

UPSWING IN GREATER BOSTON SINGLE-FAMILY HOME MARKET CONTINUES IN MAY

Boston, MA. — The turnaround in the Boston area housing market continued last month in Greater Boston as sales of single-family homes rose on annual basis for the fourth time in five months to reach their highest level since August 2023. Condominium sales also rose to their highest level in 10 months. The rebound reflects the upswing in buyer activity earlier this spring when mortgage rates had eased, and points to the strong pent-up demand and increased optimism being felt in the local housing market, according to a new report issued by the Greater Boston Association of Realtors® (GBAR).

In May, sales of single-family homes climbed 9.3 percent from the prior year, increasing from 928 homes sold in May 2023 to 1,014 homes sold last month. Sales also rose on a month-to-month basis by 31.7 percent from 770 homes sold in April, Notably, May's sales volume is the highest in nine months dating back to last August when 1,097 homes sold, however last month's sales total remains modest as it's the fourth lowest May sales total in the last 20 years. In the condo market, sales were relatively stable on a year-over-year basis, but did slip 1.1 percent, from 930 units sold last May to 920 in May 2024, as first-time buyers comprise a larger segment of this market and are more susceptible to higher interest rates and prices. Condo sales did improve on a month-to-month basis however, increasing 18.6 percent from 776 units sold in April, but as with single-family homes, last month's condo sales total is the fourth lowest of any May in the last 20 years.

“Even though sales remain modest, we've seen a steady increase in market activity this spring,” said GBAR President Jared Wilk, a broker with Compass in Wellesley. “The softening in mortgage rates we saw early this year motivated many buyers to get off the fence, and that created a lot of foot traffic which continued right up to Memorial Day Weekend. Compared to a year ago there's a lot more optimism in the market, as the economy is doing better and there's also more inventory to choose from. As a result, buyers are much more serious and eager to buy and that's made for a healthier market,” he noted.

The increase in buyer interest and activity has been especially strong for detached single-family properties, and that's led to steady price growth in recent months. In fact, the monthly median selling price for single-family homes reached a new record high in May, appreciating 5.6 percent in the last 12 months from a median of \$900,000 in May 2023 to \$950,500 last month. That figure is up an ever so slight 0.1 percent from the previous monthly record high of \$950,000 for single-family homes set just one month earlier in April 2024.

It was a slightly different story in the condo market, which experienced some price fluctuation last month. On an annual basis the median sales price for condominiums slipped 1.2 percent in May from a median price of \$723,750 last May to \$715,000 in May 2024, but it increased a modest 2.1 percent from April when the median selling price was \$700,500.

“It’s no surprise we’re still seeing price growth given the imbalance that exists between supply and demand,” Wilk stated. “Inventory is especially tight in the single-family home market, where listings remain at less than a two-month supply, which is why prices for detached homes have been increasing rapidly this spring,” he observed.

As competition for properties has intensified, so has the upward pressure on prices, the GBAR president noted. “It’s the peak selling season, so it’s not uncommon to see multiple offers and bids over list price on homes that are priced right and well-maintained, but sellers also are being more aggressive on pricing, which is helping to drive appreciation,” Wilk said. Indeed, the majority of properties that sold in May went at or above full asking price, with the typical single-family home selling for 104.2 percent of its original list price, and the typical condo receiving 101 percent of its initial sales price.

“We have more buyers than homes to sell which is making for a very competitive market, and sellers are taking advantage,” Wilk remarked. “However, some owners are being a bit overzealous in their pricing, and in those instances we’re seeing properties sit on the market longer, receive fewer offers, and undergo a price adjustment or two in order to sell,” he cautioned.

Notably, while inventory remains limited, the GBAR report found that the number of residential properties for sale rose in May to its highest level since last September. At the end of May, active listings for single-family homes had increased 17.1 percent on an annual basis, from 1,372 homes for sale in May 2023 to 1,607 last month, and listings improved 26.6 percent on a month-to-month basis from 1,269 homes for sale in April. Separately, in the condo market, 1,826 units were listed for sale this May, a decline of 2.8 percent from one year ago when 1,878 units for sale in May 2023, but a month-to-month increase of 2.5 percent from one month earlier when 1,781 units were for sale in April.

“It remains a seller’s market, but with mortgage rates still stubbornly high, prices at or near record levels, and listing inventory having improved, buyers are going to have more of a say in how the market performs in the coming months,” Wilk predicted. “Buyers have more choice and room for negotiation than they did earlier this spring, so they’ve been exercising patience and acting more cautiously in recent weeks, which is likely to take some bounce out of the market rebound we’ve been experiencing this spring. We see little in the way of price softening however, as we have strong pent-up demand from buyers who’ve been in the market for years only to be outbid in multiple offer situations, and many millennials who are now in their peak homebuying years,” he added.