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FALLING SALES, MORE MODERATE PRICES IN BOSTON AREA HOUSING MARKET

SIGNAL SHIFT TO BUYER'S MARKET IN OCTOBER

Boston, MA, -- A slower sales pace took hold in the Greater Boston housing market in October as rising inventory levels and more moderate prices provided more choices for buyers while also allowing for a more relaxed home search process, according to data issued today by the Greater Boston Association of REALTORS® (GBAR).

Last month, a total of 669 detached single-family homes were sold in metropolitan Boston, the lowest October sales total in more than 20 years, as closed units fell 38.7 percent from the October 2018 mark of 1,091, which was the fifth highest on record for the month. Similarly, on a month-to-month basis, sales fell 37.1 percent from the 1,063 sales closed in September 2018. The condo market also struggled, as it experienced a 31 percent decline in sales volume from 802 units sold in October 2018 to 553 last month. This mirrors the 30.3 percent decline in sales on a month-to-month which slid from 793 units sold in September. Notably, it's the lowest October sales volume in seven years, dating back to October 2010 when 773 condos were sold.

“A late summer slowdown in the market is not uncommon, but this year it was more pronounced,” said GBAR President Jim Major, an agent with Century 21 North East in Woburn. “For one we had fewer buyers entering the market, as some chose to sit back in anticipation of an influx of new homes being listed for sale after Labor Day. Additionally, with inventory up and price adjustments becoming more commonplace, buyers have more inventory to look at and many are proceeding more slowly and taking a wait-and-see attitude until prices settle,” he explained.

The moderation in prices is evident in both the detached single-family home and condo markets, based on data from the GBAR report. Among detached single-family home, the median selling price declined on an annual basis for the first time in 32 months in October, decreasing 2.2 percent from the previous record high median price (for October) of \$603,000 in October 2018 to \$590,000 last month. Notably, on a month-to-month basis, the single-family median selling price also eased for a third consecutive month in October, declining 2.5 percent from a median price of \$605,000 in September.

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Meanwhile, in the condo market, the median selling price increased on an annual basis for the first time in four months in October, climbing 1.9 percent from \$540,000 last October to \$550,000 in October 2019. It's just the fifth month this year the condominium median selling price has risen on a year-over-year basis. Further, the median price was essentially flat from one month earlier, when the median selling price was \$549,000 in September.

“The days of steady appreciation in home values are nearly over. At both ends of the market, and in most communities, selling prices have either peaked or plateaued,” stated Major. “For those homeowners who are thinking about listing their home for sale, now would be a good time to do so, before rising mortgage rates and inventory levels potentially cut into equity gains.”

In fact, the supply of homes and condominiums for sale rose steadily on a month-to-month basis for a second consecutive month in October, and gains occurred on an annual basis as well. In the detached single-family home market, inventory improved on a monthly basis by 6.6 percent to 3,412 homes for sale from 3,201 in September, and rose 1.1 percent from 3,374 homes on the market in October a year ago. Condominium inventory increased even more, up 6.8 percent on a month-to-month basis to 2,971 units for sale from 2,783 one month earlier, and climbing 14.7 percent over the 2,591 units listed for sale in October 2018.

Not surprisingly, with more properties to choose from, homes and condos are taking longer to sell. Time on the market for homes sold in October rose by one day in the detached single-family home market, from an average of 45 days in October 2018 to 46 days this October. Likewise, condominiums sold last month took an average of 46 days to go under agreement, but that was an increase of more than a week from a year ago, when it took an average of just 38 days from condos to be put under agreement in October 2018.

“Our years-long seller's market appears to be coming to an end, as market conditions begin to shift more and more in favor of buyers,” Major observed. “As supply and demand continue to become more balanced, buyers can expect increased bargaining power and a wider selection of homes to choose from, while home sellers will find more competition and may need to become more realistic in their pricing to sell their home in the desired time frame,” added Major.