

Massachusetts
2019
Full Year
Housing Report



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NEW DEVELOPMENT SERVICES





Affordability and Accessibility: A Double-Edged Sword

While the majority of renters want to buy, in some markets it just isn't feasible.

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

Purchasing a home, especially for the first time, is one of the single largest decisions a person can make. Recently, a Chase Home Lending study found that more than 70 percent of millennials felt ready to purchase a home in the next 12 months. While that desire may be strong, the double-edged sword of affordability and accessibility may keep millennials renting.

Now, this isn't to say millennials aren't entering the world of homeownership. This generation spans anyone born between 1980 and 1998 (currently aged 22 to 40), meaning there is a wide range within the "millennial" grouping. According to the National Association of REALTORS® (NAR®) 2019 Home Buyer & Seller Generational Trends report, account for 37 percent, the highest generational percentage, of home buyers.

However, within that group, only 11 percent of recent home buyers were in the "younger" millennial subgroup (in this study, considered to be born between 1990 and 1998, currently aged 22 to 30)--and this is the group who may face problems entering homeownership.

Affordability

In a recent study by ATTOM Data Solutions, owning a median-priced, three-bedroom home is more affordable than renting a three-bedroom property in only 53 percent of counties in the United States. Notably, the study found that buying is typically only cheaper than renting in lightly populated counties--in major metropolises (where millennials tend to congregate), renting is almost always cheaper than buying.



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What is contributing to this for millennial buyers? ATTOM found that in 67.3 percent of counties, median home prices rose faster than average fair-market rents. For millennial renters, this means their needle is constantly moving. While renting and saving for a down payment (or paying off student loans), the bar for what they need to save to reach their goals is constantly being raised, making it hard to get ahead. This is coupled with the fact that home prices are also outpacing wages. In 66.3 percent of markets, median home prices rose faster than average weekly wages (while consequently, wages actually outpaced rent growth in 56.6 percent of markets.)

Accessibility

The other major point of pain for millennial homebuyers is inventory. Short supply has been an issue in the housing market for some time, but according to NAR®, there were only 1.4 million units available for sale in December, the lowest level in at least 20 year. Additionally,

nationally, December saw the largest year-over-year decline of housing inventory in almost three years, with inventory declining 12 percent. While new construction is picking up in some markets, reaching a 6-year high to close out 2019, existing homes on the market may not be enough to keep millennial buyers on the hunt for their perfect home.

As we enter 2020, both of these issues, affordability and accessibility will continue to be the trends to watch, as we continue to patiently await the day millennials become the buyers the industry knows they can be.



