

DESPITE SLOWER SALES, BOSTON AREA HOUSING MARKET SEES STEADY PRICE GAINS IN JULY

Boston, MA. — Despite softening buyer demand from rising mortgage rates, a strong seller's market remains in place in Greater Boston, with the region's shrinking supply of homes and condos for sale creating increased competition in the local market that continues to fuel steady price gains. Last month, median selling prices for single-family homes and condominiums each rose about 8 percent on an annual basis, even as sales activity slowed in July to the lowest level for the month in at least a dozen years, 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 23.4 percent from 1,387 sales last July to 1,063 in July 2023, and slid 20.3 percent on a month-to-month basis from 1,333 homes sold in June. It was the slowest July for single-family home sales since July 2010 when 1,056 homes were sold. Last month was also the 14th consecutive month in which single-family home sales decreased on an annual basis. Similarly, condominium sales fell 16.7 percent over the past year, decreasing from 1,113 units sold in July 2022 to 927 this July, and declined 15.1 percent from the prior month when 1,092 condos were sold in June. It was the slowest July for condo sales since July 2011 when 884 units were sold, with last month marking 20 straight months in which condo sales have declined on an annual basis.

"We haven't experienced a buying season this sluggish, with sales so hard to come by, since we were emerging from the Great Recession," said GBAR President Alison Socha, an agent with Leading Edge Real Estate in Melrose. "This year has been especially frustrating for prospective buyers because inventory levels have been so limited. And to make matters worse, purchasing power has declined since the spring due to higher mortgage rates which has further reduced the opportunities to buy and diminished the overall buyer pool, creating weaker demand in recent months," Socha explained.

While sales have softened over the past year, homes values remain strong due to extremely tight supply levels. In fact, the median sales price for single-family homes rose to an all-time monthly high in July climbing 8.3 percent from \$840,000 in July 2022 to \$910,000 last month, which tops the previous record high price of \$900,000 set two months earlier in May 2023. On a month-to-month basis the median selling price also improved 2.2 percent from \$890,000 in June. Meanwhile, the condominium median selling price set a new record high for the month, increasing 7.8 percent over the past year, from \$682,000 last July to \$735,000 in July 2023. The median sales price for condos is down modestly from its record high however, having declined 1.3 percent from the all-time monthly high median price of \$745,000 set in June 2023.

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“Prices have held up quite well in the face of declining sales activity mostly due to the fact competition in the market has become more heated as the number of listings has shrunk,” Socha stated. “With fewer properties available for sale, sellers are taking advantage by commanding top dollar. We’re also seeing more multiple offer situations and sales over asking price which is putting additional upward pressure on prices,” she observed.

Following several months of price softening in the second half of last year and first few months of 2023, the GBAR report shows selling prices have recovered nicely of late with the single-family median sales price climbing 30 percent from February when it hit a low of \$699,500 after previously peaking last June, while the median sales price for condos is up 20 percent from a low of \$610,750 in December which was the nadir following its prior record high in April 2022.

“There’s been a steady rebound in selling prices this spring and summer, which has allowed most sellers to regain any equity they may have lost as the market cooled late last year,” Socha noted. “For those looking to move up or trade down, the current period of low inventory and high prices offers a real opportunity to capitalize on the market’s strength,” she added.

As of the end of July there was only a 1-2-month supply of properties for sale, which is slightly better than it was in June, but not nearly enough to meet current buyer demand. On a year-over-year basis, active listings of single-family homes declined 30 percent from 1,700 homes for sale in July 2022 to 1,193 last month, while condominium listings decreased 20 percent over the same period, from 2,065 units for sale last July to 1,652 in July 2023. Meanwhile, new listings new fell sharply from one month earlier, with the number of single-family homes put up for sale down 25 percent this July compared to June (950 vs. 1,267) and the number of condos listed for sale declining 18 percent in July from June (939 vs. 1,150).

“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 shortage of listings favors sellers, many of whom are seeing their homes sell above the list price. In fact, the sold to list price ratio reached or exceeded 100 percent for a fourth consecutive month in July. Last month the typical single-family home sold for 103.4 percent of its initial asking price, while the typical condo sold for 100.4 percent of its original list price.

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