



CAPE COD TIMES

Real estate market continues to tighten, especially for new buyers

By [*Sean F. Driscoll*](#)

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Home prices may be soaring on the Cape and Islands, but historically low inventory levels continue to put pressure on homebuyers, especially those looking for an affordable place to hang their hat.

According to the Cape Cod & the Islands Association of Realtors' year-end report, the market for single-family homes and condominiums hit its tightest point in five years, with only 2,353 homes for sale at the end of 2016. That's enough for only a 4.5-month supply of inventory, almost half of what was on the market a year earlier, according to the report.

Meanwhile, the median sale prices for a single-family home or condominium in 2016 was \$365,000, up 2.6 percent from 2015. Sellers are also getting closer to their original price than in years past, and the houses are spending less time on the market — 127 days — than at any point since 2012.

"Inventory being at all-time lows is what's pushing the market, so that means there is upward pressure on prices," said Ryan Castle, chief executive officer of the association.

The low inventory is especially vexing to first-time homebuyers looking for properties for \$300,000 or less, he said. Over half of what comes on the market goes under contract within 60 days, he said, and it's even quicker the lower the homes are priced.

By the numbers

Median sale price: \$365,000, up 2.8 percent

Average sales price: \$509,884, up 1.7 percent

Days on market until sale: 127, down 0.8 percent

Percentage of original listing price received: 93.1 percent, up 0.4 percent

Homes for sale at end of 2016: 2,353, down 36.6 percent

Months supply of inventory: 4.5, down 44.4 percent

Source: Cape Cod & Islands Association of Realtors' Annual Report on Cape Cod Housing Market, 2016

"If you dive deep into that number, the houses in the \$300,000 to \$500,000 range are going even quicker," he said. "(First-time homebuyers) are probably going to have to pay. They might see some prices increase and have to act quick."

The low inventory is also depressing moves from one housing tier to another, Castle said. Homebuyers looking to downsize aren't because there's nothing available to buy, and recent interest rate increases mean those looking to move up have less buying power than they did a year ago. That's leading people to stay put and, in some cases, renovate rather than look for a bigger home.

"Overall the economy is doing better by all metrics, but people don't feel that yet," he said. "They're not willing to take any risks."

The preliminary January sales data released by the association last week shows the trends continuing into 2017. The number of single-family homes for sale at the end of the month fell to 1,915, with another 492 condos on the market; in January 2016, 2,632 homes were for sale and 623 condos. The median sales price for single-family homes was \$370,000, up nearly \$20,000 from a year earlier.

Deborah Mason, a Dennis real estate agent, said the market is putting extraordinary pressure on first-time homebuyers and their agents. She said she's getting real-time alerts on new properties hitting the market so she can alert her clients immediately about the opportunity before it's gone.

"I don't rely on a hot sheet or finding out at the end of the day or the next morning," she said.

Mason also said the first-time homebuyer market is also facing homes that are in foreclosure or short sale, both of which can delay the purchase price. Or the homes are in less-than-perfect condition, putting the potential buyer in a tight financial situation.

"They don't have the wiggle room to go in and replace windows," she said. "Oftentimes these properties need a great deal of work done to them."

"We're in a position that is leaving the buyers out in the cold. It's very tough for the young family that wants to make their home here and raise their kids and live a reasonable lifestyle."

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