

GREATER BOSTON HOUSING MARKET COOLS IN DECEMBER

AS LACK OF INVENTORY SLOWS SALES, WHILE PRICES CLIMB

Boston, MA. -- Sales of single-family homes and condominiums in Greater Boston declined in December from year ago levels as a sharp drop in residential properties for sale along with rising mortgage rates and higher home prices softened buyer demand. The slower sales pace did little to detract from year-end totals and general optimism about the market however, as single-family home and condo sales set new annual records during 2021 at the same time median home and condo values reached new highs, data issued today by the Greater Boston Association of REALTORS® (GBAR) shows. In the single-family home market, sales fell 9.8 percent over the previous 12 months from last year's record high for the month of 1,435 homes sold in December 2020 to 1,295 single-family homes sold this past December. Last month's sales total is the second highest on record for the month of December in Greater Boston and reflects a 2.9 percent increase from the 1,259 homes sold in November 2021. Similarly, condo sales decreased on an annual basis by 2.1 percent, declining from a December record high of 1,112 units sold last December to a second best total of 1,089 in December 2021. In addition, on a month-to-month basis, condominium sales improved 8.1 percent from 1,007 condo units sold in November. "The market has been a bit quieter of late, but it's mostly due to listings being so hard to come by. With far fewer properties to sell compared to a year ago, it was inevitable the sales pace would slow," stated GBAR President Melvin A. Vieira, Jr., an agent at RE/MAX Destiny in Cambridge. "The desire to buy remains strong with many eager to act before mortgage rates rise further. The challenge is finding a property to purchase if you're trading-up, though some have taken a wait-and-see attitude not wanting to extend themselves financially or sitting back until new inventory comes on the market." he noted. Despite a more relaxed sales pace during much of the fourth quarter, single-family home sales in Greater Boston set a new annual record last year, improving 5.4 percent from 13,746 homes sold one year ago to 14,494 homes sold in 2021. Likewise, in the condominium market sales reached a new all-time high, rising sharply by 31.8 percent over the past 12 months from 10,488 units sold in 2020 to 13,825 this past year. The previous record for most single-family homes sold in a calendar year was 14,412 in 2004, while the prior record for most condo sales in one year was 12,262 condos sold in 2005.

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“Last year was an unprecedented one for the housing market that defied all odds,” said Vieira. “The fact that there were more homes and condos sold in 2021 than at any other time, despite record high prices, a shortage of properties to sell, and the many unique challenges presented by the pandemic, really speaks to the resiliency of the Boston area real estate market and just how favorable the economic and demographic factors are for housing right now,” he remarked.

Indeed, with buyer demand outpacing the supply of homes for sale by a wide margin all year along, the median selling prices for both single-family homes and condominiums rose to new record highs for the month of December. In the single-family home market, the median sales price increased 10.3 percent over the past year, from \$680,000 in December 2020 to \$750,000 last month. Meanwhile, the median sale price for condominiums appreciated 9.2 percent over the past 12 months, from \$569,950 last December to \$622,500 in December 2021.

Additionally, the increase in median selling prices was similarly strong on an annual basis, as both rose steadily to new record highs. The single-family median home price climbed 10.5 percent over the prior year, from \$679,000 in 2020 to \$750,000 last year, and the median price for condo improved 6.6 percent, from \$586,163 one year ago to \$625,000 in 2021.

“This market is one of the most competitive we’ve ever seen,” observed Vieira. “Listings have been at a premium for much of the year and that’s allowed many sellers to set their price, while buyers have often been forced to pay top dollar in an attempt to outbid each other for properties, and that’s driven a lot of the increase in home values,” he explained.

In fact, the number of properties for sale in December was down by nearly half from the same month last year, with inventory levels falling to just a one-month supply in the condo market and a half month’s supply in the single-family market. Last month active listings for single-family home declined on an annual basis by 40.3 percent, shrinking from 890 homes for sale in December 2020 to 531 in this past December. In addition, condominium listings dropped 45.2 percent from the prior year, from 1,965 units for sale last December to 1,077 units on the market in December 2021.

Although near historic lows, listing inventory should grow as the spring market approaches. In fact, in the first two weeks of the new year listings for single-family homes are up 15 percent and condo listings have improved nearly 10 percent.

“For those considering selling, the current market may be ideal, given there are not many properties to compete with and those who are out house-hunting in winter tend to be serious buyers,” Vieira suggested. “We’ve already seen an increase in showings and foot traffic at open houses since the first of the year, and lots of energy and urgency among buyers. We think that’s a good sign we will have another busy spring market, though likely not as frenzied as last year,” he said.