

Macro Market Conditions Update – Baltimore / Washington DC Metro area

January 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 fell sharply in November, as reflected by an approximate 20 percent decrease in the Bright MLS | T3 Home Demand Index. The Index signaled a Steady level of demand, compared with Moderate demand over the previous four months.

In the DC Metro demand fell for each type of home in November. The higher-priced single-family segment posted the largest drop in November but still recorded Moderate demand following several months of elevated buyer interest. Consistent with the past several months, the lower-priced single-family segment exhibited the weakest demand. Higher-priced condos recorded the strongest demand. Inventory levels ranged from a 1.2 months supply for mid-priced single-family homes to a 3.3 months supply for higher-priced condos.

In the Baltimore Metro demand remained in the High range for higher-priced single-family homes and higher-priced condos. Lower-priced single-family and lower-priced condos exhibited the weakest demand. Buyer interest for all types of homes declined in November compared with October. The Index decreased the most for higher-priced single-family homes with a drop of 25 percent. The monthly supply ranged from 1.3 months for mid-priced single-family homes to 2.9 months for higher-priced condos.

Within the state of Maryland November 2021 vs 2020 stats, 8,441 closed units decreased 3.0%, \$429,914 average SP\$ rose 8.8%, there were 8,318 pending units vs. 7,872, there were 8,070 active inventory vs 12,244 equating to 0.9 months of inventory vs 1.6, and there were 7,772 new listings vs 8,052.

County	Units Sold		Med SP\$		% Chg	Active Inv		Month Inv		New Listings	
	Nov 2021	%Chg	Nov 2021	% Chg		2021	2020	2021	2020	2021	2020
Carroll	241	-11.1	395,000	5.3	176	192	0.7	0.8	195	190	
Frederick	485	0.8	409,950	9.5	325	532	0.6	1.2	472	482	
Howard	428	4.1	475,000	1.6	218	450	0.5	1.2	303	322	
Montgomery	1,236	1.7	525,000	7.1	919	1,403	0.7	1.3	985	1,070	
Washington	187	1.6	263,000	9.6	202	312	1	1.8	203	189	

Locally, our observations support the decreased buyer interest as the number of our Appraisal contracts selling at a premium to list price have dropped significantly. We still see some bidding contests (sale price at premium to list price), especially in the lowest quartile of pricing. We have observed that homes either sell in less than a week or more than a month (usually after price adjustments) with very few in between. As in almost any market, properly priced and marketed homes sell quickly. We have curtailed our new construction Appraisals due to the lack of market data (not new construction) to support new construction sales prices. Refinancing volumes remain consistent and strong. Lastly, note the %Chg for each County above (none were in double digits). There have been significant macro factors that have impacted or may impact our markets including: The Federal Housing Finance Agency (FHFA) established conforming loan limits for Fannie Mae / Freddie Mac for 2022 at \$647,200 (Carroll, Howard and Washington Counties) and \$970,800 (Frederick and Montgomery) for high-cost areas, 61.4% of homes sales were sold in less than 15 days, Investors purchased approximately 18.2% of all home sales, 63% of all home owners have a mortgage, home equity increased by 31.1% or \$3.2 trillion (average of \$56,700 per home), 1.2 million homes (2.1%) have negative equity.