

GREATER BOSTON HOUSING MARKET BEGINS YEAR ON HIGH NOTE,
AS SALES, PRICES SET RECORDS IN JANUARY

Boston, MA, -- Despite limited inventory and escalating home values, sales of single-family homes and condominiums rose on an annual basis for a fifth consecutive month in January, hitting record levels for the month, data issued today by the Greater Boston Association of REALTORS® (GBAR) shows. Median selling prices also climbed to new highs for the month, as record low mortgage rates, rising consumer confidence, and an increased desire for larger living spaces triggered by the pandemic, fueled strong buyer demand in January, especially in Boston and the immediate suburbs.

Last month's sales totals set new all-time highs for January across the 64-community GBAR jurisdiction, with single-family home sales increasing 13.5 percent on a year-over-year basis from 772 homes sold in last January to 876 in January 2021. Similarly, condominium sales rose 9.1 percent over the same month one year earlier, climbing from 689 units sold in January 2020 to 752 last month. Sales volume did slide on a month-to-month basis, which is quite common at this time of year. Single-family home sales declined 38.9 percent from one month earlier when 1,433 homes sold in December, while condominium sales saw a 32.1 percent decrease from the 1,107 condos sold during December 2020.

“The start of each year typically brings a lot of anticipation about the approaching spring market and that's especially true now given all we went through in 2020,” said GBAR President Dino Confalone, an agent with Gibson Sotheby's International Realty in Cambridge. “There are so many buyers who have been house-hunting for months, if not years, and that's created tremendous pent-up demand. When you combine that with those now looking to trade-up for more home or to take advantage of historically low mortgage rates, you get a busier than normal market. That's exactly what we've seen, with large crowds at open houses, plenty of multiple offer situations, and homes priced right selling quickly,” he added.

The current market conditions bode well for prospective home sellers, with median selling prices rising to record highs for the month of January. In the single-family home market, the median sales price rose 11.6 percent over the past year, from \$605,000 last January to \$674,950 in January 2021. In the condo market, the median sales price also increased on an annual basis, but much more modestly so, appreciating 1.2 percent, from \$577,500 in January 2020 to \$584,500 this January 2021. The condominium median sales price also rose on a month-by-month basis by 2.9 percent from \$568,000 in December, but in the single-family home market the median selling price was essentially stable, slipping 0.7 percent from \$680,000.

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“We continue to struggle with a limited inventory of homes to sell, and sellers are reaping the benefits. It’s all about supply and demand, and with more buyers than listings that’s putting upward pressure on prices,” Confalone observed.

However, the GBAR president cautioned homeowners about becoming greedy. “Today’s buyers are educated and their savvy. They know the market, and those who have been searching for a while can recognize an overpriced property almost immediately. Even in today’s frenzied climate, homes that are overvalued will have a hard time selling,” he stated.

The lack of for sale inventory is most acute in the single-family home market where active listings are down 35.2 percent from a year ago, declining from 1,496 properties for sale in January 2020 to 970 last month. Meanwhile, condo listings have increased over the past year along with the desire for more living space, with units for sale up by about 400 units, or 24.5 percent, from 1,677 units on the market last January to 2,088 in January 2021. This amounts to just 1.1 months of supply in the single-family home market and 2.8 months of supply in the condominium market entering February.

If inventory levels were higher, market activity would be even more robust, Confalone asserted. “With so few homes for sale, we have owners who are ready to sell, but aren’t willing to list for fear they’ll be unable to find another home to purchase. We also have buyers who are waiting for more listings to come on the market before acting,” he explained.

As spring nears, the good news is would-be homebuyers can expect more to choose from with each passing week. In fact, it started last month, as the number of new single-family listings increased 38 percent between December and January, and new condo listings doubled over the same period, increasing 100 percent from 577 to 1,154. Furthermore, on an annual basis, new condo listings improved 15.2 percent, from 1,002 last January to 1,154 in January 2021, but new listings of single-family homes remain down nearly 11 percent, with 775 new listings added this January vs. 870 in January 2020.

“We’ve seen a big jump in condo listings over the last few months not just in the luxury markets of Boston and Cambridge, but in the adjacent suburbs,” Confalone remarked. “With mortgage rates at records lows and inventory more plentiful, it’s created some terrific opportunities for entry-level buyers and those looking to downsize,” Confalone said.

It appears some have already taken notice, as the GBAR report found that pending sales of condominiums rose on an annual basis by 30.7 percent last from 619 homes placed under agreement in January 2020 to 809 this January, and pending sales of single-family homes climbed 6.4 percent, from 610 homes put under agreement last January to 649 in January 2021.