

BUYER DEMAND FUELS PRICE GROWTH ACROSS BOSTON AREA HOUSING MARKET IN MARCH

Boston, MA. – Homebuying activity continued to intensify across the Greater Boston region last month, albeit at a more modest rate than in recent years, as relatively stable mortgage rates and milder winter weather over the first quarter of the year helped to more buyers into the housing market. Sales of single-family homes and condominiums each rose sharply by 30-40 percent on a month-to-month basis in March, but the volume of sales remained below year-ago levels due to a limited supply of properties for sale, while median selling prices in both markets increased 9 percent on a year-over-year basis, according to a new report issued today by the Greater Boston Association of Realtors® (GBAR).

In March, sales of single-family homes slid 3.8 percent from the year prior, declining from 630 homes sold in March 2023 to 606 homes sold last month. It's the lowest sales total for the month of March in 15 years, dating back to March 2009 when 499 homes sold. However, last month's sales volume is up sharply on a month-to-month basis, increasing 31.5 percent from 461 homes sold in February, reflecting the surge in buyer interest and activity that typically occurs as spring approaches. Similarly, in the condo market, sales declined 9.5 percent in March on an annual basis, slowing from 715 units sold in March 2023 to 647 last month, but rose 39.1 percent from the prior month when 465 units sold in February. Last month's sales total marks the fewest condos sold in the month of March since 578 units sold in March 2015.

“Even though today's sales pace is nothing like what we saw over the past half dozen years, the market has been busier than anticipated in the early part of the year. There's a lot of pent-up demand from those who've been waiting for mortgage rates to settle down, not to mention a large pool of buyers who've grown frustrated from losing out on other offers, and both are motivated and ready to buy,” said GBAR President Jared Wilk, a broker with Compass in Wellesley. “At the same time, we lack listings, and that's putting upward pressure on prices and creating affordability issues, especially in the entry-level market. It's the primary reason sales activity isn't stronger right now. We need more properties to sell,” he observed.

Indeed, entering the spring selling season, the supply of homes and condos for sale continues to lag behind what's typical in a balanced market, and that's led to steady price growth in recent months. In fact, median selling prices for both single-family homes and condominiums rose to new record highs for March last month, with the median price for single-family homes up 9.1 percent over the past year from a median price of \$825,000 in March 2023 to \$900,000 this March and the median sales price for condos having risen 8.8 percent from \$680,000 last March to \$740,000 in March 2024.

On a month-to-month basis, median selling prices also improved, with the median sales price for single-family homes climbing 14.9 percent, from \$783,000 in February, and the median price for condos appreciating 7.4 percent from \$689,000 in February. The latest price gains reflect today's stronger buyer demand which has led to more competitive offer situations.

"Despite a slight rise in mortgage rates since January, buyer traffic has improved steadily as we've approached spring, but the same can't be said for listings," Wilk stated, noting that many homeowners are reluctant sell and take on a higher rate loan. "Inventory remains limited in many communities, which is giving sellers the ability to be more aggressive in their pricing. On top of that, buyers are having to contend with multiple offer situations again and many are opting to bid above the list price in an effort to buy a home, and all of this is fueling the steady appreciation in home prices," he explained.

Indeed, most properties that sold in March went at or above full asking price, with the typical single-family home selling for 102.4 percent of its original list price, and the typical condominium receiving 99.8 percent of its initial sales price.

"It's unlikely we will see much in the way of price softening this spring, but there is an expectation mortgage rates will ease once the Fed moves to lower interest rates, and that should help improve buyers' purchasing power in the coming months," Wilk stated. "Inventory levels tend to increase steadily between now and summer as well, so buyers can expect to find a larger selection of homes to choose from and more opportunity for negotiation as they look ahead," he added.

Notably, the GBAR report shows that the inventory of residential properties for sale rose modestly on a monthly basis for a third consecutive month in March, with a much more significant influx of listings occurring over first two weeks in April. As of the end of March, active listings for single-family homes rose 1.7 percent over the prior month, from 974 homes for sale in February to 991 in March, while the number of condominiums for sale improved 1.5 percent on a month-to-month basis from 1,466 units for sale in February to 1,488 in March. However, over the first half of April single-family listings have increased 24 percent from 725 homes for sale on April 1 to 900 on April 15, while the number of condo listings has climbed from 1,300 units listed on the market on April 1 to 1,565 for sale as of April 15.

"There's a greater sense of optimism about the housing market today than any time in the past two years," said Wilk.

Buyers are enthusiastic, and fewer are waiting for mortgage rates or prices to drop to move forward. Sellers also appear to be more accepting of the current interest rate environment, and many seem to be looking at the next few months as an ideal time to maximize the equity in their homes. That should make for a healthier housing market this spring," he remarked.

As evidence, the GBAR president noted that pending sales of single-family homes increased on an annual basis for a third consecutive month in March, while in the condo market pending sales rose for the second time in three months last month.