\$678,000	9.8%	67	68	1.5%
Gloucester	\$600,000	\$665,000	10.8%	109	119	9.2%
Groveland	\$576,000	\$584,500	1.5%	56	54	-3.6% ▼
Hamilton	\$800,000	\$845,000	5.6%	94	63	-33.0% ▼
Haverhill	\$460,000	\$506,000	10.0%	337	289	-14.2% ▼
Ipswich	\$800,000	\$704,500	-11.9% ▼	95	96	1.1%
Lawrence	\$400,000	\$450,000	12.5%	140	125	-10.7% ▼
Lynn	\$470,000	\$515,000	9.6%	389	341	-12.3% ▼
Lynnfield	\$840,000	\$1,000,000	19.0%	95	83	-12.6% ▼
Manchester	\$1,176,000	\$1,400,000	19.0%	51	43	-15.7% ▼
Marblehead	\$849,000	\$925,000	9.0%	167	147	-12.0% ▼
Merrimac	\$580,000	\$689,000	18.8%	43	39	-9.3% ▼
Methuen	\$470,000	\$525,000	11.7%	335	302	-9.9% ▼
Middleton	\$878,000	\$897,500	2.2%	62	41	-33.9% ▼
Nahant	\$805,000	\$950,000	18.0%	24	23	-4.2% ▼
Newbury	\$725,000	\$864,000	19.2%	64	49	-23.4% ▼
Newburyport	\$850,000	\$950,000	11.8%	128	115	-10.2% ▼
North Andover	\$775,000	\$900,000	16.1%	207	175	-15.5% ▼
Peabody	\$610,000	\$603,000	-1.1% ▼	280	226	-19.3% ▼
Rockport	\$875,000	\$807,500	-7.7% ▼	49	38	-22.4% ▼
Rowley	\$707,000	\$835,750	18.2%	47	54	14.9%
Salem	\$562,000	\$617,500	9.9%	145	163	12.4%
Salisbury	\$500,000	\$515,500	3.1%	47	51	8.5%
Saugus	\$551,500	\$629,500	14.1%	192	172	-10.4% ▼
Swampscott	\$717,500	\$800,000	11.5%	106	88	-17.0% ▼
Topsfield	\$802,500	\$810,000	0.9%	52	51	-1.9% ▼
Wenham	\$835,125	\$925,000	10.8%	40	38	-5.0% ▼
West Newbury	\$817,500	\$770,000	-5.8% ▼	50	27	-46.0% ▼

