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*Providing Full Real Estate Services
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PINNACLE REPORT

THE WELLESLEY AND WESTON REAL ESTATE NEWS

**Important information concerning
your property values in
Wellesley and Weston**

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www.PinnacleHouses.com

Our 2015 year-end Pinnacle Report examines MLS residential property sales data in Wellesley and Weston and compares it to that from 2014. Our last issue reported closed sales from January 1 through July 31. In this issue, we incorporate the sales from the end of Q3 through Q4 and then compare the full year over year.

In order to provide context, a statewide overview follows. An overall solid Q4 contributed to a strong 2015 Massachusetts real estate market. Total single family transaction volume was up 9% and the median price rose 3% from 2014. For condominiums, the overall transaction volume was up 3% and the median price was also up 3%. By price range, transactions of homes priced from \$1M-1.5M increased most, finishing the year up 16% over 2014. The number of luxury property sales (homes and condos priced over \$3M) was also strong, up 15% for single family homes and up 7% for condos. Entry level homes were the only segment of the market that showed no transaction growth, as the supply dwindled and prices at the lower end of the market rose. As always, numbers varied by town and by price range. *Now for a look at our towns...*

Wellesley - Single Family

In our last issue, we reported that from January through July closed transactions* increased in all price ranges with the exception of the high-end (over \$3M). Also, market preference for new or nearly new construction increased.

Wellesley Q4 closings were down quarter over quarter 15% from 2014. The year ended with 3.5% growth in total number of sales and the median was relatively flat. There were some variations by price band:

- Number of transactions under \$1M were unchanged
- \$1M-\$1.5M sales increased 23% but \$1.5M-\$2M declined slightly
- \$2M-\$3M sales increased moderately
- Contrary to statewide numbers, sales over \$3M decreased 40%

Conversely, there were just slight changes to selling prices in every range. Home prices under \$1M were up 2.5%; there were no changes from \$1M up to \$3M, and over \$3M prices were down just 2%.

Wellesley Supply

A late start to the Spring Market occurred both years. During Q1 2014, the supply under \$1M dropped to as few as 3 properties and there were frenetic bidding wars for those homes that did become available. Many buyers turned from Wellesley in frustration and ultimately bought in other towns that had a greater supply of more affordable homes. As they abandoned their search here, the supply began to rise in mid-2014. By the end of the year, there were roughly 20 homes available for less than \$1M. Inventory remained at the increased levels through 2015, but buyers, even at these lower price points, had become more selective. New construction levels remained the same, and the largest supply continued to be homes priced from \$1.5M to \$2M. That \$1.5M price

***Note that these are closed sales reports – most properties are in escrow an average of 60 days from an accepted offer to closing, so those numbers are a reflection of slower demand in Q3.**



The following data was extracted from the Greater Boston Multiple Listing Service and therefore includes the great majority of fair market value sales in each town. (The relatively small number of non-MLS sales do not necessarily represent fair market value as these are properties that were not fully exposed to the open market.)

YEAR-END MARKET COMPARISONS**

	WELLESLEY		WESTON	
TOTAL NUMBER OF SINGLE FAMILY HOMES:	7,286		3,404	
	2015	2014	2015	2014
\$ 0 - 600,000	11	17	3	4
600 - 800,000	46	49	11	13
800 - 1,000,000	57	49	19	30
1,000 - 1,500,000	104	84	40	36
1,500 - 2,000,000	65	69	25	30
2,000 - 2,500,000	19	16	13	11
2,500 - 3,000,000	14	11	14	5
3,000 +	12	21	20	17
Total Number:	328	316	145	146
Avg. Days on Market:	78	85	142	100
Median Sales Price: (\$)	1,234,250	1,225,000	1,480,000	1,397,500
Lowest Sale: (\$)	415,000	250,000	500,000	320,000
Highest Sale: (\$)	5,800,000	6,250,000	10,300,000	12,500,000
Total \$ Volume: (\$)	452,515,753	454,070,332	271,176,095	257,138,115

** Sales from January 1 through December 31

Q4 2015 SALE PRICES AS A PERCENTAGE OF NEW 2016 ASSESSMENTS

(Based on your latest town assessments as of January 2016)

	WELLESLEY	WESTON
\$ < 600,000	***	***
600 - 800,000	100%	***
800 - 1,000,000	102%	***
1,000 - 1,500,000	110%	***
1,500 - 2,000,000	107%	102%
2,000 - +	***	99%

*** Insufficient data

Wellesley Supply (con't.)

has tended to be a tipping point for the market for the past several years. Homes priced higher than this are examined with a far more critical eye by local trade-up buyers as well as relocating executives who want everything new or nearly new for their dollar. The only significant difference in supply in 2015 was a build-up in the inventory priced over \$3M.

