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How was 2019 for the housing market? by Bill Pastuszek

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Let's consider housing markets. Broadly. How was 2019 for housing markets?

Despite some naysaying, single family markets are doing just fine, thank you very much.

From the Massachusetts Association of Realtors (MAR): The number of homes for sale and new homes added to the market went down in October. A spokesman notes, "Homeowners seem more inclined to stay off the market rather than risk having nothing to buy after the sale goes through, even though they have an opportunity to take advantage of these record high selling prices."

Number of Homes Put Under Agreement is Up in October. MAR reports that the "number of single-family homes put under agreement in the month of October went up almost 13% while the number of condominiums put under agreement went up 18% compared to this time last year. This marks 12 straight months of year-over-year increases for single-family homes. The median price for single-family homes put under agreement increased almost 2% to \$400,000 while condominiums increased almost 4% to \$375,000 compared to October 2018."

The Fed's Beige Book says: Residential real estate markets in the First District saw improvements in September. (Most areas reported year-over-year changes from September 2018 to September 2019; New Hampshire reported October statistics and Vermont reported August data. Connecticut statistics were unavailable.) For single family homes, closed sales and median sales prices were up in five reporting areas. Inventory generally decreased. For condominiums, sales rose moderately in all reporting areas except Rhode Island. Median sales prices dropped slightly in Boston, but increased or stayed flat in all other areas. Condo inventory improved in Boston and Maine but decreased in Rhode Island, Massachusetts, and New Hampshire. Vermont experienced a slowdown in closed sales and an increase in prices in August (data for Vermont combine single family homes and condos).

Contacts expected market activity to slow seasonally during the remainder of the year. The Maine and Massachusetts respondents both noted that the market for homes priced below \$250,000 is

very tight. Contacts expressed positive outlooks for the coming months, citing favorable mortgage rates as the main reason.

Warren Group. The median sale price for both single-family homes and condominiums continued to rise in October on a year-over-year basis. There were 5,224 single-family home sales recorded in Massachusetts in October, a 0.8% increase from October 2018 when there were 5,181 transactions. “Meanwhile, the median single-family sale price rose 3.5% on a year-over-year basis to \$388,000, which marked an all-time high for the month of October. Year-to-date, there have been 49,524 single-family home sales – a 1.4% decrease from the first ten months of 2018 – with a median sale price of \$400,000 – a 3.9% increase on the same basis.”

“And so, the record-setting continues,” said Tim Warren, CEO at Warren Group. “The median single-family home price has reached new highs every month so far this year, and I fully expect this streak to continue for the remainder of 2019. The trend is a gradual increase in median price compared with the same month in the prior year. The increase in October was 3.5%, but over the first ten months of 2019, it was 3.9%. These are not huge gains, and in fact, the gains this year are lower than either of the two previous years.”

Interesting to see a tight market but without red hot appreciation in the single family sector. Volume is down without a corresponding squeeze on pricing.

Condominiums. October saw 2,119 condominium sales, compared to 1,916 sales in October 2018 – a 10.6% increase. This marked the most condo sales seen in the month of October since 2006. Meanwhile, the median sale price spiked 11.1% on a year-over-year basis to \$370,000 – an all-time high for the month of October. Year-to-date, there have been 20,526 condo sales – a 1.2% decrease – with a median sale price of \$381,000 – a 4.4% increase from the first ten months of 2018.

“The condo market has been red hot so far this year, and October was no exception,” Warren said. “Sales totaling 2,119 transactions marked the most condos sold in the month of October since 2006.”

The condo market operates a little differently. More sales, a bit more appreciation.

Days on Market. MLSPIN notes, statewide, for singles, 59 days on market year over year, which is about the same as last year. In 2015, days on market were 94. For condos, 51 versus 73.

In the end, 2019 was a good year to sell a home; plenty of buyers willing to pay good prices. Condition and quality seem to matter more than in years past and buyers seem to have developed more discrimination and patience. Good/great properties still attract huge interest and lively bidding. Not so good properties, improperly priced, will hang around. Too soon to say much about 2020. However, if there are no radical financial, economic, or geo-political dislocations, it could be more of the same. Massachusetts is still not creating enough single unit product to meet buyer demand and it seems that millennials – despite much talk to the contrary about being the renter generation– want

to own homes or units. And, by the way, there is still a lot of aged apartment stock out there that needs to be replaced with similarly affordable units.

All best for the holiday season! It has come on rapidly this year.

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