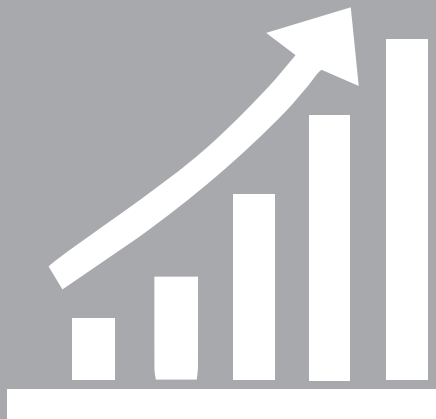


Massachusetts 2018 Full Year Housing Report



WILLIAM RAVEIS
NEW DEVELOPMENT SERVICES





What Have We Learned Since 2008?

It's been a decade since the 2008 economic downturn, how have the intervening years changed the housing market?

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

Flash back 10 years: Tina Fey is immortalized as Sarah Palin on Saturday Night Live, the Giants beat the Patriots in the Superbowl, Barack Obama is the newly elected President, and, oh, wait, of course... the economy collapsed. At the heart of this collapse was the housing market--many analysts agree that the housing bubble, fueled by subprime mortgages, had been driving the economy. So, when the bubble burst, the economy tanked.

In the decade since this downturn, has the housing market fully recovered? How has the housing market changed for buyers and builders? And how can we ensure history doesn't repeat itself?

For builders, the housing market crash had a significant impact on construction rates, which

saw all-time highs in the years before 2008. During the economic downturn, builders had to rely on cost-saving measures to keep afloat, leading to leaner crews and a push to renegotiate costs. However, in a post-recession economy, builders are feeling the impact of those decisions. Namely, today's shortage of skilled labor in the construction market has made many builders reconsider their decisions to let go of workers during the downturn.

However, the biggest impact of the housing crash are the reverberations felt by buyers. Prior to 2008, as a house hunter you could choose from any number of mortgage products aimed at keeping monthly payments low--from interest-only loans, to balloon payment loans and more, buyers were given every potential



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opportunity to become homeowners. Today's buyers, however, live in a very different world. Gone are the loan products of yore and in their place are requirements: Qualified Mortgage standards, down payments and higher credit score requirements, to name a few.

Despite the increasing difficulty in buying a home, despite lingering angst over what was lost during the crash (estimates indicate over 10 million people lost their homes to foreclosure), despite everything one thing remains true: Americans still covet homeownership.

According to the National Association of Realtors®, over 75 percent of renters say they eventually want to own a home and believe that owning a home is part of their American Dream. This deeply rooted, long held belief is what ultimately keeps the housing market churning.

But, this belief may not be enough on its own. Economists are closely watching our present day

economy for signs of another recession on the horizon. Although there are many indications of a healthy, thriving economy, several factors from the housing industry tell another story. Particularly, declining single-family permits can be a precursor to a recession, and, nationally, those numbers have fallen for several months. Why does this one number have such a huge potential impact on the economy? Housing permits and housing starts are strong indication of consumer confidence, economic health and growing gross domestic product. When these numbers fall, it means significant drops in spending across the economy, because the process of building, purchasing, and moving into a new home involves spending across so many industries.

While the falling numbers of housing permits indicates cause for caution, the numbers haven't declined enough to raise alarm bells. However, in the coming year it will be important to keep a close eye on the housing market, and begin preparing for all possibilities.



Housing Permits Fall Through Q4 of 2018

In 2018, permits saw a 6.6 percent decrease in the Commonwealth of Massachusetts. The total number of permits decreased from 15,348 through Q4 2017 to 14,341 through Q4 2018. The largest decrease was in 5+ Unit permits, which fell 8.6 percent, followed by a 6.3 percent decline in 1-Unit permits. Meanwhile, 2-Unit permits increased 12.2

