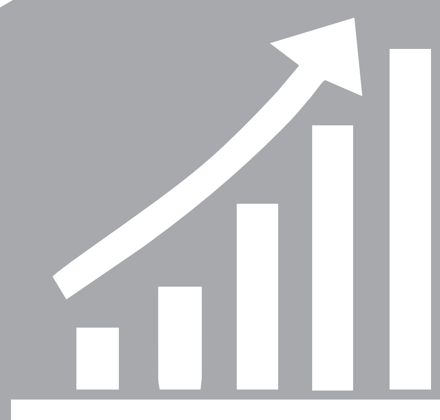
Massachusetts 2019 First Nine Months Housing Report

WILLIAM RAVEIS
NEW DEVELOPMENT SERVICES



Building a Modern Buyer's Dream Community

Forget cities that don't sleep, Americans today want a little rest

By John Tarducci, MIRM, Senior Vice President, New Development Services Division, William Raveis Real Estate, Mortgage & Insurance

According to the National Association of Realtors (NAR), nationally, the number of homes for sale at the end of September was nearly 3% lower than September of last year. That makes four straight months of annual declines. But, the NAR also tracks the amount of traffic through homes (by looking at lockbox open rates) and finds that traffic is actually up--so why are buyers visiting homes but not buying? The main culprit is affordability. While interest rates have continued their steady decline, the purchasing power of interest homebuyers has risen, but the shortened inventory has caused housing prices to soar and buyers to balk. In short? The housing market is a bit of a mess.

On the positive side, it means there are eager buyers who want to buy houses, and likely will remain eager for the foreseeable future. Can builders capitalize on their desires and build houses tailored to their preferences? Which trends will stand the test of time?

Affordability

Buying a home is the single most expensive transaction many of us will ever make. So, it makes sense that most people have to make a financial sacrifice to afford their home purchase. According to a Zillow survey, for 25 percent of buyers report reducing spending on entertainment, 18 percent pick up additional work and 16 percent postpone or cancel vacation plans. For today's first time homebuyers, the current housing market hasn't been kind to them: while interest rates have stayed low, continuously shrinking inventories have caused prices to steadily climb. The fact is that there simply aren't many "starter" homes available. But, slowing unit sales across the nation point to the fact that buyers are willing to wait for the dream home they can afford.

Building a Modern Buyer's Dream Community (cont.)

Energy Efficiency

While the "green" housing movement typically focuses on solar panels and other alternative sources of energy, a recent REALTOR Magazine article points out that energy efficiency in home building starts much earlier in the process. Insulation and ventilation are incredibly important to determining a home's energy efficiency--both of these help reduce energy costs, lower noise pollution and keep pests at bay. Next in the energy efficient conversation is selecting the best (and properly sized) HVAC, furnace, water heating, appliances and lighting. In a home where these mechanicals are properly sized, you can go anywhere in the house and not feel a difference in air temperature, while not sacrificing energy costs.

Mixed-Use Communities

As more millennials move out of the cities they've called home to settle down and buy real estate, they miss the high-energy, cultural diversity they've become accustomed to. Mixed-use communities make that transition simpler, and draw buyers in. But there is another bonus--they make effective use of land in supply-constrained areas. The modern-day master planned community, mixed-use developments integrate commercial areas (think grocery stores and restaurants) with residential (single-family and multi-unit households.) The trick for planners is carefully curating the types of developments to create a sense of identity.