Housing Permits Increase Through Q4 of 2019

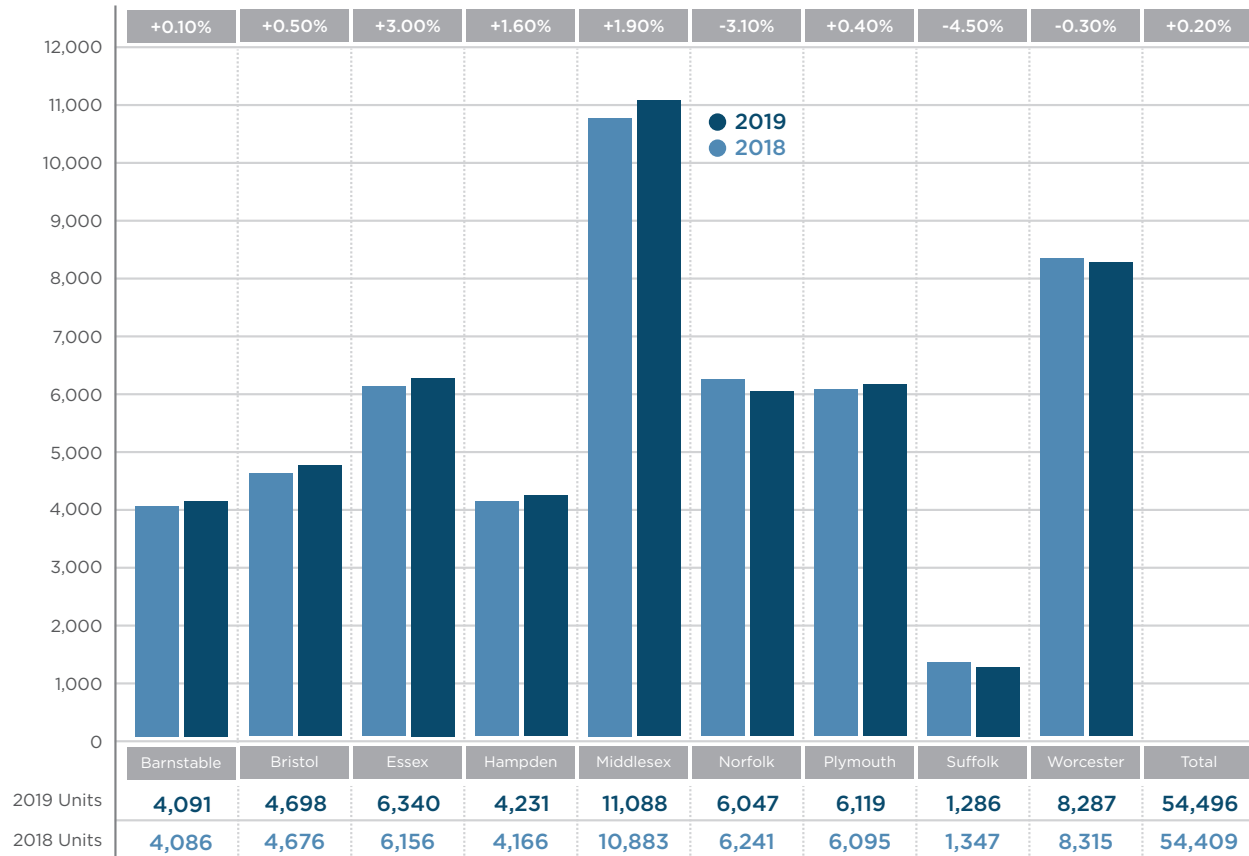
In the Commonwealth of Massachusetts through Q4 2019, permits saw a 5.5 percent increase. The total number of permits grew from 14,341 in 2018 to 15,128 in 2019. The largest increase was in 5+ Unit permits, which increased 16.4 percent, followed by 3&4 Unit permits, which increased 11.7 percent. There were decreases in 2-Unit permits (11.3 percent) and 1-Unit permits (10.7 percent).

On an MSA by MSA basis, the overall growth in permits continues to be concentrated in a few key areas across the Commonwealth, with increases occurring in Springfield MA (8.2 percent), Boston-Cambridge-Newton MA-NH (5.8 percent) and Worcester MA (4.5 percent). Decreases were seen in Pittsfield MA (37.5 percent) and Barnstable Town MA (32.2 percent.)

New Housing Permits by Type (Percent Change 2018 vs. 2019)

| TYPE | Single Unit | 2 Units | 3-4 Units | 5+ Units | Total |
|---------|-------------|---------|-----------|----------|-------|
| % DIFF. | -10.7% | -11.3% | +11.7% | +16.4% | +5.5% |

Single Family Unit Sales Raise Slightly through Q4 2019



State of Massachusetts

Single Family Units Sold by County

2018 vs. 2019

Through Q4 2019, Single-Family Home Sales in the Commonwealth of Massachusetts increased 0.2 percent, from 54,409 to 54,496 year-over-year. On a county-by-county basis, small increases were seen in several counties, including: Essex County at 3 percent, Middlesex County at 1.9 percent, Hampden County at 1.6 percent, Bristol County at 0.5 percent, Plymouth County at 0.4 percent and Barnstable County at 0.1 percent. Meanwhile, decreases were seen in Suffolk County at 4.5 percent, Norfolk County at 3.1 percent and Worcester County at 0.3 percent.

