

Marblehead Q1 2023 Housing Market Report

Single Family Homes (SFH)

The median price of Single Family Homes (SFH) sold in Q1 2023 was 9% lower than in Q1 2022. While sales were higher than in 2022, they were still below the levels of recent years.

SFH	2019	2020	2021	2022	2023	Change
Q1	\$602,500	\$692,500	\$765,000	\$875,000	\$800,000	-9%
Q2	\$738,500	\$668,500	\$837,500	\$868,000		
Q3	\$715,000	\$846,000	\$894,925	\$1,000,500		
Q4	\$720,000	\$837,450	\$855,000	\$985,000		
H1	\$705,000	\$678,500	\$810,000	\$875,000		
H2	\$720,000	\$839,900	\$882,000	\$1,000,000		
Year	\$717,500	\$775,000	\$850,000	\$938,000		
Q1 Sales	38	31	32	21	26	24%

Condos

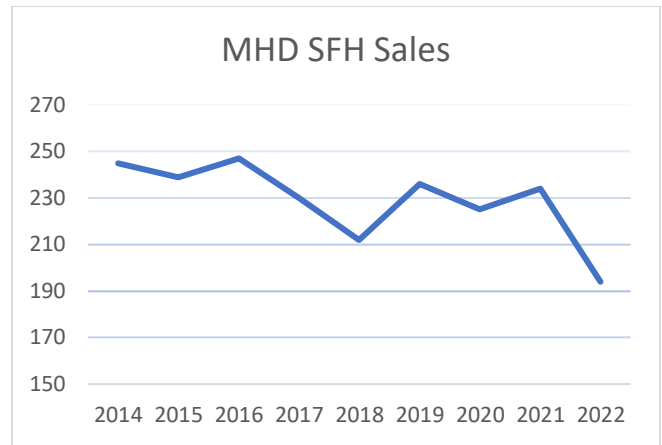
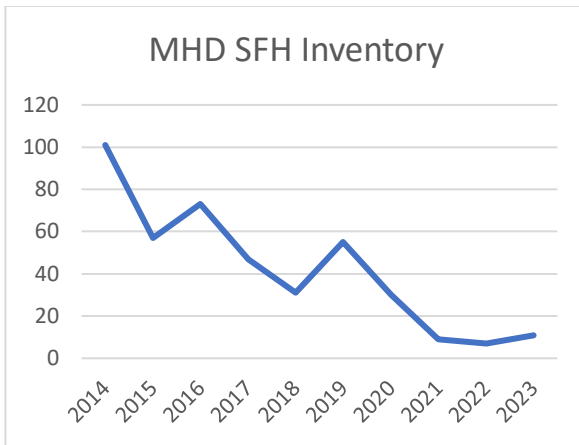
There were 9 condo sales in Q1 2023. Sales ranged from \$199,000 to \$549,000.

Condos	2019	2020	2021	2022	2023	Change
Q1	\$352,000	\$392,170	\$440,000	\$472,000	\$387,000	-18%
Q2	\$409,500	\$454,900	\$525,000	\$555,000		
Q3	\$409,400	\$384,750	\$599,000	\$625,000		
Q4	\$398,900	\$407,500	\$525,000	\$449,000		
H1	\$383,250	\$452,950	\$485,100	\$505,000		
H2	\$399,000	\$404,009	\$550,000	\$559,450		
Year	\$398,900	\$407,500	\$520,000	\$550,000		
Q1 Sales	5	9	10	6	9	50%

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 next chart demonstrates, in Marblehead the decline has been consistent over the last decade, finally bottoming when it reached single digits.

Nevertheless, sales were steady until 2022, suggesting that as many houses are being sold – but much more quickly, meaning there are fewer available for sale at any time.



Mortgage rates

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.

The Federal Reserve finally started to increase its interest rate (Fed Funds rate – FFR) rapidly during 2022 and 2023. The FFR affects banks’ prime rates, used for setting interest rates on credit cards and auto loans. The 30-year Fixed Rate Mortgage (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).

The Fed’s determination to bring inflation under control, even at the cost of higher unemployment and causing a recession, led to a repricing of risks in 2022, with the FRM rate more than doubling during the year. In the first 4 months of 2023 the FRM has averaged 6.4%.

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