

MASSACHUSETTS ASSOCIATION OF REALTORS®

Detached Single-family Home Sales

August '03	August '04	% Change
5,556	5,527	- 0.5%
July '04	August '04	% Change
6,166	5,527	- 10.4%

Condominium Sales

August '03	August '04	% Change
1,728	2,387	+ 22.1%
July '04	August '04	% Change
2,184	2,387	+ 9.2%

Detached Single-family Home Median Selling Price

August '03	August '04	% Change
\$318,500	\$358,000	+ 12.4%
July '04	August '04	% Change
\$350,000	\$358,000	+ 2.3%

Condominium Median Selling Price

August '03	August '04	% Change
\$240,000	\$273,900	+ 14.1%
July '04	August '04	% Change
\$268,000	\$273,900	+ 2.2%

NOTE: Figures reflect data from 5 of 5 REALTOR®-affiliated Multiple Listing Services in Massachusetts as of September 15, 2004.

Talking Points

Detached Single-family Home Sales:

- The 5,527 detached single-family homes sold last month is the second highest on record for the month of August in state history, preceded only by the 5,556 sales recorded a year ago in August 2003.
- The slight decline of 0.5 percent in single-family home sales between August 2003 and August 2004 is the first decrease in year-to-year sales activity in six months – dating back to February 2004 when sales dipped 0.7 percent from February 2003. Sales of single-family homes have risen in six of the eight months of 2004 over the comparable months last year.
- The gain in sales activity is the result of the attractive mortgage rates, which fell for a third consecutive month in August after peaking at close to 6 1/2 percent in May. Additionally, continued strengthening in the local economy, confidence in the housing market, and favorable demographics, including a sizeable immigrant population in Massachusetts and a large baby-boom population now in their peak earning years, has kept housing demand strong.
- While a decline in sales activity from July to August is not unusual due to seasonal changes that occur in the housing market each summer in New England, the 10.4 percent decrease in single-family sales from July to August is the first such decline since 1999. The sales decline reflects the fact that buyer demand softened in the later half of the spring due to a up tick in mortgage rates of one-half a percentage point from late April to the end of June. While the jump in mortgage rates did spark a brief surge in sales as rates initially began to climb, many first-time buyers were forced to the sidelines as rates hovered between 6.40 – 6.60 percent from the week of May 10th thru the week of June 28th. Since then, however, rates have declined and are now at or below 6 percent, which should lead to increased demand from buyers for the fall market.
- The number of detached single-family homes on the market has remained relatively stable over the past year, declining a modest 1.8 percent from 30,299 listings in August 2003 to 29,758 listings in August 2004. Similarly, inventory, as expressed in months of supply, has also remained steady at 5.4 months of supply this past August (vs. 5.5 months in August 2003.) Compared to a month earlier, August listings increased 0.6 percent from 29,529 units in July 2004, which reflects a modest gain from 5.1 months of supply in July 2004

In Massachusetts, the market is considered to be in equilibrium for buyers and sellers when 7.5-8.5 months of housing supply is available, thus buyers continue to face limited inventory levels (especially for starter homes) and rising prices.

- Mortgage interest rates remain at historically low levels. The rates for fixed-rate mortgages fell for a third consecutive month in August, with the average rate for a 30-year fixed-rate loan in Massachusetts declining to 6.05 percent -- its lowest level in five months (March 2004 - 5.64 percent). Furthermore, rates on 30-year fixed rate mortgages have declined a half percentage point from a year ago, when the average rate for a 30-year fixed loan was 6.55 percent in Massachusetts. NAR expects 30-year fixed mortgages to remain at or below 6.5 percent until at least the middle of next year.

Condo Sales:

- First-time buyers and empty-nesters looking to downsize or purchase second homes are helping to drive condo sales to record numbers. In fact, the 2,387 condos sold in August 2004 are the most ever recorded in a single month in state history. The previous record for one month was 2,317 condo sales set just two months ago in June 2004, while the prior record for August sales was set a year ago, when 1,728 condos were sold in August 2003.
- Condo sales have improved for each of the past 16 consecutive months compared to the same month a year earlier.
- The condo market remains healthy, in part, because inventory has continued to improve. In fact, listings have increased 12.8 percent in the past year, from 9,731 units in August 2003 to 10,977 in August 2004, but inventory as expressed in months of supply has declined from 5.6 months last August to 4.6 months in August 2004 due to the record sales pace. Condo listings are down from July however, when there were 12,022 units for sale and 5.7 months of supply on the market

Detached Single-Family Home Selling Prices:

- Selling prices for detached single-family homes continued to rise steadily in August, increasing 12.4 percent over last August to \$358,000. The state's all-time monthly high median selling price for single-family homes remains at \$360,000, set in June 2004. This marks the sixth consecutive month there has been double-digit appreciation in the statewide median selling price, which mirrors the heavy market demand and the fact that buyers are able to purchase more home at today's lower mortgage rates.
- This is the 98th consecutive month selling prices have risen vs. the same month the prior year (dating back to June 1996).

Condominium Selling Prices:

- Median selling prices for condos posted their fourth consecutive month of double-digit appreciation in August, climbing 14.1 percent over the past year – from \$240,000 in August 2003 to \$273,900 this August – to set a new all-time monthly high. The previous high for median sales price in a single month was \$268,000, which occurred in May and July 2004.
- This is the 67th consecutive month selling prices have risen vs. the same month the prior year (dating back to Dec. 1998)