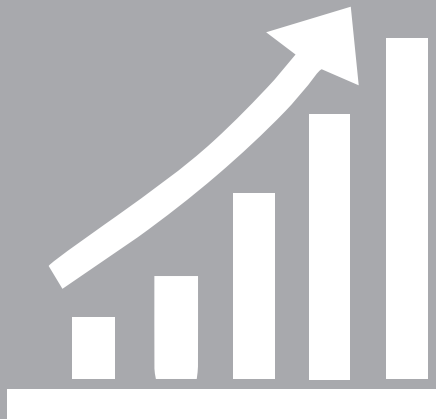


Massachusetts 2019 Full Year Housing Report



WILLIAM RAVEIS
NEW DEVELOPMENT SERVICES





Regrets? In 2019, We Have a Few...

Millennials are finally entering homeownership, but feel the sting of buyers remorse.

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

As 2019 kicks off there is cause for celebration: homeownership rates hit a four year high nationally, according to the Census Bureau. At the end of 2018, homeownership rates rose to 64.8 percent—a number that has been steadily climbing since hitting an all-time low in 2016. Even better news? It appears as though this increase in homeownership is driven primarily from renters who have made the jump to buying. And even better news? The millennials have finally joined the party, with the majority of new homeowners being under 44 (according to most reports, the oldest millennials are currently 39.)

Unfortunately the news isn't all good. While millennials appear to be entering homeownership and leaving the world of renting behind, they aren't feeling great about the decision. In a new survey by

Clever, millennials were found to be more than twice as likely to be stressed about homeownership as compared to their baby boomer counterparts, with 51 percent feeling buyers remorse, compared with just 20 percent of boomers.

What's causing the stress? A home is one of the largest purchases in a person's life, and is tantamount to achieving the American Dream--shouldn't millennials be celebrating their achievement? Unfortunately for many, the mortgage payment is more than they bargained for. With a competitive housing market for buyers, and competing expenses, more than two-thirds of millennial buyers surveyed put down less than 20 percent on their new homes. This leads to higher monthly payments, plus the looming threat of private mortgage insurance.



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Also causing stress among millennial homeowners is the surprising cost of maintaining a home once you've bought one. There is no landlord to call when an appliance breaks down or a pipe bursts, and 43 percent of millennial homeowners are feeling that additional financial burden. Adding to that, millennial homeowners are more likely than baby boomers to buy a fixer-upper, thanks to availability and cost--so in addition to normal repairs, they are quickly realizing the renovations needed to turn their starter home into a dream property will cost even more money.

It's important for millennial homeowners to not lose site of the bigger picture--while purchasing and maintaining a home is a big adjustment, it is also an important step on the road to future wealth. In a study "average" millionaires by Dave Ramsey, most millionaires had paid off their mortgages in an average of 10.2 years. Additionally, a study by the Urban Land Institute found that delaying homeownership actually

had a negative impact on future financial health. Individuals who purchases a home between 25 and 34 had the greatest amount of wealth in their 60s, with close to \$150,000 in median home equity at age 60 or 61. As people age into retirement, they rely more heavily on their wealth rather than their income to support their lifestyles, so higher home equity is an important factor.

As more and more millennials enter homeownership, where does the responsibility lie in managing their expectations vs. reality? Should real estate agents take on the mantle of coach, as well as advisor and navigator? Providing resources and access to information seems key, as millennials, brought up in the age of the Internet, are used to comparing and researching and scouring the Web for details. Perhaps, as experts in the industry, it is our job to guide them to the information they need, to limit surprises after close.