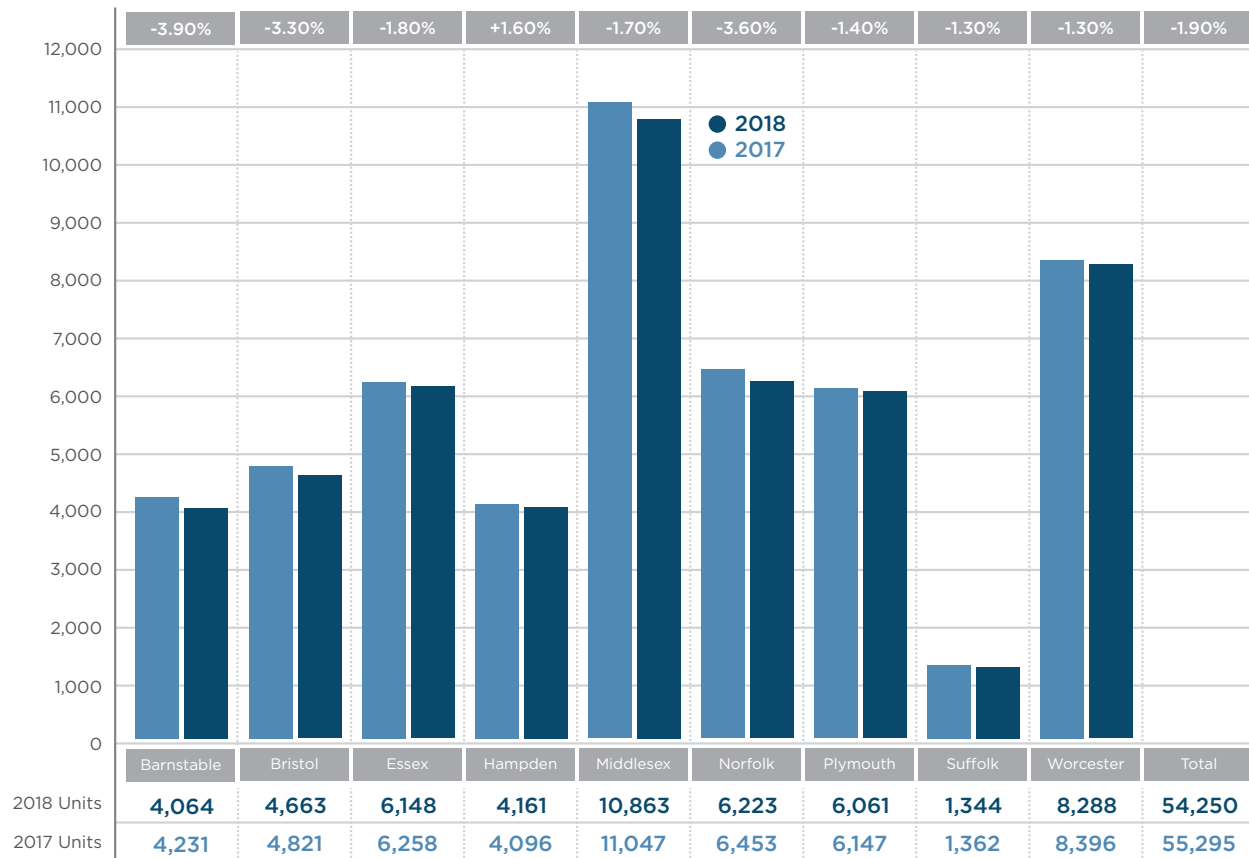
percent while 3 & 4 Unit permits increased 18.1 percent.

By MSA, Worcester declined 35.4 percent, Barnstable Town declined 34.6 percent and Boston-Cambridge-Newton declined 5.7 percent. Meanwhile, Springfield increased by 16.7 percent and Pittsfield increased 14.3 percent.

New Housing Permits by Type (Percent Change 2017 vs. 2018)

TYPE	Single Unit	2 Units	3-4 Units	5+ Units	Total
% DIFF.	-6.3%	+12.2%	+18.1%	-8.6%	-6.6%

Single Family Unit Sales Decline in 2018



State of Massachusetts

Single Family Units Sold by County

2017 vs. 2018

Through Q4 2018, Single-Family Home Sales in the Commonwealth of Massachusetts decreased 1.9 percent, from 55,295 to 54,250 year-over-year. On a county-by-county basis, decreases were seen across the Commonwealth, including: Barnstable County at 3.9 percent, Norfolk County at 3.6 percent, Bristol County at 3.3 percent, Essex County at 1.8 percent, Middlesex County at 1.7 percent, Plymouth County at 1.4 percent, Suffolk County at 1.3 percent and Worcester County at 1.3 percent. Hampden County saw a slight increase in Unit Sales, growing 1.6 percent year-over-year.

Average Sales Price for single-family homes in Massachusetts increased 5.2 percent through Q4 2018, from \$494,979 to \$520,494. Increases were seen in Barnstable County (7.6 percent), Hampden County (6.7 percent), Middlesex County (6.5 percent), Worcester County (6.1 percent), Plymouth County (5 percent), Essex County (4.1 percent), Norfolk County (3.1 percent) and Bristol County (2.8 percent).

To round out 2018, Average List Price increased 2.3 percent, Months of Supply fell 2.8 percent and Price Per Square Foot increased 5.4 percent.

