

## **SALES, PRICES SOFTEN ACROSS GREATER BOSTON HOUSING MARKET IN SEPTEMBER**

**Boston, MA.** – The Boston area housing market experienced further softening in September as buyer demand cooled and home prices weakened in the wake of steadily rising mortgage rates, increased consumer anxiety over inflation and talk of a recession, and diminished household wealth caused by losses in the financial markets. Sales of single-family homes and condominiums both declined on an annual and monthly basis in September, while median selling prices decreased for a third 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 fourth consecutive month on an annual basis, declining 12.7 percent from 1,251 homes sold last September to 1,092 homes sold in September 2022. Last month's sales volume is the tenth best on record for the month of September in Greater Boston, but the lowest sales total for the month in three years. September's sales volume also was down 25.6 percent from the previous month when 1,467 homes sold in August. Condominium sales slowed even more significantly, dropping 39.6 percent on an annual basis from a record high for the month of 1,207 condos sold in September 2021 to 729 this September, and sliding 28.5 percent on a month-to-month basis from 1,019 units sold in August. This marks the tenth 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 September since 687 units were transacted in September 2011.

“It appears our years-long seller's market has come to an end,” said GBAR President Melvin A. Vieira, Jr. of RE/MAX Destiny. “Since the spring, we've seen a steady decline not just in the number of home buyers, but also their desire and ability to buy. No longer are bidding wars and the waiving of contingencies the norm. Instead, we're seeing more price adjustments and longer listing times before a sale, which is common in a more normal, balanced market,” he noted.

Notably, buyers have grown increasingly more cautious over the summer months, according to Vieira Jr. “There's a lot of uncertainty over the economy and what may happen to home values if there is a recession, and that's causing hesitation among buyers. As mortgage rates and home prices have risen, purchasing power has declined and that's prompted many first-time buyers to pull out of the market. We're also seeing homeowners opt to stay put rather than sell due to concerns over higher interest rates and their ability to find another property to buy. All of this is dragging down sales,” he observed.

As sales activity continues to slow, annual price appreciation rates have been on a steady decline as well, but median selling prices for both single-family and condominiums still reached new record highs for September last month.

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In the single-family home market, the median selling price rose a modest 1.7 percent over the past year from \$750,000 in September 2021 to a new record high for the month of \$763,000 this September. Similarly, the condominium median price increased 1.6 percent from a median of \$620,000 last September to a new high for the month of \$630,000 in September 2022.

“With fewer buyers in the market, the cost to finance a home up, and multiple offer situations increasingly rare, there’s very little upward pressure on prices. However, listing inventory remains tight, so it’s still a fairly competitive market and most sellers are getting close to their asking price if the home is in excellent condition and priced right,” stated Vieira, Jr.

Indeed, most properties sold in September were sold at or near their list price, with the typical single-family home selling for 100.4 percent of its original list price, while the typical condominium garnered 99.0 percent of its original list price.

However, the GBAR president cautioned sellers that the market is in transition and noted properties closed on last month were actually listed and went under agreement back in late spring or early summer. “This is a different market than it was three to four months ago. Inventory levels are increasing and mortgage rates have risen sharply, so buyers now have less buying power and more properties to choose from. That’s why we are seeing prices start to plateau in much of the market and even decline over the past few months in some areas where pricing has become unrealistic,” Vieira, Jr. remarked.

To that end, the GBAR report found that median selling prices for both single-family homes and condos declined on a month-to-month basis in September for a third consecutive month. Among single-family homes, last month the median selling price decreased 7.5 percent from August when the monthly median price stood at \$825,000, and the condominium median selling price declined 3.1 percent in September from a median of \$650,000 in August. In addition, the single-family median home selling price has dropped 15.2 percent from June when it hit a monthly record high of \$899,950, while the median selling price for condos is down 11.8 percent from an all-time high of \$715,000 in April 2022.

“Buyers can take comfort in the fact that prices have started to retreat from their peak, and will likely weaken further if economic fears linger and listings grow more plentiful, providing even more room for price negotiations,” said Vieira Jr.

Inventory levels did, in fact, improve last month due to an influx of listings that came onto the market around Labor Day. Active listings of single-family homes increased 25.5 percent from the prior month, from 1,456 homes for sale in August to 1,827 in September, and improved on an annual basis by 2.4 percent, from 1,785 homes for sale in September 2021. In addition, condo listings climbed 28.4 percent on a month-to-month basis from 1,693 units for sale in August to 2,173 in September, but remain 16.6 percent below one year ago when there were 2,604 condos listed for sale in September 2021.