

# Special Report

TAAR 5-County | January 6, 2021



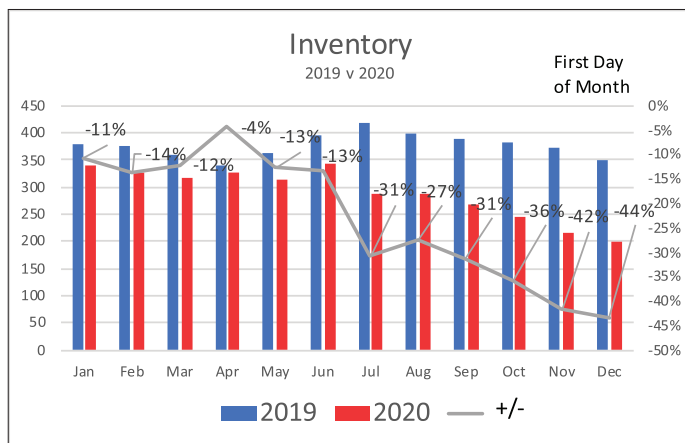


## Low Interest Rates and Strong Buyer Demand Continue to Drive Markets into 2021

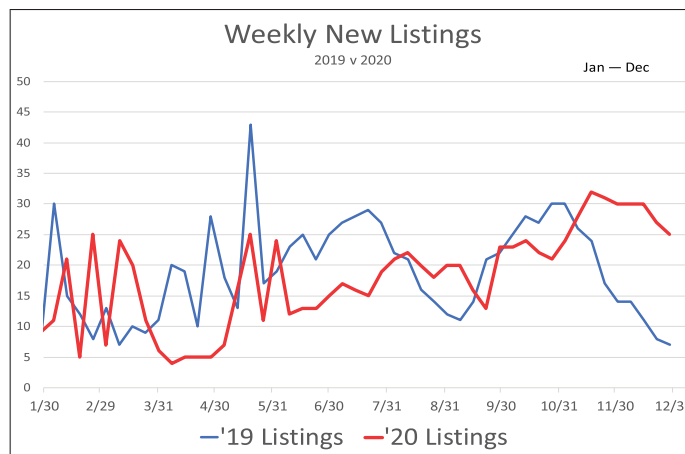
Last year's remarkable demand and strong recovery were fueled by historic low interest rates and the heightened focus on "home" and "vacation home" as a result of COVID lockdowns and temporary closings of the work, school and entertainment places people would otherwise be. While many took a hard financial hit, others had a windfall of savings—money they didn't spend on travel, dining and lifestyle activities. The charts that follow illustrate market performance by comparing last year to 2019 with some insight as to what lies ahead. The first two pages focus on the TAAR 5-County condo market. The next two pages deal with single family waterfront properties (23 percent of sales, but 39 percent of closed volume), followed by a section on the single family non-waterfront market (62 percent of total sales). The combination of high demand, low rates and COVID has knocked some of the seasonality out of this year's market. Despite the number of available listings being less than half of what it was a year ago, the market continues to roar and so long as inventory holds out, it won't slow much as it heads into 2021.

### Condos

(15% of TAAR 5-C sales, 12% closed volume)



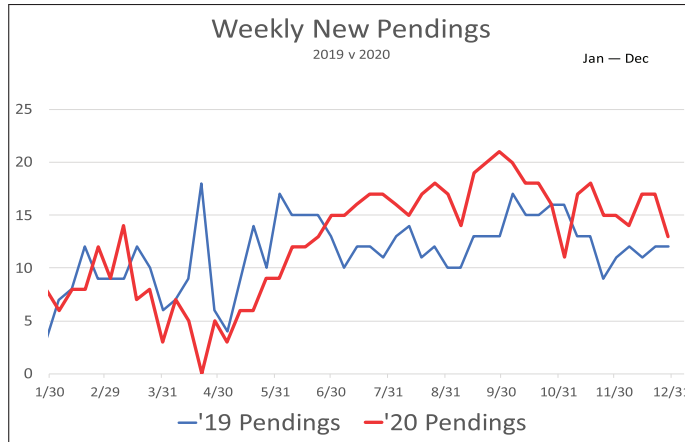
- 2020 began with lower than usual inventory levels—down 11 percent. Inventory peaked in June with just a few units more than January. It's been declining since. By December 1st it was down 44 percent compared to last year. Available listing inventory is currently at 181 available properties.