Housing Permits Fall in First Quarter

MSA	1 Unit	2 Unit	3 & 4 Unit	5+ Unit	Total 1Q 2019
Barnstable Town	17	0	0	0	17
Boston/Cambridge/Quincy	902	96	124	1416	2,538
Pittsfield	3	0	0	0	3
Springfield	5	0	0	0	5
Worcester	35	0	0	22	57
Totals	962	96	124	1,438	2,620

% Change 2019 vs 2018	-11.4%	-32.4%	+121.4%	-31.0%	-22.2%
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MSA	1 Unit	2 Unit	3 & 4 Unit	5+ Unit	Total 1Q 2018
Barnstable Town	18	0	6	0	24
Boston/Cambridge/Quincy	1024	142	50	2083	3,299
Pittsfield	3	0	0	0	3
Springfield	2	0	0	0	2
Worcester	39	0	0	0	39
Totals	1,086	142	56	2,083	3,367

State of Massachusetts

Housing Permits Issued by MSA
First Quarter 2018 vs. 2019

In the Commonwealth of Massachusetts in Q1 2019, permits saw a 22.2 percent decrease. The total number of permits fell from 3,367 in the first quarter of 2018 to 2,620 in the first quarter of 2019. The largest

decrease was in 2-Unit permits, which fell 32.4 percent, while 5+ Unit permits fell 31 percent and 1-Unit permits fell 11.4 percent. Meanwhile, 3 & 4 Unit permits increased 121.4 percent.



Single Family Unit Sales Rise in First Quarter



Through Q1 2019, Single-Family Home Sales in the Commonwealth of Massachusetts increased 4.4 percent, from 9,313 to 9,723 year-over-year. On a county-by-county basis, increases were seen across the Commonwealth, including: Suffolk County at 17 percent, Middlesex County at 15.2 percent, Hampden County at 9 percent, Barnstable County at 4.5 percent, Essex County at 4.3 percent, Worcester County at 1.9 percent and

Plymouth County at .7 percent. Losses were seen in Norfolk County at 2.1 percent and Bristol County at 1.1 percent.

Average Sales Price for single-family homes in Massachusetts increased .8 percent through Q1 2019, from \$494,810 to 498,604. Increases were seen in Suffolk County (9.4 percent), Bristol County (7.7 percent), Worcester County (5.7 percent), Norfolk County (3.6 percent), Hampden County (3.6 percent), Middlesex County (3.2 percent) and Barnstable County (2.7 percent). Meanwhile, Average Sales Price fell in Essex County (2.6 percent) and Plymouth County (1 percent.)

To round out the quarter, Average List Price increased 3.2 percent, Months of Supply increased 5.1 percent and Price Per Square Foot increased .1 percent.

First Quarter 2019 vs. 2018

Unit Sales	4.4% ↑
Avg. List Price	3.2% ↑
Months of Supply	5.1% ↑



Single Family Marketplace

Home Sales First Quarter 2018 vs. 2019

COUNTY	NUMBER OF UNITS SOLD			AVERAGE SALES PRICE		
	1Q 2018	1Q 2019	% DIFF.	1Q 2018	1Q 2019	% DIFF.
Barnstable	793	829	+4.50%	\$561,627	\$576,629	+2.70%
Bristol	881	871	-1.10%	\$322,903	\$347,749	+7.70%
Essex	1,020	1,064	+4.30%	\$522,185	\$508,781	-2.60%
Hampden	748	815	+9.00%	\$212,979	\$220,692	+3.60%
Middlesex	1,701	1,960	+15.20%	\$669,092	\$690,772	+3.20%
Norfolk	1,028	1,006	-2.10%	\$658,602	\$682,037	+3.60%
Plymouth	1,088	1,096	+0.70%	\$449,277	\$444,589	-1.00%
Suffolk	188	220	+17.00%	\$690,924	\$756,206	+9.40%
Worcester	1,458	1,485	+1.90%	\$303,664	\$320,842	+5.70%
STATEWIDE	9,313	9,723	+4.40%	\$494,810	\$498,604	+0.80%

Single Family Marketplace

Months of Supply First Quarter 2018 vs. 2019

COUNTY	1Q 2018	1Q 2019	% DIFF.
Barnstable	5.00	5.40	+8.90%
Bristol	2.90	3.00	+3.80%
Essex	2.10	2.30	+9.20%
Hampden	2.80	2.60	-7.10%
Middlesex	1.80	2.10	+13.60%
Norfolk	2.30	2.40	+4.80%
Plymouth	2.80	3.00	+8.30%
Suffolk	2.00	2.20	+8.20%
Worcester	2.60	2.60	+0.50%
TOTAL	2.70	2.80	+5.10%



