

GREATER BOSTON HOUSING MARKET COOLS IN DECEMBER

Boston, MA, -- Sales of single-family detached homes and condominiums softened in December as higher mortgage rates, instability in the financial markets, and a seasonal decline in the supply of homes for sale led to reduced buyer demand according to data issued today by the Greater Boston Association of REALTORS® (GBAR).

Last month, a total of 965 single-family detached homes were sold in metropolitan Boston which is an 8.4 percent decline from the 1,053 homes sold in December 2017. The condo market took a similar path, as it experienced an 11.5 percent decline on an annual basis, dropping from 826 units sold in December 2017 to 731 last month. Both markets experienced the eleventh-highest sales totals on record for the month of December. For year-end totals, 13,568 homes were sold in a Greater Boston in 2018, a 2.2 percent decrease from the 13,867 homes sold in 2017. The condo market experienced a similar decline of 1.7 percent from 11,025 units sold in 2017 to 10,837 in 2018.

“Buyers are exercising a little more caution and restraint than a year ago,” said GBAR President James Major, an agent with Century 21 North East in Woburn. “The pool of buyers is still large, but after several years of record low inventory we saw listings begin to climb this fall, and with home prices and mortgage rates both up steadily from a year ago we’re seeing less urgency and willingness from buyers to make offers above asking price, enter bidding wars or waive contingencies than at any time in the prior three years, and that’s resulted in a slower sale pace.”

The median sale price of single-family homes rose just .2 percent from \$589,000 in December 2017 to \$590,000 last month, setting a new, albeit slightly higher all-time median sale price for the month in Greater Boston.

Similarly, the condo market fell .02 percent, from \$540,000 in December 2017 to \$539,000 last month.

Additionally, both markets experienced gains in the annual median selling price during the past year, as the median price for detached single-family homes increased 5.2 percent from \$580,000 in 2017 to \$610,000 in 2018. In addition, the condo market saw an 8.0 percent rise in median sales price last year, climbing from a 2017 year-end figure of \$523,000 to \$565,000 at the end of 2018.

“It’s been another year of healthy price appreciation in home values, but the gains were much smaller during the fall quarter, and prices were essentially flat over the prior year in December,” Major observed. “In many communities, it appears prices are likely at or near their peak,” he predicted. “We think selling prices should moderate some going forward as inventory levels improve with the approach of the spring market, which is sure to be welcomed new for home buyers,” added Major.

For the first time since August, active listings in both markets did not increase on a year-over-year basis, as inventory of single-family homes fell 2.6 percent from 1,722 homes for sale in December 2017 to 1,677 last month. However, in the condo market, the supply of available listings grew by 22 percent to 1,476 units for sale last month, up from 1,210 units in December 2017. On a month over month basis, both markets experienced sharp decreases in inventory levels due to the seasonality of the market, with the number of detached single-family homes for sale falling 35.7 percent from 2,610 homes on the market in November 2018, and the condo market dropping 33.7 percent from the 2,227 units listed for sale in November 2018.

“The housing market in Greater Boston is no stranger to inventory constraints,” noted Major. “While the balance between supply and demand has improved, it remains a seller’s market with more buyers than listing to house them. For those considering selling, the lack of competition due to the scarcity of listings makes now as an ideal time as any to put their home on the market,” asserted Major.