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The economy is a big unknown right now by David O'Sullivan

May 26, 2023 - Spotlights



David O'Sullivan

The economy is a big unknown right now. There is fighting in Congress over budget and debt limit, speculation on the Fed's next move and questions about which banks may be heading for trouble. So where do we turn for advice on the next trend in the real estate industry? There is really a mixed bag when it comes to the industry.

Housing seems to be at the forefront of discussions whether it is affordability, supply, mortgage rates, rent control or sales prices. The lack of existing inventory and stabilizing mortgage rates helped push single-family production up to the highest rate thus far in 2023 even as builders continue to deal with high construction costs, persistent labor shortages and tightening credit conditions for construction loans. Overall housing starts in April increased 2.2% to a seasonally adjusted annual rate of 1.40 million units, according to a report from the U.S. Department of Housing and Urban Development and the U.S. Census Bureau. Single-family starts increased 1.6% to an 846,000 seasonally adjusted annual rate. However, this remains 28.1% lower than a year ago. The multifamily sector, which includes apartment buildings and condos, increased 3.2% to an annualized 555,000 pace. The National Association of Home builders has seen gradual improvement from the beginning of the year and this is reflected in the builder sentiment surveys, which are up for five consecutive months. But, this is national trends and what of our region? Boston does not often mirror the country as a whole. For one thing we have limited land so renovation is more of a factor. On a regional and year-to-date basis, combined single-family and multifamily starts were 8.9% lower in the Northeast, no recession yet but not last year's robust numbers.

The Greater Boston housing market has shown signs of improvement with modest gains in inventory and increased buyer activity. Sales of single-family homes and condominiums rose to their highest level in three months and also reversed a three-month slide in the single-family home median selling price.

The broader Boston Metropolitan Area or Greater Boston is home to more than four million people. Boston real estate has been one of the best long-term real estate investments in the nation. The Boston real estate market is dominated by rental properties. The city is a wonderful place to call home. People want to live in the city, yet the number of new homes being built is relatively low.

Boston's real estate market is vibrant, and plenty of buyers are offering more than the asking price when they love a property. Throughout the greater Boston area, numerous investment properties are waiting to be revitalized by a wise investor. But for most people, Boston is a high-priced real estate market, though it isn't as expensive as Washington DC, San Francisco, or New York City.

Greater Boston is still an expensive place to buy a house, but the years of relentless price increases may be nearing an end. It's too soon to know if this trend is a blip or if the Boston housing market is heading toward some stability. However, new investors should always consider cheaper markets for investment. Because of the large number of students, and college and university faculty, it is a no-brainer for savvy investors to invest in a rental property in Boston.

Rental property in Boston is guaranteed to get a lot of demand from tenants – whether an apartment or a condo or a single-family home. Any investment property is likely to get rented out fast

Boston has been one of the hottest real estate markets in the country for many years. It is not just an expensive housing market, it is one of the few in the region not expected see significant declines. And there are areas we can expect to see significant appreciation due to the sheer demand for affordable housing with easy access to major arteries or public transit.

Investing in the Boston housing market will fetch you good returns in the long term as the home prices and rents in Boston have been trending up year-over-year. This is definitely a good place to be in the housing market.

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