Massachusetts Condominium Sales Rise in 2019



To finish Q1 2019, we saw Units Sold increase for condominiums in the Commonwealth of Massachusetts, up 2.7 percent, from 4,165 through Q1 2018 to 4,279 through Q1 2019. Increases were seen in Plymouth County at 49.3 percent, Hampden County at 24.3 percent, Norfolk County at 4.9 percent, Bristol County at 3.7 percent, Essex County at 3.5 percent and Worcester County at 1.8 percent. Meanwhile, decreases were seen in Barnstable County at

12.5 percent, Suffolk County at 4.8 percent and Middlesex County at 1.7 percent.

Averages Sales Price of condominiums in Massachusetts decreased 4.6 percent, from \$507,781 to \$484,451. On a county-by-county basis, Plymouth County increased 19.2 percent, Essex County increased 5.8, Bristol County increased 3.7 percent, Hampden County increased 3.5 percent, Worcester County increased 2.1 percent, Middlesex County increased 1.8 percent and Norfolk County increased .6 percent. Decreases were seen in Suffolk County (11.6 percent) and Barnstable County (9.1 percent.)

First Quarter 2019 vs. 2018

Unit Sales	2.7% ↑
Avg. List Price	9.8% ↑
Months of Supply	20.5% ↑

To round out the quarter, Average List Price increased 9.8 percent, Months of Supply increased 20.5 percent and Price Per Square Foot decreased 3.6 percent.

Condominium Sales



Condominium Marketplace

Home Sales 2018 vs. 2019

COUNTY	NUMBER OF UNITS SOLD			AVERAGE SALES PRICE		
	1Q 2018	1Q 2019	% DIFF.	1Q 2018	1Q 2019	% DIFF.
Barnstable	216	189	-12.50%	\$343,644	\$312,218	-9.10%
Bristol	163	169	+3.70%	\$220,181	\$228,223	+3.70%
Essex	575	595	+3.50%	\$316,123	\$334,402	+5.80%
Hampden	107	133	+24.30%	\$152,756	\$158,077	+3.50%
Middlesex	1,093	1,074	-1.70%	\$524,994	\$534,424	+1.80%
Norfolk	432	453	+4.90%	\$482,023	\$484,918	+0.60%
Plymouth	215	321	+49.30%	\$333,693	\$397,623	+19.20%
Suffolk	981	938	-4.80%	\$880,584	\$778,046	-11.60%
Worcester	331	337	+1.80%	\$230,039	\$234,948	+2.10%
STATEWIDE	4,165	4,279	2.70%	\$507,781	\$484,451	-4.60%

Condominium Marketplace

Months of Supply 2018 vs. 2019

COUNTY	1Q 2018	1Q 2019	% DIFF.
Barnstable	4.60	5.70	+24.00%
Bristol	2.30	2.60	+15.10%
Essex	1.90	2.20	+17.20%
Hampden	3.60	2.60	-28.00%
Middlesex	1.40	1.90	+38.10%
Norfolk	1.90	2.70	+37.70%
Plymouth	3.00	3.30	+8.50%
Suffolk	2.20	2.80	+29.30%
Worcester	2.40	2.30	-7.20%
TOTAL	2.20	2.60	+20.50%

Conclusion



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While millennial homeownership is on the rise, and is expected to continue its trajectory as more and more in the generation come of age, they seem underprepared for the challenges of homeownership. With mounting debt, many choose to buy a home with a smaller down payment, increasing their monthly mortgage and incurring PMI. Additionally, in order to swing a home payment they can afford, they're buying fixer-uppers. However, the generation who have gone from their parents house, to swanky college dorms, to landlord-managed rentals are unprepared for the cost of regular home maintenance. As experts in the home building and home owning industry, can we better prepare millennials for the challenges they will face in owning homes? If we expect the largest generation of potential homebuyers to be successful in their pursuit of the American Dream, which will ultimately impact the success of the housing market, we will have to.

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).

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