

**GREATER BOSTON HOUSING MARKET FEELS EFFECTS OF LOW INVENTORY,**

**SALES SOFTEN AND PRICE APPRECIATION SLOWS IN JANUARY**

**Boston, MA.** -- Sales of single-family homes and condominiums declined from year ago levels for a second consecutive month in January as inventory levels waned and mortgage rates rose, which compounded seasonal softening in buyer activity. Median selling prices also rose more modestly over the past year as demand eased, with single-family home sales sliding for a fifth time in the past six months on an annual basis and condo sales down for three of the last four months, according to data issued today by the Greater Boston Association of REALTORS® (GBAR) shows.

In the single-family home market, sales fell 15.2 percent over the previous 12 months from last year's record high for the month of 883 homes sold in January 2021 to 749 single-family homes sold this January. Last month's sales total ranks as the tenth highest on record for the month of January in Greater Boston. Separately, condominium sales decreased on an annual basis by 7.4 percent, declining from a January record high of 769 units sold last January to a second best total of 712 in January 2022. On a month-to-month basis the declines were greater as single-family home sales decreased 42.6 percent from 1,305 homes sold in December, and condo sales dropped 35.8 percent from 1,109 units sold in December.

"We've got very little to sell. In some communities, you can count on one or two hands the number of properties available for sale over the past month," stated GBAR President Melvin A. Vieira, Jr., an agent at RE/MAX Destiny in Cambridge. "The appetite to buy is still quite strong, but the reality is it can be a lengthy process when there is little to choose from. The lack of listings remains the biggest drag on sales right now, but there is increasing anxiety over the rise in mortgage rates, and that's going to affect buying power and possibly the size of the buyer pool going forward," he noted.

For the time being, buyer demand continues to outpace the supply of homes for sale by a large margin. As a result, median selling prices for both single-family homes and condominiums rose to new record highs for the month in January.

In the single-family home market, the median sales price increased 7.4 percent over the past year, from \$674,900 in January 2021 to \$725,000 last month. Meanwhile, the median sale price for condominiums rose a modest 1 percent over the past 12 months, from \$589,000 last January to \$595,000 in January 2021.

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“Home values are still on the rise, but with fewer buyers in the market during the holidays and winter season, the level of competitive bidding has been less intense, so prices aren’t increasing quite as rapidly as they had been,” Vieira, Jr. observed.

In fact, on a month-to-month basis, median prices actually declined from December, with the single-family home median sales price off 3.3 percent from \$749,900 and the median selling price for condominiums down 4.4 percent from \$622,500. Furthermore, last month’s single-family home median sales price is 10.7 percent below the peak price of \$812,000 which occurred last June, and the median selling price for condos sold in January is 7 percent lower than the all-time high monthly median price of \$640,000, which was also reached in June 2021.

“It’s unclear if prices have reached their ceiling, but we’ve certainly seen more buyers pumping the brakes, rather than overextend themselves financially. A steady rise in interest rates this year could also stifle market activity and limit how much home one can buy. As a result, we expect a less frenzied sales pace, and any appreciation we see in prices this year should be more modest, especially if inventory levels improve as they typically do during the spring,” said Vieira, Jr.

For now, the number of properties for sale remains tight, having declined by more than one-third in January from the same month last year to less than a one month’s supply of for-sale listings in the single-family market and a one and one-half supply in the condominium market. Last month active listings of single-family homes declined on an annual basis by 35.3 percent, shrinking from 934 homes for sale in January 2021 to 604 this January. In addition, condominium listings dropped 44.2 percent, from 2,046 units for sale last January to 1,141 units on the market in January 2022.

However, on the bright side, active listings improved modestly on a month-to-month basis, with single-family home listings up 13.3 percent from 533 homes for sale in December while condo listings rose 5.8 percent from 1,078 units for sale the month prior. New listings also increased between December and January by 43.7 percent or about 200 homes in the single-family market, and 91.2 percent or more than 400 units in the condo market.

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

“Like so many other industries we’re also dealing with supply issues, and that tends to favor sellers,” Vieira Jr. remarked.

“Fortunately for us, listing inventory typically improves throughout the spring season as we’re starting to see now, and that means more opportunities to buy for those entering the market. If the past few weeks are any indication, we’re in for another active spring market as many buyers are eager to act quickly before mortgage rates move any higher,” he added.