

AS SALES PACE SLOWS, SELLING PRICES MODERATE ACROSS GREATER BOSTON IN AUGUST

Boston, MA. — Despite declining mortgage rates and improving inventory levels this summer, home buying activity has slowed across the Greater Boston housing market since late spring, resulting in fewer home sales and softening prices this August, according to the latest monthly housing report issued by the Greater Boston Association of Realtors® (GBAR). Sales in the more affordably priced condo market did climb modestly last month from one year ago however, while median selling prices for single-family homes and condominiums each fell for a second consecutive month from their record highs reached in June, an indication that affordability issues remain a concern, especially for first-time and entry-level buyers.

In the single-family home market, sales declined on an annual basis by 4 percent in August, easing from 1,099 homes sold in August 2023 to 1,055 homes sold last month. It's the lowest single-family homes sales volume for the month since August 2010 when 1,046 homes sold. On a month-to-month basis the sales decline was even more pronounced with sales down 14.6 percent from 1,236 homes sold in July. Meanwhile, condominium sales rose 2 percent on a year-over-year basis, increasing from 804 units sold last August to 820 in August 2024. Condo sales activity did cool off on a month-to-month basis however, dropping 13.4 percent from 947 units sold during July 2024.

“We saw quite a few buyers opt to take a break from the market near the end of the school year as mortgage rates topped 7 percent and selling prices reached record highs in June, and that's caused the market to lose some of its momentum,” said GBAR President Jared Wilk, a broker with Compass in Wellesley. “Buyers are showing a little less sense of urgency and are being more selective in their home search of late, with many taking a wait-and-see attitude in the hopes the Fed lowers interest rates or prices decline due to a weakening economy. That's resulted in softening demand this summer,” he added.

Last month, median selling prices continued to rise on an annual basis though, climbing to new record highs for the month of August in both the single-family home and condominium markets, but have moderated since the spring and are now at their lowest levels since March and April respectively. In the single-family home market, the median selling price rose 4.3 percent over the past 12 months from a median of \$877,000 last August to \$915,000 in August 2024, while the median selling price for condos increased 2.7 percent during the same period, from \$683,750 in August 2023 to \$702,000 this August. It's the fourteenth consecutive month the single-family home median sales price has increased on a year-over year basis, and the third consecutive month the condo median sale prices has appreciated from the same month one year earlier.

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“Even though demand has cooled in the last few months, buyers still outnumber property listings in many communities and that imbalance continues to keep upward pressure on prices,” Wilk stated. “The lack of inventory is most pronounced in the single-family home market where listings remain at less than a two-month supply, which is why properties that are well-maintained and in a desirable location have been able to retain their value and even command close to top dollar,” he noted.

Indeed, the majority of properties sold in August went at or above full asking price, with the typical single-family home selling for 101 percent of its original list price, and the typical condo receiving 99.4 percent of its initial sales price.

On a month-to-month basis, however, median selling prices did decline in both markets for a second consecutive month in August, with the median selling price for single-family homes slipping 0.5 percent from a median of \$920,000 in July and the condominium median selling price dropping 5.1 percent from one month earlier when the median in July was \$740,000. The monthly median selling price for single-family homes hasn’t been this low since March when the median was \$900,500, while the last time the condominium median selling price was lower was this past April when the median was \$700,500.

“With buyers now fewer and farther between than what we saw this spring, it’s a less competitive market and that’s resulted in some softening in prices,” Wilk said. “In today’s market, we’re seeing fewer multiple offer situations, more bids under asking price, and homes taking longer to sell. That’s giving buyers more of an opportunity to negotiate, and sellers have had to become more flexible, with an increasing number having to make price adjustments in order to sell,” he observed.

These conditions could very well continue into the fall as inventory levels have become more plentiful, providing buyers a larger selection of properties from which to choose. Last month, single-family home listings increased nearly 15 percent, from 1,089 homes for sale in August 2023 to 1,251 this August, while the number of condominiums up for sale rose 11.3 percent from 1,493 units on the market last August to 1,661 for sale in August 2024. In addition, since Labor Day Weekend, listings for single-family homes have risen 44 percent, from 1,015 homes for sale on September 1 to 1,462 on September 16, and condo listings have improved 34 percent from 1,425 units for sale on September 1 to 1,909 on September 16.

Accordingly, the GBAR president cautioned homeowners not to be too aggressive on pricing as it could limit buyer interest.

“Many of today’s buyers have been in the market for months, if not years, so they know a property that’s overpriced when they see it. On top of that, with purchasing power more limited, few are willing to overextend themselves financially. As a result, we’re finding that properties that get priced too aggressively often draw fewer offers, including less attractive ones, and many don’t sell until a price reduction or seller concession is made. Those who are able to adjust their expectations and price their property in line with others currently listed for sale will have the most success in this market,” he concluded.