

BOSTON AREA HOUSING MARKET FEELS EFFECTS OF INFLATION, HIGHER MORTGAGE RATES AS SALES OF HOMES, CONDOS FALL SHARPLY IN NOVEMBER

Boston, MA. — Sales of single-family homes and condominiums in Greater Boston both decreased on an annual and monthly basis in November as buyers continued to contend with higher mortgage rates, 40-year high inflation levels, and a limited supply of homes and condos for sale which has kept home prices near their peak. In fact, median selling prices for single-family homes and condominiums increased on a monthly basis for the first time since June last month and each reached a new record high for the month of November, data from the Greater Boston Association of REALTORS® (GBAR) shows. In the single-family home market sales fell for a sixth consecutive month on an annual basis, declining 29.6 percent from a November record high of 1,262 homes sold last year to 889 in November 2022. Last month's sales volume is the lowest sales total for the month in 11 years, dating back to November 2011 when 819 homes were sold. November's sales volume also was down 0.4 percent from the previous month when 893 homes sold in October.

Similarly, condominium sales fell 30.9 percent on an annual basis from a November record high of 1,014 units sold in November 2021 to 701 this November and decreased 6.9 percent on a month-to-month basis from 753 units sold in October. This marks the twelfth consecutive month condo sales have decreased on a year-over-year basis, and last month's sales total reflects the fewest condos sold in the month of November since 664 units were sold in November 2014.

“Our fall market has been hit by a double whammy of rising inflation and higher mortgage interest rates which has not only reduced buyer purchasing power, but diminished overall demand as some have stopped looking for a home altogether,” stated GBAR President Melvin A. Vieira, Jr. of RE/MAX Destiny. “As costs have risen across the economy, we’ve seen more and more buyers apply the brakes to their home search, while others are taking advantage of the decline in buyer competition to proceed more cautiously, and that’s resulted in a slower, more normal sales pace in recent months,” he added.

Along with softening demand, annual price appreciation rates have been moderating since summer as well, but median selling prices for homes and condominiums still reached new record highs in November as buyers still outnumber listings.

In the single-family home market, the median selling price climbed a modest 1.3 percent in the past year from \$750,000 in November 2021 to a new record high for the month of \$760,000 this November. The single-family median selling price also rose on a month-to-month basis by 1.5 percent from a median price of \$749,000 in October.

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Meanwhile, the median selling price for condominiums increased 4.1 percent from a median of \$626,000 last November to a new high for the month of \$651,500 in November 2022. Additionally, the median price for condos improved 6.4 percent from the prior month when the median selling price was \$612,500 in October.

“The days of double-digit, annual price growth that we saw as recently as this spring are over,” noted Vieira Jr. “We’re still seeing some appreciation, especially in the high-end and luxury home markets which have been less affected by the rise in mortgage rates, but for the most part home values have been flat or weakened in the past few months. With fewer buyers in the market, bidding wars increasingly rare, and inventory slowly improving, there’s little upward pressure on prices,” he said.

In fact, despite the modest price gains in November, the GBAR report found that median selling prices for both single-family homes and condos are down measurably from their peak reached earlier this spring. Specifically, the single-family median home selling price has declined 15.5 percent from June when it hit a monthly record high of \$899,950, while the median selling price for condominiums has fallen 8.8 percent from an all-time high of \$715,000 reached in April 2022.

Furthermore, most properties sold in November went for less than their asking price, with the typical single-family home selling for 98.9 percent of its original list price, and the typical condominium garnering 97.6 percent of its original list price.

“It’s quite likely we’ve hit the ceiling on prices, at least for now,” Vieira, Jr. remarked. “Buyers simply can’t afford as much home as they could just six months ago, and with listings starting to sit longer and become more plentiful sellers are having to lower their expectations on property value and even make price adjustments to attract offers,” he observed.

Although the inventory of homes and condos for sale remains tight, and often diminishes over the course of the holidays and winter season, the number of listings on the market is up as of the end of November from the same time one year ago. In fact, active listings for single-family homes rose on an annual basis for a seventh consecutive month in November, climbing nearly 40 percent from 982 homes for sale in November 2021 to 1,369 last month. In November, there was an even greater supply of condominiums for sale compared to single-family homes, but the number of listings improved only modestly from 12 months earlier, increasing 1.4 percent from 1,766 units for sale last November to 1,791 in November 2022.

“As the market has cooled, it’s become more friendly to buyers,” stated Vieira Jr. “While demand still exceeds supply, fewer and fewer properties are being sold before they are listed or shown. We’re also seeing home inspections become routine again, and multiple offers are now the exception rather than the rule, so properties are no longer being bid up thousands of dollars over asking price. The bottom-line is sellers no longer have the luxury to name their price and terms, and buyers have more time and a greater ability to negotiate than they’ve had in quite some time,” Vieira, Jr. commented.