



## Residential Real Estate Year in Review

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**THE WARREN GROUP**  
*Real Estate & Financial Information Since 1872*

# Today's Agenda

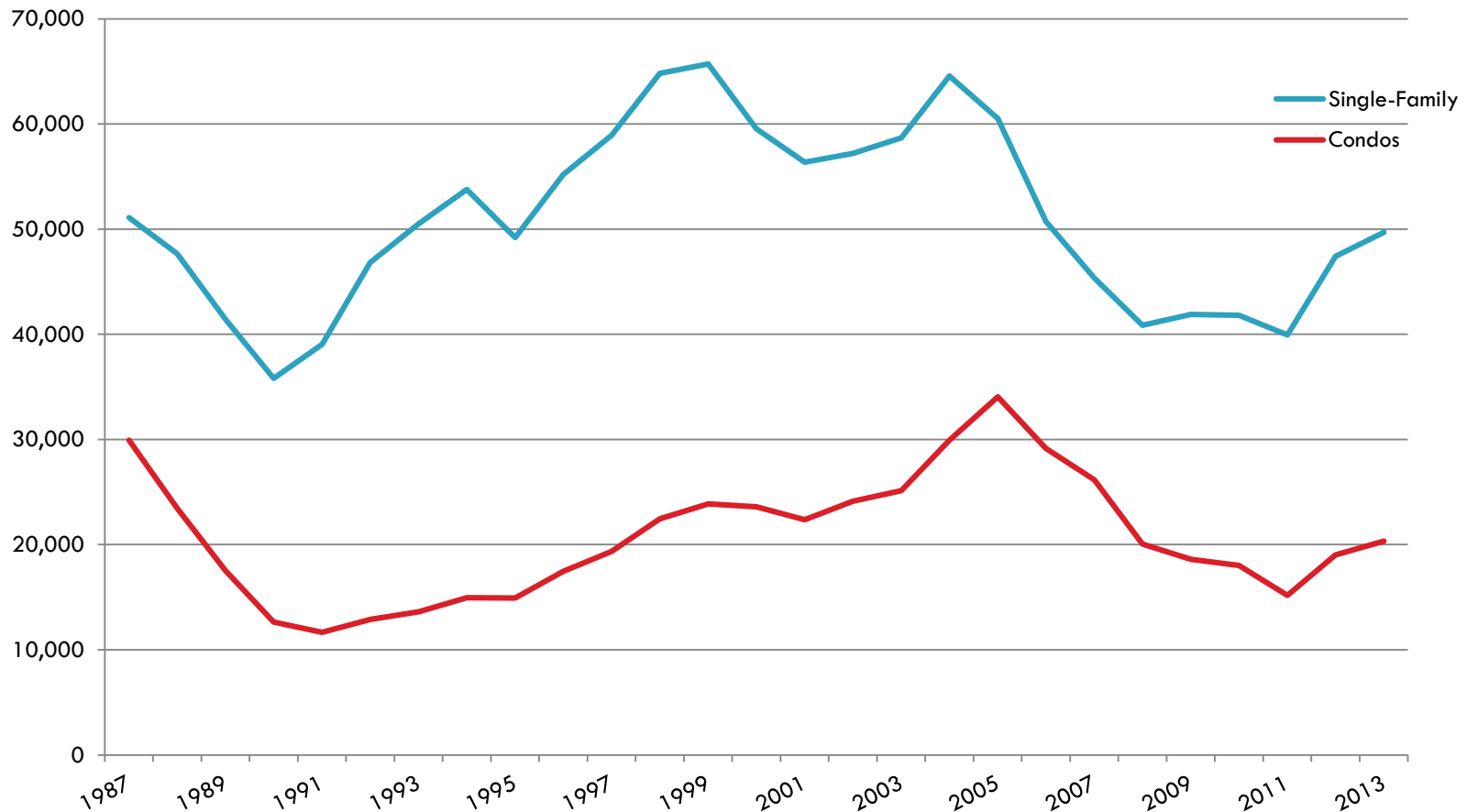
- Historical Overview of Real Estate Activity In Massachusetts
  - Sales
  - Median Prices
  - Foreclosures
- Frequently Asked Questions
- What's to come in 2015



