

LACK OF SUPPLY SUPPRESSING SALES, DRIVING UP PRICES IN BOSTON AREA HOUSING MARKET

Boston, MA, -- Sales activity in the single-family home and condominium markets struggled to keep pace with year ago levels across Greater Boston in July, but median selling prices continued to climb as the inventory of properties for sale lagged behind buyer demand, according to data issued today by the Greater Boston Association of REALTORS® (GBAR).

Sales of single-family homes declined on a year-over-year basis by 9.6 percent, decreasing from 1,684 homes sold in July 2019 to 1,523 homes sold this July. Although this was the slowest July for home sales in eight years dating back to July 2012 when 1,493 homes sold, last month's sales total was the tenth highest on record for the month of July in Greater Boston and reflects a 31.3 percent increase from the previous month when 1,160 homes sold in June. Similarly, the condo market saw a 7.5 percent drop in sales volume last month, falling from 1,170 units sold last July to 1,082 in July 2020.

This reflects the lowest sales total for condo sales in nine years dating back to July 2011 when 884 condo units sold, but it was the fourteenth busiest July on record with sales up 39.4 percent from one month earlier when 776 units sold in June.

“Even though life has yet to return to normal, the housing market has been very active since late May with no real let up in buyer traffic in sight,” said GBAR President Jason Gell, an agent with RE/MAX Unlimited in Brookline. “The reality is demand still far exceeds supply in nearly all segments of the market, and sales activity would be even higher if we just had more homes to sell,” asserted Gell, noting there is pent-up demand from buyers who were unable to look at homes this spring, and strong interest from others who have jumped into the market due to the pandemic in search of more living space or a desire to transition from the condo lifestyle to a single-family home where they can be on their own.

Despite the softening in sales, median selling prices remained on the rise in July in both markets. Among single-family homes, the median price rose 6.9 percent over the past 12 months, from \$655,000 in July 2019 to a new all-time record high price of \$700,000 this July. The median price also increased on a month-to-month basis by 3.1 percent from \$679,075 in June. This marks the fourth consecutive month that the single-family home median price has set a new record. Meanwhile, the median selling price for condos sold in July increased a modest 2.2 percent, from \$580,000 last July to \$592,750 in July 2020, and essentially stable from one month earlier when the median price was \$590,000 in June.

“It remains a seller-driven market, with many listings drawing multiple offers” Gell observed. “With inventory so tight, there’s a lot of upward pressure on prices. In order to compete, many buyers are having to pay top dollar,” he explained.

The inventory of properties for sale is especially limited for single-family homes where active listings have declined on an annual basis for the past nine months. In July, the number of homes for sale decreased 27.2 percent, from 2,926 homes on market in July 2019 to 2,131 homes listed for sale last month, marking the fifth consecutive month in which inventory is down by at least one-quarter from the same month one year earlier. In the condo market, it’s a slightly different story as active listings rose 18.3 percent over year ago levels, from 2,318 units on the market last July to 2,742 units for sale in July 2020, and are also up 9.2 percent from one month earlier when there were 2,512 condos on the market in June 2020.

“We’ve seen a spike in the number of condos for sale over the past couple of months, and that’s a direct result of the pandemic,” stated Gell, noting that new condo listings were up 20 percent in June and 59 percent in July compared to the same time last year. “After spending so much time at home these past few months, we’re now seeing an influx of home buyers entering the market in search of a larger living space, including a home office, and private outdoor space.”

Even the single-family home market saw its first double-digit increase in new listings in five months during July, with the number of homes being put up for sale climbing 30 percent over the same month last year. “For those contemplating selling, the time to act is now. The buyer pool is plentiful, home prices are rising, and the desire to live, work and entertain at home is sparking a resurgence in home ownership,” Gell remarked.

To that end, July pending sales point to continued steady demand in the local housing market. Last month, the number of single-family homes placed under agreement increased 28 percent from 1,258 in July 2019 to 1,611 this July, while condominium pending sales rose 20 percent from 994 units put under agreement last July to 1,199 in July 2020.

“Our best guess is that sales activity should remain steady until at least early fall when interest in the presidential election heats up and the market typically cools as many consumers take a wait-and-see approach to big ticket purchases,” he added.