Housing Permits Increase Through the First Nine Months of 2019

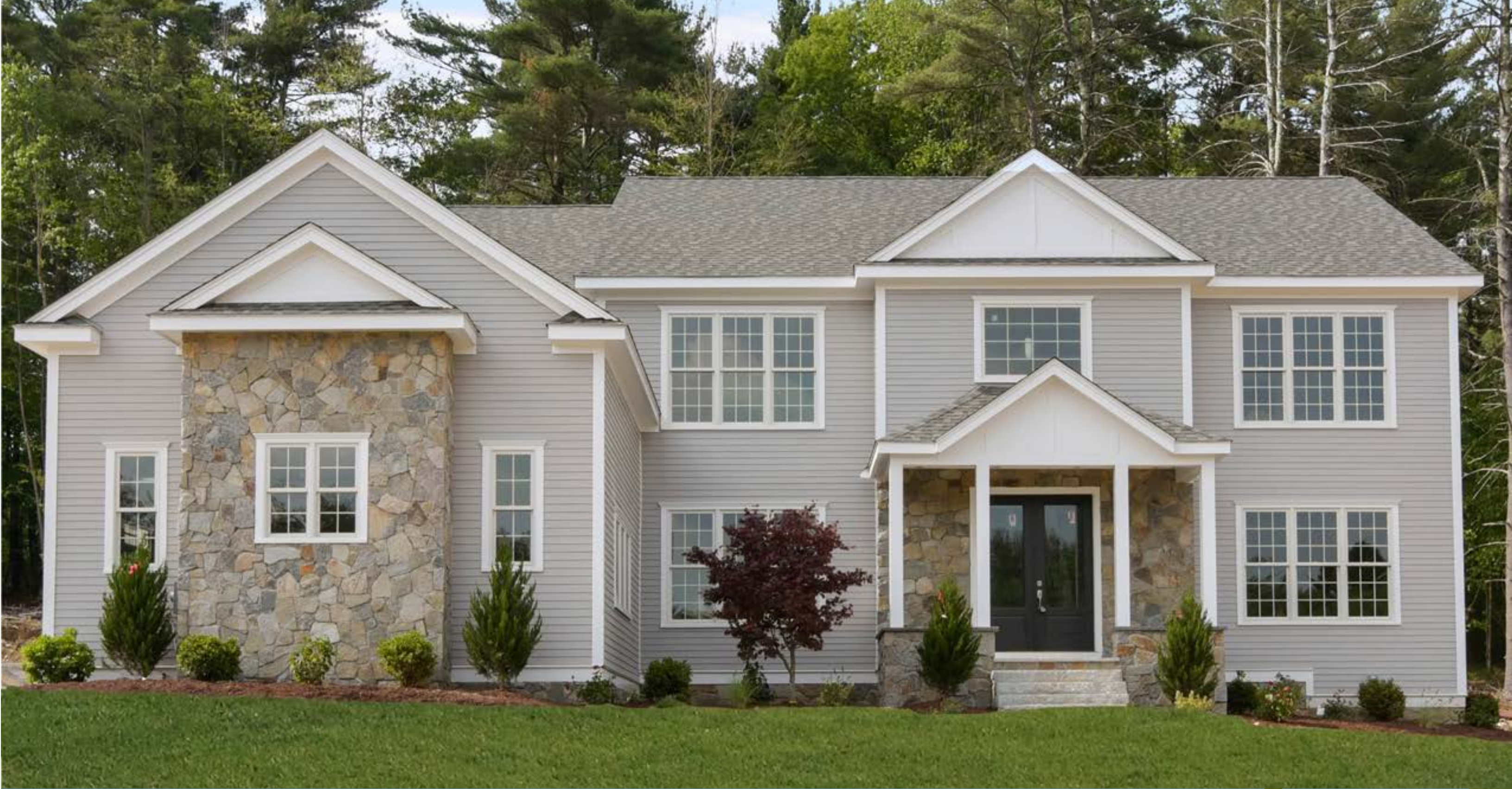
MSA	1 Unit	2 Unit	3 & 4 Unit	5+ Unit	Total Q3 2019
Barnstable Town	37	0	0	0	37
Boston/Cambridge/Quincy	3258	372	283	7456	11,369
Pittsfield	5	0	0	0	5
Springfield	29	8	6	0	43
Worcester	144	4	0	41	189
Totals	3473	384	289	7497	11,643
% Change 2019 vs 2018	-10.3%	-11.1%	19.4%	27.2%	11.5%

MSA	1 Unit	2 Unit	3 & 4 Unit	5+ Unit	Total Q3 2018
Barnstable Town	63	0	6	0	63
Boston/Cambridge/Quincy	3633	424	230	5882	10,169
Pittsfield	7	0	0	0	7
Springfield	29	6	3	0	38
Worcester	139	2	3	13	157
Totals	3871	432	242	5895	10,440
% Change 2019 vs 2018	-5.2%	18.7%	18.1%	-8.9%	-6.7%

State of Massachusetts
Housing Permits Issued by MSA
First Nine Months 2018 vs. 2019

In the Commonwealth of Massachusetts through Q3 2019, permits saw an 11.5 percent increase. The total number of permits rose from 10,440 through the third quarter of 2018 to 11,643 through the third quarter of 2019. The largest increase was in 5+ Unit permits at 27.2 percent, followed by 3&4 Unit permits at 19.4 percent. An 11.1 percent decrease was seen in 2-Unit permits, while 1-Unit permits fell 10.3 percent.