Sales

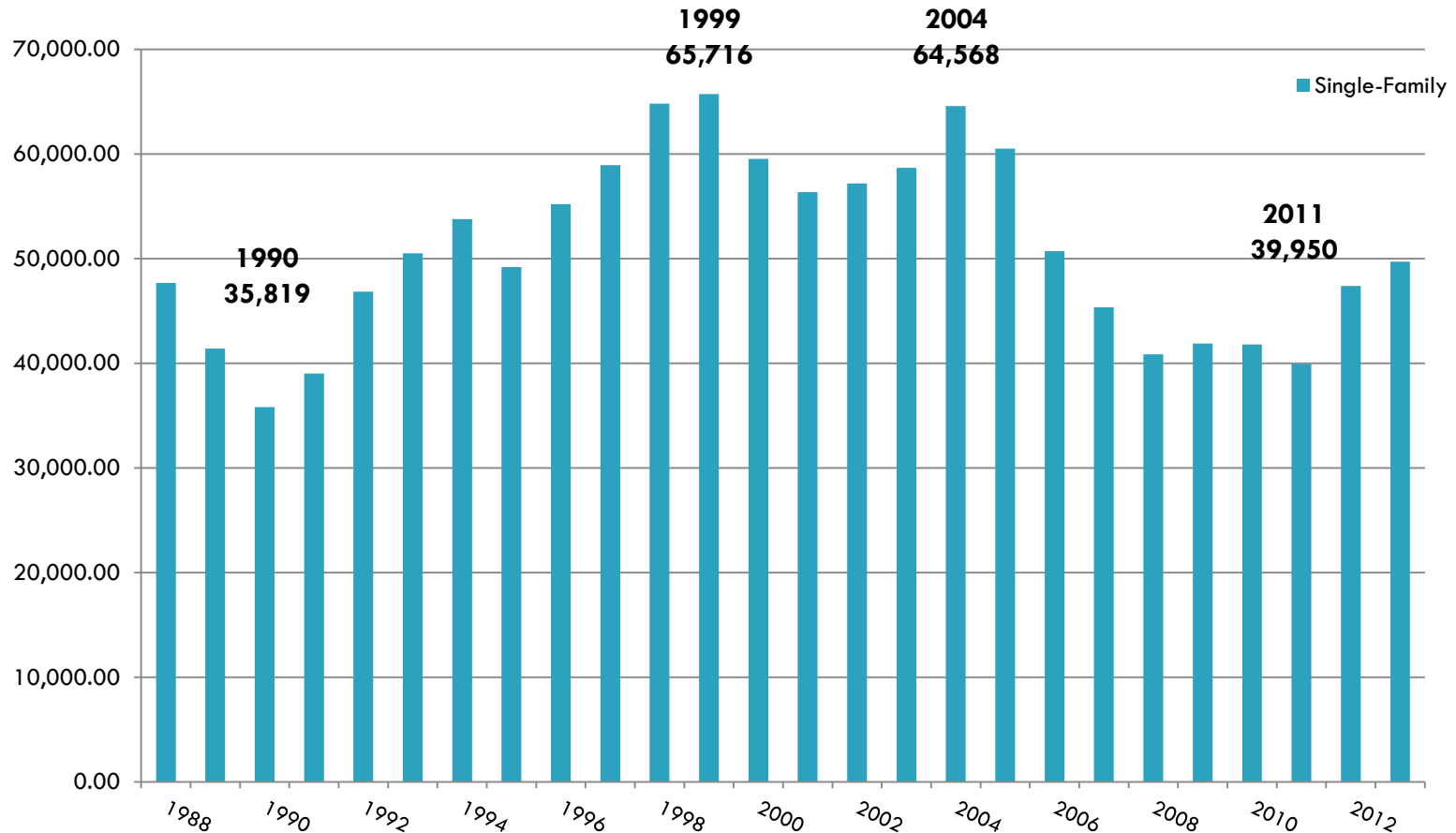
# Massachusetts Sales Stats

# of units sold per year: 1987 – 2013



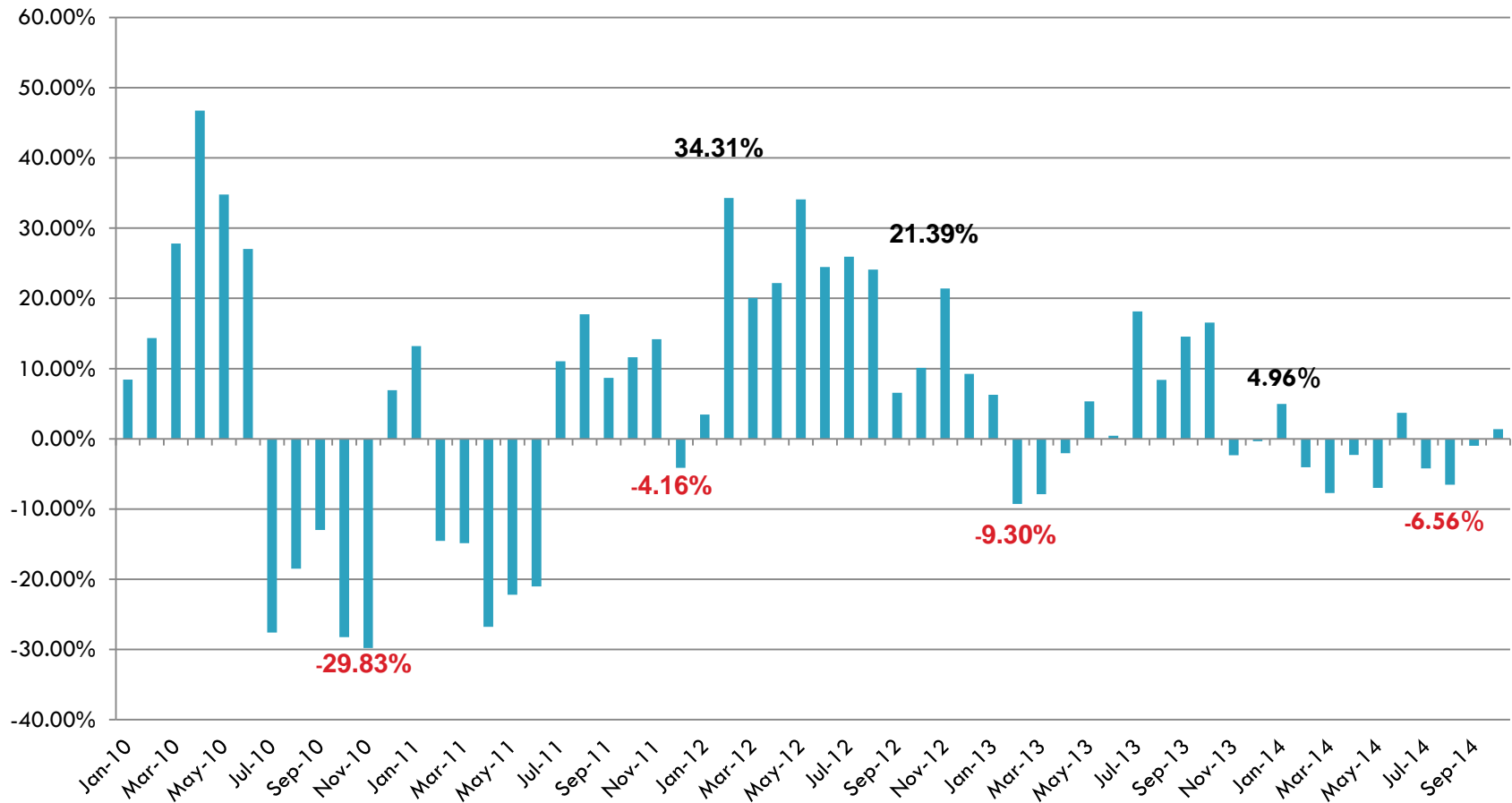
# Massachusetts Sales Stats

## Single-Family Homes Sold 1988 – 2013



# Massachusetts Sale Stats

## Single-Family Home Sales % Change By Month



# Massachusetts Sales Stats

## 2011 – Oct. 2014 YTD

### Single-Family Sales:

<b>2011</b>	<b>2012</b>	
39,048	46,887	+18.4%
<b>2012</b>	<b>2013</b>	
47,401	49,699	+4.9%
<b>Oct 2013 YTD</b>	<b>Oct 2014 YTD</b>	
42,270	41,140	-2.67%

### Condo Sales:

<b>2011</b>	<b>2012</b>	
15,118	19,061	+25.5%
<b>2012</b>	<b>2013</b>	
19,037	20,332	+6.8%
<b>Oct 2013 YTD</b>	<b>Oct 2014 YTD</b>	
17,117	17,666	+3.21%



# Massachusetts Sales Stats

## Multifamily 2011 – Oct. 2014 YTD

### 2-Family Sales:

<b>2011</b>	<b>2012</b>	
4,308	4,792	+11.2%
<b>2012</b>	<b>2013</b>	
4,792	4,752	- 0.8%
<b>Oct 2013 YTD</b>	<b>Oct 2014 YTD</b>	
3,975	3,806	-4.25%

### 3-Family Sales:

<b>2011</b>	<b>2012</b>	
1,849	1,918	+3.7%
<b>2012</b>	<b>2013</b>	
1,918	1,879	-2.0%
<b>Oct 2013 YTD</b>	<b>Oct 2014 YTD</b>	
1,595	1,537	-3.64%

