

MORE SALES & PRICES GAINS FOR GR. BOSTON HOUSING MARKET, BUT PACE IS SLOWING

Boston, MA, -- - Sales of single-family homes and condominiums rose again in July, improving on an annual basis for an eleventh consecutive month, but the rate of sales growth was the smallest in four months, according to data issued by the Greater Boston Association of REALTORS® (GBAR). In addition, the rate of appreciation in median selling prices also eased last month as buyer activity cooled at the outset of summer, but home values remain at or near record highs.

During July, sales of single-family homes rose on an annual basis by 6.7 percent, increasing from 1,572 homes sold in July 2020 to 1,678 homes sold last month. It was the sixth most active July on record for home sales in Greater Boston. The volume of home sales slowed on a month-to-month basis however, declining 10 percent from 1,865 homes sold in June. In the condo market sales improved even more sharply, increasing on an annual basis by 25 percent from 1,138 condominiums sold last July to 1,423 in July 2021. In fact, last month's sales total set a new record for the month of July, eclipsing the previous record of 1,377 condos sold in July 2015. However, just like the single-family home market, sales of condominiums decreased in July from the previous month, sliding 12 percent from 1,617 condos sold during June.

“After months of unprecedented demand dating back to last fall, we’ve seen a more relaxed pace to the market this summer,” stated GBAR President Dino Confalone, an agent at Gibson Sotheby’s International Realty in Cambridge. “Since Memorial Day activity hasn’t been quite as strong as it was this spring, with some buyers pulling back to reassess the market and others opting to focus on vacation travel, family events, and other summer activities. There’s also been a steady stream of new listings coming onto the market since June 1, and that’s giving buyers more options and time to look for a home,” he said.

Even with some softening in buyer demand, selling prices continued to climb on an annual basis in July, but more modestly than in recent months. In the single-family home market, the median selling price increased 12.1 percent, from \$700,000 in July 2020 to \$785,000 last month, while the median selling price for condominiums rose 8.2 percent from \$591,250 last July to \$640,000 in July 2021. It’s the twenty-first consecutive month the single-family median home price has improved on a year-over-year basis, but the smallest price gain in six months, and it’s the smallest price increase for condos in four months. Additionally, on a month-to-month basis, median selling prices for single-family homes declined 10 percent from an all-time record high of \$812,000 in June, and the median price for condos was flat remaining unchanged from June.

“With fewer buyers in the market over the past 6-8 weeks, the volume and frequency of multiple offers is down as is the number of bidding wars, and that’s helped relieve some of the upward pressure on prices,” observed Confalone. “It remains a seller’s market, but we are starting to see more price adjustments and some inventory is starting to sit on the market a bit longer, especially if it’s not priced properly to comparable properties currently listed or recently sold. Properties should be fairly priced, in excellent condition, and have a desirable location to sell quickly, even in this hot market,” he added.

Nonetheless, the imbalance between supply-and-demand persists with just a one-month supply of single-family homes for sale at the current sales pace, and a 1 ½ month supply in the condominium market. In the single-family home market, active listings were down year-over-year by 28 percent last month, declining from 2,118 homes for sale in July 2020 to 1,524 this July, and condo listings fell 19.8 percent over the past year, from 2,737 condos on the market last July to 2,195 in July 2021. Listings for single-family homes did improve a modest 2 percent on a month-to-month basis however, climbing from 1,495 homes for sale in June, but condo listings declined 5.6 percent from 2,326 the prior month.

“The biggest challenge continuing to plague our market is a shortage of listings,” said Confalone, who noted that existing homeowners looking to trade-up have been reluctant to list for fear they won’t be able to get an offer accepted on a new place to live fast enough, while new construction has been slowed by high costs for land, labor, and materials. “We don’t see a lot of new inventory come on the market in July and August, but it would be unusual not to see an influx of listings after Labor Day, especially with equity soaring and generally less buyer competition in the fall market,” he remarked.

Until then, there’s evidence the summer cooldown in market activity may continue over the next several weeks as pending sales of single-family homes and condos declined in July for the first time in 14 months. In the single-family home market, pending sales declined 16.7 percent from 1,525 homes placed under agreement in July 2020 to 1,271 this July, and pending sales of condominiums slid 3.2 percent, from 1,163 condos put under agreement last July to 1,126 in July 2021.

“While some buyers may have hit the pause button on their home search, the near-term outlook for our market looks positive,” asserted Confalone. “We expect housing demand to remain strong well into next year given the fact that large numbers of millennials are now entering their peak homebuying years, mortgage rates are still hovering near record lows, and the economy is steadily adding jobs once again. Purchasing a home continues to be the best investment, so there should be no hesitation to get into the market” he stated.