Weston - Single Family

During Q4, sales below \$1M dropped due to lack of supply. By the end of 2015, year over year total sales remained roughly the same as 2014, with a different distribution by price range:

Number of sales under \$1M dropped 30%

\$1M-2.5M remained at the same level

Above \$2.5M transactions increased 50%

The growth at higher price points reflects the increase in new construction sales, which are typically priced in Weston at \$2M and up. In all of 2014, there were just 5 sales of non-custom built (speculation) new construction. In 2015, there were 16. The increase of the average days on the market (up 42%) was a reflection of both those new homes that had been marketed long before they were ready as well as the decrease of typically quick-selling, entry level homes. Despite the increase in sales at higher price ranges, the median sales price was up just 6%. This is not an indication of appreciation - it is due to the shift in transaction volume at the low end of the pricing range.

Weston Supply

Overall supply was up roughly 24% at the peak of the late Spring Market, but this too, varied by price range. During peak 2014, there were 21 single family homes priced under \$1M on the market. That was the largest supply of entry level homes that we had seen in several years. During the same period 2015, there were only 7. Two-thirds of Weston single family homes are assessed above \$1M, so we have no expectation of the entry-level supply increasing appreciably.

In every other price range, supply was up over 30% from 2014, including new construction. New home sales tripled in 2015 due to the increase in availability as well as strong demand.

The Local Condo Markets

In Wellesley, the largest supply and number of sales were at Wellesley Green (13 sales in 2015 vs. 8 in 2014) and at Linden Square (16 sales in 2015 vs. 18 in 2014). The double digit appreciation that occurred at Wellesley Green the past couple of years did not extend into 2015. While the number of sales increased this year, so did the supply. Despite the increase in transactions, the median declined slightly. At the Linden Square condos, the numbers were very similar to 2014 and the median was unchanged.

In Weston, both the largest supply and number of sales were at Stonegate Village. There were 9 sales in 2015 vs. 5 in 2014. Prices at this development were up roughly 13%.



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What's Ahead?

While closed sales were down in Wellesley during Q4, there were 85 pending sales - up 15% from 2014. The majority of these transactions were for homes priced from \$1.5-\$2M, but five were over \$3M. In Weston, Q4 pending sales were up slightly from 2014. All closed sales prices will be available later in Q1 and will be added to our next report. Real estate agents have taken note: our markets are becoming less seasonally driven.

Demand at Wellesley's high end was softer than Weston's through most of 2015. The most common reason buyers gave for choosing Weston over Wellesley is that they wanted a larger parcel of land and/or a newer house. Weston offers beautiful homes on larger lots while Wellesley offers beautiful homes set in neighborhoods, in closer proximity to shopping and dining options. Buyers tend to look in and at both towns, and usually develop a strong preference for one over the other.

We begin 2016 with supply in Wellesley up 37% over this time last year and all these additional homes are priced over \$1.5M. In Weston, the supply is up 39%, and most of this additional inventory is priced between \$1.5M and \$2.5M. For both towns, establishing prices above \$1.5M is complicated. Buyers become much more critical at this price point. Also, the available supply increases considerably, allowing much more comparison shopping.

This year we noted that the number of non-MLS sales has increased. These were homes usually sold through real estate agents but not put on the open market. It's hard to make an argument that a house sold for 'fair market value' when most buyers did not have knowledge of availability nor an opportunity to bid.

Across the country, economists for the National Association of Realtors are predicting moderate but solid growth in 2016, citing higher interest rates, tight credit standards, and lower affordability as moderating factors. As for prices, because of shrinking supply and high demand, entry-level homes have the greatest potential for appreciation. At any price, changing buyer preferences for newer homes or those in top condition are increasingly important market factors in determining value. Nationally (and locally) new home prices have risen much faster than existing home sales (last year NAR reported that across the country there was a 36% premium paid for a new over an existing home).

We begin the year with many positives: the Massachusetts unemployment rate is low and predicted to decline further; population growth is up; health care, technology, and education sectors continue to boost our economy; many foreign investors are more confident in owning real estate here than at home; the headquarters of a top Fortune 10 company is moving into our area; and consumer confidence is up. We expect 2016 to be a solid year for our local real estate markets at trade-up and luxury price points. Unfortunately, entry level buyers will continue to be frustrated with fewer opportunities and higher costs of homeownership.



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