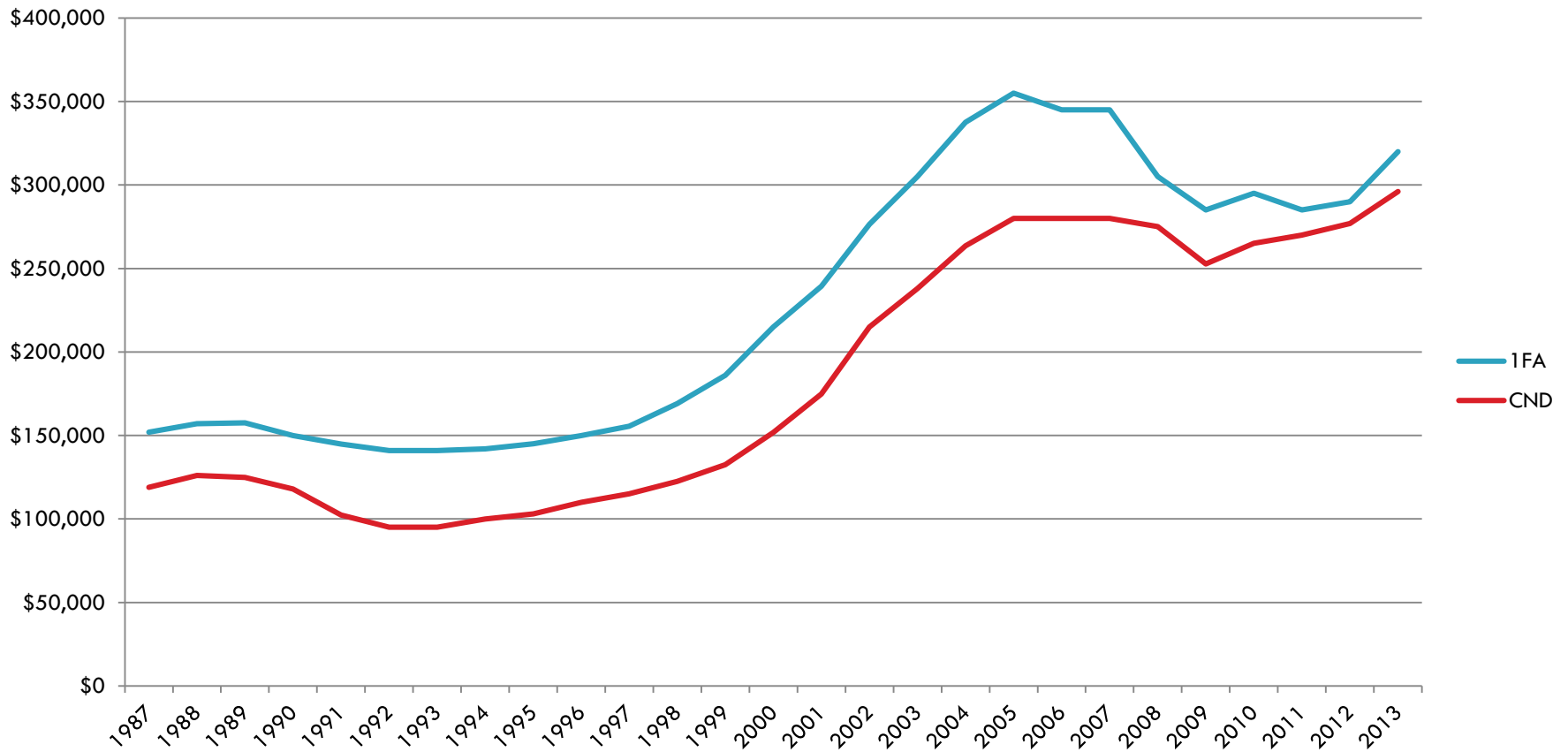




## Median Prices

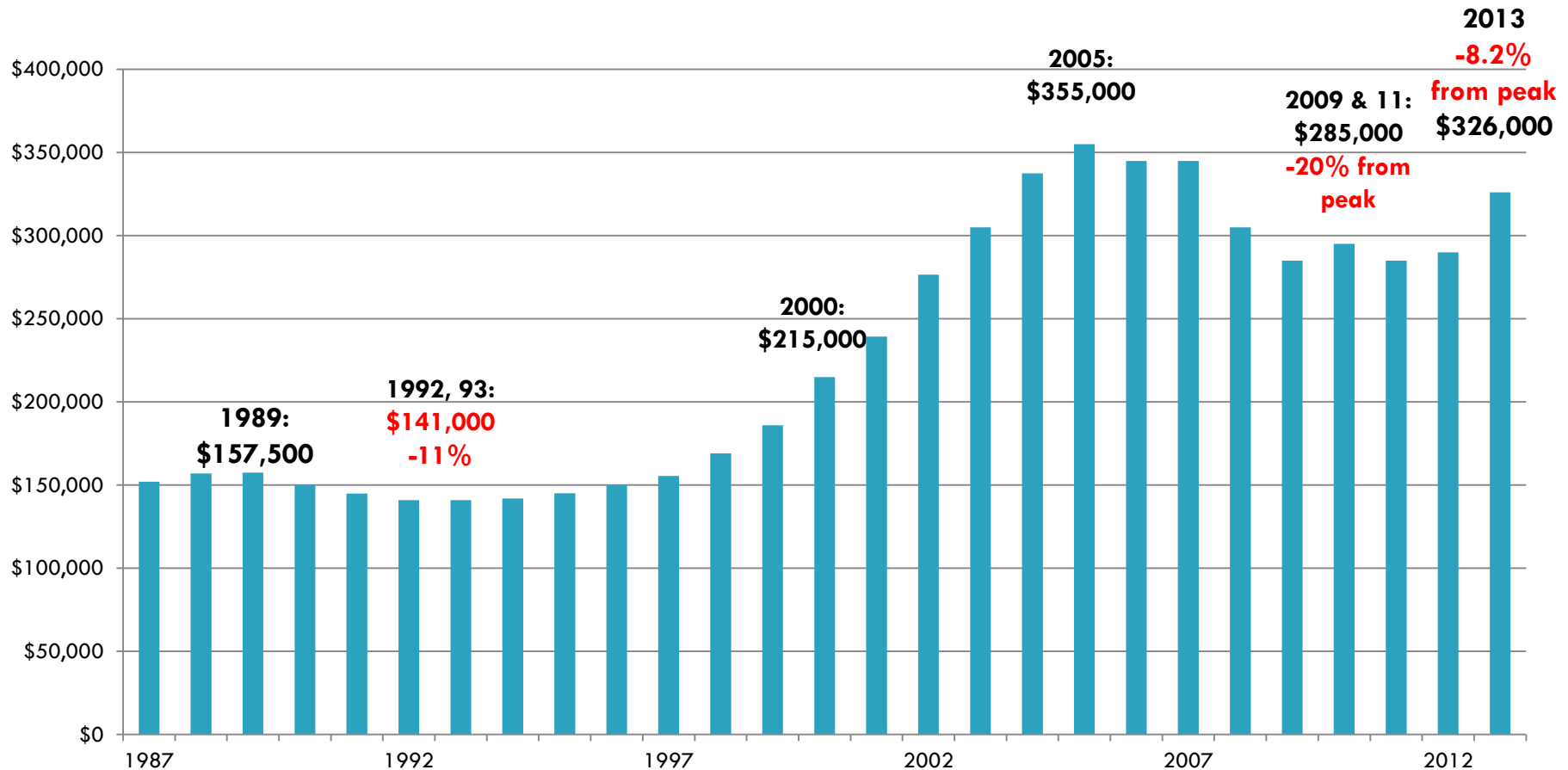
# Massachusetts Median Price Stats

## Prices by year: 1987-2013



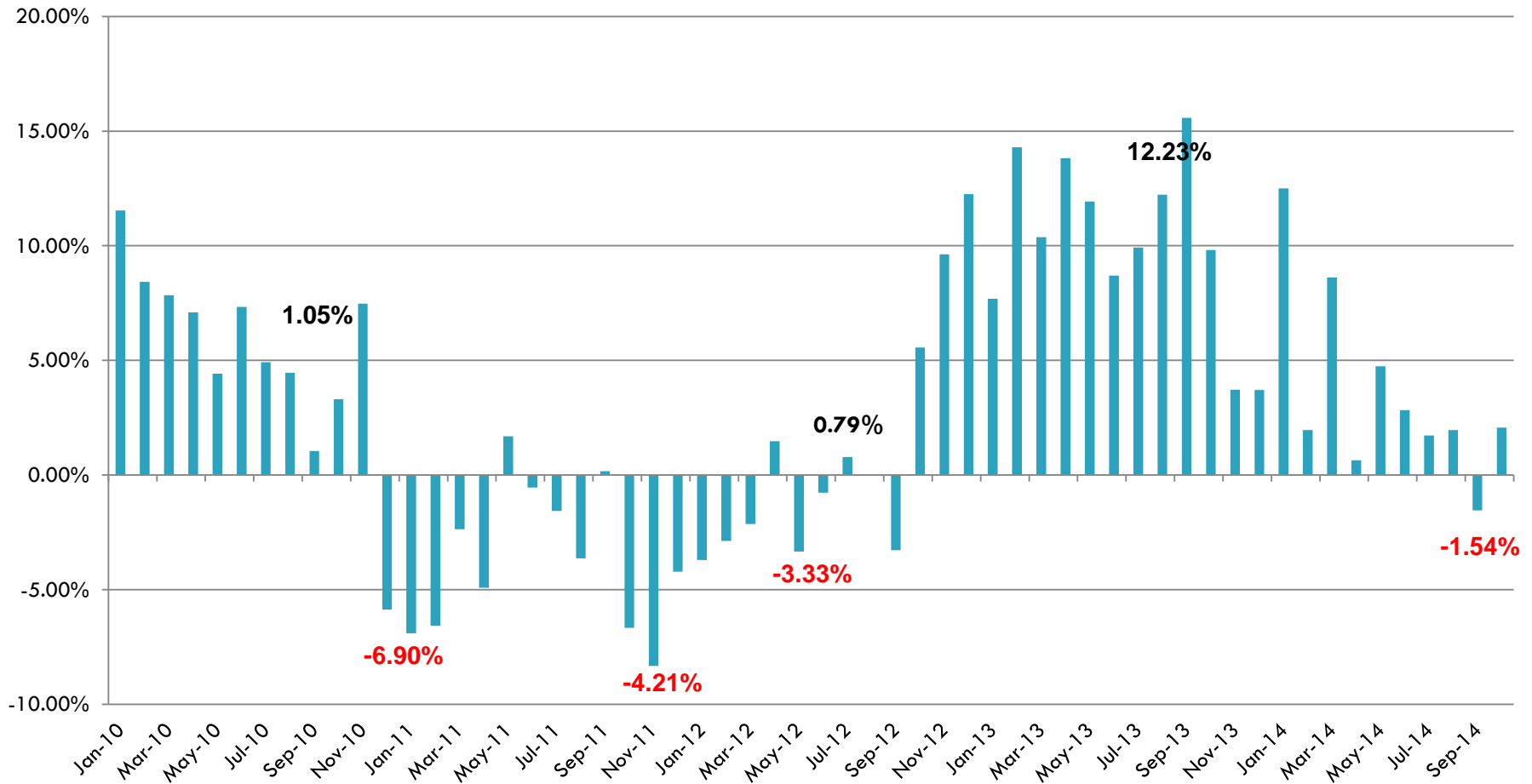
# Massachusetts Price Stats

## Single-Family Median Price Trends 1987- 2013



# Massachusetts Price Stats

## Single-Family Home Prices % Change By Month



# Massachusetts Median Price Stats

## 2011 – Oct. 2014 YTD

### Single-Family Median Price:

<b>2011</b>	<b>2012</b>	
\$285,000	\$290,000	+1.75%
<b>2012</b>	<b>2013</b>	
\$290,000	\$320,000	+10.3%
<b>Oct. 2013 YTD</b>	<b>Oct. 2014 YTD</b>	
\$325,000	\$332,525	+2.32%



