

BOSTON AREA HOUSING MARKET SEES SLOWER SALES PACE IN APRIL
AS RISING PRICES AND LIMITED INVENTORY TEMPER BUYER DEMAND

Boston, MA. -- Sales of single-family homes and condominiums declined from year ago levels for a fifth consecutive month in April across Greater Boston as prospective buyers had to contend with double-digit price gains and a persistent shortage in the number of residential properties for sale. Mortgage rates also have risen steadily over the past two months and that's creating affordability challenges, especially in the entry-level market, and slowing buyer demand, according to a new housing market data report issued today by the Greater Boston Association of REALTORS® (GBAR).

In the single-family home market, sales declined 13.5 percent over the previous 12 months from 1,026 homes sold in April 2021 to 888 single-family homes sold last month. It's the lowest sales total for the month of April since 2018 when 860 homes were sold. Condo sales fell more sharply, declining on an annual basis by 19.7 percent, from an April record high of 1,262 units sold last year to a third best total for the month of 1,014 condominiums sold in April 2022. However, sales did improve on a month-to-month basis, with single-family home sales increasing 18 percent from 752 homes sold in March and condominium sales up 15 percent from the prior month when 882 condos sold in March.

“After reaching record-setting sales levels across the residential market last year, it was almost inevitable that we'd be seeing some slowing this spring,” said GBAR President Melvin A. Vieira, Jr., an agent at RE/MAX Destiny. “Buyer demand remains strong, but with listings still in short supply and both home prices and mortgage rates climbing steadily from a year ago, the buyer pool is starting to shrink and the market has become a little less frenzied,” Vieira Jr. explained.

In fact, median selling prices have never been higher than they were last month across the 64 community GBAR territory. In the single-family home market, the median selling price increased on an annual basis by 11.2 percent from \$760,000 in April 2020 to \$845,000 this April. It's the 30th consecutive month the single-family home median price has risen on a year-over-year basis, and last month's median tops the previous record high of \$812,000 set in June 2021 by 4 percent.

The median selling price for condos also reached a new all-time high for a second consecutive month, climbing 16.5 percent over the past 12 months from \$615,000 last April to \$716,498 in April 2022. The rate of price appreciation last month was the highest since September 2016 when the condo median price rose on an annual basis by 19.8 percent.

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Notably, on a month-to-month basis, the condominium median selling price improved 6.1 percent from \$675,000 in March while the single-family home median price rose 7.2 percent from the previous month when it was \$788,500 in March.

“The steady gain in home values is being driven by a severe imbalance between supply and demand in our market,” stated Vieira Jr. “While some buyers have been priced out, many more have shifted their search to lower price points or more affordable distant suburbs and that has kept competition heated and pushed offers above asking prices,” he observed.

Indeed, on average, the typical single-family home sold in April went for 108 percent of the original list price. Similarly, in the condominium market the typical condo unit sold last month had a sold to original asking price ratio of 103 percent.

Despite the strong run up in selling prices over the past year, which includes double-digit appreciation in the single-family home median selling price for 10 of the past 16 months, the GBAR president cautioned home sellers about being too aggressive in their pricing. “Double-digit price growth is not sustainable long-term, especially in a rising interest rate environment,” asserted Vieira Jr. “We’ve been seeing fewer offers on properties since last fall, and now we are seeing more price adjustments and homes sitting on the market longer too. We could be nearing the ceiling on prices, but that most likely will be determined by whether or not inventory levels improve and where mortgage rates end up,” he added.

Although the number of residential listings for sale remains down from year ago levels, it has improved in the near term, the GBAR report shows. At the end of April, there were 1,345 single-family homes on the market, which is a decline of 9.2 percent from 1,482 homes for sale in the same month a year ago, but an increase of 30 percent from the 1,035 homes listed for sale in March. Similarly in the condo market, listings were down 22.5 percent on an annual basis, from 2,307 units for sale in April 2021 to 1,789 last month, but up 6.7 percent from 1,676 condominiums on the market in March.

“There’s been a modest uptick in listings over the past couple of months, but nothing like what we are accustomed to, and that’s been impeding sales activity,” noted Vieira Jr. “A common factor that’s holding back homeowners from listing is the fear they won’t be able to find another home to purchase when they sell. Now with mortgage costs climbing that is going to limit the amount of home one can afford and could suppress future sales and price growth,” he remarked.

Despite these challenges, the local housing market should remain busy. “With steady job growth, huge gains in home equity, and a large population of millennials now in their peak homebuying years, we expect demand to stay strong, but sales are likely to be down from historic highs while price appreciation should fall to more modest levels,” Vieira Jr. said.