

BOSTON AREA HOUSING MARKET IN SEARCH OF LISTINGS AS BUYER DEMAND SOARS

Boston, MA, -- A limited supply of residential properties for sale along with strong buyer demand that's being fueled by an improving economy, a desire for more living space, and a wave of millennials hitting their peak home-buying years, has provided a busy start to the spring housing market. Sales of single-family homes and condominiums each rose on an annual basis for a seventh consecutive month in March, while the monthly median home selling price climbed to a new all-time high, according to data from the Greater Boston Association of REALTORS® (GBAR).

In the single-family home market, sales rose 5.2 percent last month from the same time a year ago, increasing from 762 homes sold in March 2020 to 802 this March. Last month's sales total is the sixth highest on record for any March in Greater Boston and reflects a 32.8 percent increase over the 604 homes sold in February 2021. Meanwhile, condo sales set a new record high for March, climbing sharply by 36.3 percent over the past year from 785 units sold last March to 1,070 in March 2021. Last month's condo sales volume easily topped the previous record high of 950 condominiums sold in March 2007, and is up an impressive 67.2 percent from February when 640 units were sold.

"It's been a busy start to spring selling season, especially in the condo market where prices are more affordable and inventory is more plentiful," said Dino Confalone, an agent with Gibson Sotheby's International Realty in Cambridge. "The suburban single-family home market is also in high demand, but the issue there is a lack of listings which has tempered sales activity a bit. The buyers are out there. We just don't have enough product to sell," he explained.

Nonetheless, with vaccines now available and the economy re-opening, Confalone said consumer confidence is up. "We're seeing the same level of buyer frenzy we saw pre-pandemic," stated Confalone, who credited a mild winter, low mortgage rates, and pent-up demand from buyers unable to get an offer accepted last year for boosting sales.

With the inventory of homes and condos for sale in Greater Boston at less than two months of supply, home values remained at or near peak levels during March. In the single-family home market, the median selling price rose on an annual basis for a seventeenth consecutive month, increasing 5.2 percent, from \$635,875 last March to a new record high monthly median price of \$723,750 in March 2021. The median sales price also increased on a monthly basis, appreciating 11.9 percent from \$646,800 in February.

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Separately, in the condominium market, the median selling price was essentially stable, slipping 0.2 percent on an annual basis from \$619,000 in March 2020 to \$617,500 in March 2021. However, on a month-to-month basis the median sales price rose 3.6 percent from a median price of \$596,000 in February.

“With listings at a premium, it’s an incredibly competitive market with buyers far out exceeding the supply of homes for sale. That’s enabling sellers to ask top dollar and also creating bidding wars, both of which are pushing prices higher,” Confalone observed. “We are seeing prices rise most sharply in the suburban single-family home market, as there’s been a surge in demand for larger homes with more living space in response to the pandemic,” he added.

Meanwhile, prices of condos have moderated as inventory levels have improved over the past year, offering greater selection and more opportunity for millennials and other entry-level buyers to get into the market, Confalone noted.

Indeed, active listings for condominiums increased by nearly one-third in March from the same time last year, while the number of single-family homes for sale fell by a similar amount over the previous 12 months. Specifically, in the condo market there were 2,050 units for sale this March, an increase of 30.2 percent from one year ago when 1,575 condos were on the market in March 2020. In addition, the number of new condo listings introduced to the market improved on an annual basis by 47.7 percent, from 1,216 last March to 1,796 in March 2021. Conversely, single-family home listings have declined 33.3 percent, from 1,726 homes for sale in March 2020 to 1,151 homes on the market as of the last day in March this year. The number of listings added to the market did rise modestly over the same period however, improving 7.7 percent from 1,576 new listings in March 2020 to 1,697 new listings last month.

“It’s a good time to be a seller, but the challenge for many is where will they move,” Confalone remarked. In today’s market, downsizing isn’t so much an issue, but trading up the options can be limited, and that’s what is causing many homeowners to hold off listing their home sale. It’s a big reason why our inventory is in short supply,” he said.

That said, listing inventory naturally increases as the market moves deeper into spring, which will offer buyers more choices. To that end, pending sales improved steadily in March, with the number of single-family homes placed under agreement climbing 29.7 percent on an annual basis, from 1,116 last March to 1,448 in March 2021, and the number of condos put under agreement up significantly by 72.8 percent, from 892 in March 2020 to 1,541 this March. Pending sales also rose on a month-to-month basis, increasing 70 percent from 850 homes placed under agreement in February, and up 50 percent in the condo market from 1,027 units put under agreement in February.