



# DAVID CUTLER REAL ESTATE

MASSACHUSETTS REAL ESTATE NEWSLETTER – APRIL 2025 EDITION

SPRING INSIGHTS, MARKET TRENDS & HOMEOWNER TIPS



## Q1 MASSACHUSETTS MARKET RECAP

And just like that, the Boston Marathon has wrapped up—and spring is in full swing across Massachusetts. The Q1 numbers are in, and the housing market continues to show resilience.

- Home values are up 4.5% year-over-year, with the average home now valued at \$635,252 (Zillow). Homes are still moving quickly, with a median of just 10 days to pending.
- The year began at a slower pace, due to a harsh winter and broader economic uncertainty. But momentum has returned: Federal Reserve data shows a 5.7% increase in new listings year-over-year as of March 2025—hinting at some relief for buyers as inventory begins to loosen.
- Single-family home sales are up 3% compared to Q1 2024, a promising sign for both buyers and sellers navigating today's competitive landscape.
- For condo buyers, there's welcome news: Sales fell 3% in March, from 1,431 units in March 2024 to 1,388 this year. Meanwhile, the median condo price dipped 1.5% to \$542,000, down from \$550,000—a potential opening for those looking to step into the market.

### A MESSAGE FROM DAVID

Welcome to my real estate newsletter! I'm excited to bring you fresh market insights and updates as we head into spring 2025.

I'm also proud to announce that I now serve Rhode Island - The Ocean State!

Whether you're buying, selling, or just looking to stay informed, I'm here to help.

Thanks for reading, and enjoy!



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## SPRING MARKET OBSERVATIONS

### The 'Lock-In Effect'

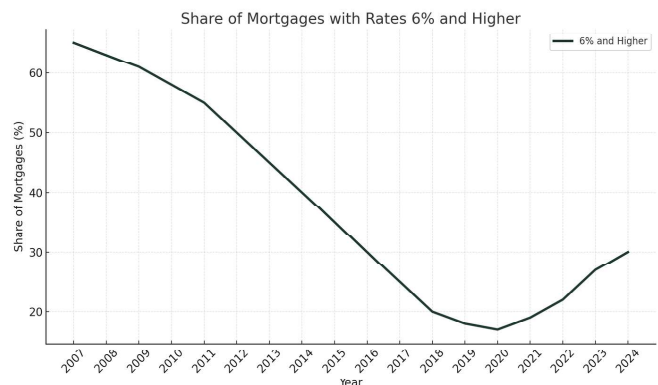
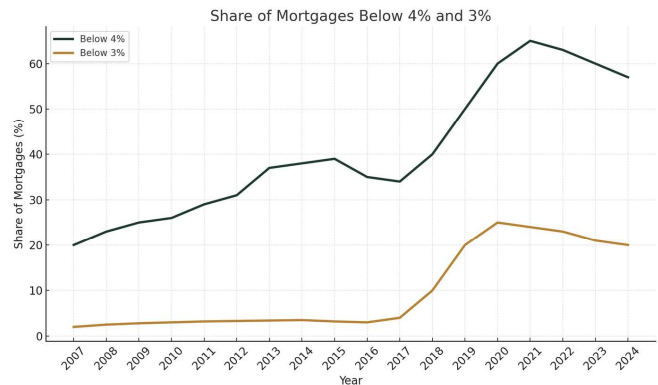
- The 'Lock-In Effect' is starting to loosen its grip. Many homeowners with mortgage rates below 4% have been reluctant to sell, holding onto their low payments. But as life moves forward—through job changes, growing families, or shifting needs—more are choosing to list, gradually releasing some of the pressure on housing inventory. As of Q4 2024, 54.1% of mortgages remain below 4%, down from a peak of 65.1% in early 2022. Meanwhile, higher-rate loans are making a comeback, with mortgages above 6% now accounting for 18% of all outstanding loans, up from just 7% in 2022. (See charts on right.)

### Buyer Intentions

- Despite high mortgage rates and limited inventory, 15% of Americans plan to purchase a home in 2025, according to NerdWallet's 2025 Home Buyer Report. This marks the highest share since the survey began in 2019, translating to approximately 39 million prospective buyers.
- This persistent demand highlights the enduring aspiration for homeownership, even as the market presents significant hurdles. In 2024, existing home sales dropped to 4.06 million—the lowest in nearly 30 years—yet the desire to buy remains strong.

### Economic Outlook: Confidence Amid Caution

- Redfin recently reported that 24% of Americans are scrapping plans to purchase a home or car due to concerns over new tariffs. But there's always a difference between what people say—and what they actually do. The pent-up demand from last year's historically low sales is likely to fuel both inventory and sales activity this spring.
- There's cautious confidence that this spring will be strong, as the economy continues to chug along despite tariff-related uncertainty. One of the clearest indicators of economic health—initial unemployment claims—remains low, hovering around 225,000. As long as job stability holds, broader economic conditions are unlikely to derail the Massachusetts housing market.
- Overall, I suspect increased inventory to welcome a balanced market, perhaps the most balanced we've seen in more than 5 years.



