

BOSTON AREA HOME SALES CLIMB AS MORTGAGE RATES EASE, PRICE GROWTH SLOWS IN JULY

Boston, MA. — Single-family home sales rebounded sharply on an annual basis across Greater Boston in July, as falling mortgage rates, an increase in listing inventory, and a decline in home prices from the record highs reached in June helped lure home buyers back into the market. Activity was more tempered in the condominium market however, as sales remained relatively flat from one year ago. Nonetheless, with buyers enjoying greater purchasing power, median selling prices did rise modestly on a year-over-year basis in both the single-family home and condominium markets last month, according to new data from the latest monthly housing report issued today by the Greater Boston Association of Realtors® (GBAR).

In the single-family home market, sales increased on an annual basis by 14.7 percent in July, climbing from 1,069 homes sold in July 2023 to 1,226 homes sold last month. This reflects the largest percentage gain in single-family home sales on a year-over-year basis since June 2021 when sales rose 59.2 percent from the same month one year earlier. Sales also advanced 0.3 percent on a month-to-month basis from 1,222 homes sold in June. Meanwhile, condominium sales slipped 1.2 percent on a year-over-year basis, declining from 945 units sold last July to 934 in July 2024. Last month's sales total reflects the fewest condo units sold in the month of July since July 2011 when 884 units sold. Sales activity also slowed on a month-to-month basis, decreasing 2.8 percent from 961 units sold during June 2024.

“There's no denying the fact that sales activity continues to lag behind historic norms, but it's also worth noting that last month was the busiest one we've had for home and condo closings in more than a year. Buyers have a larger selection of homes to choose from than they did last summer, and with mortgage rates lower than they were this spring, the market has become increasingly more inviting to those looking to buy,” stated GBAR President Jared Wilk, a broker with Compass in Wellesley. “Prices also have eased a bit from their peak over the past month, which suggests buyers are finding more room for negotiation, and that's giving many a renewed sense of optimism as we approach the fall market,” he added

Notably, in both the single-family home and condominium markets median selling prices rose modestly on an annual basis in July, but selling prices did retreat from their all-time highs reached one month earlier in June. In the single-family home market, the median sales price rose 1.6 percent on a year-over-year basis, climbing from a median price of \$910,000 in July 2023 to a new record high for July of \$925,000 last month. Meanwhile, the median selling price for condos was nearly flat, up just 0.3 percent in the past year, from \$738,000 last July to a new high for the month of \$740,000 this July.

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While this marks the thirteenth consecutive month in which the median single-family home price has appreciated on a year-over-year basis, last month's gain represents the smallest percentage annual increase over that period. As for the median selling price of condominiums, July was only the fourth month this year in which the price has risen on an annual basis.

"Although buyer demand has been slowed by higher interest rates, it continues to outpace the supply of homes for sale, and that imbalance has kept upward pressure on selling prices and allowed for continued price appreciation," Wilk noted.

There is some evidence that prices may have reached their ceiling however, at least in the near term, as median selling prices declined on a month-to-month basis in July, after reaching record monthly highs this June. Last month, the median sales price for single-family homes slid 3.6 percent, from its peak monthly high of \$960,000 in June, and the median sales price for condominiums dropped 1.3 percent, from its own peak monthly high of \$750,000 also recorded in June 2024.

"What we are experiencing at the moment is not a price correction, but rather a softening in prices," Wilk asserted. "With the prime selling season behind us, we're seeing fewer bidding wars, more offers under asking price, and homes that are taking longer to sell. As a result, sellers have become more flexible, with some agreeing to price reductions in order to sell."

Indeed, the majority of properties sold in July went at or above full asking price, with the typical single-family home selling for 103.1 percent of its original list price, and the typical condo receiving 100.1 percent of its initial sales price.

Although sellers continue to hold the upper hand, the GBAR president cautioned homeowners not to get too aggressive on pricing, as it could reduce the pool of buyers for their property. "In today's higher interest rate environment, many buyers are either unable or unwilling to overextend themselves financially. They're choosing to be more cautious and act with less urgency, so sellers who overprice their property run the risk of making price adjustments and other concessions, as well as watching their home take longer to sell than desired," Wilk said. "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.

While inventory levels remain limited when viewed on a historical basis, the GBAR report found the number of homes and condominiums listed for sale rose steadily in July from the same time last year, providing even more reason for sellers not to get too overzealous on pricing. At the end of last month, active listings for single-family homes were up nearly 30 percent on an annual basis, from 1,178 homes for sale in July 2023 to 1,528 this July, while in the condo market 1,951 units were listed for sale this July, an increase of 19 percent from last year when 1,640 units were up for sale in July 2023.

"If we get the normal annual influx of new listings that occurs around Labor Day and the Fed keeps its promise to lower interest rates, it's almost certain more buyers will be back in the market soon giving us an active fall season," Wilk said.