

LUXURY LOOPHOLE

Why Didn't the Pandemic Slow Down Off-Market Sales?

Tight Market, 'Mystique' Push Some Sellers to List Privately

By [Heather Beasley Doyle](#) | Special to Banker & Tradesman | Nov 1, 2020 | [Reprints](#) | [Unlock Link](#) | [Print](#)



Record demand for suburban single-family homes this summer has so far failed to lure some homeowners away from selling their properties off-market. And some agents think MLS PIN can do more.

Since taking a hit early in the pandemic, the housing market in MetroWest and on Cape Cod came roaring back this spring and summer and has yet to hit a wall.

"It's the best market I know of," Wellesley-based Engel and Völkers Principal Dean Poritzky said about MetroWest.

"Historically low inventory has been the buzzword, and it hasn't changed," agreed Wellesley-based Coldwell Banker Realtor Chip Stella.

Cape Cod sales, meanwhile, have reached a level that Realtor Robert Kinlin hasn't seen in his 31-year career.

As home sales have soared, off-market listings – on the rise before the pandemic – have continued unabated, despite the National Association of Realtors' approval last November of a [Clear Cooperation](#)

Policy requiring Realtors to submit a new listing to their local multiple listing service within one business day of marketing it to the public. The policy took effect May 1 amid the COVID-19 pandemic, but MLS PIN, the independent multiple listing service for much of Massachusetts, hasn't adopted it.

"MLS PIN is not NAR-chartered, and it is not bound by NAR policy," MLS PIN Chief Strategy and Marketing Officer Melissa Lindberg said via email. "However, the MLS PIN Board of Directors and senior management continue to review this matter closely to determine how it may affect MLS PIN customers and what, if any, action we may take."

A segment of the home sales have always taken place off the market, and at least some of those deals make sense. But now the volume of those transactions is on the rise, and local real estate professionals don't agree on why, or what the trend forecasts.

Growth in Popularity

In her 2020 Pinnacle Report, Pinnacle Residential Properties owner Elaine Bannigan noted that off-market sales in Wellesley increased from 5 percent of total sales in 2018 to 14 percent in 2019. The shift continued this summer in MetroWest as the market grew more competitive (see sidebar). One exception was on Cape Cod, where the number of off-market listings decreased from August 2019 to this August, despite an increase in total sales.

Kinlin, who is co-partner of Barnstable-based [Robert Paul Properties](#), said that off-market listings vary by location.

"Ninety-nine and nine-tenths of sales that occur" are listed with one of the multiple listing services, he said.

Nonetheless, pocket sales have "a mystique," he said: "There's a perception that if they want to sell their house, if it's not part of all the other properties that are being actively marketed for sale, it's an interesting idea."

It's also an idea that lent itself to the uncertainties inherent to coronavirus pandemic's initial months. Selling a home without open houses, with only a handful of vetted people aware of the home's availability, felt appealing, said Engel & Völkers' Poritzky. Early on, home sale worries included having strangers in one's home, or a home inspection, and not being able to move

"Definitely there were sales privately when everyone was worried in January, February, March," he said.

Buyer Desperation at Play

Now, with interest in MetroWest and other suburban areas skyrocketing, newly listed homes are getting multiple offers, said Coldwell Banker's Stella.

"If they're writing multiple offers on properties and losing out to the multiple bids, consumers are taking matters into their own hands," he said.

He knows of buyers writing and hand-delivering letters beseeching people to sell their homes, or querying neighborhood Facebook lists about suburban properties.

Bannigan sees a different cause and effect pattern.

"I think the off-market listings have contributed to the appearance of a lower supply," she said. "Buyers are out there desperately looking for homes and there's this secret listing ... they're available, but only if you know about them and work with certain brokers."

Selling a home off-market is especially questionable now, “when young people are desperate for housing,” she added.

2020 Off-Market Listings

Region	Sales Entered into an MLS	Sale Deeds Recorded	Off-Market Sales	Change from 2019
MetroWest*	1,985	2,040	55	20%
Central Middlesex**	1,564	1,635	71	4%
Barnstable County	3,383	3,619	236	-13%
Dukes County	165	242	77	33%

**Ashland, Dover, Framingham, Holliston, Hopkinton, Medfield, Medway, Millis, Natick, Needham, Sherborn and Wellesley*

***Acton, Bedford, Boxboro, Concord, Hudson, Lexington, Lincoln, Maynard, Stow, Sudbury, Wayland and Weston*

Single-family sales through Sept. 30

Source: Greater Boston Association of Realtors, Cape Cod & Islands Association of Realtors, The Warren Group

Some Sell Too Fast

Whether real estate chicken or egg, off-market sales were big this year for Amy Mizner, senior vice president at Gibson Sotheby's International Realty in Weston.

“I can say this year I've sold more off-market listings than in my entire career” thanks to a combination of virtual home showings and very low inventory, she said.

Mizner differentiated between private listings of homes worth more than \$2 million or \$3 million, whose owners sometimes choose that route for a variety of reasons, including financial privacy to a pending job change, and the off-market sales she's seen recently.

“A lot of those sellers are not sitting there saying, ‘I don’t want to go on the market.’ A lot of these listings are selling before they even hit the market,” she said.

Increased use of digital tools allows people to experience homes before they’re listed, and agents are getting offers even without shopping not-yet-listed homes to their networks.

“Offers come in, and they’re high offers,” she said.

To Mizner, that differs from a pocket listing in which the home isn’t on MLS, so is invisible to a wide swath of buyers, exempt from market forces. But Bannigan disagrees.

“If a consumer directly approaches a listing broker who then elects not to list a house but to sell it to that consumer, that is precisely a pocket listing,” she said via email.

Tough Market Breeds Tension

Greater Boston’s suburban real estate market has exploded in sync with the implementation of NAR’s Clear Cooperation Policy, creating fresh cause for tension over pocket listings.

“People are doing business a little bit differently in our market, and it becomes hypersensitive when we have such historically low inventory,” said Stella. “There’s more focus on companies that aren’t playing by the same rules.”

While Mizner sees the rise in off-market listings as an evolution in real estate – one that will require agents to develop strong digital and social media platforms while strengthening their professional networks – Brannigan and Stella worry about growth in off-market listings. Unchecked, eventually could cause consumers to lose confidence in agents and the real estate industry, they fear.

“When consumers start to not believe in the real estate industry...it’s a real problem,” Stella said.

The solution, they agree, lies in MLS PIN adopting NAR’s Clear Cooperation Policy. MLS PIN “hasn’t set up a policy that creates equal [rules] for everybody at this point,” Stella said. “And does it cause some issues inside of...the [real estate] culture? Absolutely.”

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