

AS INVENTORY LAGS, COMPETITION HEATS UP IN BOSTON AREA HOUSING MARKET IN JUNE

Boston, MA. — Inventory issues continued to plague the Greater Boston housing market in June forcing buyers to face increased competition for a dwindling number of listings and record high selling prices for the limited supply of properties for sale. Last month, sales of single-family homes and condominiums declined to their lowest level for the month of June in three years, however sales rose steadily from May as mortgage rates dipped below 6 ½ percent for a two-month period this spring helping to boost buyer demand, data from the Greater Boston Association of REALTORS® (GBAR) show. In the single-family home market, sales declined on an annual basis by 23.4 percent from 1,711 sales last June to 1,310 in June 2023, but did increase a sharp 41.5 percent on a month-to-month basis from 926 homes sold in May. Last month was the busiest month for single-family home sales since last September when 1,110 homes were sold, but it was the slowest June for home sales since June 2020 when 1,161 homes sold. Similarly, condominium sales slid 24.6 percent over the past year, decreasing from 1,419 units sold in June 2022 to 1,070 this June, but sales rose 16.1 percent from the prior month when 922 condos were sold in May. It was the slowest June for condo sales since June 2020 when 781 units were sold, while last month saw the most condominium sales in 10 months dating back to August 2022 when 1,019 condos sold.

“Demand has improved slowly, but steadily this spring, however sales activity remains suppressed by the fact that there are so few listings on the market,” said GBAR President Alison Socha, an agent with Leading Edge Real Estate in Melrose. “Buyers have increasingly come to accept the reality of higher mortgage rates, but the reduced purchasing power they’re experiencing as a result of today’s elevated selling prices and financing costs, along with the small number of properties available to buy, has slowed the home search process, and dissuaded some from entering the market altogether,” she added.

While sales have softened over the past year, homes values have strengthened due to the extremely tight supply level. In fact, the median selling price for both single-family homes and condominiums hit all-time monthly highs in June. In the single-family home market, the median selling price inched up from \$899,900 in June 2022 to \$900,000 last month, and remained unchanged on a month-to-month basis to equal the record high price first reached in May 2023. Meanwhile, the condominium median selling price set a new monthly record high for a second consecutive month reaching an all-time high of \$745,000 this June. This reflects an annual increase of 6.4 percent over the median price of \$700,000 in June 2022, and a monthly gain of 2.8 percent from the previous record high median of \$725,002 set one month earlier in May 2023.

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“Even though the buyer pool is not nearly as large this year as the previous two springs, sellers are continuing to reap the benefits of today’s limited inventory environment,” stated Socha. “With fewer options for buyers to choose from, we’re again seeing multiple offers, the waiving of contingencies, and sales above asking price occurring with increased regularity, and that’s making the market more competitive and putting additional upward pressure on prices,” she observed.

Following several months of price softening over the second half of last year and first few months of 2023, the GBAR report shows median selling prices have recovered nicely this spring with the single-family median sales price up 28.6 percent from February when it hit a low of \$699,500 after peaking last June, and the median sales price for condominiums climbing 22 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 healthy rebound in selling prices over the past six months, which has allowed most sellers to regain any equity they may have lost as the market cooled last fall and winter,” Socha noted. “For those in the position to move up or trade down, the current period of low inventory and high prices may provide an ideal opportunity to do so,” she added.

Notably, as of the end of June, the residential market in Greater Boston had less than a 2-month supply of properties for sale, which is less than in May and not nearly enough to meet current buyer demand. On a year-over-year basis, active listings of single-family homes declined 28 percent from 1,756 homes for sale in June 2022 to 1,266 last month, while condominium listings decreased 16 percent over the same period, from 2,132 units for sale last June to 1,775 in June 2023. Meanwhile, the number of listings new to the market in June fell even more sharply over the past year, with the number of single-family homes put up for sale dropping 39 percent this June compared to June 2022 (1,267 vs. 2,075) and the number of condominiums listed for sale down 31 percent in June 2023 compared to last June (1,148 vs. 1,667).

“Today’s higher interest rates are not only affecting home buyers, but prospective sellers too, as many have opted to stay in their current home rather than sell and take on a new higher rate loan, and that’s further fueling price gains,” Socha said.

Indeed, after sliding for much of the fall and winter, the GBAR report found the percentage of sold to list price ratio rose or held steady for a fourth consecutive month in June, with the typical single-family home selling for 104.5 percent of its original asking price last month, and the typical condo sales price holding firm at 101 percent of its original list price in June.

A final bit of good news for sellers is the amount of time on the market before an offer is accepted is now half of what it was at the end of last year, with single-family homes listed for sale for a median of 16 days in June, compared to 34 days in December, and condos available on the market for a median of 20 days last month vs. 41 days during December 2022.