

GREATER BOSTON HOUSING MARKET STAYS COMPETITIVE DESPITE SLOWER SALES IN MAY

Boston, MA. — Sales of single-family homes and condominiums in Greater Boston fell to a three year low for the month of May last month as the housing market continues to wrestle with an insufficient supply of listings, even with today's more modest buyer demand. Sales did rise sharply from April however, as an influx of new inventory and a steady drop in mortgage rates for five weeks early this spring drew buyers back into the market, which helped boost median selling prices by 3 percent to new record highs, data from the Greater Boston Association of REALTORS® (GBAR) show.

In the single-family home market, sales declined on an annual basis by 24.4 percent from 1,215 sales last May to 919 in May 2023, but did increase a healthy 35.5 percent on a month-to-month basis from 678 homes sold in April. Last month was the most active for single-family home sales since last September when 1,110 homes were sold, but it was the slowest May for home sales since May 2020 when 894 homes sold. Similarly, condominium sales slid 23.6 percent over the past year, decreasing from 1,188 units sold in May 2022 to 908 this May, but sales rose 28.4 percent from the previous month when 707 condos were sold in April. This was the slowest May for condo sales since May 2020 when 615 units were sold, while last month saw the most condominium sales in nine months dating back to August 2022 when 1,019 condos sold.

“Although sales volume remains light by historic standards, we’ve seen a steady increase in buyer interest and urgency as the spring has gone on,” said GBAR President Alison Socha, an agent with Leading Edge Real Estate in Melrose. “In March we saw the first substantial influx of new inventory since last fall, and that fact along with slightly more favorable mortgage rates attracted many buyers back into the market. Unfortunately, we haven’t had nearly enough listings to meet the increased demand, so the market has been unable to keep pace with the sales activity of recent years,” she explained.

Homes values were a different story however, as selling prices increased on both an annual and monthly basis in May. In fact, the median selling price for single-family homes hit a new all-time monthly high last month, increasing 2.9 percent from \$875,000 in May 2022 to \$900,000 this May to top the previous record high of \$899,950 set in June 2022. The condominium median selling price also set a new monthly record high last month, climbing 3.7 percent over the past year from \$700,000 last May to \$726,002 in May 2023. This eclipses the previous record high median price of \$717,000 set in April 2022. On a month-to-month basis, the single-family median sales price improved 9.8 percent from a median of \$819,500 in April, while the median sales price for condos rose 2.3 percent from a median price of \$710,000 in April.

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“The small amount of price softening that occurred over the previous three quarters has dissipated now that this year’s spring market has heated up,” Socha stated. “Buyers have had more than half a year to adjust to 6 percent mortgage rates, and though some have had to delay or postpone their home search many others are moving forward even as prices have reached new peaks, which illustrates the strength of the local housing market and favorable buyer demographics,” she noted.

Of little surprise, the primary factor helping to keep home prices high this spring is a lack of available listings to meet existing buyer demand. As of the end of May, the residential market in metro Boston had just a 1 ½ - 2 month supply of properties for sale, which mirrors year ago levels, but not nearly enough to satisfy current buyer demand. On a year-over-year basis, active listings of single-family homes did improve 4.6 percent from 1,335 homes for sale in May 2022 to 1,397 last month, while condominium listings declined about 1 percent over the same period, from 1,899 units for sale last May to 1,881 in May 2023. Meanwhile, the number of listings new to the market in May slowed modestly over the past year, with the number of single-family homes put up for sale off 13 percent this May compared to May 2022 (1,603 vs. 1,842) and the number of condominiums listed for sale down 12.3 percent in May 2023 compared to last May (1,678 vs. 1,472).

“Sellers continue to benefit from today’s limited inventory environment,” Socha observed. “With listings at a premium, we’re 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 placing additional upward pressure on prices. Additionally, with many homeowners unwilling to sell and take on a higher interest mortgage it has exacerbated our already tight housing supply, allowing those who do list their home for sale the opportunity to command top dollar,” she explained.

Indeed, after declining for much of the fall and winter, the GBAR report found that the percentage of sold to list price ratio improved for a third consecutive month in May, with the typical single-family home selling for 103.6 percent of its original asking price last month, and the typical condominium selling for 100.9 percent of its original list price in April.

Furthermore, the amount of 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 14 days in May, compared to 34 days in December, and condos available on the market for a median of 19 days last month versus 41 days during December 2022.

“For those thinking of selling, market conditions should remain favorable for doing so this summer. We continue to see strong pent-up demand, especially among millennials who are eager to start building equity and young families seeking a larger home and outdoor living space, which should keep buyer traffic steady for many months to come,” Socha asserted.