

GREATER BOSTON HOUSING MARKET ENDS 2020 WITH RECORD SALES ACTIVITY IN DECEMBER

Boston, MA. -- Sales of single-family homes and condominiums rose on an annual basis for a fourth consecutive month in December, hitting record levels for the month, data issued today by the Greater Boston Association of REALTORS® (GBAR) shows. In addition, median sales prices showed signs of moderating last month; as low mortgage rates, an increase in the supply of properties, and improved consumer confidence kept buyer demand strong through the holidays. Last month's sales totals set new all-time highs for December across the 64-community GBAR jurisdiction, with single-family home sales increasing 19.7 percent on a year-over-year basis from 1,190 homes sold in last December to 1,424 in December 2020. Similarly, condominium sales rose 20.2 percent over the same month one year earlier, climbing from 910 units sold in December 2019 to 1,094 last month. Sales volume also rose on a month-to-month basis during December, as single-family home sales improved 15.8 percent from one month earlier when 1,230 homes sold in November, and condominium sales increased an even healthier 22.5 percent from the 893 condos sold during November 2020.

“The level of buyer activity we've seen in the market since Labor Day is unprecedented and has resulted in record-setting sales during the 2020 fall market,” said GBAR President Dino Confalone, an agent with Gibson Sotheby's International Realty in Cambridge. “Since the economy began to re-open in June, we've seen the jobs market strengthen, the supply of properties for sale slowly rise, and interest rates trend lower that helped fuel a surge in pent-up demand,” he observed.

Notably, over the final four months of the year a total of 9,383 homes and condos were sold in the Greater Boston region, a record number for the period that tops the previous high of 8,055 residential properties sold in both 2015 and 2016 by 16.5 percent. Meanwhile, on an annual basis, single-family sales volume improved a modest 1.5 percent despite the pandemic, increasing from 13,604 homes sold a year ago to 13,805 homes sold in 2020. However, in the condominium market sales declined by 3.8 percent over the past 12 months from 10,874 units sold in 2019 to 10,466 this past year.

“The market rebound over the second half of the year has been swift and strong,” remarked Confalone. “Even with a near shutdown in the market last spring and the many delays we faced with showings and closings due to the pandemic, it was one of the ten best years for residential sales in Greater Boston,” he observed, noting that in 2020 more homes and condos sold than any other time except for the boom years of 2004 and 2005, 2013, and the five-year period from 2015-2019.

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With buyer demand continuing to outpace the supply of homes for sale by a wide margin in most sectors of the residential market, the median selling price for single-family homes rose to a new record high for the month of December, increasing 13.9 percent over the previous 12 months, from \$600,500 in December 2019 to \$683,700 last month. This marks the fifth consecutive month of double-digit appreciation in the median single-family home sales price, and fourteenth consecutive month overall in which the median sales prices has increased on a year-over year basis dating back to October 2019.

However, in the condominium market, the median selling price decreased modestly by 3.4 percent last month, declining to \$565,000 from an all-time December high median price of \$585,000 set one year ago, as active listings have increased on an annual basis for the past six consecutive months.

“The inventory shortage has become worse in the single-family home market as the year has gone on, with less than 1,000 homes on the market as we closed out the year. This is putting extreme upward pressure on prices as buyers are being forced to compete in multiple offer situations for what has become a severely limited stock of homes for sale,” Confalone stated.

“The majority of today’s buyers are looking to upsize rather than downsize, or they want a home in the suburbs with outdoor living space, so that’s creating some good opportunities in the condo market where listings are up,” he added.

The imbalance between the two markets is evident in the data. In the single-family home market, active listings declined on an annual basis by 33.8 percent in December, shrinking from 1,356 a year ago to 897 in December 2020. Conversely, in the condo market active listings increased 37.7 percent over the past 12 months, from 1,413 units on the market in December 2019 to 1,946 in this past December. In both markets this leaves a desperately low 1-2 months of supply.

As a result, annual median selling prices increased in both markets to new record highs, with the median price for single-family homes climbing 9.7 percent from \$620,000 in 2019 to \$680,000 this past year, while the median sales price for condominiums appreciated 2.8 percent from \$570,000 one year ago to \$586,000 in 2020.

These higher prices do not appear to be negatively impacting sales though as pending sales rose for a seventh consecutive month. In the single-family home market, pending sales increased 22.6 percent last month, from 705 homes placed under agreement the previous December to 864 in December 2020. Additionally, pending sales of condominiums rose 35.5 percent, from 605 units put under agreement last December to 820 in December 2020.

“We’re optimistic about 2021,” Confalone asserted. “With the economy on the mend, distribution of vaccines underway, and mortgage rates at record lows, buyer confidence is strong. The youngest millennials now entering their prime home buying years. All of these factors give us reason to believe we will see modest sales and price growth in the year ahead.”