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What Boston-area homebuyers need to know during the coronavirus pandemic

Will prices come down? How do I tour a home? Have closings changed?

By **Tom Acitelli** | [@tomacitelli](#) | Apr 9, 2020, 8:50am EDT

The Boston area has long been a difficult place to buy a home. Prices are high compared with most of the country, and the competition for condos and houses is fierce. Bidding wars and purchase prices well over asking have been features of the market for years. All-cash offers in the high six figures and beyond are not uncommon.

Now the novel coronavirus pandemic has made everything that much more difficult—and has added an immense dosage of uncertainty to boot. The overarching thing to know, though, about the Boston-area housing market is that any gains for buyers—whether in the form of lower prices, fewer bidding wars, or less competition—could prove fleeting. It all depends on when the

economy comes back.

As more than one analyst that we talked to noted, the last recession in 2008 and 2009 caused but a maybe months-long blip in the local housing market. Prices were soon marching upward again and the competition grew as vicious as ever. If you're looking for a deal this go-round, you maybe have a window of a month or two—though, like so much these days, that could change.

To help prospective buyers navigate these uncharted waters, we've asked industry professionals to answer key questions about what it's like to buy a home in the Boston area right now.

Are prices coming down?

Maybe—but only over time and probably not by much. Prospective buyers could be forgiven if this is their biggest question. After all, prices have been so high compared with much of the rest of the U.S. that the tags have become

the salient feature of the Boston region's housing market. It's all anyone talks about.

It looks unlikely, though, that prices will come down by that much due to any economic fallout from the pandemic. And any decline will likely only be temporary, just like the last recession. "I think prices will begin to decline gradually until employment numbers are up and consumers are confident about the future," Tim Warren, chief executive of the Warren Group, a local research firm, said.

Warren also told Curbed Boston in mid-March that it was important to remember what happened to Boston-area prices during the last recession in 2008 and 2009. Prices didn't budge by all that much, and, by 2013, they had started a years-long ascent that lasted into 2020.

How's the competition?

Steady but not as stiff as usual. The Boston housing market has long been full of high demand amid relatively low supply (a.k.a. inventory). That demand, though, appears to have dropped a bit, at least early on, and that may stay the case through the spring.

"People are still looking," Tina Bacci, a principal at brokerage RESIS LLC, said over email on the last day of March. "There have been 68 units marked pending for the Boston market (Charlestown to Fenway to South Boston) since March 15." That is 52 percent off last year's late-March figures, she noted, but that drop had more to do with brokers and condo associations reacting to the virus. For instance, some buildings have temporarily banned non-residents, including

instance, some buildings have temporarily banned non-residents, including brokers and prospective buyers, from entering.

As the local economy rumbles back to life, brokers and analysts expect the regular level of competition to return to the Boston-area housing market. But that could take several weeks, or maybe months. Potential buyers will sit on the sidelines in the meantime and sellers might not be as eager to list. “We will undoubtedly see a decline in the number of homes sold and of new listings until everyone feels safe being out in the world again,” Warren said.

Warren’s firm saw a 12 percent decline in new listings across Massachusetts in March. That followed an 11 percent *increase* in February. That February figure foreshadowed a strong spring sales market, Warren said—which, of course, means that the March decline suggests the pandemic upended things. “I expect April to see a steeper decline,” Warren said, “since in the first half of March we were not under a stay-at-home order.”

After April, though, things could pick right back up again.

One final note regarding the competition in the housing market, based on listings and pending deals: These figures reflect publicly available listings. They do not reflect what brokers often call “quiet listings.” These are deals between brokers for properties not listed on the Multiple Listing Service, or MLS.

“The reason some agents and sellers are choosing the off-MLS approach is to limit the number of people coming through the home to serious buyers who have agents, are pre-approved, and are actually prepared to make an offer,” said Lara Gordon Caralis, a broker with Gibson Sotheby’s International Realty with a particular focus on Cambridge and Somerville.