By MSA, Worcester, MA increased 20.4 percent, Springfield, MA increased 13.2 percent and Boston-Cambridge-Quincy, MA-NH increased 11.8 percent, while Barnstable Town, MA decreased 46.4 percent and Pittsfield, MA decreased 28.6 percent.



Single Family Unit Sales Fall in Q3 2019

Through Q3 2019, Single-Family Home Sales in the Commonwealth of Massachusetts decreased 0.5 percent, from 40,743 to 40,524 year-over-year. On a county-by-county basis, increases were seen across the Commonwealth, including: Essex County at 3.4 percent, Middlesex County at 2.1 percent, Barnstable County at 0.6 percent and Hampden County at 0.4 percent. Losses were seen in Norfolk County at 4.2 percent, Suffolk County at 3.5 percent, Worcester County at 2.6 percent, Plymouth County at 1.1 percent and Bristol County at 0.3 percent.

First Nine Months 2019 vs. 2018

Unit Sales	-0.5% ↓
Avg. List Price	5.4% ↑
Months of Supply	0.2% ↑

Average Sales Price for single-family homes in Massachusetts increased 2.5 percent through Q3 2019, from $520,831 to $533,992. Increases were seen in Bristol County (6.8 percent), Suffolk County (6.4 percent), Barnstable County (4.5 percent), Hampden County (4.5 percent), Worcester County (3.5 percent), Norfolk County (3.3 percent), Plymouth County (3.1 percent), Essex County (2.1 percent) and Middlesex County (1.1 percent.)

To round out the quarter, Average List Price increased 5.4 percent, Months of Supply increased 0.2 percent and Price Per Square Foot increased 1.4 percent.

Single Family Home Sales

Single Family Marketplace

Home Sales First Nine Months 2018 vs. 2019

	NUMBER OF UNITS SOLD			AVERAGE SALES PRICE		
COUNTY	Q3 2018	Q3 2019	% DIFF.	Q3 2018	Q3 2019	% DIFF.
Barnstable	2,995	3,013	0.60%	$584,245	$610,594	4.50%
Bristol	3,489	3,478	-0.30%	$344,585	$368,186	6.80%
Essex	4,582	4,740	3.40%	$536,802	$547,861	2.10%
Hampden	3,118	3,131	0.40%	$223,349	$233,471	4.50%
Middlesex	8,243	8,413	2.10%	$715,861	$723,602	1.10%
Norfolk	4,738	4,541	-4.20%	$680,002	$702,261	3.30%
Plymouth	4,563	4,512	-1.10%	$457,167	$471,273	3.10%
Suffolk	981	947	-3.50%	$749,483	$797,211	6.40%
Worcester	6,225	6,062	-2.60%	$329,114	$340,481	3.50%
STATEWIDE	**40,743**	**40,524**	**-0.50%**	**$533,992**	**$520,831**	**+2.50%**

Single Family Marketplace

Months of Supply First Nine Months 2018 vs. 2019

COUNTY	Q3 2018	Q3 2019	% DIFF.
Barnstable	5.79	5.74	-0.90%
Bristol	3.41	3.36	-1.40%
Essex	2.71	2.61	-3.80%
Hampden	3.35	2.97	-11.30%
Middlesex	2.25	2.45	8.50%
Norfolk	2.63	2.78	5.70%
Plymouth	3.38	3.53	4.50%
Suffolk	2.41	2.42	0.30%
Worcester	3.16	3.09	-2.30%
TOTAL	**3.22**	**3.23**	**+0.20%**

Massachusetts Condominium Sales Decrease in Q3 2019

To finish Q3 2019, we saw Units Sold decrease for condominiums in the Commonwealth of Massachusetts down 2.4 percent, from 16,542 through Q3 2018 to 16,147 through Q3 2019. Decreases were seen in Bristol County at 13.1 percent, Suffolk County at 7.5 percent, Barnstable County at 4.1 percent, Worcester County at 3.4 percent, Middlesex County at 1.7 percent and Essex County at 0.8 percent. Increases were seen in Plymouth County at 9.5 percent, Hampden County at 5.8 percent and Norfolk County at 2.3 percent.

