

Special Advertising Feature

New England Properties



COURTESY OF KINLIN GROVER COMPASS REAL ESTATE

A room with a spectacular view in Harwich Port, Massachusetts, where multimillion-dollar homes boasting quintessential Cape Cod architecture and craftsmanship continue to garner multiple offers and bidding wars.

# HOME RUN

From the countryside to the Cape, Massachusetts has a magnetic pull on homebuyers that’s keeping prices high

by Kelly Bryant

In Wellesley, Massachusetts, Elaine Bannigan, a real estate broker with Pinnacle at Douglas Elliman Real Estate, has sold homes for more than 30 years. Having witnessed many of the twists, turns and nosedives of the industry in that time, she is still shocked by how quickly things took off in 2023 after a soft fourth quarter in 2022. For Bannigan and her colleagues, it’s still very much a seller’s market.

“It has taken us all by surprise by how fast that happened,” Bannigan says. “A lot of generalizations are made about real estate. There’s that old expression, ‘All real estate is local.’ And what I have found in analyzing the data for over 20 years is that not only does the market vary from town to town, but it also varies from price band to price band within a town.”

For example, she explains the trade-up market in the greater Boston area took the biggest hit at the end of last year. This can be attributed to rising interest rates and home prices. While the entry-level buyers are still out there, their purchasing power has been reduced significantly.

“Nevertheless, they want a home and they want a place to live,” Bannigan says. “At the end of the year, the trade-up market was the most paralyzed in our area. But it suddenly knocked the wind out of our sails by how hard and fast the market has come back.”

The luxury category, on the other hand, didn’t experience the same kind of softening at the end of 2022. Perhaps because these are often cash offers, circumventing any mortgage rate concerns.

But now, and within the past few months, real estate agents in this market are experiencing a bit of déjà vu, many of them saying it feels like the second quarter of 2022 all over again. That was a frenetic experience nothing of the likes Bannigan had ever seen in her decades of residential real estate. People were making offers that were remarkably over the asking prices, to the extent that appraisers were having a difficult time making the numbers work for mortgages.

In spring 2023, she’s seeing bidding wars again at all price points, from entry level to luxury.

“The market woke up for a variety

of reasons,” Bannigan says. “One of them was a little dip in the interest rates. So there was some stimulation there. But we’ve told people this ourselves, don’t tie yourself to a fixed-rate mortgage. You can get an adjustable mortgage for less. Rates will ultimately come down.”

MEETING DEMAND

Interest rates may deter some prospective buyers from pursuing a purchase, but if you look at the numbers, markets across Massachusetts are still struggling to keep up with demand. There are simply not enough available properties for everyone who wants to buy and, again, that’s at all price points.

It’s considered a healthy market in the greater Boston area when there’s six months of supply available. Last year, in some cases, they only had a week’s worth to show.

“A healthy market is when supply can pretty much fit the demand,” she says. “For both sides to be happy, it means the buyer pays a little bit more and the seller feels like they got a little bit less than they wanted to. But it’s that kind of dynamic that keeps the housing engine in a good place.”

Of course when you have 16 offers on a single property, you’ll have 15 people walking away very disappointed. And that isn’t even including the 15 real estate agents who are frustrated as well. And right now, it’s a maelstrom of that.

“I call the luxury market here anything over \$3 million,” Bannigan says. “But even if we put something on the market for over \$4 million, we’re getting multiple offers and bidding wars. Frequently, that home will sell for well over the asking price.”

Though that is great news for sellers, it’s yet another upset for buyers, who not only want to enjoy all of the quintessential New England offerings Massachusetts holds, but do so from the comfort of their own home.

For right now, there’s not yet a light at the end of the inventory tunnel. Bannigan says

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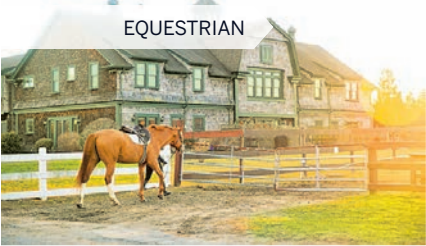
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PHOTO BY MATT SURETTE/DOUGLAS ELLIMAN REAL ESTATE

A modern kitchen fit for a king — or a family of four — is a quintessential offering for homebuyers seeking luxury in and around Boston. This four-bedroom, four-and-a-half-bath property in Newton is just a nine-minute commute from the city.