- Prior to the March arrival of Covid, new listings were making it to the market at a faster pace than last year.
- The seven-week lockdown severely limited the arrival of new listings.
- When the market did open, sellers were slow to engage and list their homes.
- Typically, new listings drop sharply in the middle of November (as shown in the blue 2019 line). In 2020 new listings were still rising late in the year. Expect an unusual number of new listings to continue to arrive over the next few months.

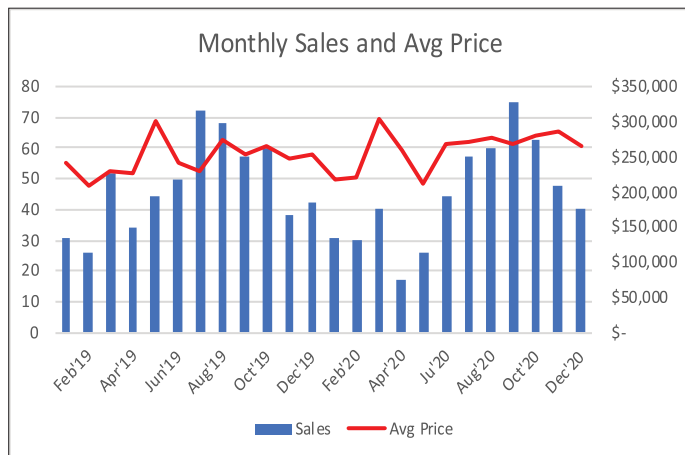
# Condos

(15% of TAAR 5-C sales, 12% of closed volume)



- Although the new pendings dipped sharply during the lockdown, since the last week in June they have been up by 33 percent.
- Despite a 44 percent decline in inventory, compared to last December, YOY new pendings have been up 34 percent in the past 6 weeks. With the arrival of late-season new listings, expect sales to continue to be unseasonably high as the market slides into 2021.

***“COVID has knocked some of the seasonality out of this year’s market”***



- Annual sales were down 7 percent, but that’s not bad considering the spring-market lockdown and this year’s limited inventory. In the past 90 days sales have been up 13 percent.
- While 2020 condo sales will fall short of last year in units, closed volume will end up just above even and average sale price up 8 percent. Be careful not to interpret that as an 8 percent increase in value. More larger condo units were sold in 2020—1,460 average square feet versus 1,306 in 2019.
- With today’s record low interest rates, the recent YOY increase in new pendings, and the arrival of fresh listings, expect 2021 to provide a fast start for condos.

