

AS SALES SOFTEN, INVENTORY BEGINS TO BUILD ACROSS BOSTON AREA HOUSING MARKET

Boston, MA. – Sales of single-family homes and condominiums declined from year ago levels across Greater Boston this June as rising mortgage rates, higher costs from inflation, and steady annual home price increases led to softening demand this spring. With fewer buyers in the market, inventory levels have started to improve which should bring more balance and normalcy to the market, according to a new report from the Greater Boston Association of REALTORS® (GBAR).

In the single-family home market, sales decreased 9.1 percent over the previous 12 months from 1,862 homes sold in June 2021 to 1,692 single-family homes sold last month. Last month's sales volume is the tenth best on record for the month of June in Greater Boston, and the total reflects a healthy month-to-month increase of 39.8 percent from the 1,210 homes sold in May. Similarly, condominium sales fell 15.4 percent on a year-over-year basis from a June record high of 1,627 units sold last year to a sixth best total for the month of 1,377 condominiums sold in June 2022. Sales of condominiums also rose from the previous month, climbing 17.2 percent from one month earlier when 1,175 condos sold in May.

“We’ve seen the buyer pool shrink as purchasing power has declined this spring, and now with competition a little less fierce buyers are no longer having to act with the same urgency to make an offer. That’s led to the slower sales pace this June,” stated GBAR President Melvin A. Vieira, Jr. an agent at RE/MAX Destiny. “With inflation on the rise and mortgage rates up steadily since March, buyers at every level are having to dig deeper into their pockets to purchase a home which has forced some to the sidelines and others to extend their home search to lower price points and more distant suburbs. Simply put, buyers are being more cautious and cost-conscious, so homes just aren’t selling as quickly as before,” he explained.

While demand has eased, it remains healthy by historic standards, which has resulted in continued price appreciation over the past year. In fact, the median selling price for single family homes reached a new record high for a third consecutive month in June across the 64 community GBAR territory. The median selling price for homes sold last month climbed to \$900,000 for the first time, which reflects a year-over-year increase of 10.9 percent from the median price of \$811,500 in June 2021, and a 2.9 percent gain over the previous month's median selling price of \$875,000 in May. The single-family home median selling price has now risen on an annual basis for 32 consecutive months dating back to November 2019, with homes sold this June selling on average for 107.6 percent of the original list price.

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In the condominium market, the median selling price also rose on an annual basis last month though not as sharply, improving 9.4 percent from a median price of \$640,000 in June 2021 to \$700,000 this June. The typical condo sold for 103 percent of its original asking price in June. On a month-to-month basis however, the median price for condos was remained stable, up 0.1 percent from May when the median selling price was \$699,319. This reflects softening demand among first-time buyers who are unable to meet today's higher housing costs and many older, empty-nester households who would rather remain in their current home than take on a higher rate mortgage at this time.

“Even as demand has cooled, there are still more buyers than properties for sale and that is keeping upward pressure on prices,” observed Vieira Jr., noting that inventory levels remain tight at just a one-to-two month supply of homes and condos for sale entering July.

Nonetheless, with showings and open house foot traffic down appreciation rates have started to moderate, according to the GBAR president. “It’s a different market than it was just two to three months ago. We’re seeing fewer offers per property, while price adjustments have become more common, and homes are now sitting on the market for weeks instead of days. As a result, price appreciation has become more modest and that should continue as inventory levels climb,” said Vieira Jr.

Notably, last month, single-family home listings improved for a second consecutive month on a year-over-year basis for the first since February and March 2019 and increased at the largest percentage in more than four years. Specifically, the number of single-family homes for sale in June rose 19.5 percent, from 1,481 homes for sale in June 2021 to 1,770 this June. Listings were also up 32 percent on a month-to-month basis from 1,340 homes for sale in May and increased another 15 percent during the first two weeks of July. In the condominium market, listings slipped 7.8 percent from year ago levels, declining from 2,320 units for sale last June to 2,138 in June 2022, but did improve on a month-to-month basis, climbing 12.2 percent from 1,906 condos on the market in May and rose another 7 percent in the first 15 days of July from June 30.

“Seller’s still have the edge, but it’s clear the market balance has started to shift as the recent increase in listings is giving buyers more time and a greater selection of properties to choose from as they search for a new home,” Vieira Jr. remarked.

For this reason, he cautioned home sellers to adjust their expectations and be realistic in pricing property in line with current market conditions. “With supply up and demand down, most properties won’t be able to command the same price as they did at the start of the year. Properties that are overpriced are going to be harder to sell, as many buyers are already stretched thin and can’t afford to get caught up in a bidding war or otherwise overextend themselves financially,” Vieira Jr said.