ESSEX COUNTY

\$650,000 ▲ 7%
SFH MEDIAN SALES PRICE VS. YTD 2021

3,874 ▼ -11.2%
HOMES SOLD VS. YTD 2021

ESSEX CONDO

\$422,500 ▲ 9.7%
MEDIAN SALES PRICE VS. YTD Q3 '21

1,854 ▼ -13.4%
CONDOS SOLD VS. YTD Q3 '21

MASSACHUSETTS CONDO EXCLUDING BOSTON

\$450,000 ▲ 9.8%
MEDIAN SALES PRICE VS. YTD Q3 '21

12,090 ▼ -15.2%
CONDOS SOLD VS. YTD Q3 '21

MASSACHUSETTS

\$585,000 ▲ 9.3%
SFH MEDIAN SALES PRICE VS. YTD 2021

35,281 ▼ -13.2%
HOMES SOLD VS. YTD 2021

MASSACHUSETTS CONDO

\$513,589 ▲ 7.0%
MEDIAN SALES PRICE VS. YTD Q3 '21

15,812 ▼ -16.6%
CONDOS SOLD VS. YTD Q3 '21

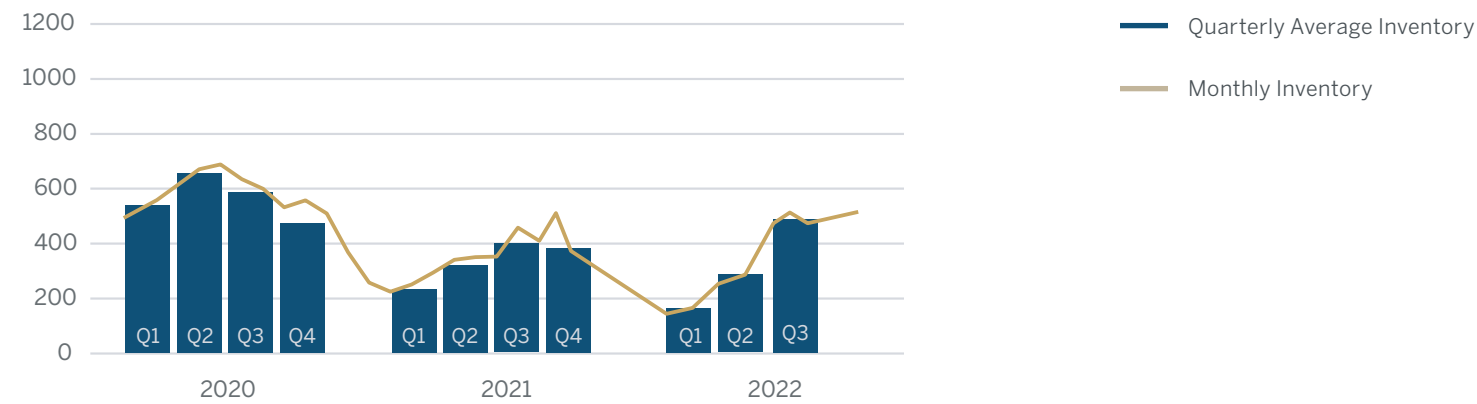
BOSTON CONDO

\$725,000 ▲ 5.1%
MEDIAN SALES PRICE VS. YTD Q3 '21

3,722 ▼ -21.0%
CONDOS SOLD VS. YTD Q3 '21

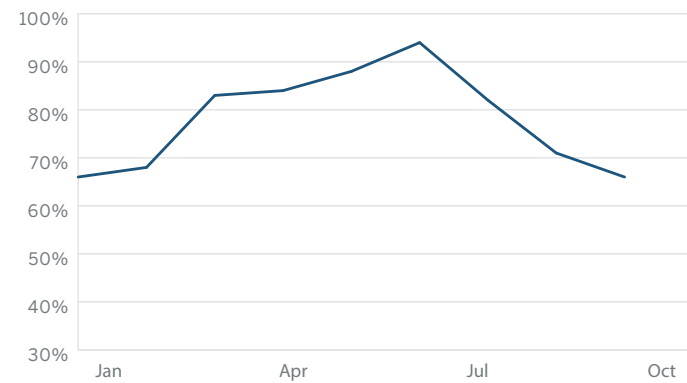
SINGLE FAMILY HOME (SFH) INVENTORY

SFH Inventory has tripled from the extremely low Q1 levels and is now in line with 2020 levels. In 2021 there was a sharp drop in inventory starting in October and we have not seen that as yet in 2022. Sales through 9 months dropped around 11% for SFHs and 13% for Condos.

