



Press Releases

Study Finds First-Time Home Buyers Remain a Significant Portion of the Market in Massachusetts in 2019

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WALTHAM, Mass. – January 31, 2020 – Massachusetts first-time home buyers remained a significant part of the market in 2019 despite ongoing challenges like rising median prices and a historically-low number of homes for sale in the Bay State, according to the 2019 Massachusetts Profile of Home Buyers and Sellers produced by the National Association of Realtors® on behalf of the Massachusetts Association of Realtors®. The share of first-time buyers in Massachusetts is above the national average again this year at 45 percent, while the national average remains at 33 percent for the second year in a row.

“Despite the record-low number home homes for sale and near record-high prices, the percentage of Massachusetts first-time buyers was again higher than the national average,” said 2020 MAR President Kurt Thompson, broker at Keller Williams Realty – North Central in Leominster. “Our state is in demand. This is a trend we want and need to continue, but we still need more homes for sale to ensure that first-time homebuyers of all income levels have the same opportunity to live here.”

Working with a Real Estate Professional:

Ninety-three percent of Massachusetts residents purchased their home through a real estate agent in 2019. Nationally, the number of buyers who purchased their home through a real estate professional was lower than that of Massachusetts residents at 89 percent. As the complexity of the home purchase process has increased, so has the use of buyer agents, which has grown from 69 percent in 2001. The percentage of buyers using an agent has been above the 80 percent mark since 2010 as the number of buyers purchasing directly from a previous owner or through a builder has fallen.

“Buying and selling a home is complex and it only continues to get more complex each year,” said Thomspson. “Massachusetts homebuyers and sellers know this and understand the importance of working with a real estate professional to manage the process.”

Ninety-four percent of sellers in Massachusetts worked with a real estate professional, while the national average hovered slightly under the Massachusetts statistic at 91 percent. The survey also found that 11 percent of sellers in the Bay State and eight percent nationally had to delay the sale of their home because the value of their home was worth less than their mortgage. The number of Massachusetts sellers who chose to sell their home without an agent or “For-Sale-By-Owner” (FSBO) was five percent (up from three percent), but below the national level at seven percent.

Buyer/Seller Demographics:

The median household income of buyers rose to \$119,600 in 2019 from \$106,900 in 2018. The median income of buyers nationally was \$93,200. Sixty-one percent of home buyers were married couples, 11 percent unmarried couples, 15 percent single females, and 10 percent single males. Nationally, 61 percent of buyers were married, nine percent were unmarried couples, 17 percent were single females, and nine percent were single males.

The median age of home buyers in Massachusetts was 32 years old, compared to 47 years old nationally. Thirty-seven percent of Massachusetts buyers said the primary reason for purchasing a home was the desire to own a home of their own. Nationally, this number was 29 percent.

The median age of the home seller was 54 years and had a median income of \$138,500 (the US median was 57 years old and \$102,900). The typical seller owned their home for 13 years. Twenty-one percent of home sellers reported the main reason for deciding to sell was the home was too small, 18 percent cited a change in the family

situation, and 16 percent wanted to be closer to friends and family.

Financing/Selling Process:

In 2019, 88 percent of buyers in Massachusetts financed their home purchase, compared to 86 percent at the national level. Sixty percent of buyers reported using their savings to pay for the down payment, compared to 69 percent in Massachusetts. Of the first-time home buyers in Massachusetts who said that saving for a down payment was the most difficult step (18%), 60 percent cited the burden of student loans made saving more difficult, compared to 65 percent the previous year.

In Massachusetts, seven percent of buyers in 2019 purchased new homes, a decrease from nine percent in 2018. Of these buyers of new homes, 40 percent cited purchasing a new home over a previously owned home to avoid renovations or problems with plumbing or electricity and 40 percent wanted the ability to choose and customize design features. Avoiding renovations and having the ability to customize is more important in Massachusetts likely because the average home in the Bay State was built in 1970. By comparison, the average home nationally was built in 1991. Buyers in Massachusetts expect to live in their homes for a median of 15 years.

Sixty-three percent of home sellers experienced satisfaction in the selling process in 2019. This figure decreased from 68 percent in 2018. Only 20 percent of sellers in Massachusetts offered incentives to attract buyers compared to 35 percent nationally.

"In theory selling a home in this market is easy because of the high demand," said Thompson. "However, when you combined that with sellers' growing concern of not being able to find a home to buy after they sell, their satisfaction with the process suffers. The solution is making it easier to produce more housing."

About the Massachusetts Association of Realtors®:

Organized in 1924, the Massachusetts Association of Realtors® is a professional trade organization with more than 25,000 members. The term Realtor® is registered as the exclusive designation of members of the National Association of Realtors® who subscribe to a strict code of ethics and enjoy continuing education programs.

About the data:

The data is from the 2019 Massachusetts Profile of Home Buyers & Sellers, which is compiled annually by the National Association of Realtors® (NAR) on behalf of the Massachusetts Association of Realtors® (MAR).

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Editors and reporters: Please note that the term Realtor is properly spelled with an initial capital "R", per the Associated Press Stylebook.