

Lack of Greater Boston homes to buy reignites bidding wars



By **Deirdre Fernandes** Globe Staff May 27, 2015

Looking to buy a house in Greater Boston? You better move fast.

An already tight supply of homes for sale is even more dire in many municipalities this season, driving prices even higher, spurring new bidding wars, and frustrating would-be buyers.

The number of single-family houses for sale in Massachusetts plunged 20 percent in April from a year earlier, the 39th consecutive month that inventories have declined from the previous year. That's according to data released Wednesday by the Massachusetts Association of Realtors.

The supply of condominium units was 24 percent below the 2014 levels.

"There's a lot of heartbreak out there," said Linda M. O'Koniewski, a real estate agent at Re/Max Leading Edge in Melrose. "This is great if you're a seller. It's like high-stakes poker if you're a buyer."

In some high-demand places, inventories plunged 30 percent or more from a year earlier. In Boston, the number of single-family homes for sale fell 31 percent, in Brookline 35 percent, and in Somerville 40 percent. In Cambridge, the number of condos on the market dove 56 percent, according to the real estate association.

Kristen Flansburg of Salem, who has been looking to move closer to Cambridge and her biotechnology job since having two children, said her weekends are consumed by chasing open houses and readying bids she and her husband hope will beat out 20 other offers.

“It’s frustrating,” said Flansburg, 34. “We felt like we’ve put our life on hold.”

They have bid on 10 homes in the past six months in communities such as Melrose, Arlington, and Reading. But they were outmaneuvered by buyers who waived home inspections or contingencies, put down \$750,000 in cash, and blew past the asking prices.

“All normal rules are out the window,” she said.

Real estate specialists say several factors are contributing to the shortage of homes on the market:

- Some homeowners are reluctant to sell their sure-bet place to live when they are not certain they can find a new home in this market.
- A construction hiatus after the housing boom turned into a bust a decade ago means the pipeline of new homes is still just a trickle.
- And demand, fueled by low interest rates and an improving economy, is voracious.

And while values in municipalities near Boston have soared, prices in others have yet to regain their prerecession peaks, leaving owners wary of selling at a loss. In some geographical pockets, homeowners may still owe more on their mortgages than their houses are worth.

Of course, some homeowners may simply be holding out in the belief they will get even more money for their property next year, according to Timothy M. Warren Jr., chief executive of the Warren Group, a firm that tracks real estate transactions.

“People may be stubborn about not selling before the peak,” he said.

The tight housing inventory has contributed to lackluster sales and rising prices.

Sales of single-family homes in Massachusetts fell 7.6 percent in April from a year earlier, according to the Warren Group. The median price rose 3 percent to \$324,500, up from \$315,000 over the 12 months.

The demand has been greatest in the cities and towns that are close to jobs and public transportation and that have reputations for operating good schools, mostly in Greater Boston.

By the end of last year, prices in Cambridge had soared nearly 80 percent above the 2005 peak. They were up more than 40 percent in Jamaica Plain, and up 35 percent in Lexington.

“Essentially, they’re close in and popular, and have been popular,” Warren said. “It’s the rich getting richer.”

But there are still areas where the inventory is stable and the prices are down from previous years, or are increasing more modestly.

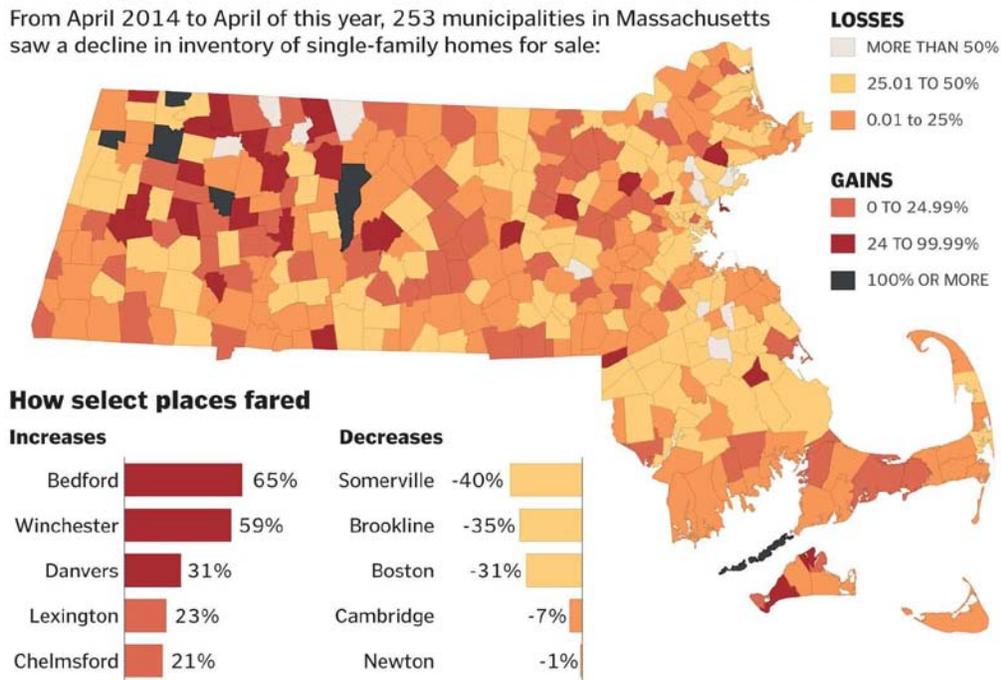
The median price in Beverly, for instance, slipped about 1 percent from the previous year to \$379,000. In Dedham, the median price fell 13 percent to \$410,000.

Realtors, however, say they do see some hopeful signs that the pressure in the market could ease as more people begin to list their homes.

“We’re starting to see some homes come on the market,” said Corinne Fitzgerald, the president of the Massachusetts Realtors Association. “We should see a very active summer.”

Throughout the state, fewer homes for sale

From April 2014 to April of this year, 253 municipalities in Massachusetts saw a decline in inventory of single-family homes for sale:



How select places fared

Increases

Bedford	65%
Winchester	59%
Danvers	31%
Lexington	23%
Chelmsford	21%

Decreases

Somerville	-40%
Brookline	-35%
Boston	-31%
Cambridge	-7%
Newton	-1%

SOURCE: Massachusetts Association of Realtors

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