## WHAT RENOVATED HOMES ARE WORTH + SPRING PROJECTS

### Renovated Homes Sell for More – Zillow Says So!

In 2024, homes described as “renovated” are selling for 4% more than expected, according to Zillow. Listings featuring the word “remodeled” consistently attract more views, shares, and buyer interest—giving sellers a clear edge. On the other hand, properties labeled as “fixer-upper,” “TLC,” or “needs work” are facing steeper discounts, selling for 7–8% less than expected. The takeaway? Even modest upgrades can make a big difference in today’s market.

Here’s a look at the projects that deliver the best bang for your buck, according to Remodeling Magazine’s Cost vs. Value Report. If you’re thinking about ways to increase your home’s value—whether you’re preparing to sell or just planning ahead—these renovations can help you pinpoint where your investment will have the most impact.

Project	ROI	Why It Pays Off
Garage Door Replacement	Up to 94%	Clean, modern curb appeal sells fast.
Manufactured Stone Veneer	Around 92%	Adds high-end exterior charm.
Minor Kitchen Remodel	70–80%	Updated countertops, cabinet refacing, new fixtures.
Vinyl Siding Replacement	75–80%	Boosts exterior appeal and improves energy efficiency.
Vinyl Window Replacement	68–75%	Energy savings + fresh look for buyers.
Steel Entry Door Replacement	65–70%	Affordable upgrade for strong first impressions.
Midrange Bathroom Remodel	60–70%	Modern fixtures, tile, and lighting make a big impact.
Wood Deck Addition	65–70%	Outdoor living remains a top buyer priority.
Asphalt Roof Replacement	60–65%	A worry-free roof reassures cautious buyers.
HVAC Replacement	60–65%	Energy-efficient systems attract value-conscious buyers.

## MA’S NEW HOUSING PLAN & THE ROLE OF ADUS



In 2024, Massachusetts unveiled an ambitious statewide housing plan aimed at adding 222,000 new units by 2035. This plan focuses on four key priorities: production, preservation, affordability, and access—all designed to address housing shortages and rising costs across the state.

One major piece of this strategy? Accessory Dwelling Units (ADUs). Massachusetts has now made it a statewide right to build ADUs, allowing more homeowners to create flexible living spaces or rental opportunities on their property.

What’s an ADU?

An ADU is a smaller, self-contained home located on the same lot as a main residence. Think of it as an in-law suite, guest house, or rental unit—attached or detached.

### Key Benefits of ADUs:

- Adds value for resale
- Offers rental income potential
- Supports multigenerational living

### Requirements:

**Separate Entrance** - ADUs must have their own separate entrance, either directly from the outside or through a shared entry hall/corridor that meets state building code egress requirements.

**Size Limit** - ADUs can be no larger than 900 square feet or 50% of the gross floor area of the principal dwelling, whichever is smaller.

**Independent Living Unit** - ADUs must function as a complete, self-sufficient living space with its own kitchen, sleeping area, and bathroom.

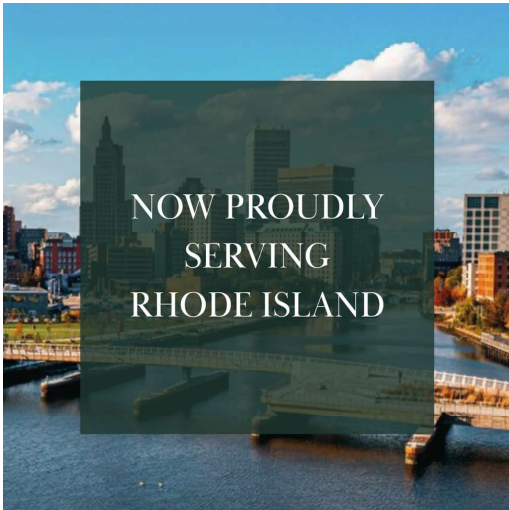
**Local Municipal Regulations** - ADUs must also comply with any additional local restrictions, such as size limitations or short-term rental restrictions if a city or town imposes them.

**Utility Connections** - Proper connections for water, sewer, and electricity are required, following local building codes. A septic system can be shared between main structure and ADU.



## SOUTH COAST RAIL NOW OPERATIONAL

The long-awaited South Coast Rail is now operational, reconnecting New Bedford, Fall River, and surrounding towns directly to Boston for the first time in over 65 years. This new rail line is expected to significantly reduce commute times—saving some riders up to 45 minutes each way—and ease highway congestion across southeastern Massachusetts. For homeowners and buyers in the area, improved transit access typically brings increased property values. In fact, between July 2016 and January 2024, median list prices in Bristol County, which includes Fall River and New Bedford, increased by 60.5%, from \$342,400 to \$549,450. Additionally, between July 2023 and July 2024, typical home values in New Bedford rose by nearly 8%, more than any other Gateway City in Massachusetts. While the project has faced some early challenges and adjustments, these growing pains are part of any major infrastructure upgrade. Over time, the rail is expected to boost both quality of life and economic growth, making the South Coast an even more attractive place to live and invest.



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