So it’s not a buyer’s market right now, okay. But how much leverage do buyers have?

A little more than they used to, but probably not much—and it won’t last. By the end of March, the number of sales were down across the region, which obviously suggests fewer buyers. In some places, too, the decline is quite marked: Bacci said the number of Back Bay condos under agreement was down 54 percent this March versus March 2019; but, in places such as Jamaica Plain and Charlestown, the number was down under 5 percent.

Still, down is down. Fewer buyers means fewer offers, which might give current buyers more leverage with sellers. Though, to be clear, would-be buyers aren’t opting out because they *want* to. Many who would leap into the spring housing market are instead being forced to sit it out. That will change when the economy bounces back and the stay-at-home order is lifted, analysts say (and those two events will probably go hand in hand). Things looked wobbly for a bit during the last recession—and then up, up, and away went prices

amid heightened competition.

“In a recession, when unemployment is high and [there’s] concern over layoffs and stock market losses, it seems likely that people will be more careful about any offers they make and may face less competition for homes,” Warren said.

What about bidding wars and purchase prices above the asking price?

They’re both still around. Sellers might be more reticent, but there is still enough demand out there in the short-term, and recent figures suggest that bidding wars are still happening. Add to this the historically low supply and the more recent decline in new listings due to the coronavirus, and there you have it: Buyers will still offer over asking in a lot of cases rather than risk losing a home they want.

“I have had multiple offers over asking price on two homes that went under agreement in March,” Kurt Thompson, a broker with Keller Williams in the Leominster area and [president of the Massachusetts Association of Realtors](#).

“We are still seeing a significant shortage of homes available for sale, and the COVID-19 crisis is likely to cause some sellers to delay bringing their homes on the market, making that shortage even worse.”

The proof is in the recent figures. Boston’s Brighton neighborhood had 22 condo sales go under agreement in March. The average number of days these condos spent on the market—from listing to offer—was just five days, according to Bacci at RESIS LLC. “There are likely going to be some bidding wars in those sales,” she said, “but we won’t see those details until closings occur.”

Should I come in under asking and see what happens?

Sure, but it probably won’t help. “While I understand a buyer’s desire to want to get a good deal,” Thompson said, “they need to understand that they are not in that market right now. We are still sitting at about 1.6 to 1.7 months of inventory. A balanced market would have five to seven months of inventory, and a buyer’s market typically starts at about seven months of inventory on the market.”

Then there’s that statistical evidence of bidding wars and fast sales continuing through March, even after the novel coronavirus began to disrupt things. Buyers coming in under the asking price risk wasting time and allowing competitors bidding at or over asking to get a jump on them.

What about open houses? Can I still easily visit the homes I'm interested in?

No. Public and government health officials across the Boston region are encouraging brokers and sellers not to host conventional open houses (though homeowners “in the middle of buying a house” are still explicitly allowed to conduct showings so long as they maintain proper social distancing and crowd guidelines during showings, per Gov. Charlie Baker’s directive re: essential and nonessential businesses during the pandemic).

Trade groups such as the Greater Boston Association of Realtors and its statewide counterpart are also encouraging brokers not to host open houses; and individual brokerages around the region have suspended conventional showings.

Instead, the market has shifted quickly to virtual open houses or to private showings by appointment only. This might, in fact, become the new normal as virtual tours are obviously easier on everyone’s schedule and private showings tend to draw buyers more serious than others about a particular property (something sellers—and their brokers—like).

There are a few things you should know about virtual open houses, though. For one thing, prospective buyers should confirm they’re dealing with a broker or other seller representative who actually knows the property. And buyers should ask for raw photos rather than staged or other marketing ones. Moreover, the financials of a place are the financials of a place: Approach the deal as you would if you have been to a conventional showing of it.

Finally, arrange for that private showing if you can. Such a process does put buyers at a disadvantage—a listing can quickly become a first-come, first-served situation, with the first tour getting to make the first offer—but it’s worth requesting. You might be that first tour, after all.

