

GR. BOSTON HOUSING MARKET SEES SOFTENING IN SALES, BUT PRICES STILL CLIMB IN AUGUST

Boston, MA, -- The sizzling hot housing market in Greater Boston showed signs of cooling last month, according to data from the Greater Boston Association of REALTORS® (GBAR), as home sales slipped for the first time in 12 months on a year-over-year basis in August, and median selling prices for single-family homes and condominiums declined or remained flat for a second consecutive month. A slower sales pace is not uncommon at the height of summer however, and property values still rose a healthy 8 percent on an annual basis last month as inventory remains tight in comparison to buyer demand.

Sales of single-family homes decreased on an annual basis by 2.4 percent in August, sliding from 1,590 homes sold in August 2020 to 1,552 homes sold last month. The volume of home sales also slowed on a month-to-month basis, declining 8.4 percent from 1,695 homes sold in July. It was the tenth most active August on record for home sales in Greater Boston. Meanwhile, in the more affordable condo market sales remained on an upswing, increasing on an annual basis by 13.4 percent from 1,146 condominiums sold last August to 1,299 in August 2021. However, on a month-to-month basis sales activity slowed, dropping 10.2 percent from one month earlier when 1,446 condos closed in July. Still, last month's sales total was the fifth highest on record for condo sales in Greater Boston during the month of August.

“It feels like we’ve been in a non-stop sprint for much of the past year, but the market is now getting a chance to catch its breath,” said GBAR President Dino Confalone, an agent at Gibson Sotheby’s International Realty in Cambridge. “There’s been a bit of softening in demand over the past 8-10 weeks as some buyers have opted to take a break from the market due to affordability issues or to pursue summertime activities. Others have grown frustrated by the lack of inventory and chosen to renew leases or stay in their current home, and collectively that’s taken some of the air out of the market,” he explained.

Even as buyer demand eased, selling prices continued to climb on an annual basis in August, but more modestly than in recent months. In the single-family home market, the median selling price increased 8.4 percent, from \$719,500 in August 2020 to \$780,000 last month, while the median selling price for condominiums rose 7.8 percent from \$592,500 last August to \$639,000 in August 2021. It’s the twenty-second consecutive month the single-family median home price has risen on a year-over-year basis, but the smallest price gain in six months, and it’s the smallest price increase for condos in four months. Additionally, on a month-to-month basis, median selling prices for single-family homes declined 1 percent from \$788,000 in July, and the median price for condos was essentially flat, inching up 0.1 percent from \$638,250 in July.

The slower rate of annual price appreciation coincides with the more relaxed sales pace occurring over the summer months.

“As the pool of buyers has shrunk over the past few months, so too has the competition. Many buyers are also choosing to be more cautious to avoid overextending themselves financially. As a result, we’re seeing fewer multiple offer situations and bidding wars, and that’s helping to slow the acceleration in home prices,” Confalone remarked.

There remains a significant imbalance in the market between supply and demand however, and that bodes well for the future long-term growth in property values. “Buyers continue to outnumber listings by a wide margin, and until that changes we expect home values will continue to appreciate. It’s still a seller’s market, with most properties selling at or above the asking price when priced right,” noted Confalone.

During August, there was less than a one-month supply of single-family homes for sale at the current sales pace, with active listings declining 23 percent on a year-over-year basis, from 1,870 homes for sales last August to 1,440 in August 2021. Meanwhile, in the condominium market there was only a 1 ½ month supply of properties available for purchase, as active listings fell 28.5 percent on an annual basis, from 2,690 units on the market in August 2020 to 1,923 this August.

Additionally, the GBAR report shows that single-family homes sold for 104.2 percent of the original sale price in August, up from 100.5 percent during the same month a year ago, while condominiums sold for 99.9 percent of the initial list price.

While current market conditions favor sellers, Confalone cautioned homeowners looking to sell not to be too aggressive in setting their price. “Today’s home buyers are well-versed on the market and not looking for a fixer-upper. Most have seen dozens of properties and can easily recognize one that’s overpriced. If you don’t take the time to list your home in excellent condition and based on comparable properties, you should expect to make price adjustments or watch it sit on the market for an extended period,” he stated.

Its timely advice especially given the fact that there’s been an influx of inventory since the end of August with total active listings for single-family homes and condos increasing 25 percent in the two weeks since August 31. In addition, there’s evidence of further softening in market demand from future sales data. Specifically, pending sales of single-family homes declined for a second consecutive month in August following 13 months of sales gains, decreasing 17.7 percent from 1,563 homes placed under agreement in August 2020 to 1,276 this August. Meanwhile, pending sales of condominiums remained flat, improving just 0.7 percent from 1,026 condos put under agreement last August to 1,033 in August 2021.