


PANDEMIC PRICING

Latent Demand Keeps Agents from Lowering Prices

Sellers' Agents Trust Supply Constraints Will Prevent Big Drop

By Heather Beasley Doyle | Special to Banker & Tradesman | Apr 26, 2020 | [Reprints](#) | [Unlock Link](#) | [Print](#) 



Greater Boston's shortage of housing could ultimately keep prices from falling very far during the economic downturn expected to continue even after the coronavirus pandemic abates.

As the coronavirus pandemic settled into Massachusetts last month, the city of Medford got to work on an emergency order prohibiting the in-person showings of homes. The order challenged real estate agents to convey a property's look, feel and vibe virtually – and buyers to marry technology with imagination as they decided their housing future.

Shortly after the order took effect April 1, Santana Properties Team, affiliated with Keller Williams Cambridge, deployed the virtual tools in their arsenal, from a three-dimensional virtual walk-through to a property video.

“We were able to sell the house in the first week, [with] a great offer to the seller, without the buyer ever going into the house,” Hudson Santana, the team’s investor/development specialist, said.

Just a few weeks ago, such a transaction was nearly unthinkable, but the pandemic has slimmed local housing stock and changed how people are selling and buying. Sellers are wary of potential buyers’ germs, and social distancing has altered showings and put a halt to open houses.

When the great pause began in earnest around March 12, the Boston-area real-estate market reacted reflected that quickly. Many poised to list their homes opted instead to wait it out, while active listings declined.

“We had a lot of clients that, because of the uncertainty, decided to immediately remove their properties from the market,” Santana said. “They weren’t telling me they didn’t want to sell anymore. It was more, ‘I don’t know what’s going on; let’s pull it [off the market].’”

Sellers Pull Back, Condos Suffer

This reflects national trends captured in a National Association of Realtors survey conducted April 12-13, in which 57 percent of respondents reported that at least one seller they work with was delaying selling their home for “a couple of months.” Seventeen percent reported that sellers are continuing the process in a remote-only fashion, and 10 percent said at least one of their clients is indefinitely postponing their home’s sale.

But some have bought nonetheless: Single-family home sales in Massachusetts increased by 2 percent last month from March 2019, while median single-family home prices rose 6.5 percent to \$402,000, according to The Warren Group, publisher of Banker & Tradesman. This, even as 60 percent of NAR survey respondents reported buyers delaying home purchases for a couple of months, and another 12 percent postponing the process indefinitely.

Even in the Boston area, with its strong single-family home sales, real estate – at least for now – has become purely a need-driven endeavor. Gone are the dabblers hoping for top dollar; only highly motivated sellers and buyers remain.

They’re motivated enough that early this month, the local housing market began “slowly recovering from a low level of activity to a moderate level of activity,” said Fred Alibrandi, an agent with Douglas Elliman Real Estate.

He’s not the only one. According to Brookline-based Coldwell Banker Sales Associate Lexi Crivon, her recently listed properties have taken a little longer to sell than they would have pre-coronavirus, but “there are multiple bids for those trophy properties,” in towns with typically strong markets.

The exception to this could be condominiums. While The Warren Group reported a 0.5 percent year-over-year drop in condo sales closed in March 2020, 18 percent fewer condos went under agreement than last March, according to the Massachusetts Association of Realtors, marking the first such sales downturn since November 2018.

Hudson noted that investors are bigger buyers in the condominium market than they are in the single-family market, and that “as soon as this coronavirus thing happened, all the commercial lenders stopped lending.” Some properties that were under agreement went back on the market, with some buyers walking away from their deposits, he said.

Limited Discount Anticipated

For the most part, underlying confidence in the Boston-area housing market remains strong. Alibrandi said he’s yet to reduce a price over the past month, and Crivon sees this as a good time for buyers.

Advising her clients, Crivon is “factoring in a little bit of a discount right now,” and anticipates prices dropping by perhaps 3 percent. She also noted that while offers remain strong, “some sellers think that a buyer is going to buy at any price, and they just won’t. It’s been like that for the last couple of years.... Even if there is scarce inventory.”

Crivon also suggested a “very humble” social media touch right now, given the fears at play. Given those fears, and with virus containment still paramount, virtual tools such as video tours will remain critical to marketing – and to offering as much information and as many visuals, so that agents and clients can decide if an in-person showing is a worthwhile risk.

Alibrandi included scaleable, downloadable property layouts on the list of virtual must-haves, and pointed to the consultative seller’s agent as a non-digital essential. Agents deeply familiar with the communities and properties they’re selling, whether through previous sales or professional relationships, can provide insight into property details and possibilities.

“It kind of precedes and clearly augments all the other visuals,” he said.

Looking ahead, not even the most-informed, data-driven real estate agents, knows for certain how the pandemic and its economic fallout will shape Boston-area home sales.

Crivon anticipates more job loss in professional sectors, while Alibrandi’s hunch is that the current downturn is less fundamentally concerning than the 2001 and 2008 recessions. They both agree with Hudson’s succinct conclusion, which keeps them from pricing properties lower in and near Boston: “There’s clearly way more demand than inventory.”

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