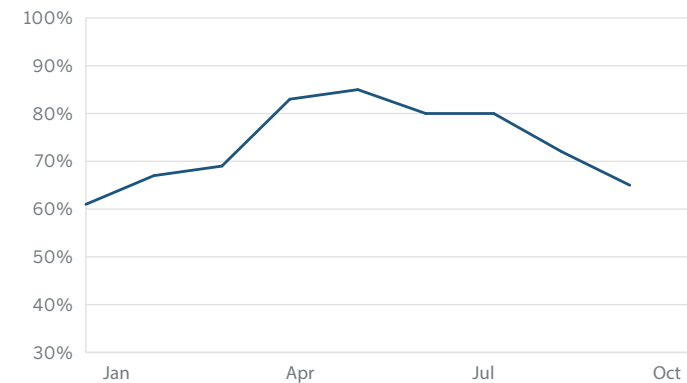


DAYS TO OFFER – 15 DAYS OR LESS

Single Family Homes



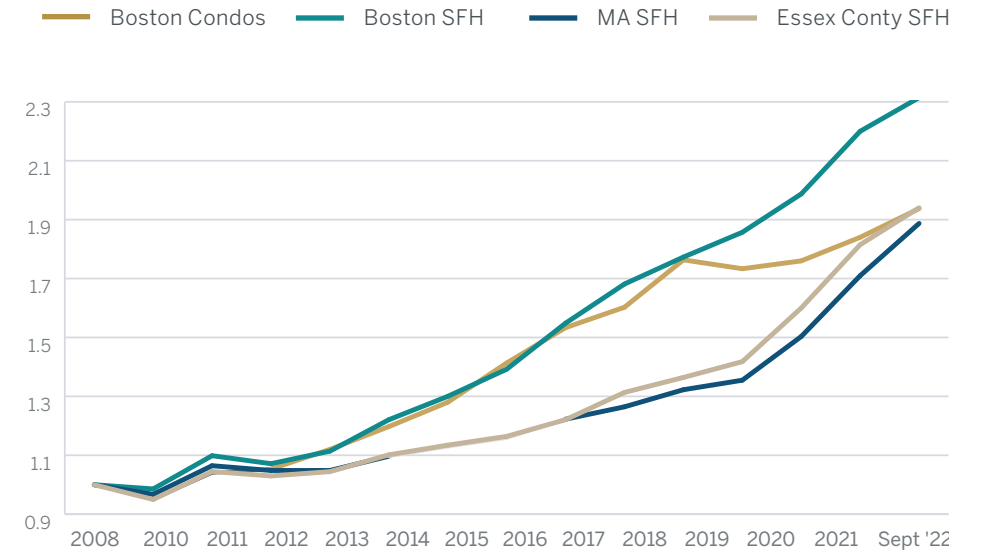
Condos



After the seasonal slowdown late 2021 into early 2022, the pace of sales accelerated significantly into the summer and has since slowed again.

ESSEX COUNTY AND MASSACHUSETTS SFH VS. BOSTON SFH AND CONDOS 2008 – SEP 2022

From 2008 to 2018 Boston Condo prices kept pace with Boston SFH prices, with both comfortably outperforming Essex County and Massachusetts overall. Since 2018, median SFH prices in Essex and MA have increased sharply, as have Boston SFHs, but the growth in median Boston condo prices has slowed dramatically.

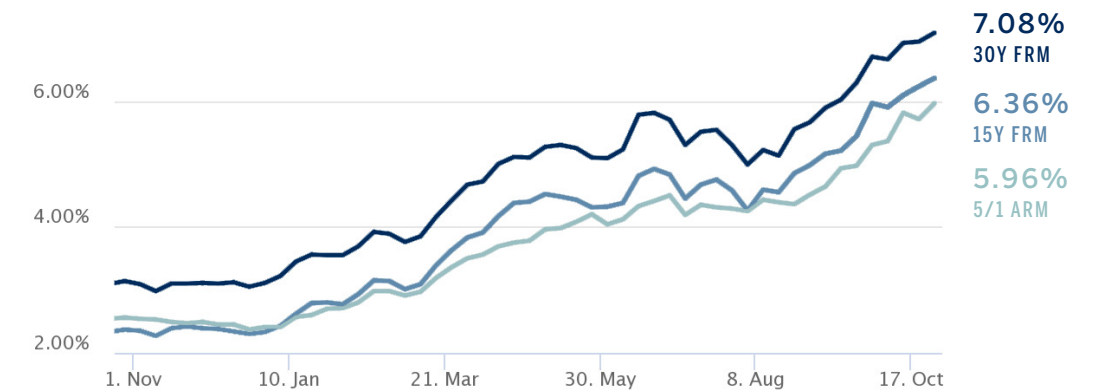


All data is converted to a base of 1.00 in 2008. For example, the Essex County median price in 2008 was \$335,000 and in the first 9 months of 2022 it was \$650,000. Using 2008 as 1.00 produces a 9/2022 value of \$650,000/\$335,000 or 1.94. Similarly, the other values are converted to a base of 1.00 in 2008.

MORTGAGE RATES FREDDIE MAC | PRIMARY MORTGAGE SURVEY®

U.S. Weekly Average Mortgage Rates as of 10/27/2022

The 30-year Fixed Rate Mortgage (FRM) ended 2021 at 3.1%, rose to 4.7% at the end of Q1, to 5.7% at the end of Q2, to 6.7% at the end of Q3, and then to the current 7%, the highest level in 20 years.



