

HOME AND CONDO SALES SLIDE, PRICES CLIMB IN FEBRUARY
AS LOW INVENTORY PLAGUES BOSTON AREA HOUSING MARKET

Boston, MA. -- Sales of single-family homes and condominiums declined from year ago levels for a third consecutive month in February as shrinking inventory levels and rising mortgage rates impeded the efforts of many buyers to get into a new home before the start of the busy spring market. Home buyers also encountered double-digit price appreciation in the single-family home market last month, while the median selling price for condominiums reached a new all-time high this February, according to data issued today by the Greater Boston Association of REALTORS® (GBAR).

In the single-family home market, sales fell 20 percent over the previous 12 months from 606 homes sold in February 2021 to 485 single-family homes sold last month. It's the lowest sales total for the month of February in four years and reflects a month-to-month decline of 35.3 percent from the 750 single-family homes sold in January. Similarly, condominium sales decreased on an annual basis by 14.9 percent, declining from a February record high of 643 units sold last year to a sixth best total for the month of 547 condos sold in February 2022. Condominiums also declined on a month-to-month basis by 24.6 percent from the 725 condominium units sold in January.

"Sales have been tough to come by lately and this was especially true in February," said GBAR President Melvin A. Vieira, Jr., an agent at RE/MAX Destiny. "It's not for lack of buyer demand, but rather the fact that listings have been few and far between early this year, and that's caused the market to stall out a bit as the pace of sales has slowed."

That will change however, as February historically has the lowest sale volume of any month given the fact it that largely reflects market activity over the holiday period from Thanksgiving to New Year's and has the least number of closing days.

"Sellers have been slow to list their properties this winter, but we expect inventory to improve as we enter the spring selling season which will provide more opportunities to buy. On top of that, there's a sense of urgency among buyers to find a home before mortgage rates and prices climb higher, and that will help drive sales at least in the short term," Vieira Jr. observed.

Indeed, while the sales pace has slowed, the rate of price appreciation for single-family homes and condos grew on annual basis in February at its largest percentage since last June, the GBAR report found.

Last month, the single-family home median selling price rose 16.7 percent, from a median price of \$646,800 in February 2021 to \$755,000 this February, while the median selling price for condominiums increased 9.2 percent over the past 12 months, from \$595,000 last February to a new record high for the month of \$650,000 in February 2022. On a month-to-month basis, median selling prices also improved, climbing 4.1 percent for single-family homes from a median price of \$725,000 in January and up 9.2 percent for condos, from January's median selling price of \$595,000.

“The spike in prices over the past year is a direct reflection of the severe imbalance in the market between supply and demand,” Vieira Jr. noted. “As inventory levels have diminished, buyers have had to compete more aggressively than ever when submitting offers, and that's driving prices up. Today it's quite common for homes that are well-maintained or in a desirable location to be sold at or above asking price, often for thousands more than the list price,” he said.

As of the end of February, the inventory of single-family homes and condominiums for sale is the lowest it has ever been with a total of just 1,925 homes and condos listed for sale. Prior to the pandemic, the previous low point was February 2017 when there were a collective 3,092 single-family homes and condos for sale. Within the single-family home market, active listings declined 32 percent from the prior year, from 967 homes for sale in February 2021 to 658 this February, while condo listings dropped 37.4 percent from 2,024 units for sale last February to 1,267 in February 2022.

“I've never seen listings more scarce entering the spring market,” remarked Vieira, Jr. “One of the biggest challenges facing homeowners right now is whether they'll be able to find another home to purchase if they sell. We're also seeing more hesitation on the part of prospective home sellers over economic concerns, including rising inflation, declines in the stock market and retirement accounts, and the costs of financing a larger home versus expanding or renovating,” he added.

That said, listings did improve on a month-to-month basis, climbing 8.6 percent from 606 single-family homes for sale in January, and 10.9 percent from 1,142 condos for sale one month prior. In addition, new listings increased from January to February by one-third or about 220 homes in the single-family market, and 28 percent or over 250 units in the condo market.

The trend has continued in March, with single-family home listings increasing 30 percent during the first two weeks of this month, and the number of condominiums on the market climbing 20 percent between March 1 and March 14.

“As the weather warms up, listings tend to pick up, and with many of the COVID restrictions now eased, buyers should find this spring's market a little bit easier to navigate than the last two years. They'll also likely find a less frenzied atmosphere as higher mortgage rates have reduced buying power and even priced some out the market,” Vieira Jr. stated.