

**DESPITE SIGNS OF SLOWING, BOSTON AREA HOUSING MARKET SEES STEADY PRICE GAINS,
HEALTHY SALES ACTIVITY IN MAY**

Boston, MA. — Despite rising mortgage rates and a shrinking pool of buyers, sales of single-family homes increased in May across the Greater Boston region from year ago levels and the median selling price reached a new all-time high, data issued today by the Greater Boston Association of REALTORS® (GBAR) shows. The rebound follows five consecutive months of year-over-year sales declines and reflects growing eagerness among buyers to act before facing even larger down payment and monthly mortgage expenses. The median selling price of condominiums also rose steadily, but sales fell year-over-year for a sixth straight month as entry-level buyers have been more severely impacted by today's higher housing costs.

In the single-family home market, sales rose 1.4 percent over the previous 12 months from 1,183 homes sold in May 2021 to 1,200 single-family homes sold last month. Sales also improved on a month-to-month basis by 33.8 percent from 897 homes sold in April. Last month's sales volume is the seventh highest on record for the month of May in Greater Boston. Condominium sales declined however, decreasing 16.9 percent on an annual basis from a May record high of 1,394 units sold last year to a sixth best total for the month of 1,158 condominiums sold in May 2022. Sales of condominiums did increase on a month-to-month basis though, climbing 12.5 percent from the prior month when 1,029 condos sold in April.

“We've seen an increased sense of urgency and a greater desire among many buyers to be more aggressive in making offers since mortgage rates started to rise above 3 ½ percent in January,” said GBAR President Melvin A. Vieira, Jr. an agent at RE/MAX Destiny. “That made for a busier than expected early spring market given the scarcity of listings at that time, as there were a lot of buyers who wanted to move quickly before rates and prices climbed higher. That intensity of early activity led to the flurry of closings we experienced in May, and has helped to boost home values further,” he explained.

In fact, last month the median selling price for single family homes reached a new record high for a second consecutive month across the 64 community GBAR territory. For homes sold this May, the median selling price stood at \$875,000, a year-over-year increase of 15.1 percent from the median price of \$759,900 in May 2021, and a 3.6 percent over the previous month's median selling price of \$845,000 in April. The single-family home median selling price has now risen on an annual basis for 31 consecutive months dating back to November 2019, with homes sold this May selling on average for 109 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 \$639,950 in May 2021 to \$700,000 this May. The typical condo sold for 103 percent of its original asking price in May. However, the median price for condos did decline 2.1 percent from one month earlier when the median selling price hit a record high of \$715,000, a reflection of softening demand among both first-time buyers who are unable to meet today's higher housing costs as well as older, empty-nester households who would rather stay put in their current home than take on a higher rate mortgage at this time.

“Inventory levels remain tight with just a one to two month supply, so there's been very little weakening in prices even though we're not seeing the same level of buyer frenzy as in years past,” stated Vieira Jr. “With interest rates rising some buyers have been priced out for now, especially at the entry-level, but others have adjusted their search to lower price points or more affordable distant suburbs and that's kept the competition heated and led to offers over asking price,” he observed.

The good news for home buyers is that the inventory of residential listings is on the rise. Last month, single-family home listings improved on an annual basis for the first since October 2019, increasing 6 percent in May from 1,261 homes for sale a year ago to 1,339 in May 2022. And while listings were flat from April, the number of single-family homes for sale rose 47 percent or by 450 homes between May 31 and June 10. Meanwhile, condominium listings were down 11 percent in May from year ago levels, from 2,153 units for sale in May 2021 to 1,914 last month, but increased on a month-to-month basis by 6.5 percent from 1,798 condos on the market in April and rose 21 percent in the first 10 days of June from May 31.

While it's still very much a seller's market, the recent uptick in listings and mortgage rates have had an impact on the pace at which sales are occurring as well as the buying power of today's home shoppers. “Not only has the pool of buyers become smaller over the past couple of months, but most can't afford to buy as much home as they could six months or a year ago, so we expect slower sales and more modest price growth in the months ahead,” Vieira, Jr. noted

Indeed, there has been a decline in the number of offers being made on properties this spring as well as an increase in price adjustments and the length of time homes are sitting on the market in recent months, according to GBAR's president.

“The market is changing. As inventory grows buyers are going to have more housing options to choose from, and with prices already at or near record highs it's quite possible prices are nearing their peak,” said Vieira Jr. “Sellers need to be careful not to get too aggressive when setting their price, as doing so could lead to price reductions or other concessions, and the home taking longer to sell than desired,” he cautioned.

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