

## **BOSTON AREA HOUSING MARKET SLOWS FURTHER IN OCTOBER ON WEAKENING BUYER DEMAND**

**Boston, MA.** – The Boston area housing market continued to cool last month as buyer demand eased and home values softened in response to higher mortgage financing costs, increased consumer anxiety over inflation and the possibility of a recession, and declines in savings and household wealth over the past year. Sales of single-family homes and condominiums both decreased on an annual and monthly basis in October, while median selling prices decreased for a fourth consecutive month, according to a new report from the Greater Boston Association of REALTORS® (GBAR).

In the single-family home market sales fell for a fifth consecutive month on an annual basis, declining 16.3 percent from 1,058 homes sold last October to 886 homes in October 2022. Last month's sales volume is the lowest sales total for the month in 11 years, dating back to October 2011 when 720 homes were sold. October's sales volume also was down 20.2 percent from the previous month when 1,110 homes sold in September. Condominium sales slowed even more sharply, dropping 22.9 percent on an annual basis from a near record high for the month of 963 condos sold in October 2021 to 742 this October, and slipped 0.4 percent on a month-to-month basis from 745 units sold in September. This marks the eleventh 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 October since 542 units were sold in October 2011.

“We're accustomed to a slower sales pace in the fall, but this year the combination of rising mortgage rates, uncertainty over the economy and mid-term elections, and a lack of new listings to choose from has exacerbated the seasonal slowdown,” said GBAR President Melvin A. Vieira, Jr. of RE/MAX Destiny. “Not only is the pool of buyers smaller, but purchasing power has declined as well, and that's taken a lot of steam out of the market in recent months,” he added.

Indeed, the less competitive environment has created a more level playing field between buyers and sellers. “The market has started to normalize. The days of waiving home inspections, multiple offers with intense bidding wars, and properties selling before they've been listed or shown are over. Buyers now have room for negotiation and are proceeding much more cautiously. As a result, we're seeing more price adjustments and longer listing times before a sale,” Vieira, Jr. observed.

Along with a more relaxed sales pace, annual price appreciation rates have been moderating since summer as well, but monthly median selling prices for both single-family homes and condominiums still reached new record highs for October.

In the single-family home market, the median selling price climbed 6.7 percent in the past year from \$700,000 in October 2021 to a new record high for the month of \$747,000 this October. Meanwhile, the condominium median price rose a more modest 0.8 percent from a median of \$609,900 last October to a new high for the month of \$615,000 in October 2022.

“The rapid, double-digit, annual price gains that were occurring as recently as this spring have come to an end,” noted Vieira Jr. “We’re still seeing some appreciation, especially for single-family homes in areas where inventory remains limited, but in much of the market home values have been flat or already peaked over the past few months. Today, with fewer buyers in the market, interest rates rising, and competing offers rare, there’s very little upward pressure on prices,” he stated.

In fact, the GBAR report found that median selling prices for both single-family homes and condos declined on a month-to-month basis for a fourth consecutive month in October. Among single-family homes, the median selling price decreased 1.8 percent from September when the monthly median price stood at \$761,000, and the condominium median selling price dropped 2.4 percent in October from a median of \$630,000 in September. Notably, the single-family median home selling price has declined 17 percent from June when it hit a monthly record high of \$899,950, while the median selling price for condominiums has fallen 14 percent from an all-time high of \$715,000 in April 2022.

In addition, most properties sold in October went for less than their asking price, with the typical single-family home selling for 99 percent of its original list price, and the typical condominium garnering 98 percent of its original list price.

“The market has shifted,” asserted Vieira, Jr. “Properties are no longer being bid up thousands of dollars over asking price, and sellers no longer have the luxury of dictating price and terms. Instead, homes must be well-maintained, fairly priced to the competition, and in a good location to command top dollar. Those that get too aggressive run the risk of price reductions and other concessions, as well as watching their home take longer to sell than desired,” he explained.

Indeed, while inventory remains tight, listing time typically increases during the holidays and winter season and could be extended further if the supply of properties for sale grows. That’s already occurring in the single-family home market, where active listings rose for a sixth consecutive month on an annual basis during October, climbing 18 percent from 1,481 homes for sale in October 2021 to 1,748 last month. Total listings also remained relatively stable from one month earlier, declining a modest 4.2 percent or 76 homes from 1,824 listings in September. In October, there was an even greater abundance of condominiums for sale compared to single-family homes, but the number of listings did shrink on both an annual and month-to-month basis last month, sliding 10.2 percent over the past year from 2,340 units for sale in October 2021 to 2,102 this October, and decreasing 3.4 percent or 75 units from 2,177 condos for sale in September.