

Greater Boston Real Estate – 2010 – Jan.1 – June 30

In the detached single-family home market:

- Sales of single-family homes increased for a tenth consecutive month in June on a year-to-year basis, rising nearly 24 percent over last June's sales total. This is the eighth consecutive month of double-digit sales growth, but roughly half the rate of sales growth from March – May, when sales rose an average of 46 ½ percent over year ago levels. The last time home sales rose for 10 consecutive months on an annual basis was over a decade ago when sales improved from July 1997– April 1998.

- On a historical basis, last month's single-family sales volume of 930 homes sold is the best June sales total in five years and ranks as the 6th best sales total on record for the month of June in Greater Boston.

- On a month-to-month basis, single-family home sales increased for a fourth consecutive month climbing nearly 50 percent in June from one month earlier. An increase in month-to-month sales from March through mid-to-late summer is common in the local market given the cyclical nature of home sales in New England, however it is clear that the sharp sales gain in June was punctuated by the June 30 closing deadline initially set for those wishing to take advantage of the federal home buyer tax credit (the deadline date for which has since been extended to September 30, 2010).

- Pending home sales declined for a second straight month, following 10 consecutive months of increases from July 2009 – April 2010. The 14 percent drop in pending sales in June is the largest year-to-year decline in monthly pending sales since April 2009 when homes under agreement fell 15.4 percent from the previous April. The drop-off in pending sales was anticipated and coincides with the expiration of the home buyer tax credit which prompted some buyers to speed up their decision-making process and secure a P&S Agreement this spring rather than move more deliberately for a summer closing as might have occurred if the tax credit incentive was not available.

- The median selling price for detached single-family homes rose 7.4 percent in June from the same month last year to \$510,000. This is the fourth consecutive month in which the monthly median selling price has risen on an annual basis, and the eighth time in the last 10 months the median price for detached single-family homes has increased – the exceptions being February when the median price was flat and October when the median price slipped 1.1 percent from October 2008. This positive trend is an indication that trade-up buyers have returned to the market in increasing numbers this spring, and that demand has exceeded the supply of homes for sale in recent months which is putting upward pressure on prices. In most communities in eastern Massachusetts, home values are either at or near bottom and are likely to continue to strengthen, provided the local economy continues to stabilize and add new jobs in the months ahead.

- On a month-to-month basis, the median selling price rose for the second time in the last three months, climbing 17.2 percent over May's median selling price. It's the largest month-to-month increase in the median selling price of detached single-family homes since December when the median price rose 20 percent from November 2009. Notably, last month's median price of \$510,000 marks the first time since August 2007 that the monthly median selling price has topped \$500,000 for a detached single-family home in Greater Boston, a span of 34 months.

The steady price growth in June is reflective of tight inventory levels, consumers feeling more confident in the housing market, and strong activity among trade-up buyers with growing families who look to move up to new homes during the summer months when school is not in session. Furthermore, June's median home selling price of \$510,000 is down just 5.4 percent from its peak of \$539,000 recorded in August 2005.

- The inventory of single-family homes for sale rose for the third time in the past four months in June, climbing 3 percent over the same month one year ago. While it's unclear if this is the start of a new long-term trend, the numbers reflect the fact that an increasing number of sellers are feeling more confident about putting their home on the market, and offers further evidence that the residential market is stabilizing in greater Boston.

At the current sales pace, inventory stands at 3.5 months of supply, which signifies a strong seller's market. A balanced market is when there are 7.5 – 8.5 months of supply, so in today's market buyer demand is outpacing supply by a side margin which makes it a good time for prospective sellers to consider putting their home on the market.

In the condominium market:

- As in the single-family home market, condo sales rose on an annual basis for a tenth straight month in June, and have improved for 11 of the last 12 months dating back to July 2009. There have been double-digit sales gains in nine of the past 10 months. The last time sales rose for 10 consecutive months was from July 1997 – April 1998.

- On a historical basis, last month's sales volume of 1,206 condos sold is the best June sales total in four years and ranks as the fifth highest sales total for the month of June on record, topped only by May 2004-2007.

- On a month-to-month basis, condominium sales rose for a fourth consecutive month in June, climbing nearly 33 percent over the May sales level.

- Similar to the experience in the single-family home market, pending sales of condominiums declined for a second consecutive month in June after 10 straight months in which homes that went under agreement rose on a year-to-year basis. The decline in the number of pending sales was even more substantial in the condo market than the detached home market (20% vs. 14%), and with pending sales for condos also down on a month-to-month basis by 10% the data confirms what had been expected - demand among first-time home buyers has eased following the expiration of the home buyer tax credit on April 30, 2010.

- After unexpectedly falling 4.3 percent in May, the median selling price for condominiums rebounded in June, rising a modest 2.7 percent from the same month one year earlier to \$359,500 this June. The monthly median selling price for condos has now risen in six of the last seven months, dating back to December 2009. While it is possible that prices could soften a bit further in the months ahead with fewer buyers in the market following expiration of the tax credit, prices in the condominium market appear to be stabilizing in much the same way as they have in the detached single-family home market, and this is due to the fact the Boston-area condo market is not oversaturated with units the way other metro areas in the U.S. are, but rather we have a modest inventory level of units for sale.

- On a month-to-month basis, the median condo selling price rose for a third consecutive month in June, improving a healthy 9.6 percent from May. With the recent rebound in prices over the past half year, the condo median selling price is now down a rather modest 3.4 percent from its peak of \$372,000 in July 2007.

- The number of listings of condos for sale improved for the fourth time in five months during June on an annual basis, and stood at just over 5,000 units for sale as of June 30. Nonetheless, at the current sales pace demand continues to outpace supply with just 5.3 months of inventory on the market entering July. This should help to keep upward pressure on prices over the next few months, provided demand does not diminish sharply.

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