

BUYERS EAGER TO GET A JUMP START ON SPRING HOUSING MARKET

HELP LIFT BOSTON AREA HOME SALES, PRICES IN FEBRUARY

Boston, MA. — The spring housing market got underway in earnest last month in Greater Boston as a second consecutive month of steady improvement in listing inventory along with modestly lower mortgage rates since early December helped to boost buyer demand in February. Single-family home sales increased on an annual basis for a second consecutive month in February while condo sales rose for the first time in more than two years, and median selling prices also saw positive gains on a yearly basis, the latest data from the Greater Boston Association of Realtors® (GBAR) shows.

Last month, sales of single-family homes improved 8.8 percent, from 420 homes sold in February 2023 to 457 homes sold this February. It's the second annual increase in monthly home sales since May 2022, and marks the first time since June and July 2021 that home sales have increased on an annual basis for two consecutive months. On a month-to-month basis sales did decline however, sliding 12.3 percent from 521 homes sold in January, which is not uncommon as February is a shorter month and typically has the fewest closings. Meanwhile, condo sales rose on an annual basis for the first time in 27 months, increasing a modest 2 percent, from 447 units sold last February to 456 units sold in February 2024, and also improved 8.6 percent on a month-to-month basis from 420 condos sold in January 2023. Prior to February, the last time condo sales increased on an annual basis was November 2021, when sales climbed 10.3 percent from the prior November.

"We've had an earlier and stronger start to this year's spring market compared to a year ago due to a more plentiful supply of listings for sale and more attractive interest rates," said GBAR President Jared Wilk, a broker with Compass in Wellesley.

"There's a lot of pent-up demand that's built up in the past 12-18 months, and most buyers appear serious and ready to buy. They've grown comfortable with where rates are at, but are tired of losing out on other offers, so they're motivated and that's led to more showings, increased foot traffic at open houses, and a higher volume of sales activity," he observed.

While buyer interest is on the rise, the supply of homes and condos for sale continues to lag behind what's typical in a balanced market, and that's promoting continued price growth. In fact, median selling prices for both single-family homes and condominiums rose to new record highs for February last month, with the median price for single-family homes up 12.1 percent over the past year from a median price of \$700,000 in February 2023 to \$785,000 this February and the median sales price for condos having risen 7.8 percent from \$639,900 last February to \$689,950 in February 2024.

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On a month-to-month basis, the median single-family home sales price did show some moderation, declining 4.3 percent from \$820,000 in January due in part to a smaller volume of homes valued at \$1 million or more selling in February, while the median selling price for condominiums increased modestly by 0.7 percent from \$685,000 in January.

“While inventory levels have improved, we still have far more buyers than properties to sell, and that’s the primary factor driving the steady appreciation in home values,” Wilk noted. “Sellers have become more aggressive in their pricing since the start of the year, while buyers are being faced with more multiple offer situations and many are opting to bid above the list price in an effort to buy a home, and all of this is pushing selling prices higher,” he explained.

Indeed, most properties that sold in February went at or near full asking price, with the typical single-family home selling for 100.2 percent of its original list price, and the typical condominium garnering 99.5 percent of its initial sales price.

“It’s still a seller’s market, so we expect little in the way of price softening this spring, but that hasn’t deterred buyers from entering the market,” stated Wilk. “Mortgage rates have eased since last fall, and that’s helped to improve purchasing power. In addition, inventory levels historically increase steadily from now until June, which will provide buyers more opportunity and choice when looking for a home over the next several months,” he added.

Notably, the GBAR report shows that the inventory of residential properties for sale rose on a monthly basis for a second consecutive month in February, and last month also marked the first time listings for both single-family homes and condos improved on an annual basis in the same month since March 2023. As of the end of February, active listings for single-family homes rose 21 percent over the prior month, from 823 homes for sale in January to 997 in February, and also increased 19 percent from 838 homes for sale in February 2023. Similarly, in the condo market, active listings improved 17 percent on a month-to-month basis from 1,276 units for sale in January to 1,493 this February, and rose 10 percent over the last 12 months from 1,350 units for sale in February 2023.

“With spring right around the corner, buyer enthusiasm is high, and it’s only going to get stronger if the anticipated rate cut by the Fed materializes,” Wilk remarked. “If that happens, we’re hopeful more sellers will be willing to list their home for sale, which in turn could relieve some of the upward pressure on prices and spur more sales activity, allowing the market to rebound faster,” he asserted. “We’re poised to have the strongest spring market since 2021 provided we have more listings to meet the buyer demand,” he remarked.