

A NEW MONTH, NEW RECORDS FOR GREATER BOSTON HOUSING MARKET IN MAY

Boston, MA. -- Sales of single-family homes and condominiums each rose steadily this May, improving on an annual basis for a ninth consecutive month, and median selling prices rose to new record highs on the strength of double-digit appreciation rates, according to a new report from the Greater Boston Association of REALTORS® (GBAR). Strong demand from millennial buyers, a desire for more living space among existing homeowners, and a rebounding economy along with rollout of COVID-19 vaccines have all helped to boost market activity and home values, GBAR officials said.

Sales of single-family homes rose 29.9 percent on an annual basis in May, increasing from 894 homes sold in May 2020 to 1,161 homes sold last month. It's the tenth most active May on record for home sales in Greater Boston and a 13.5 percent gain over the 1,023 homes sold one month earlier in April. In the condo market, sales rose much more sharply after sales hit a 19-year low for the month last May, as inventory levels have been rising steadily over the past 11 months. In fact, sales set a new record for the month, increasing 123 percent to 1,372 condominium units sold this May from 625 last May. Condo sales also improved on a month-to-month basis by 9.2 percent from 1,256 units sold in April.

"The big crowds we saw at open houses during the first quarter have made for a frenetic spring and the busiest May for sales closings on record," said GBAR President Dino Confalone, an agent with Gibson Sotheby's International Realty in Cambridge. "It hard to believe our market has gone from a near standstill to overdrive in one short year, especially since listings are still in short supply, prices have never been higher, and we're still living with the pandemic," he remarked.

"The biggest turnaround in the past year has been in the condo market, where listings are more plentiful and the median sales price can be as much as \$175,000 to \$350,000 lower than a single-family home depending on the area," Confalone stated. "For now demand remains strong with lots of millennials entering their peak homebuying years, but affordability is becoming more of a factor in our market as prices continue to rise and mortgage rates start to creep up," he added.

The inventory of homes and condos for sale in Greater Boston remained at less than two months of supply for a third Consecutive in May, and that allowed home values to continue to climb. In fact, the monthly median sales price rose to new all-time highs in both the single-family home and condominium markets last month.

In the single-family home market, the median selling price increased on an annual basis by 14 percent to \$761,000 last month from \$667,500 in May 2020, and also inched up 0.1 percent on a monthly basis from a median of \$760,000 in April. In addition, the condominium median selling price improved 10.3 percent over the past year to a record high of \$638,250 this May from \$578,754 in May 2020 and rose 3.4 percent from the prior month when the median was \$617,534 in April.

“We continue to see steady upward pressure on prices in much of the market, especially where buyers still far outnumber listings,” Confalone observed. “Sellers are seizing the opportunity to ask top dollar, and on top of that many properties are drawing multiple offers and those bidding wars are driving prices up even more,” he noted.

Once again in May, the shortage of inventory was most extreme in the single-family home market, where active listings declined 41.0 percent on a year-over-year basis, from 2,155 last May to 1,272 in May 2021. The number of homes for sale also fell from one month earlier, sliding 14.7 percent from 1,491 homes listed on market in April. Meanwhile, condo listings rose a modest 2.3 percent, increasing from 2,097 units on the market in May 2020 to 2,146 this May. However, on a month-to-month basis condominium listings decreased 6.6 percent from the 2,298 units on the market in April.

The lack of listings is not only holding back sales totals, but also may be discouraging some would-be home buyers. In fact, there’s been less foot traffic at open houses in recent weeks and fewer buyers overall, according to Confalone, with some opting to renew leases while others choose to pause their home search rather than overextend themselves financially. At the same time, a wave of new listings has hit the market in the last two weeks which has boosted the inventory of single-family homes and condos by 20 percent since June 1, he reported citing data from MLS Property Information Network.

What’s this all mean? In the short-term, the spring quarter should finish end strong as pending sales improved on an annual basis in May. In the single-family home market, pending sales rose 52.8 percent, from 1,174 homes put under agreement in May 2020 to 1,794 this May, and also increased 19.7 percent from 1,499 pending sales in April. In addition, pending sales of condominiums nearly doubled over the past year, improving 96.6 percent, from 776 units placed under agreement last May to 1,526 in May 2021, but slipped 3 percent from April when 1,573 condos went under agreement.

“We expect sales to slow and the run up in prices to ease in the second half of the year, as the current level of activity isn’t sustainable long-term,” said Confalone. “We’re already seeing homes with inflated values sitting longer and undergoing price adjustments. Properties should be fairly priced, in excellent condition, and have a desirable location to sell quickly, even in today’s seller’s market,” he cautioned prospective home sellers.