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It's already fall, can you believe it? - by Scott Forte

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Scott Forte

It looks like the federal reserve will continue its interest rate hikes to curb inflation. What does that mean for the real estate market?

Federal chair Jerome Powell said, “The deceleration in housing prices that we’re seeing should help bring prices more closely in line with rents and other housing market fundamentals — And that’s a good thing,” “For the longer term what we need is supply and demand to get better aligned, so that housing prices go up at a reasonable level, at a reasonable pace, and that people can afford houses again.”

Watch part of the press conference here:
<https://www.cnbc.com/2022/09/21/real-time-updates-of-the-federal-reserves-big-rate-decision-and-powells-press-conference.html>

Let’s break that down - buyers seem to be getting more cautious with their funds, and the offers they are making reflects the same. Does that mean that “demand” is down for the count or are buyers just taking a pause?

It seems that everyone is just playing it cautious and taking a pause. Buyers, investors, and builders are waiting to see what happens. There is still a lot of demand in the commercial real estate market in New England. A lot of builders and developers were caught holding the bag in 2008 and don’t want to get burned again. That is keeping supply low. Availability of land for new construction projects only gets lower as time progresses.

Demand is there, actively and even more lurking in the background; supply is not. Until those two things change, prices won’t come down.

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