### Condo Median Price:

<b>2011</b>	<b>2012</b>	
\$270,000	\$277,000	+2.6%
<b>2012</b>	<b>2013</b>	
\$277,000	\$296,000	+7.05%
<b>Oct. 2013 YTD</b>	<b>Oct. 2014 YTD</b>	
\$295,940	\$310,000	+4.75%

# Massachusetts Median Price Stats

## Multifamily 2011 – Oct. 2014 YTD

### 2-Family Median Price:

<b>2011</b> \$230,000	<b>2012</b> \$255,000	<b>+11%</b>
<b>2012</b> \$255,000	<b>2013</b> \$302,000	<b>+18.4%</b>
<b>Oct. 2013 YTD</b> \$304,000	<b>Oct. 2014 YTD</b> \$327,500	<b>+7.73%</b>

### 3-Family Median Price:

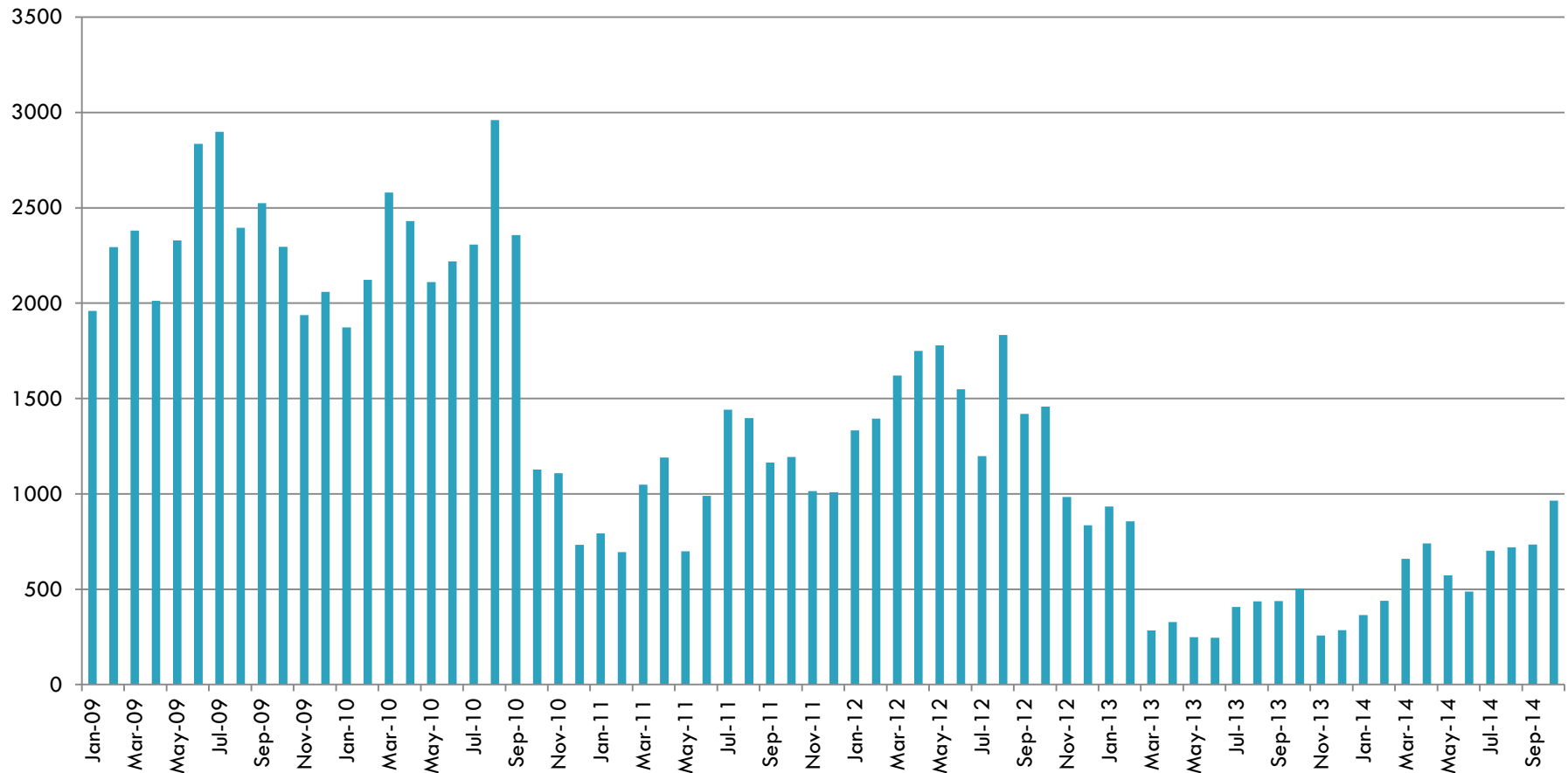
<b>2011</b> \$220,000	<b>2012</b> \$252,000	<b>+14.5%</b>
<b>2012</b> \$252,000	<b>2013</b> \$300,000	<b>+19.0%</b>
<b>Oct. 2013 YTD</b> \$300,000	<b>Oct. 2014 YTD</b> \$330,000	<b>+10.00%</b>





