

GREATER BOSTON'S HOT HOUSING MARKET SHOWS FURTHER SIGNS OF COOLING IN SEPTEMBER

Boston, MA. – After nearly 12 months of soaring sales and record-high selling prices, the residential real estate market in Greater Boston appears to be softening, at least temporarily. Sales of single-family homes declined on an annual basis for a second consecutive month in September, while median selling prices of single-family homes and condominiums slipped or remained flat for a third straight month, a report from the Greater Boston Association of REALTORS® (GBAR) found. The cooldown follows a sharp increase in new listings last month and at a time when mortgage rates are inching upward.

Last month, single-family home sales decreased on an annual basis by 13.1 percent, but still reached their second highest total ever for the month of September, sliding from the record high of 1,420 homes sold last September to 1,234 in September 2021. Single-family home sales also fell on a month-to-month basis by 21.2 percent, from the 1,565 homes sold in August. Separately, condominium sales rose to a new all-time monthly high for September, increasing on a year-over-year basis by 19.3 percent from 988 units sold in September 2020 to 1,179 this September. However, like the single-family home market, condo sales also were down 10.7 percent from the prior month, when 1,320 condos sold in August.

“There’s definitely a more relaxed feel, and slower pace to this fall’s market,” stated GBAR President Dino Confalone, an agent with Gibson Sotheby’s International Realty in Cambridge. “We are seeing less urgency among buyers, especially where inventory levels have improved steadily since the end of August. Others seem to be pumping the brakes so as not to overextend themselves financially. Meanwhile, some prospective sellers have been hesitant to list their home for sale since buyers are a little more sparse at this time of year, and that’s also tempered sales activity to a degree,” he explained.

Despite some moderation in buyer exuberance, demand continues to outpace supply at nearly all levels of the market and that has allowed selling prices to continue to climb on a year-over-year basis. In fact, last month the median selling price for single-family homes and condominiums each rose to new record highs for September. The median single-family home selling price increased 10.3 percent over the prior year from \$680,000 in September 2020 to \$750,000 this September, while the median selling price for condos rose 4.6 percent over the prior September, climbing from \$593,000 last year to \$620,000 in September 2021. It’s the twenty-third consecutive month the single-family median home price has risen on an annual basis, and the sixth consecutive month the median sales price for condos has appreciated from the same month a year ago.

“Inventory levels remain at just two months of supply or less, and most properties are still selling at or above asking price, which makes this an opportune time to list. It’s especially competitive in the entry-level suburban single-family home market where the lack of listings has led to surge in buying activity for more affordably-priced condos,” noted Confalone.

However, the buyer frenzy of this past spring has eased of late, according to Confalone, and that’s relieved some of the upward pressure on prices. “We’re seeing fewer properties being bid up in value through multiple offer situations, while the number of listings with price adjustments is rising, which suggests the market is becoming more normalized. Sellers still hold the upper hand in today’s market, but a little less so than they did earlier this year,” Confalone observed.

To that end, prices have started to moderate since early summer. Specifically, on a month-to-month basis, the single-family home median selling price has declined during each of the past three months, decreasing 3.8 percent in September from \$780,000 in August. And September’s median selling price is down 7.6 percent from June when the monthly median sales price for single-family homes reached an all-time high of \$812,000. Meanwhile, the median selling price for condos has been flat or declined over the same period, with the September median price off 2.7 percent from August’s median sales price of \$637,500, and down 3.1 percent from the all-time monthly median selling price of \$640,000 this past June.

Notably, while inventory levels remain historically low, there has been some short-term improvement over the past month. In the single-family home market, active listings decreased on an annual basis by 16.6 percent, from 2,157 homes for sale last September to 1,799 in September 2021, but rose 24.8 percent on a month-to-month basis from 1,441 homes for sale in August, and new listings also increased by 40 percent or more than 500 homes between August and September. Similarly, condo listings declined by 24.4 percent over the past 12 months, from 3,421 condominiums for sale in September 2020 to 2,587 this September, however the number of units for sale improved 34.2 percent over the prior month when 1,928 units were on the market in August, and new listings rose by 91.2 percent or over 950 condos between August and September.

“With prices down slightly from their peak and some modest gains over the past month in the amount of inventory to choose from, buyers are in a better bargaining position today than they were just three to six months ago,” asserted Confalone. “Sellers are no longer able to arbitrarily dictate price. Instead, the market remains the best measure for determining what’s fair, and any properties that have an overinflated price tend to sit on the market and draw very little interest,” he added.