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it will take years to catch up with an over 10-year building deficit, and that’s not something done easily.

“Different states are doing different things to stimulate home construction, because the shortage of housing is ridiculous,” she says. “Zoning issues in suburban markets are a real deterrent for a builder. You need a minimum lot size and therefore have to pay lots of money to build one house. That means you have to build an extremely expensive house.”

Reducing these zoning restrictions would allow for an increase in density. For example, if builders could plan for four to eight nice townhomes on a half-acre lot at a more affordable price point, it would satisfy some homebuyer needs. But changing these laws presents a political quagmire, further complicating supply and demand issues.

ESCAPING TO THE CAPE

A historically popular destination, Cape Cod has never been a destination to follow real estate trends. However, you’ll find similar supply issues here as in other areas across Massachusetts. And that’s because the Cape, flush with second homes and seasonal residents, is just as desirable today as it has been for decades. However there is a change: Their luxury market is looking a little different.

“Our average sale price in 2022 was \$911,000, which is phenomenal,” says Sandra Tanco, a broker with Kinlin Grover Compass in their Harwich Port office. “The luxury market here was always \$1 million and up. Now ‘luxury’ is over \$2 million.”

In fact, by her records, she says the average sales price for listings above \$2 million has gone from \$3.568 million to \$3.729 million year over year, an increase of 4.5%. Just two weekends ago, Tanco sold a new construction listing in downtown Chatham for \$5 million. Needless to say, business on the Cape is good.

“The luxury second homebuyers are looking for water-influenced properties or downtown village locations,” Tanco says. “Chatham, Harwich and Osterville continue to be attractive.”

After a slower fourth quarter in 2022, the market quickly picked back up, with

Tanco seeing a strong reemergence of buyers looking for a home on Cape Cod to enjoy this summer.

“I feel the housing market on Cape Cod will not stabilize until there is a steady influx of new listings,” Tanco says.

And therein lies the problem. While she asserts they would normally have anywhere from 2,000 to 2,500 listings in a normal market, right now there are only 472 total listings for single-family homes and condos.

“Sellers have nowhere to go, so they aren’t listing,” Tanco says.

FINDING COMMUNITY

When Deborah Levy and her husband made the decision to purchase a New England retreat to escape the sweltering summers of their home in Delray Beach, Florida, they initially considered Maine. Levy had spent vacations there growing up, and it felt both nostalgic and familiar.

However, after some consideration, including her desire for a club-like community and new construction, the Levys found their perfect home in Cape Cod’s Willowbend, one of several private club communities owned and operated by Southworth Development. Located in the town of Mashpee, Willowbend not only allows her the opportunity to customize the home to her liking, but also provides an immediate sense of community for the retirees who will be new to the area. Her builder is Dan McMackin, president of McMackin Homes in Mashpee, who also happens to be a member of Willowbend.

“I was told by a member that the club’s not showy, meaning you don’t have to show up to be seen,” Levy says. “We are laid-back. I don’t want to feel like I need to keep up with everyone. We all have a reason and a story to where we are the older we get. I just want to enjoy my life.”

She plans on enjoying her new home from May through Thanksgiving, not just its cooler climate during the summer, but also a bit of the fall foliage as well.

“This is the first time I’ve had the ability to work on a house from studs in,” Levy says. “With this house in Massachusetts, we can really make it ours. And because it’s a new construction, it’s not just turn-key, it’s brand new and with the finishes we choose ourselves.”

“The luxury market here was always \$1 million and up. Now ‘luxury’ is over \$2 million.”

— SANDRA TANCO  
Kinlin Grover Compass



PHOTO BY MATT SURETTE/DOUGLAS ELLIMAN REAL ESTATE

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