

## **AS INVENTORY DWINDLES, HOME & CONDO SALES STALL ACROSS GREATER BOSTON IN AUGUST**

**Boston, MA.** — Home buying activity continued to slow across Greater Boston last month as a continued decline in listing inventory, along with higher mortgage rates and increased consumer anxiety about the economy and job market led to softening demand in the residential housing market. Median selling prices for single-family homes and condominiums remain strong however, rising 5-6 percent in August on an annual basis, though they have retreated from their peak level reached earlier this summer, according to data issued today by the Greater Boston Association of Realtors® (GBAR).

In the single-family home market, sales declined on a year-over-year basis by 25.9 percent from 1,471 sales last August to 1,090 in August 2023, while condominium sales slid 23.7 percent in the last 12 months from 1,031 condos sold in August 2022 to 787 this August. This August was the slowest for single-family home sales since August 2010 when 1,046 homes were sold and the weakest for condo sales since August 2000 when 721 units were sold. Last month also marks 15 straight months in which single-family home sales have declined on an annual basis and the 21<sup>st</sup> consecutive month condominium sales have decreased from the same month the prior year. On a month-to-month basis, single-family home sales rose modestly by 1.9 percent from 1,070 homes sold in July, but condo sales fell 15.9 percent from 936 units sold in July.

“The market is in a bit of a holding pattern right now,” said GBAR President Alison Socha, an agent with Leading Edge Real Estate in Melrose. “New listings have been slow to come online this summer and that’s caused inventory to become somewhat stale. Uncertainty about the economy is also creating some hesitancy among buyers. We are not only seeing fewer sales, but the number of offers is also down as many buyers play the waiting game. Some are holding out for more homes to be listed within their budget, while others are waiting for mortgage rates or prices to come down,” she observed

Even as sales soften, homes values have remained strong due to tight supply levels. In fact, median sales prices for single-family homes and condominiums each rose to new record highs for the month in August. The single-family home median selling price has improved 6.8 percent in the last year from a median of \$825,000 in August 2022 to \$881,000 this August, while the median selling price for condos rose 5.4 percent on an annual basis, increasing from \$650,000 last August to \$685,000 in August 2023. Prices did decline on a month-to-month basis however, slipping 2.3 percent in the single-family home market from an all-time monthly high of \$910,000 in July. In addition, the median sales price for condos fell 6.8 percent from \$735,000 in July and is off 8 percent from the all-time monthly high median of \$745,000 set in June 2023.

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“Despite rising mortgage rates and diminished purchasing power, we’ve seen steady price appreciation over the past year as many buyers have found themselves having to outbid one other for a shrinking number of properties for sale,” Socha stated. “Even though buyer demand is not as strong as it’s been in recent years, listings have become so scarce over the past couple of months there’s been more than enough competition to keep prices from dropping significantly,” she added.

In fact, after several months of prices softening late last year and the first few months of 2023, the GBAR report shows that the sold to list price ratio reached or exceeded 100 percent for a fifth consecutive month in August. Last month the typical single-family home sold for 102.5 percent of its initial asking price, while the typical condo sold for 100 percent of its original list price. Furthermore, the single-family median sales price is up a healthy 26 percent from February when it hit a low of \$699,500 after previously peaking last June, and the median sales price for condos stands 12 percent higher than its low of \$610,750 in December, which was the nadir following its prior record high in April 2022.

“With fewer homes on the market sellers are seizing the opportunity to ask for top dollar, and they’re frequently getting their price if the property is in excellent condition and a desirable location. For those looking to move up or trade down, the current period of low inventory and high prices is an opportunity to capitalize on the market’s strength,” Socha noted.

As of the end of August there was only a 1-2-month supply of properties for sale, which is well below the 5-6 months of inventory found in a normal, balanced market . On a year-over-year basis, active listings of single-family homes declined 24 percent from 1,445 homes for sale in August 2022 to 1,097 last month, while condominium listings decreased 11.5 percent over the same period, from 1,697 units for sale last August to 1,501 in August 2023. Meanwhile, new listings fell steadily from one month earlier, with the number of single-family homes listed for sale down 9 percent in August compared to July (862 vs. 947) and the number of condos put up for sale declining 15 percent in August from July (875 vs. 940).

“The lack of inventory along with today’s higher mortgage rates has not only handcuffed home buyers, its created indecision on the part of prospective sellers too. Many owners are opting to stay put rather than sell over concerns they’ll be unable to find a new place to live or have to pay a higher rate loan, and that’s keeping properties off the market,” Socha noted.

“The market may have cooled, but many sellers are getting their asking price and accepting an offer in just three week’s time,” said Socha, who noted that single-family homes were listed for sale for a median of 20 days in August compared to 34 days in December, while condos sat on the market for a median of 21 days last month vs. 41 days in December 2022.