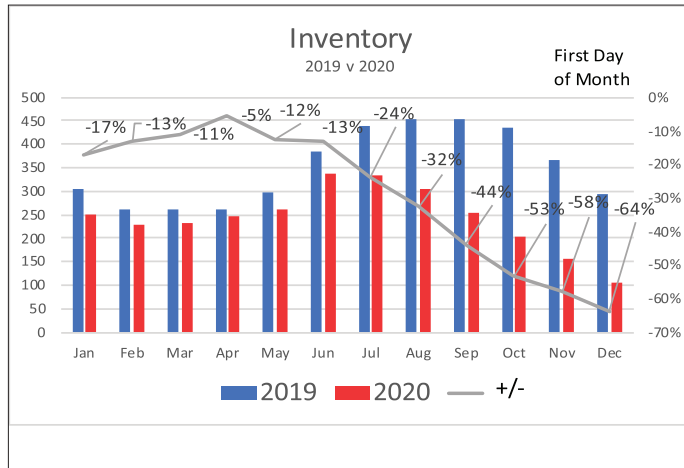
## Condo YTD Summary

Jan 1—Dec 31

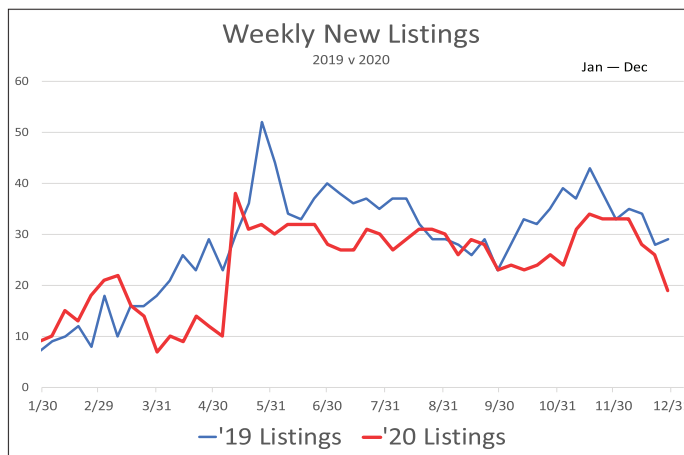
	2019	2020	+/-
YTD Units	574	531	-7%
YTD Vol (mil)	\$ 143	\$ 141	-2%
Avg Price	\$ 249,624	\$ 265,740	6%
Avg \$/SF	\$ 187	\$ 182	-2%

# Waterfront

(23% of TAAR 5-C sales, 39% of closed volume)



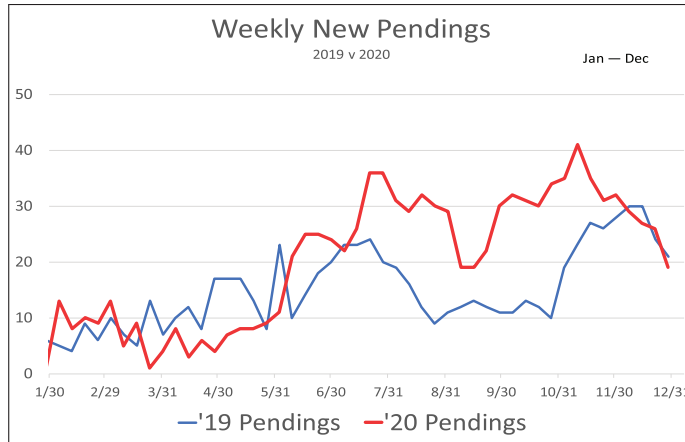
- 2020 began with 17 percent fewer available waterfront listings than the previous year.
- COVID caused sellers to be slow to enter the market and shortly after the lockdown was lifted, buyers were buying faster than new listing reinforcements were arriving.
- Current inventory is just a third of what it was a year ago.



- Prior to the pandemic, new listings were arriving slightly faster than the previous year.
- A spike of new listings arrived with the May reopening, but overall, potential sellers have been entering the market at a slower pace than buyers have been buying.
- New listing activity bumped up through November but fell off again the second week of December.
- With demand still high and new listing levels and inventories as low as they are, there will be opportunity for sellers who get an early start in 2021.

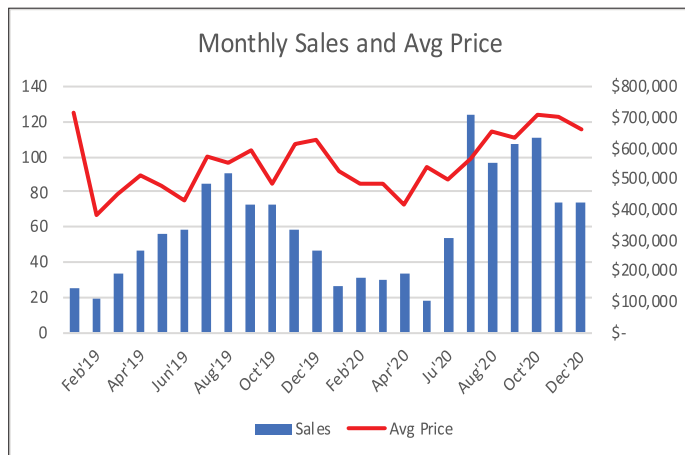
# Waterfront

(23% of TAAR 5-C sales, 39% of closed volume)