Average Sales Price for single-family homes in

Massachusetts increased 2.1 percent through Q4 2019, from \$520,334 to \$531,402. Throughout the Commonwealth, Bristol County increased 6.1 percent, Suffolk County increased 4.9 percent, Hampden County increased 4.7 percent, Plymouth County increased 4 percent, Worcester County increased 4 percent, Barnstable County increased 3.9 percent, Essex County increased 3.7 percent, Norfolk County increased 2 percent and Middlesex County increased 1.5 percent.

In 2019, Average List Price increased 6.8 percent, Months of Supply fell 3.9 percent and Price Per Square Foot increased 1.0 percent.

Massachusetts Condominium Sales



Single Family Marketplace

Home Sales Full Year 2018 vs. 2019

| COUNTY | NUMBER OF UNITS SOLD | | | AVERAGE SALES PRICE | | |
|------------------|----------------------|---------------|---------------|---------------------|------------------|---------------|
| | 2018 | 2019 | % DIFF. | 2018 | 2019 | % DIFF. |
| Barnstable | 4,086 | 4,091 | +0.10% | \$587,824 | \$610,938 | +3.90% |
| Bristol | 4,676 | 4,698 | +0.50% | \$346,041 | \$367,200 | +6.10% |
| Essex | 6,156 | 6,340 | +3.00% | \$531,806 | \$551,566 | +3.70% |
| Hampden | 4,166 | 4,231 | +1.60% | \$224,435 | \$234,907 | +4.70% |
| Middlesex | 10,883 | 11,088 | +1.90% | \$705,731 | \$716,627 | +1.50% |
| Norfolk | 6,241 | 6,047 | -3.10% | \$676,259 | \$689,664 | +2.00% |
| Plymouth | 6,095 | 6,119 | +0.40% | \$453,945 | \$472,092 | +4.00% |
| Suffolk | 1,347 | 1,286 | -4.50% | \$744,261 | \$780,382 | +4.90% |
| Worcester | 8,315 | 8,287 | -0.30% | \$327,536 | \$340,696 | +4.00% |
| STATEWIDE | 54,496 | 54,409 | +0.20% | \$520,334 | \$531,402 | +2.10% |

Single Family Marketplace

Months of Supply 2018 vs. 2019

| COUNTY | 2018 | 2019 | % DIFF. |
|--------------|-------------|-------------|---------------|
| Barnstable | 5.83 | 5.60 | -3.90% |
| Bristol | 3.56 | 3.31 | -7.10% |
| Essex | 2.76 | 2.51 | -9.10% |
| Hampden | 3.35 | 2.91 | -13.10% |
| Middlesex | 2.28 | 2.36 | +3.40% |
| Norfolk | 2.63 | 2.70 | +2.60% |
| Plymouth | 3.39 | 3.40 | +0.30% |
| Suffolk | 2.42 | 2.41 | -0.60% |
| Worcester | 3.25 | 3.02 | -6.90% |
| TOTAL | 3.27 | 3.14 | -3.90% |



Massachusetts Condominium Sales Fall Slightly through Q4



To finish Q4 2019, we saw Units Sold decrease for condominiums in the Commonwealth of Massachusetts, down 0.7 percent, from 21,666 through Q4 2018 to 21,519 through Q4 2019. Several counties experienced an increase, including Plymouth County at 9.2 percent, Hampden County at 9 percent, Norfolk County at 2.6 percent and Essex County at 2 percent. However, there were decreases in Bristol County

at 5.5 percent, Suffolk County at 4.5 percent, Worcester County at 3.4 percent, Barnstable County at 2.7 percent and Middlesex County at 0.9 percent.

