

GREATER BOSTON HOUSING MARKET FEELS EFFECTS OF VIRUS IN MAY
HOME, CONDO SALES STALL AS INVENTORY DISSIPATES

Boston, MA, -- Sales of single-family homes and condominiums slumped in May from year ago levels as a sharp reduction in property showings and depleted inventory levels quieted the spring housing market, according to data released today by the Greater Boston Association of REALTORS® (GBAR). Pending sales also fell as severe limitations on property access slowed market activity at least temporarily across metropolitan Boston.

Sales of single-family homes declined on an annual basis by 32.8 percent in May, falling from a record high for May of 1,323 homes sold a year ago to just 889 last month. Sales also slid on a month-to-month basis by 0.8 percent from 896 homes sold in April. This May's sales total is the lowest for the month since 777 single-family homes were sold in May 2009, and it's the largest year-over-year percentage decline in home sales since October 2019 when sales fell 38.7 percent from the prior October.

In the condominium market, sales volume decreased by nearly half over the past 12 months, declining 48.6 percent from 1,178 condos sold in May 2019 to just 605 this May, and also declined 20 percent from the previous month when 756 condos sold in April. Last month was the slowest for condo sales since May 2001 when 522 condos sold, and the percentage decline in sales is the largest in the last two decades topping the 38.6 percent decline in sales between November 2009 and November 2010.

“There's no question the housing market took a hit from the pandemic, but we don't believe the downturn represents the start of a lasting market shift. Instead we see it as a short, quick adjustment that postponed our traditional spring market,” said GBAR President Jason Gell, an agent with RE/MAX Unlimited in Brookline.

Foot traffic was severely slowed for six to eight weeks from mid-March to mid-May over fears of spreading the virus and government orders restricting property access, but buyer interest and demand never waned, it was just put on hold, Gell explained. “Market activity has been rising steadily since mid-May as we've adjusted to showing homes virtually and in-person with the necessary safety pre-cautions. We expect most buyers who had to delay their house-hunting plans this spring to return and that should make for a busy market this summer,” Gell added.

Even with the pause in the market this spring, home values have not been severely impacted in a negative way, which is good news for home sellers. In fact, the median selling price for single-family homes rose to a new all-time record high of \$670,000 last month, an increase of 5.5 percent from \$635,000 in May 2019, and a 1.1 percent gain over the previous monthly record high median price of \$662,500 set one month earlier in April. Meanwhile in the condominium market, the median selling price remained relatively strong, decreasing a modest 2.7 percent from \$595,000 last May to \$578,754 in May 2020. Further, the median condo price has slipped each of the last two months after reaching a record high of \$618,750 in March, including a drop of 4.2 percent between April and May.

“We don’t have nearly enough homes for sale to meet the demand and that’s putting extreme upward pressure on prices,” Gell observed. “Listings are at a premium in many communities, and that’s led to a return of multiple offer situations. For many of today’s buyers that means having to pay top dollar to get the home they want,” he stated.

The lack of housing supply is evident in the inventory data for May. In the single-family home market, active listings fell by more than one third from a year ago, declining 35 percent from 3,355 homes for sale in May 2019 to 2,177 this May, which marks the lowest total of listings for May in over a decade. In addition, new single-family listings are down 38 percent from last May, from 2,655 to 1,647 in May 2020. Similarly, the number of condos for sale slid 18 percent, from 2,544 condos on the market in May 2019 to 2,087 this May, and the number of new condo listings in May dropped 29 percent from 1,293 last May to 789 in May 2020.

With a severe shortage of homes and condos to sell and substantial limitations on the ability to show and view properties, it’s of little surprise that pending sales also declined last month, but more modestly so than in April. In the single-family home market, the number of homes placed under agreement decreased 27 percent over the past 12 months, from 1,657 in May 2019 to 1,212 this May, while pending sales for condominiums tumbled 39 percent, from 1,293 condos put under agreement last May to 789 in May 2020.

“It’s been far from a normal spring market, but with mortgage rates remaining near record lows, home values holding strong, and the pandemic causing many to rethink their housing needs and even motivating some to move up their timeline for upgrading to a larger home or relocating to the suburbs, we believe conditions remain favorable for buying activity to rebound to historic standards this summer and fall provided the spread of COVID is limited and we don’t experience a second wave.” Gell predicted.