

SALES OF HOMES & CONDOS SLIDE, PRICES CLIMB AS LACK OF LISTINGS PERSISTS

ACROSS GREATER BOSTON HOUSING MARKET IN OCTOBER

Boston, MA. — Sales of single-family homes and condominiums declined across Greater Boston in October to their lowest level for the month in a dozen years, while median selling prices rose steadily on a year-over-year basis as buyers continued to grapple with the region's limited inventory of properties for sale. With the Fed having pushed mortgage rates higher this summer, and consumer confidence down for the past three months due to growing concerns over a possible recession and other world events, both buyers and sellers have been reluctant to enter the housing market in recent months leading to reduced market activity, according to a report issued today by the Greater Boston Association of Realtors® (GBAR).

Among single-family homes, sales fell 12.6 percent from one year ago, decreasing from 895 homes sold in October 2022 to 782 last month, and condominium sales declined 10.8 percent in the last 12 months from 762 condos sold last October to 680 in October 2023. This was the slowest October for single-family home and condo sales since October 2011 when 720 homes were sold and just 542 condo units sold. Last month also marks 17 straight months in which single-family home sales have declined on an annual basis and the 23rd consecutive month condominium sales have decreased from the same month the prior year. On a month-to-month basis, home sales increased modestly by 3.7 percent, from 754 homes sold in September, while condo sales slid 2.9 percent from the month prior when 700 units sold in September.

“The prospect of facing higher mortgage rates, appreciating home prices, and more intense competition in this tight inventory market has not only diminished purchasing power, but overall housing demand, and the rainy weather this summer did little to help entice buyers into the market,” said GBAR President Alison Socha, an agent with Leading Edge Real Estate in Melrose. “We’ve seen renewed interest this fall however, after the market absorbed an influx of new listings following the Labor Day holiday. That’s led to a modest pick-up in activity over the past month, especially at the middle and upper ends of the market where interest rates tend to be less of a factor in buying decisions,” Socha observed. Even as economic forces weigh on the market, buyer demand continues to outpace supply and that’s allowed home values to remain strong, data in the GBAR report shows. In fact, the median selling prices for both single-family homes and condominiums rose to new record highs for the month of October.

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In the single-family home market, the median sales price increased 10.8 percent over the past 12 months from \$749,000 in October 2022 to \$829,950 last month, while the median sales price for condominiums improved 13.7 percent from the from the same month one year ago, climbing from \$611,250 last October to \$694,812 in October 2023.

“The steady price gains that have occurred over the past year are largely a function of today’s low inventory market.

While there are fewer buyers in the market today than two years ago, or even this past spring, we don’t have nearly enough listings to meet the demand, and that imbalance continues to put upward pressure on home prices,” Socha stated.

With listings limited, sellers continue to hold the upper hand, with many able to sell at their asking price or above. In October, the typical single-family home sold for 101 percent of its original asking price while condos sold for 100.4 percent of their list price. Notably, the sold to list price ratio has now reached or exceeded 100 percent for seven months in a row.

For those looking to sell in the coming months, it might be a different experience however. “There’s been an increase in price adjustments over the past few months, and that’s mostly due to homeowners becoming too aggressive on their pricing,” cautioned Socha. “Especially in today’s high interest rate environment, we find that sellers who overprice their property run the risk of making it harder to sell by reducing the pool of available buyers for their home,” she explained.

Indeed, data in the GBAR report provides evidence of near-term price softening with median prices down modestly from their peak of this past summer. Specifically, on a month-to-month basis, the single-family home median selling price has declined for three consecutive months, most recently decreasing 2.4 percent in October from a median of \$849,950 in September. Furthermore, the single-family median sales price is down 8.8 percent from its record high median price of \$910,000 set this past July. Meanwhile, in the condo market the median sales price remained mostly flat, increasing 0.8 percent from a median of \$689,000 in September, but is off 6.7 percent from its peak of \$745,000 observed in June 2023.

Last month, the inventory of homes and condos for sale held steady at a 2-3 month supply of listings, but that’s less than ideal. Active listings of single-family homes declined nearly 20 percent over the past year, from 1,733 homes for sale in October 2022 to 1,395 last October, and new listings to market fell 11 percent over the same time from 1,130 last October to 998 in October 2023. In the condo market, active listings are down 10 percent, from 2,091 units for sale last October to 1,871 in October 2023 and new listings were mostly stable up 0.9 percent from 1,014 in October 2022 to 1,023 this October.

“As we approach the holiday season we expect sales to naturally slow, and that will allow buyers a little more opportunity to negotiate, but with listings at a premium it will still feel quite competitive to those in the market,” Socha said.