- Since the markets reopened in May, new pending sales outpaced 2019 levels by 55 percent—despite significantly depleted inventory levels.
- While recent new pending activity declined, demand remains relatively strong. The continued arrival of new inventory will be key to sustaining sales heading into the first quarter of 2021.

***“Prices often dip in the 4th quarter. In 2020, they were at all-time highs.”***



- 2020 has provided a rollercoaster ride as the market moved quickly from the lockdown hole in March to all-time record sales in July.
- Annual sales were up 15 percent, average sale price up 13 percent and closed volume up 32 percent. Who could have dreamed of such numbers back in April?
- Since June 30th waterfront sales were up 37 percent compared to the same time in 2019.
- Prices typically drop in the fourth quarter. They were still rising in 2020.

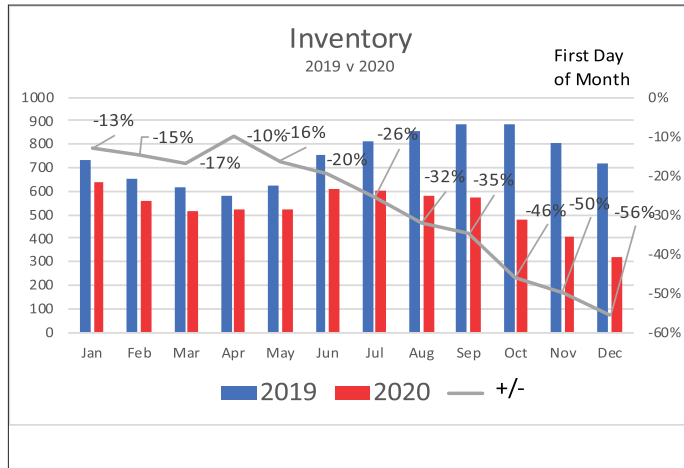
## Waterfront SF YTD Summary

Jan 1—Dec 31

	2019	2020	+/-
YTD Units	666	780	17%
YTD Vol (mil)	\$ 359	\$ 475	32%
Avg Price	\$ 538,690	\$ 608,436	13%
Avg \$/SF	\$ 235	\$ 266	13%

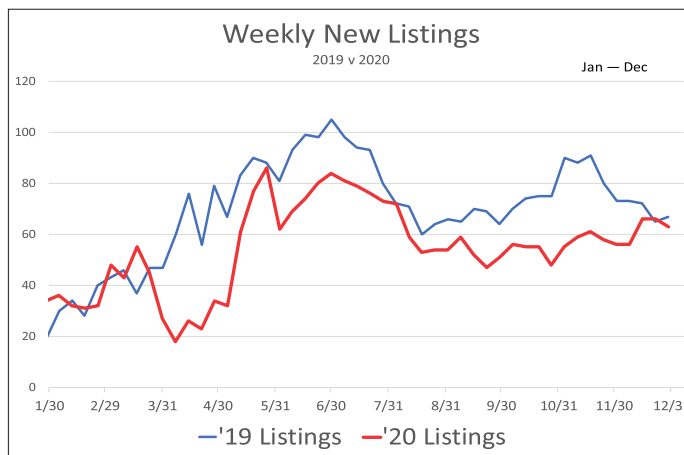
# Non-Waterfront

(62% of TAAR 5-C sales, 49% of closed volume)



- 2020 started with inventory levels down 13 percent from the previous year. There was a surge of new listings when the market reopening in May. The increase in inventory didn't last long as there was an even bigger surge of new pending sales that dropped supply levels back down.
- Inventory has been declining since June and by December it was down by 56 percent compared to 2019.