Massachusetts Condominium Sales



Single Family Marketplace

Home Sales Full Year 2017 vs. 2018

COUNTY	NUMBER OF UNITS SOLD			AVERAGE SALES PRICE		
	2017	2018	% DIFF.	2017	2018	% DIFF.
Barnstable	4,231	4,064	-3.90%	\$547,162	\$588,508	+7.60%
Bristol	4,821	4,663	-3.30%	\$336,517	\$345,780	+2.80%
Essex	6,258	6,148	-1.80%	\$511,127	\$532,054	+4.10%
Hampden	4,096	4,161	1.60%	\$210,372	\$224,531	+6.70%
Middlesex	11,047	10,863	-1.70%	\$662,895	\$705,946	+6.50%
Norfolk	6,453	6,223	-3.60%	\$656,258	\$676,380	+3.10%
Plymouth	6,147	6,061	-1.40%	\$432,636	\$454,340	+5.00%
Suffolk	1,362	1,344	-1.30%	\$719,039	\$744,375	+3.50%
Worcester	8,396	8,288	-1.30%	\$308,598	\$327,359	+6.10%
STATEWIDE	55,295	54,250	-1.90%	\$494,979	\$520,494	+5.20%

Single Family Marketplace

Months of Supply 2017 vs. 2018

COUNTY	2017	2018	% DIFF.
Barnstable	6.20	5.70	-7.00%
Bristol	3.50	3.50	-0.40%
Essex	2.70	2.70	+0.70%
Hampden	3.60	3.30	-9.40%
Middlesex	2.20	2.30	+3.00%
Norfolk	2.50	2.60	+3.50%
Plymouth	3.60	3.40	-6.30%
Suffolk	2.30	2.40	+4.50%
Worcester	3.20	3.20	-0.60%
TOTAL	3.30	3.20	-2.80%



Massachusetts Condominium Sales Decline Through 2018



To finish 2018, we saw Units Sold decrease for condominiums in the Commonwealth of Massachusetts, down 2.1 percent, from 22,012 through Q4 2017 to 21,540 through Q4 2018. Nearly all counties experienced declines, including: Essex County at 5.1 percent, Worcester County at 4.6 percent, Middlesex County at 3 percent, Norfolk County at 2.5 percent, Plymouth County at 2.5 percent and Bristol County at

0.4 percent. Meanwhile, increases were seen in Hampden County at 3.1 percent, Suffolk County at 2.3 percent and Barnstable County at 1.1 percent.

Averages Sales Price of condominiums in Massachusetts increased 5.2 percent, from \$473,429 to \$498,161. On a county-by-county basis, Barnstable County increased 6.8 percent, Suffolk County increased 4.9 percent, Norfolk County increased 4.4 percent, Bristol County increased 4.3 percent, Essex County increased 4.2 percent, Middlesex County increased 4.1 percent, Worcester County increased 3.5 percent, Plymouth County increased 3.4 percent and Hampden County increased 2.1 percent.

To round out 2018, Average List Price increased 9.7 percent, Months of Supply fell 0.1 percent and Price Per Square Foot increased 6 percent.

Full Year 2018 vs. 2017

Unit Sales	2.1% ↓
Avg. List Price	9.7% ↑
Months of Supply	0.1% ↓

Massachusetts Condominium Sales



Condominium Marketplace

Home Sales Full Year 2017 vs. 2018

COUNTY	NUMBER OF UNITS SOLD			AVERAGE SALES PRICE		
	2017	2018	% DIFF.	2017	2018	% DIFF.
Barnstable	92	93	+1.10%	\$249,306	\$266,289	+6.80%
Bristol	857	854	-0.40%	\$217,875	\$227,153	+4.30%
Essex	2,953	2,802	-5.10%	\$320,882	\$334,205	+4.20%
Hampden	520	536	+3.10%	\$160,406	\$163,735	+2.10%
Middlesex	5,885	5,708	-3.00%	\$492,965	\$513,397	+4.10%
Norfolk	2,434	2,373	-2.50%	\$472,988	\$493,803	+4.40%
Plymouth	1,228	1,197	-2.50%	\$326,029	\$336,984	+3.40%
Suffolk	4,806	4,917	+2.30%	\$799,257	\$838,232	+4.90%
Worcester	1,834	1,750	-4.60%	\$232,256	\$240,312	+3.50%
STATEWIDE	22,012	21,540	-2.10%	\$473,429	\$498,161	+5.20%

Condominium Marketplace

Months of Supply Full Year 2017 vs. 2018

COUNTY	2017	2018	% DIFF.
Barnstable	6.30	4.60	-25.80%
Bristol	2.70	2.50	-9.00%
Essex	2.30	2.30	-0.40%
Hampden	4.30	3.40	-20.60%
Middlesex	1.60	1.80	+9.90%
Norfolk	2.10	2.20	+5.20%
Plymouth	3.50	3.40	-3.40%
Suffolk	2.30	2.60	+10.40%
Worcester	3.00	2.60	-14.20%
TOTAL	2.50	2.50	0.00%

Conclusion



The close of 2018 marked a decade since the economic collapse of 2008. In the intervening years, the real estate has had to evolve, with drastic changes felt by builders and buyers alike. Now, 10 years later, the economy seems to be booming, but analysts are still warning against the next housing bubble bust. Early warning signs, including decreasing housing permit requests, are cause for pause, but is the market in trouble again? Only time will truly tell.

The Q4 and Full-Year 2018 housing report was delayed due to the government shut down, during which time permit numbers were unavailable. Please enjoy this recap and analysis, and stay tuned for the Q1 2019 report.

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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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