Source: Freddie Mac

Beverly

AT A GLANCE

\$645,000 ▲

Single Family Home Median Price
on 201 SFH Sales in Q3 2022

\$412,000 ▲

Condo Median Price on
100 Condo Sales in Q3 2022

Key Metrics	YTD Q3 '21	YTD Q3 '22
Median SFH Price	\$622,500	\$645,000
SFH Sales	225	201
DTO	6	7
Median Condo Price	\$380,000	\$412,000
Condo Sales	113	100
DTO	6	6
As of	10/28/21	10/28/22
SFH For Sale	23	23
Condos For Sale	8	4



Gloucester

AT A GLANCE

\$665,000 ▲

Single Family Home Median Price
on 119 SFH Sales in Q3 2022

\$499,250 ▲

Condo Median Price on
76 Condo Sales in Q3 2022

Key Metrics	YTD Q3 '21	YTD Q3 '22
Median SFH Price	\$600,000	\$665,000
SFH Sales	109	119
DTO	6	7
Median Condo Price	\$465,000	\$499,250
Condo Sales	100	76
DTO	11	9
As of	10/28/21	10/28/22
SFH For Sale	11	19
Condos For Sale	14	8

Manchester-by-the-Sea

AT A GLANCE

\$1,400,000 ▲

Single Family Home Median Price
on 43 Sales in Q3 2022

\$795,000 ▲

Condo Median Price on
6 Condo Sales in Q3 2022

Key Metrics	YTD Q3 '21	YTD Q3 '22
Median SFH Price	\$1,152,000	\$1,400,000
SFH Sales	51	43
DTO	8	10.5
Median Condo Price	\$411,500	\$795,000
Condo Sales	3	6
DTO	22	8.5
As of	10/28/21	10/28/22
SFH For Sale	10	13
Condos For Sale	0	0

Marblehead

AT A GLANCE

\$925,000 ▲

Single Family Home Median Price
on 147 SFH Sales in Q3 2022

\$552,000 ▲

Condo Median Price on
38 Condo Sales in Q3 2022



Key Metrics	YTD Q3 '21	YTD Q3 '22
Median SFH Price	\$889,850	\$925,000
SFH Sales	167	147
DTO	6	7
Median Condo Price	\$515,000	\$552,000
Condo Sales	36	38
DTO	21	15.5
As of	10/28/21	10/28/22
SFH For Sale	23	21
Condos For Sale	8	4



Nahant

AT A GLANCE

\$950,000 ▲

Single Family Home Median Price
on 23 SFH Sales in Q3 2022

10 ▼

Median Days to Offer in Q1 2022
(vs. 22 days in Q3 2021)

Key Metrics	YTD Q3 '21	YTD Q3 '22
Median SFH Price	\$805,000	\$950,000
SFH Sales	24	23
DTO	22	10
As of	10/28/21	10/28/22
SFH For Sale	3	12

Rockport

AT A GLANCE

\$807,500 ▼

Single Family Home Median Price on
38 SFH Sales in Q3 2022

\$471,250 ▼

Condo Median Price on
18 Condo Sales in Q3 2022

Key Metrics	YTD Q3 '21	YTD Q3 '22
Median SFH Price	\$875,000	\$807,500
SFH Sales	49	38
DTO	9	8
Median Condo Price	\$549,509	\$471,250
Condo Sales	18	18
DTO	7	7.5
As of	10/28/21	10/28/22
SFH For Sale	6	15
Condos For Sale	4	9



Salem

AT A GLANCE

\$617,500 ▲

Single Family Home Median Price on
163 SFH Sales in Q3 2022

\$450,000 ▲

Condo Median Price on
274 Condo Sales in Q3 2022

Key Metrics	YTD Q3 '21	YTD Q3 '22
Median SFH Price	\$562,000	\$617,500
SFH Sales	145	163
DTO	7	6
Median Condo Price	\$420,000	\$450,000
Condo Sales	275	274
DTO	6	7
As of	10/28/21	10/28/22
SFH For Sale	7	12
Condos For Sale	24	22

Swampscott

AT A GLANCE

\$800,000 ▲

Single Family Home Median Price on
88 SFH Sales in Q3 2022

\$447,500 ▲

Condo Median Price on
48 Condo Sales in Q3 2022

Key Metrics	YTD Q3 '21	YTD Q3 '22
Median SFH Price	\$717,500	\$800,000
SFH Sales	106	88
DTO	6.5	7
Median Condo Price	\$401,000	\$447,500
Condo Sales	59	48
DTO	7	8
As of	10/28/21	10/28/22
SFH For Sale	10	13
Condos For Sale	8	6

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