Average Sales Price of condominiums in Massachusetts increased 4.2 percent, from $503,748 to $524,984. On a county-by-county basis, increases were seen across the Commonwealth, including: Plymouth County at 12.3 percent, Essex County at 6.9 percent, Bristol County at 5.6 percent, Suffolk County at 4.7 percent, Norfolk County at 3.8 percent, Worcester County at 3.1 percent, Barnstable County at 2.9 percent and Hampden County at 0.1 percent.

To round out the quarter, Average List Price increased 8.4 percent, Months of Supply increased 20.1 percent and Price Per Square Foot increased 3.6 percent.

First Nine Months 2019 vs. 2018

Unit Sales	-2.4% ↓
Avg. List Price	8.4% ↑
Months of Supply	20.1% ↑

Condominium Sales

Condominium Marketplace

Home Sales 2018 vs. 2019

	NUMBER OF UNITS SOLD			AVERAGE SALES PRICE		
COUNTY	Q3 2018	Q3 2019	% DIFF.	Q3 2018	Q3 2019	% DIFF.
Barnstable	778	746	-4.10%	$343,635	$353,603	2.90%
Bristol	658	572	-13.10%	$225,829	$238,576	5.60%
Essex	2,145	2,132	-0.80%	$332,901	$356,018	6.90%
Hampden	412	436	5.80%	$165,613	$165,768	0.10%
Middlesex	4,359	4,284	-1.70%	$513,874	$540,224	5.10%
Norfolk	1,790	1,831	2.30%	$495,388	$514,041	3.80%
Plymouth	902	988	9.50%	$338,683	$380,430	12.30%
Suffolk	3,932	3,637	-7.50%	$843,391	$883,378	4.70%
Worcester	1,296	1,252	-3.40%	$238,202	$245,599	3.10%
STATEWIDE	**16,542**	**16,147**	**-2.40%**	**$503,748**	**$524,984**	**+4.20%**

Condominium Marketplace

Months of Supply 2018 vs. 2019

COUNTY	Q3 2018	Q3 2019	% DIFF.
Barnstable	5.21	5.98	14.80%
Bristol	2.37	3.19	34.50%
Essex	2.21	2.44	10.60%
Hampden	3.51	2.80	-20.30%
Middlesex	1.70	2.21	29.70%
Norfolk	2.20	2.92	32.80%
Plymouth	3.29	3.43	4.10%
Suffolk	2.38	3.23	35.60%
Worcester	2.57	2.60	1.20%
TOTAL	**2.42**	**2.91**	**+20.10%**

Conclusion

John Tarducci, MIRM, CMP, CRB
Senior Vice President

William Raveis New Development Services

John.Tarducci@Raveis.com
RaveisNDS.com

o: 203.925.4587
c: 203.640.6930

Today's housing market continues to defy historic trends. Interest rates remain low, housing prices remain high, inventory continues to fall and buyer interest continues to soar. While builders are trying to keep up with demand, there is still a need for single-family starter homes for first-time homebuyers. While there are certain trends that remain consistent, like upgraded kitchens, central air-conditioning, hardwood floors, open floor plans, and walk-in closets, there are others that still warrant consideration, like green building techniques and overall affordability. New buyers have waited a long time to buy, and aren't in a rush to purchase a home they aren't obsessed with.

WILLIAM RAVEIS
NEW DEVELOPMENT SERVICES

Credits and Resources

1. Information contained herein is based on information obtained from MLSPIN and is deemed accurate but not guaranteed
2. Metro Service Area (MSA) housing permit data source: U.S. Census Bureau Compiled by HUD Research
3. Not all Massachusetts counties are made part of this report. This report focuses on the eight eastern counties (Bristol, Essex, Hampden, Middlesex, Norfolk, Plymouth, Suffolk, and Worcester).