

HOME SALES SLOW, PRICES RISE AS INVENTORY SHRINKS ACROSS BOSTON AREA IN DECEMBER

Boston, MA. — The down shift in the Boston area housing market continued last month as listings for homes and condos declined to a near two-year low, limiting opportunities for prospective buyers and pushing prices higher. Sales of single-family homes and condominiums each fell 20-25 percent in December from one year earlier, while median selling prices rose on an annual and month-to-month basis as mortgage rates held above 7 percent for most of the fall causing buyers and sellers to retreat from the market, a new report from the Greater Boston Association of REALTORS® (GBAR) shows.

In the single-family home market, sales fell 24.6 percent over the previous 12 months from 905 homes sold last December to 682 single-family homes sold in December 2023. Last month's sales total is the lowest for the month in over 25 years, dating back to December 1995 when 581 homes were sold. Sales also declined on a month-to-month basis by 14.3 percent from 796 homes sold in November. Similarly, condominium sales decreased on an annual basis by 19.5 percent from 723 units sold in December 2022 to 582 this past December. It marks the slowest December for condo sales since December 2008 when 524 units sold. On a month-to-month basis sales fell 10 percent from 647 units sold in November.

“The market lost a lot of its luster once mortgage rates topped 7 percent this summer, and that's led to a steady decline in sales and listings in recent months, which meant there was little to buy or sell in December,” said GBAR President Jared Wilk, a broker with Compass in Wellesley. “Many buyers were forced to sit on the sidelines this fall due to affordability issues. We've also seen plenty of owners opt against selling their homes in order to avoid taking on a higher interest rate loan, while others have let their listing expire until buyer demand improves. All of this has curbed activity,” he explained.

With the buyer pool shrinking and listing inventory at a premium this past year, single-family home sales declined on an annual basis for a second consecutive year in 2023. Sales decreased 22.4 percent on a year-over-year basis in Greater Boston from 12,498 homes sold in 2022 to 9,698 last year, the lowest annual sales total since 9,553 homes were sold in 1996. In the condominium market, sales fell for a second consecutive year and the sixth time in seven years, dropping 19.1 percent from 10,925 condos sold in 2022 to 8,835 this past year, the lowest total since 8,341 units sold in 2011.

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“The decline in sales reflects the loss of purchasing power buyers have experienced, and the urgent need we have for more housing in our region,” Wilk stated. “There’s still plenty of pent-up demand, but with listings extremely limited and buyers unable or unwilling to overextend themselves financially the market has been severely stymied in the past year,” he noted.

While sales activity has cooled, home prices have remained strong, and, in fact, set new record highs for the month in December. In the single-family home market, the median sales price rose 8.1 percent on an annual basis, from \$740,000 in December 2022 to \$800,000 last month, and gained 0.3 percent from one month earlier when the median price was \$797,250 in November. The condominium median selling price increased even more, climbing on an annual basis by 14 percent from a median sales price of \$611,500 last December to \$697,000 in December 2023, and improving on a month-to-month basis by 2.7 percent from November when the median selling price was \$679,000.

Additionally, for the full calendar year annual median selling prices for single-family homes and condos improved for a fourteenth consecutive year. Last year, the median selling price for single-family homes rose 5.6 percent, from \$800,500 in 2022 to \$845,000 in 2023, while the condominium median sales price increased 6.1 percent, from \$660,000 one year ago to \$700,000 in 2023. In each market the 2023 median sales price sets a new annual record high for Greater Boston.

“There might be fewer buyers in the market now than in recent years, but they still far outnumber the inventory of listings for sale, and this imbalance is allowing the price growth to continue to the benefit of home sellers,” Wilk observed.

As a result, during December as well as over this past calendar year many sellers have been able to get their desired price, with the average sold to list price ratio for single-family homes standing at 99.3 percent in December and 101.7 percent for 2023, while the typical condo sold for 97.9 percent of its original asking price in December and 99.8 percent in 2023.

Notably, residential listings declined steadily over the final four months of 2023, dropping to a two-year low in December. Last month, 724 single-family homes were listed for sale, an annual decrease of 14.5 percent from 847 homes for sale in December 2022, and a 38 percent drop from the prior month when 1,167 homes were for sale in November. Condo listings also slid 4.4 percent from 1,141 units for sale in December 2022 to 1,091 this past December and fell 32.3 percent from November when 1,611 units were listed. It’s the fewest listings since January 2022 when 1,748 properties were for sale.

“The lack of inventory remains our biggest issue,” said Wilk, noting buyers have started to return to the market as mortgage rates have begun to ease. “However, as rates drop, we’re hopeful that sellers who opted out of the market late last year will re-list, and along with the seasonal influx in listings we see as spring approaches will help to boost activity,” he added.