

HOME & CONDO SALES SLOW, PRICES MODERATE ACROSS GREATER BOSTON IN AUGUST

Boston, MA. — The cooldown in the Boston area housing market continued last month as sales of single-family homes and condominiums both fell from year ago levels, while annual price appreciation rates moderated, and monthly median selling prices declined from July. Buyer demand has steadily softened since early spring due to rising mortgage rates, surging home values, and shrinking savings and retirement accounts caused by inflation, and that's slowed sales activity and allowed prices to level off, a new report from the Greater Boston Association of REALTORS® (GBAR) shows.

In the single-family home market, sales declined 7.1 percent on an annual basis from 1,565 homes sold last August to 1,454 homes sold in August 2022. Last month's sales volume is the lowest for any August in more than a decade dating back to August 2011 when 1,203 homes were sold in Greater Boston. However, sales did improve modestly on a month-to-month basis by 4.8 percent from 1,387 homes sold in July. Meanwhile, condominium sales fell 25.3 percent on a year-over-year basis, declining from a fifth best August total of 1,330 units sold in August 2021 to 994 condominiums sold this August. It's the fewest number of condos sold during the month of August since 879 units were transacted in August 2010. On a month-to-month basis, condo sales also dropped steadily, declining 10 percent from 1,104 condos sold in July.

"It's been a long-time coming, but the market is starting to normalize," said GBAR President Melvin A. Vieira, Jr. of RE/MAX Destiny. "For years sellers have held the upper-hand due to limited inventory and low-cost financing. However, with mortgage rates up sharply and selling prices reaching record highs this spring, demand is down as buyers have become more cautious and some have even suspended their home search. This is allowing those currently in the market more time and opportunity to look for a home and negotiate on price. As a result, the pace of home sales has slowed," he explained.

Although buyer demand has eased over year ago levels, it remains healthy by historic standards, which has allowed selling prices to continue to climb on an annual basis, albeit at a slower rate. In fact, last month the median selling price for single-family homes reached a new record high for the month of August, climbing 5.8 percent over the prior 12 months from a median price of \$780,000 in August 2021 to \$825,000 this August. It's the 34th consecutive month the single-family home median selling price has risen on an annual basis dating back to November 2019. In the condominium market, the median selling price also rose on a year-over-year basis, though more modestly so, increasing 2.8 percent from a median price of \$635,000 last August to a new record high for the month of \$652,950 in August 2022.

-more-

“With fewer buyers in the market and purchasing power down there’s less upward pressure on prices, but in most areas we’re still seeing modest price appreciation on a year-over-year basis as listings remain stubbornly low,” noted Vieira, Jr. Indeed, the majority of properties still sold above asking price in August, with the typical single-family home selling for 101.5 percent of its original list price, while the typical condominium garnered 103.5 percent of its original list price. However, the GBAR president cautioned sellers that the market is in transition and properties must be well-maintained and priced right to competing listings and current market conditions to draw top dollar. “The market is changing weekly based on inventory and mortgage rates,” noted Vieira, Jr. “The competition among buyers is not as fierce as it has been. In fact, we’re seeing fewer offers per property, while price adjustments have become more common, and bidding wars are relatively rare. As a result, prices have likely peaked in many communities and in some they’re actually softening,” he stated. Illustrative of this point, the GBAR report found that median selling prices for both single-family homes and condos declined on a month-to-month basis in August for a second consecutive month. Among single-family homes last month the median selling price decreased 1.8 percent from July when the monthly median price stood at \$840,000, and the condominium median selling price declined 4.0 percent in August from a median of \$680,000 in July. In addition, the single-family median home selling price has dropped 8.3 percent from June when it hit a monthly record high of \$899,950, while the median selling price for condos is down 8.6 percent from an all-time high of \$715,000 in April 2022. “With buyer demand having cooled and the economy on the brink of a recession, there is little upward pressure on prices. However, listings remain in short supply, and that should keep home values strong in the short term,” Vieira Jr. remarked. Indeed, last month, active listings of single-family homes rose only modestly by 1.7 percent on an annual basis, from 1,433 homes for sale in August 2021 to 1,458 this August, but fell 14.9 percent on a month-to-month basis from 1,714 homes on the market in July. Meanwhile, condominium listings declined 12.4 percent on a year-over-year basis from 1,936 units for sale last August to 1,696 in August 2022 and decreased 17.9 percent from one month earlier when 2,066 condos were listed for sale in July. Notably, inventory levels did see some improvement over the first two weeks of September though as single-family home listings increased 34 percent, or by almost 400 properties, and condo listings climbed 30 percent or more than 450 units, which will provide would-be home buyers a greater selection of properties to choose from to kick-off the fall market.