And mortgages right now? Are lending standards loosening?

No. A defining characteristic of the post-Great Recession housing market, locally and nationally, has been tighter lending standards. Out went financing vehicles such as subprime mortgages and loans that required no proof of employment or even income, and in came stricter oversight from financial institutions and government regulators.

Getting a mortgage, then, has long been more difficult than it was before the last recession, and analysts say it will remain so. The good news for borrowers in general is that mortgage rates remain at historic lows, a reality likely to

endure through the expected recession.

Have appraisals changed much? What about pre-closing inspections?

Inspections in the Boston area have not changed due to the coronavirus. Inspectors continue to visit homes, though they often ask that no one else be present.

Some are using hat-mounted video equipment to live stream their inspections for clients, according to Jason Gell, a Keller Williams broker in Cambridge and president of the [Greater Boston Association of Realtors](#). Or the inspectors are doing video chats with clients after inspections and while still on site. The order of the day is continued transparency, Gell said.

Now, as for appraisals, those have not changed either. But Gell says some brokers have noted that banks are asking appraisers to be “very conservative” with the evaluations. “Appraisals seem to be coming in lower than agent expectations,” Gell said, “but I cannot say that is true for everyone, only those who have raised this concern.

“Part of this concern is also the potential reliance on public record data and old photographs by the appraiser to value the home for those appraisers doing drive-by appraisals only.” That public data can be unreliable, he said.

And, finally, has anything changed about closings?

Yes, but not anything that might prevent you from sealing the deal on a home.

Like with conventional open houses, conventional closings are increasingly falling by the wayside until the pandemic eases. If there are conventional closings where different parties are present, real estate attorneys (who *must* be present at closings in Massachusetts) are asking that those who don’t have to be there—including brokers—not come. They’re also obviously asking that anyone who’s sick with COVID-19 or suspects they are not to come either.

In these cases—and in the cases where buyers themselves have fallen ill—buyers have asked for extensions on the closing date. In the case of home refinancings, too, borrowers are asking to lock in rates until they’re well enough to close. (To be sure, buyers, sellers, and borrowers have always been known to ask for extensions for a variety of reasons.)

The need for these extensions has also lead to the inclusion of coronavirus-related language in housing contracts. It’s something to consider. Specific

related language in nousing contracts. It s something to consider: specific language allowing for extensions or other changes ahead of the closing because of the virus.

Then there's electronic reporting. It's been around for a while in the Boston area, said Eric Cataldo, a real estate attorney with Boston-based [Gilmartin Magence LLP](#). But e-reporting to registries of deeds was always treated as a kind of novelty. Not anymore. "If this had happened to us four or five years ago, when not many of the registries were not doing e-reporting, it would've been tough," Cataldo said. "That has been a major savior."

The parties involved in a home closing will need the original documents, which can be uploaded through a third-party, subscription-based company and sent to the appropriate registry of deeds. "And every time I upload a document," Cataldo said, "I'm basically signing an affidavit that we're in possession of the original document. ... It's no different than if someone were at the registry of deeds and bringing something to the counter."

This e-reporting, though, still relies on notarized documents. And notarization, for the time being in Massachusetts, continues to be something that has to be done live. It's up to you, then, to arrange notarizations with your attorneys and brokers using the best social distancing practices for preventing the spread of the coronavirus. That can include disposable pens and not being in the same room at the same time.

But the hourglass might already be running on such acrobatics. There [is legislation pending](#) that would allow for remote notarizations in Massachusetts through video-conferencing and snail mail. No one would have to be together for the notarization. "That would be a game-changer for us," Cataldo said.

One more thing: Smoke and carbon dioxide detector inspections in Massachusetts used to be the responsibility of the seller *by* the closing. Gov. Charlie Baker in late March issued an order that transfers that responsibility to the buyer *after* the closing as long as both sides agree in writing. ■

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