

GREATER BOSTON HOUSING MARKET SHOWS SIGNS OF IMPROVEMENT IN MARCH

Boston, MA. — Modest gains in listing inventory over the past month along with a continued downward trend in mortgage rates from their peak last fall has helped to spur steady growth in home buyer demand in metropolitan Boston, just as the spring market is shifting into high gear. The increased buyer activity in March not only lifted sales of single-family homes and condominiums to their highest level in three months, but also reversed a three-month slide in the single-family home median selling price, according to a report issued today by the Greater Boston Association of REALTORS® (GBAR).

In the single-family home market, sales rose 48.6 percent on a month-to-month basis, climbing from 418 sales in February to 621 in March, while condominium sales increased 56.3 percent over the prior month, from 444 in February to 694 in March. However, on an annual basis sales remain down from one year ago when mortgage rates were about three percent lower than they are today. In March, single-family home sales declined for a tenth consecutive month on an annual basis, sliding 17.7 percent from 755 homes sold in March 2022. It was the slowest March for single-family home sales since March 2009 when 499 homes were sold. Similarly, condominium sales fell for a sixteenth straight month on an annual basis dating back to December 2021, with transaction volume dropping 21.8 percent from 888 units closed last March. That makes last month's sales total the lowest for the period since March 2015 when 578 condos were sold.

"It's been a slower start to the spring homebuying season than we're accustomed to, but buyer traffic and overall market activity have improved steadily since January," stated GBAR President Alison Socha, an agent with Leading Edge Real Estate in Melrose. "Increasingly buyers are coming to terms with the fact that the current interest rate environment is here to stay, and this reality along with a general easing of mortgage rates from their fall peak has helped to kick start the market. Unfortunately, housing supply still lags behind demand and that more than anything is hindering sales," she noted.

With inventory tight and more buyers entering the market each month since the start of the year, selling prices rose on both an annual and monthly basis in March. The median selling price for single-family homes increased 5.3 percent from one year ago, climbing from \$788,000 last March to \$830,000 in March 2023, and rose 18.7 percent on a month-to-month basis from a median price of \$699,500 in February, but it's still down 7.7 percent from its peak of \$899,950 in June 2022. This is the first time the single-family home median sales price has risen on a year-over-year or monthly basis since November.

In the condominium market, the median selling price improved a modest 1.9 percent on an annual basis, from \$675,000 in March 2022 to \$687,500 this March, and rose 7.4 percent on a month-to-month basis from a median price of \$639,900 in February. However, the March median sales price remains 3.8 percent below the record high monthly median of \$717,000 set in April 2002. This marks the third time in the past five months the median sales price for condos has appreciated on a yearly and monthly basis, which reflects the fact that the more moderately priced condominium market has consistently seen higher demand ever since mortgage rates topped 6 percent last September.

“Even though we’re not experiencing anywhere near the level of buying frenzy we saw over the past couple of springs, it’s still a highly competitive market,” Socha observed. “With listings at a premium in many communities, we’re seeing large numbers of buyers at open houses, a return to multiple offer situations on many properties, and homes that are priced right are once again selling quickly, in days rather than weeks,” she added.

Indeed, time on the market before an offer is accepted has decreased steadily since the end of last year, with single-family homes listed for sale for a median of 15 days in March, compared to 34 days in December, and condos on the market for a median of 19 days last month versus 41 days during December 2022. In addition, after declining for much of the fall and winter, the percentage of sold to list price ratio improved in March, with the typical single-family home selling for 100.3 percent of its original asking price last month, which is up from 96.8 percent for homes sold in February, and the typical condominium selling for 98.9 percent of its original asking price in March vs. 97.7 percent for condos sold in February.

“For those in a position to sell, market conditions are favorable for doing so this spring,” Socha said. “Many buyers are anxious to take advantage of the recent drop in mortgage rates, and with listings lighter than a typical spring and equity values still not far from their record level of last spring, it’s an opportune time to be listing a home for sale,” she said.

As of the end of March, the residential market featured a 2-3 month supply of properties for sale, which is in line with year ago levels, but not nearly enough to meet current buyer demand, the GBAR data shows. However, listings have risen over the past month and should improve even further over the remainder of the spring. In the single-family home market, active listings increased 42.9 percent from 844 homes for sale in February to 1,206 last month, and are also up 17.8 percent from 1,024 homes for sale last March. Meanwhile, condo listings grew by 23.9 percent over the month prior, climbing from 1,349 units on the market in February to 1,763 in March, but were flat on an annual basis from March 2022.

“Buyers can expect even more housing choices the further we get into the spring, but any inventory gains are likely to be modest. That should enable home values to remain firm and ensure that any future price changes are minimal,” Socha said.