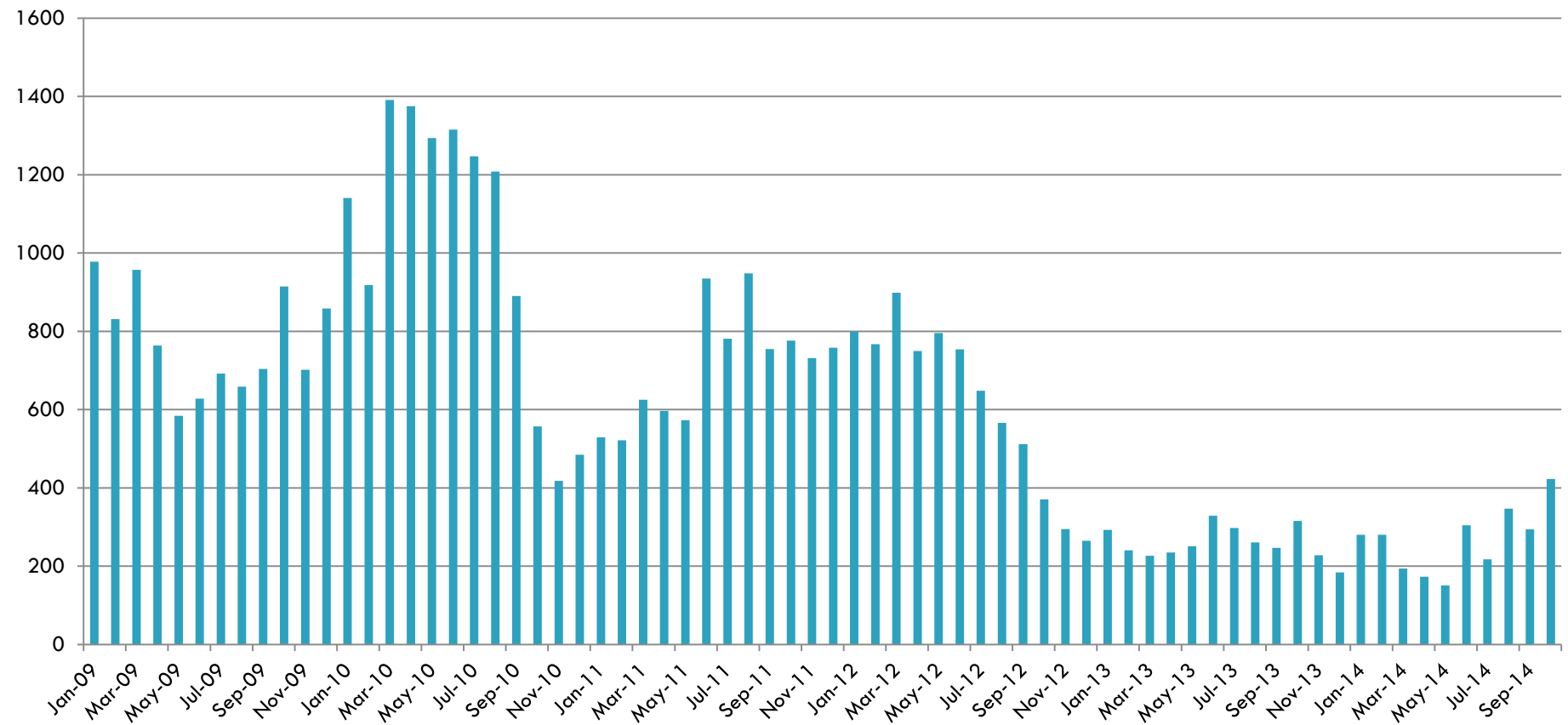
## Foreclosure Trends

# Mass. Monthly Petitions to Foreclose Jan. 2009- Oct. 2014



# Mass. Monthly Foreclosure Deeds

## Jan. 2009 – Oct. 2014



# Massachusetts Foreclosure Stats

## Petitions to Foreclose (All Properties):

<b>2011</b> 12,634	<b>2012</b> 17,152	<b>+36%</b>
<b>2012</b> 17,152	<b>2013</b> 5,220	<b>-69.1%</b>
<b>Oct. 2013 YTD</b> 4,678	<b>Oct. 2014 YTD</b> 6,384	<b>+36.47%</b>

## Foreclosure Deeds (All Properties):

<b>2011</b> 8,531	<b>2012</b> 7,422	<b>-13%</b>
<b>2012</b> 7,422	<b>2013</b> 3,112	<b>-58.1%</b>
<b>Oct. 2013 YTD</b> 3,201	<b>Oct. 2014 YTD</b> 2,961	<b>-6.68%</b>





## Frequently Asked Questions

# Which Crash Was Worse?

- ☐ 1990's?
- ☐ 2000's?

