

SALES OF HOMES & CONDOS DROP ACROSS GREATER BOSTON IN JUNE AS RATES, PRICES CLIMB

Boston, MA. — After experiencing modest growth over the prior two months, sales activity in the Boston area housing market slowed on an annual basis in June to the lowest level for the month in four years, as rising mortgage rates and steady gains in home values this spring have resulted in reduced purchasing power and fewer options for buyers, which has translated into some softening in housing demand. Still, buyers far outnumber listings, which helped lift the monthly median selling prices for single-family homes and condominiums to new all-time record highs in June, according to data from the latest monthly housing report issued today by the Greater Boston Association of Realtors® (GBAR).

In the single-family home market, sales declined on an annual basis by 9.4 percent in June, decreasing from 1,334 homes sold in June 2023 to 1,208 homes sold last month. This reflects the lowest single-family home sales volume for the month of June since the pandemic when 1,161 homes sold in June 2020. Sales also fell on a year-over-year basis in the condo market, decreasing 14.1 percent from 1,099 units sold last June to 944 in June 2024. As was the case in the single-family home market, last month's sales total reflects the fewest condo units sold in the month of June since June 2020 when 781 units sold. Sales activity did improve on a month-to-month basis however, with single-family home sales climbing 19.4 percent from 1,012 homes sold in May and condo sales up a modest 1.4 percent from 931 units sold during May.

“With mortgage rates and home prices continuing to climb higher, and listings still at a premium in many communities, it's become increasingly more challenging to purchase a home this spring,” said GBAR President Jared Wilk, a broker with Compass in Wellesley. “Buyers have become more cautious and have shown less urgency to make offers in the last couple of months, with many having to modify or pause their home search due to affordability concerns, and that's resulted in less foot traffic and fewer showings and sales since the Memorial Day Weekend,” he observed.

Despite the slowdown in sales last month, buyer demand continues to outpace the supply of properties for sale and that has allowed monthly median selling prices to continue to rise to new record highs in June. The single-family home median sales price increased 7.7 percent on an annual basis last month, climbing from a median price of \$892,188 in June 2023 to a new all-time high monthly median of \$961,250 this June. The June figure is also up 1.2 percent on a month-to-month basis from the previous monthly record high of \$950,000 reached during the two prior months of April and May 2024. This is the twelfth consecutive month the median single-family home price has appreciated on a year-over year.

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Meanwhile, in the condominium market, the median sales price remained relatively stable over the past year, but still reached a new record, increasing 0.7 percent from the previous monthly high of \$745,000 set last June to \$750,000 in June 2024. The condo median selling price also improved on a month-to-month basis in June, appreciating 4.9 percent from May when the monthly median price was \$715,000. Notably, last month is the first time since March the median sales price of condos has increased on an annual basis, as upward price pressure has been less extreme in the condo market where inventory has been more plentiful and demand softer due to the impact of higher interest rates on entry-level buyers.

“Even though sales activity has weakened some, demand remains strong with buyers far outnumbering property listings, and that imbalance is what continues to put upward pressure on selling prices,” Wilk noted. “The lack of inventory is most pronounced in the single-family home market where listings remain at less than a two-month supply, which is why many buyers, including those looking to purchase condos, are being forced to pay top dollar in this market,” he remarked.

Indeed, the majority of properties that sold in June went at or above full asking price, with the typical single-family home selling for 104.1 percent of its original list price, and the typical condo receiving 100.4 percent of its initial sales price.

While sellers continue to have the upper hand, the GBAR president cautioned homeowners not to get too aggressive on pricing, as it could reduce the pool of buyers for their property. “In today’s high interest rate environment, many buyers are unable or unwilling to overextend themselves financially. They’re choosing to be less aggressive and more conscientious, which has caused some to suspend their home search for the summer or until rates come down, and that’s made for a less competitive market than we saw this spring. We’re not only seeing more bids under asking price, but properties that are overpriced are drawing fewer offers, sitting longer, and requiring a price reduction or two in order to sell,” he said.

Furthermore, while inventory remains limited, the GBAR report found that the inventory of homes and condominiums for sale has risen steadily over the same time last year, meaning sellers will have more competition and should avoid getting overzealous when pricing their property. At the end of June, active listings for single-family homes had increased 28 percent on an annual basis, from 1,255 homes for sale in June 2023 to 1,605 last month, while in the condo market 2,071 units were listed for sale this June, an increase of 17 percent from last year when 1,767 units were up for sale in June 2023.

“It’s still a seller’s market, but with mortgage rates stuck near 7 percent, home prices at record levels, and more properties available for sale, buyers are going to have more of a say in how the market performs in the coming months,” Wilk stated.

“Buyers have more housing choices and leverage during negotiation than they did this spring, which has made for a more relaxed sales pace in recent weeks, and that’s likely to continue until the Fed moves to lower interest rates,” he added.