

SALES SLOWDOWN CONTINUES ACROSS BOSTON AREA HOUSING MARKET,
BUT JANUARY BRINGS INCREASED BUYER ACTIVITY AHEAD OF SPRING MARKET

Boston, MA. — The cooldown in Greater Boston’s housing market continued last month as sales of single-family homes and condominiums each decreased on an annual and monthly basis in January, but buyer activity intensified ahead of the spring market as inventory levels have improved and mortgages rates have declined modestly from their peak last fall. Median selling prices also remain below the record highs reached last June, with the median price of single-family homes down 6 of the past 7 months on a monthly basis, according to the Greater Boston Association of REALTORS® (GBAR).

In the single-family home market, sales fell for an eighth consecutive month on an annual basis, decreasing 33.8 percent from 755 homes sold in January 2022 to 500 this January. Last month’s sales volume also reflects a 44.8 percent decline from the 905 homes sold in December, and is the lowest January sales total in 14 years, dating back to January 2009 when 469 homes were sold. Condominium sales also fell, though more modestly so as listings are more plentiful, exceeding the number of single-family homes for sale by nearly 40 percent as of January 31. On an annual basis condo sales decreased 24 percent, from 728 units sold last January to 553 in January 2023, and fell 23.2 percent on a month-to-month basis from 720 units sold in December. Last month was the slowest January for condo closings since 2015 when 486 condos sold.

“Buyers were hard to find over the final quarter of the year as stubbornly high inflation and a steady rise in mortgage rates between September and November spooked many and priced some out of the market entirely,” said GBAR President Alison Socha, an agent with Leading Edge Real Estate in Melrose. “In addition, many sellers were reluctant to accept the fact that market conditions had changed during that period and were slow to adjust prices. That’s caused homes to take longer to sell, and when combined with an already reduced number of listings for sale you get a slower sales pace,” she said.

With fewer buyers in the market during the fourth quarter, selling prices for single-family homes continued to soften last month. The median selling price declined on an annual basis by 2.4 percent, from \$725,000 in January 2022 to \$707,250 this January, and slid 4.4 percent from one month earlier when the median price for homes sold in December was \$740,000. The single-family home median selling price has declined on a month-to-month basis in six of the past seven months, and January’s median price is 21.4 percent lower than the all-time high monthly median of \$899,950 reached in June 2022.

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Conversely, the median selling price for condominiums rose, as more buyers turned to the more modestly priced condo market when mortgage rates continued to climb. The condominium median selling price increased 14.9 percent on a year-over-year basis from a median price of \$586,367 in January 2022 to \$685,000 last month, and gained 12.2 percent on a month-to-month basis from \$610,750 in December. Notably, however, even with this steady price gain, the median selling price for condominiums remains 4.2 percent below the record high monthly median price of \$715,000 set last April, and this is just the second time in the last seven months the condo median selling price has risen on an annual basis.

“With the doubling of mortgage rates last year, we saw a significant drop in buyers’ purchasing power as well as a steady decline in competing offers for properties, and that’s resulted in some softening in home values,” Socha observed.

To that end, most properties sold in January went for less than their asking price, with the typical single-family home selling for 96.6 percent of its original list price, and the typical condominium garnering 97.8 percent of its original list price.

“The reality is buyers can’t afford as much home as they could 12 months ago, so many are either unable or unwilling to get involved in bidding wars. Sellers also have begun to adjust their asking prices to align more closely with current listings rather than trying to top what their neighbor’s property sold for, and that’s allowed prices to level out,” she added.

With inventory levels having improved in January that also has helped to further relieve the upward pressure on prices. Active listings for single-family homes rose on an annual basis for a ninth consecutive month in January, climbing 55.5 percent from 595 homes for sale in January 2022 to 925 last month. In addition, condominium listings increased 12.7 percent in the past 12 months from 1,144 units for sale in January one year ago to 1,289 in January 2023. The number of properties for sale also improved on a month-to-month basis by 8 percent for single-family homes and 13 percent for condos.

With listings expected to improve even further in the months to come, buyers are returning to the market, the GBAR president said. “Buyers are back and eager to get a head start on the spring market now that mortgage rates have retreated a bit,” Socha stated. “There has been a steady uptick in requests for showings and a lot of foot traffic at open houses over the past several weeks, but would-be sellers are in no hurry to list their homes for sale. Consequently, as the competition has picked up, multiple offers, pre-offer inspections, and certain buyer concessions have made a comeback,” she noted.

This suggests that the local housing market is supported by solid economic fundamentals with little chance of a major price correction. “Even though inventory has improved recently, demand still far exceeds supply, with just two months of inventory on hand entering February. As a result, we expect any price declines that occur to be fairly modest,” Socha said.