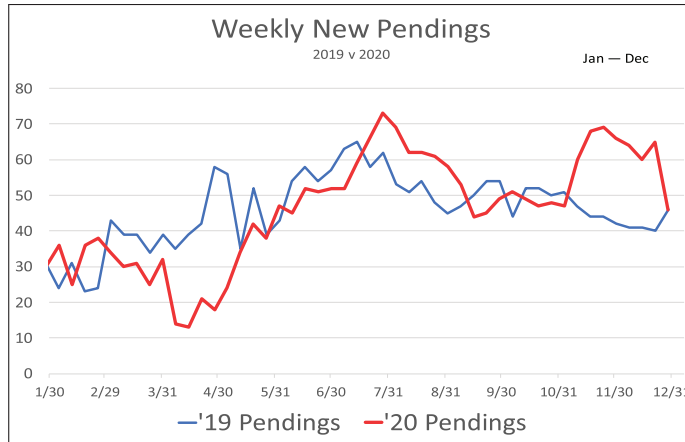
***“Fourth quarter values were still rising—the \$304k average sale price of homes closed in December was \$55k higher than December of 2019.”***



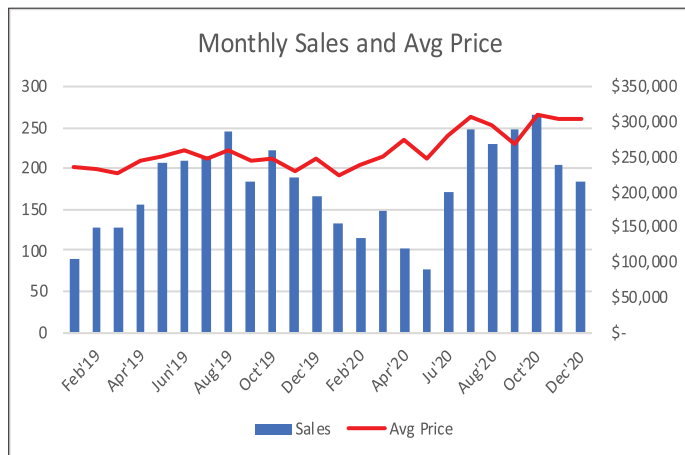
- Even after the market reopened in May, the pace of new listings arriving on the market was slower than 2019's pace.
- Typically, new listings drop off in mid November. In 2020, new listings picked up in mid November and we expect them to remain level with some bounce heading into the first quarter of 2021.
- The unusually high demand has been combined with extreme low interest rates, a severe listing shortage, and record-high prices. There remains an amazing opportunity for sellers to enter the market in what's typically an off-season.

# Non-Waterfront

(62% of TAAR 5-C sales, 49% of closed volume)



- The non-waterfront market had a slower restart than the condo and waterfront markets. However, in the last 90 days YOY new pending sales were up 16 percent. In the last month they've been up 54 percent—with less than half as many available listings.
- So long as inventory doesn't completely dry up, extreme demand will create a wave of business that will pour over into 2021. The demand is being fueled by historic low interest rates and an unprecedented change in housing requirements caused by COVID.



- Closed Sales—Annual sales were just short of even with 2019. Market momentum continues to build for both sales and values. While sales will decline some seasonally, the recent lift in new pendings will boost closed sales in the early months of 2021.
- Values—Fourth quarter prices usually dip. The \$304k average sale price of homes closed in December was the highest it's ever been and \$55k higher than a year ago.

## Non-Waterfront SF YTD Summary

Jan 1—Dec 31

	2019	2020	+/-
YTD Units	2,143	2,127	-1%
YTD Vol (mil)	\$ 526	\$ 601	14%
Avg Price	\$ 245,389	\$ 282,538	15%
Avg \$/SF	\$ 131	\$ 147	12%