

GREATER BOSTON HOUSING MARKET SEES CONTINUED SALES SLOW DOWN IN JUNE

Boston, MA, -- Sales of detached single-family homes and condominium declined sharply for a second consecutive month in June as a persistent inventory shortage, along with the shutdown of open houses and other precautionary measures put in place to restrict property access limited buyer traffic and slowed purchase activity throughout the residential real estate market, according to data issued today by the Greater Boston Association of REALTORS® (GBAR).

Sales of single-family homes declined on an annual basis by 28.8 percent in June, decreasing from 1,616 homes sold in June 2019 to 1,150 last month. It's the lowest June sales total for single-family homes in nearly 25 years, though the volume is up nearly 30 percent from the previous month when 894 homes sold in May. Similarly, in the condominium market sales fell 39.3 percent over the past year, from 1,253 condos sold last June to 760 units sold in June 2020. This is the slowest June for condo sales since 2001, but closings did rebound 24 percent from May when 613 condos were sold. These decreases follow annual sales declines of 32.8 percent and 48.6 percent for single-family homes and condos in May.

“Our challenge these past few months has not been a lack of buyers, it's the fact that the process of showing property and obtaining the necessary inspections and documentation requires more time and effort to perform the work and ensure the proper safety protocols are met,” said GBAR President Jason Gell, an agent with RE/MAX Unlimited in Brookline.

“Although we lost much of the spring market, we think the summer months will be much busier than normal due to pent-up demand and a steady influx of new listings since May, especially in the condo market,” he added.

Helping to drive buyer activity locally are mortgage rates, which remain extremely low; a sizeable population of young professionals and immigrants looking to purchase their first home; and the pandemic, which has prompted a large number of city dwellers to move up their timeline for purchasing a larger home in the suburbs, Gell noted.

Despite the slowdown in sales activity this spring home values in Greater Boston have not been severely impacted in a negative way, the GBAR report shows. In fact, the median selling price for single-family homes rose to a new all-time record high of \$679,075 last month, an increase of 4.5 percent from \$650,000 in June 2019, and a 1.7 percent gain over the previous monthly record high median price of \$667,500 set one month earlier in May.

-more-

Meanwhile in the condominium market, the median selling price remained relatively strong, decreasing 4.4 percent from a record high monthly median price of \$619,900 last June to \$592,500 in June 2020. Additionally, on a month-to-month basis the median condo selling price in June increased roughly 2 ½ percent from May's median price of \$578,754.

“We continue to see strong upward pressure on prices, particularly in the starter home and mid-priced single-family markets where the imbalance between supply and demand is most extreme,” Gell stated. “As a result of the listing shortage, multiple offer situations have become commonplace again, and with interest rates so low it's allowing buyers to finance more home. In this environment, we are not going to see a price correction or much softening even as the sales pace slows,” he observed.

Across the GBAR jurisdiction, the inventory of properties for sale continued to lag on an annual basis last month. In the single-family home market, the number of active listings declined by at least one-third for a third consecutive month, decreasing 32.5 percent from 3,259 homes for sale last June to just 2,200 homes on the market in June 2020. Condo listings also were down from year ago levels, but much more modestly so, sliding 2.1 percent from 2,564 units for sale in June 2019 to 2,511 this June. However, on a month-to-month basis, listings improved from May by 1.3 percent in the single-family market and 20 percent in the condominium market.

With much of our economy now re-opened, the housing market has also started to move forward, according to Gell.

“We think the worst is behind us. The pandemic may have delayed sales, but it didn't diminish buyer enthusiasm. Barring a second surge of the virus, we expect sales activity to remain steady throughout the summer and early fall until talk about the presidential election heats up and the market typically cools as many consumers take a wait-and-see approach to big ticket purchases,” he explained

To that end, pending sales increased during June on both a year-over-year and month-to-month basis in the single-family and condominium markets. On an annual basis, the number of single-family homes placed under agreement rose 7.5 percent from 1,586 last June to 1,705 in June 2020, while pending sales of condos inched up 0.3 percent from 1,183 condos put under agreement in June 2019 to 1,186 this June. Meanwhile, pending sales of single-family homes jumped 43.6 percent from 1,187 homes put under agreement in May, and condo pending sales climbed and even more impressive 51.7 percent from 782 units placed under agreement in May.