Average Sales Price of condominiums in Massachusetts increased 4.3 percent, from \$499,056 to \$520,686. On a county-by-county basis, increases were seen in Plymouth County (13 percent), Essex County (7.4 percent), Suffolk County (5.1 percent), Middlesex County (4.3 percent), Bristol County (3.7 percent), Barnstable County (3.2 percent), Norfolk County (3 percent), Worcester County (2.8 percent) and Hampden County (1.2 percent.)

To round out the year, Average List Price increased 8.4 percent, Months of Supply increased 13 percent and Price Per Square Foot increased 3.2 percent.

Full Year 2019 vs. 2018

| | |
|-------------------------|----------------|
| Unit Sales | 0.7% ↓ |
| Avg. List Price | 8.4% ↑ |
| Months of Supply | 13.0% ↑ |

Massachusetts Condominium Sales



Condominium Marketplace

Home Sales Full Year 2018 vs. 2019

| COUNTY | NUMBER OF UNITS SOLD | | | AVERAGE SALES PRICE | | |
|------------------|----------------------|---------------|---------------|---------------------|------------------|---------------|
| | 2018 | 2019 | % DIFF. | 2018 | 2019 | % DIFF. |
| Barnstable | 1,042 | 1,019 | -2.70% | \$347,047 | \$358,230 | +3.20% |
| Bristol | 858 | 811 | -5.50% | \$226,870 | \$235,172 | +3.70% |
| Essex | 2,806 | 2,861 | +2.00% | \$334,216 | \$359,081 | +7.40% |
| Hampden | 538 | 581 | +8.00% | \$164,539 | \$166,455 | +1.20% |
| Middlesex | 5,756 | 5,702 | -0.90% | \$514,559 | \$536,890 | +4.30% |
| Norfolk | 2,391 | 2,454 | +2.60% | \$494,229 | \$508,981 | +3.00% |
| Plymouth | 1,209 | 1,320 | +9.20% | \$338,458 | \$382,378 | +13.00% |
| Suffolk | 4,945 | 4,724 | -4.50% | \$839,939 | \$883,133 | +5.10% |
| Worcester | 1,755 | 1,695 | -3.40% | \$239,952 | \$246,767 | +2.80% |
| STATEWIDE | 21,666 | 21,519 | -0.70% | \$499,056 | \$520,686 | +4.30% |

Condominium Marketplace

Months of Supply Full Year 2018 vs. 2019

| COUNTY | 2018 | 2019 | % DIFF. |
|--------------|-------------|-------------|----------------|
| Barnstable | 5.19 | 5.89 | +13.40% |
| Bristol | 2.49 | 2.97 | +19.50% |
| Essex | 2.31 | 2.33 | +1.20% |
| Hampden | 3.52 | 2.69 | -23.80% |
| Middlesex | 1.80 | 2.17 | +20.30% |
| Norfolk | 2.25 | 2.87 | +27.20% |
| Plymouth | 3.43 | 3.28 | -4.40% |
| Suffolk | 2.53 | 3.17 | +25.10% |
| Worcester | 2.65 | 2.63 | -0.50% |
| TOTAL | 2.51 | 2.84 | +13.00% |

Conclusion



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As we enter 2020, the law of supply and demand is on full display in our current housing market. Demand is soaring. Supply is at record lows. And, as a result, buyers are listing their homes at the highest rates in years. All of these factors are combining to make for an interesting dynamic with the largest potential group of renters-to-turn-homeowners: the young millennials. This group entered adulthood immediately following the financial crisis and while they want to become homeowners, that proposition may not represent the same ideals it did for older generations. Instead of security, homeownership presents a risk: millennials watched as their families suffered through foreclosure and short sales, patterns they are desperate not to repeat. As a result, millennials, especially young millennials, may not be flocking into the housing market in the same wave we thought.

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).
4. This report contains preliminary data Information provided by The U.S. Census Bureau

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