# Facts of Housing Crashes

- ❑ Crash of 1990s had declining sales volume for 3 years. Total decline: 30%
- ❑ Crash of 2000s had declining sales volume for 7 years. Total decline: 40%
- ❑ Crash of 1990s had declining median price for 3 years. Total decline: 10%
- ❑ Crash of 2000s had declining median price for 6 years. Total decline: 19%

# Facts of Housing Crashes (continued)

- In recovery from crash of 1990s, sales volume increased for two straight years before median prices stopped falling.
- In recovery from crash of 2000s, 2012 was the first year with increase in sales volume, and median price rose 2%

# Facts of Housing Crashes (continued)

- In recovery from crash of 1990s, it took 6 years after prices stopped falling for median price to reach previous peak. Very slow price recovery.
- In recovery from crash in 2000s, median prices rose by double digits in second year and then slowed to modest growth in third year of recovery

# Factors in Recovery?

- ❑ Improved jobs picture and growing personal income
- ❑ Growth in consumer confidence
- ❑ Improved stock market
- ❑ Low interest rates, better credit availability
- ❑ More affordable homes
- ❑ Pent-up demand
- ❑ Rising rents
- ❑ Quick home turnover

# Pent Up Demand?

- From 1996 to 2005 (10 years) Massachusetts averaged 60,155 single-family homes sold
- From 2007 to 2011 (5 years) the average was 41,652
- Missing roughly 20,000 home sales each year for 5 years
- That is 100,000 homes that didn't get sold

# Pent Up Demand? (continued)

- People had reasons to buy or sell, but were too scared
- This pent up demand is bringing people out looking to buy
- Low inventory of homes for sale
- High demand + low supply = rising prices

# Statewide Losers? - Median Sale Prices

	2005	2013	% Change
<input type="checkbox"/> BROCKTON	\$275,000	\$179,000	<b>-35%</b>
<input type="checkbox"/> ATHOL	\$179,900	\$118,450	<b>-34%</b>
<input type="checkbox"/> HYANNIS	\$327,000	\$216,000	<b>-34%</b>
<input type="checkbox"/> TEMPLETON	\$241,025	\$159,900	<b>-34%</b>
<input type="checkbox"/> GARDNER	\$219,000	\$147,000	<b>-33%</b>
<input type="checkbox"/> SOUTHBRIDGE	\$230,000	\$155,000	<b>-33%</b>

Note: Towns with 50+ single-family home sales

# Statewide Winners? - Median Sale Prices

	2005	2013	% Change
<input type="checkbox"/> CAMBRIDGE	\$667,500	\$854,000	<b>+28%</b>
<input type="checkbox"/> SOUTH BOSTON	\$409,000	\$518,000	<b>+27%</b>
<input type="checkbox"/> JAMAICA PLAIN	\$498,000	\$628,750	<b>+26%</b>
<input type="checkbox"/> SOMERVILLE	\$428,500	\$540,000	<b>+26%</b>
<input type="checkbox"/> CHARLESTOWN	\$604,500	\$726,500	<b>+20%</b>
<input type="checkbox"/> NEWTON	\$760,000	\$886,000	<b>+17%</b>

Note: Towns with 50+ single-family home sales

# Pending Sales?

- ❑ Pending sales have increased 21 straight months
- ❑ Increase in pending sales often by double digit percentages
- ❑ Closed sales are down in 2014
- ❑ Why are pending sales not closing?

# Inventory?

- ❑ Inventory of homes for sale (year-over-year) has fallen in 34 of last 36 months
- ❑ Buyers complain of lack of choice
- ❑ Why so few sellers?

# Buyers Market?

- ❑ Prices well below peaks in most communities
- ❑ Interest rates low
- ❑ Job growth
- ❑ Rising stock market
- ❑ Not enough sellers

# First-Time Buyers?

- ❑ No home to sell
- ❑ Growing economy, jobs
- ❑ National statistics show first-time home buyers are declining share of the market
- ❑ Apartments offer more job flexibility
- ❑ Homes dismissed as investment opportunity?

# Boom in Condos?

- ❑ Gains in sales of condos beat gains in single-family homes three years running
- ❑ New and upper-end condos popular
- ❑ Foreign investment
- ❑ Demographics – Baby boomers

# Another Crash?

- ❑ Foreclosure starts climbing (up 36% in 2014)
- ❑ Single-family sales volume falling (down 3% in 2014)
- ❑ No bubble forming. Prices well below peak.
- ❑ Market behavior rational
- ❑ Economy growing
- ❑ Crash unlikely

# Prediction for 2015?

- Expecting a modestly better year in 2015
- Improving economy will drive new household growth in 2015
- Added jobs are driving buyers to purchase homes before prices rise
- Mortgage availability
- Pent-up demand
- Room for growth

Thank you! Questions?

Tim Warren

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