

Macro Market Conditions Update – Baltimore / Washington DC Metro area

May 2022 Housing Market Update: The Bright MLS T3 Home Demand Index (HDI), which measures homebuyer demand in the Baltimore and Washington, D.C. MLS market areas shows that demand for homes in the area was considered moderate in March 2022, as reflected by an approximate 15% decrease in the Bright MLS | T3 Home Demand Index from March 2021, but an approximate 10% increase from February 2022.

In the DC Metro the median sales price was only -1% off from the all-time high set in June '21 – the peak of last year's spring market. The median price of a new listing up 11% year over year, buyers should expect little relief in the short term. Sellers reaped the benefits in March, pulling in 101.4% of their asking price – suggesting buyer bidding wars took place. There was more available inventory at month-end: active listing volume rose 22% month to month – the largest percent gain on record.

The Baltimore Metro saw a seasonal rise in new listings with fewer showings took place than a year ago. However, there are indications of how this year's market will be different than last year: lower home demand and inventory translated to lower new pending homes sales. There are also early signs that rising interest rates may be impacting the market as more inventory stayed up for sale at month-end. While still less than one month, months of supply rose 14% from February, the first gain since September. Closed sales prices again rose as monthly median sale price jumped 8% from a year ago

Within the state of Maryland March 2022 vs 2021 stats, 7,548 closed units decreased 8.0%, \$438,619 average SP\$ rose 8.0%, there were 9,126 pending units vs. 9,846, there were 5,896 active inventory vs 8,876 equating to 0.7 months of inventory vs 1.1, and there were 10,376 new listings vs 10,972.

County	Units Sold		Med SP\$		Active Inv		Month Inv		New Listings	
	Mar 2022	%Chg	Mar 2022	% Chg	2022	2021	2022	2021	2022	2021
Carroll	197	5.9	403,668	6.2	113	173	0.5	0.7	267	291
Frederick	387	-9.4	444,149	8.3	244	394	0.5	0.8	578	598
Howard	328	-7.3	522,500	13.6	188	304	0.4	0.8	513	511
Montgomery	1,032	-9.9	537,398	6.4	652	1,064	0.5	0.9	1547	1,663
Washington	173	1.2	284,750	13.9	164	216	.8	1.2	248	232

Locally, our observations align with most of statistical data above. Rental rates appear to be outpacing home price appreciation. For example, in Washington county there have been a number of large logistics warehouses open employing thousands in the past year. These generally lower paying jobs have accelerated rental prices in the Eastern half of the county by 20%+. It is rare where contract rent exceeds market rent. The recent rise in interest rates (crossing 5.0% for the 30yr fixed) is still early and there is not enough data to gauge impact. However, this rise in rates equates to an approximate 35% increased monthly payment. Large banks and lenders have reported double digit + declines in mortgage origination and earnings in Q1 2022. This supports requests for showings down 23% from Q1 in 2021. According to Natl Assn of Realtors 2022 Obstacles to Home Buyer study: "While the inventory crisis is affecting potential buyers of every race, nearly all home buyers agree that homeownership is still an important part of the American Dream." The market is still very fast with 45% of homes under contract in less than one week. These facts combined with actual (inflation, gas prices, etc) and perceived concerns (media and political banter) will probably weigh on the consumer in 2022. To what extent is still early, but the near term certainly appears to have a mix of the positive and negative.