

MASSACHUSETTS ASSOCIATION OF REALTORS®

Detached Single-family Home Sales

<u>December '03</u>	<u>December '04</u>	<u>% Change</u>
4,021	3,959	- 1.5%
<u>November '04</u>	<u>December '04</u>	<u>% Change</u>
4,063	3,959	- 2.6%

Condominium Sales

<u>December '03</u>	<u>December '04</u>	<u>% Change</u>
1,284	1,584	+ 23.4%
<u>November '04</u>	<u>December '04</u>	<u>% Change</u>
1,597	1,584	- 0.8%

Detached Single-family Home Median Selling Price

<u>December '03</u>	<u>December '04</u>	<u>% Change</u>
\$310,000	\$342,500	+ 10.5%
<u>November '04</u>	<u>December '04</u>	<u>% Change</u>
\$345,950	\$342,500	- 1.0%

Condominium Median Selling Price

<u>December '03</u>	<u>December '04</u>	<u>% Change</u>
\$230,000	\$265,000	+ 15.2%
<u>November '04</u>	<u>December '04</u>	<u>% Change</u>
\$263,000	\$265,000	+ 0.8%

NOTE: Figures reflect data from 5 of 5 REALTOR®-affiliated Multiple Listing Services in Massachusetts as of January 15, 2005.

## Talking Points

### Detached Single-family Home Sales:

- Although detached single-family home sales slipped in December, for the fourth time in the last five months compared to year ago levels, the volume of single-family homes sold during the month remained historically strong. The 3,959 detached homes sold last month make it the fourth busiest December on record for home sales in the Bay State, surpassed only by December 1997 (4,280 homes sold), December 1998 (4,192 homes sold) and December 2003 (4,021 homes sold).
- The decline in monthly year-to-year sales activity that has occurred in four of the final five months of 2004 suggests that buyer demand may finally be moderating after two years of explosive sales growth fueled by near record low mortgage rates. Demand may be easing in part because of the lingering effects of the recession here in Massachusetts where job growth has been slow to occur and high housing prices have contributed to a net loss of 1 percent in the state's population during the past year. A drop in sales also was virtually inevitable since the exceptionally strong sales gains observed in the second half of 2003 and first half of 2004 were unsustainable - mostly because the pool of renters and entry-level home buyers looking to jump into the market to take advantage of 30-year mortgage rates under 6 percent was only so deep. Now that many of those first-time buyers have purchased homes, the market has started to return to a more "normal" pace - even though it appears to outsiders as if the housing market is "slowing" given the record sales pace of the last two years.
- Notably, preliminary data suggests that sales of detached single-family homes in Massachusetts reached a new all-time high during 2004, climbing more than 8 percent over the past year to 51,429 units sold from 47,505 units sold in 2003. The previous state record for detached single-family home sales occurred in 1998 when 50,401 homes were sold.
- The sales decline of 2.6 percent that took place between November and December is not unusual and generally reflects seasonal changes that occur in the local housing market each fall as colder weather settles in and the holidays grow closer.
- The supply of detached single-family homes on the market slide 1 percent over the past 12 months, from 22,818 homes for sale in December 2003 to 22,593 listings this December. Inventory, as expressed in months of supply remained stable over the past year however, holding at 5.7 months in December. In typical seasonal fashion, the supply declined from one month earlier, as inventory fell 6.5 percent from November when there were 24,168 listings and 6.8 months of supply.
- Mortgage interest rates remain near historically lows. Even though the rate for fixed-rate loans rose in December for the first time in seven months, the average rate for a 30-year fixed-rate mortgage in Massachusetts remains attractive at 5.84 – up just .03 percent from November (5.81 percent). Significantly, 30-year mortgage rates are still about two-tenths of a point lower than they were a year ago, when the average rate for a 30-year fixed loan was 6.02 percent in December 2003.

### Condo Sales:

- First-time buyers and empty-nesters looking to downsize and purchase second homes continue to boost condo sales to record levels. The 1,584 units sold in December set a new state record for the month, eclipsing the prior record of 1,284 condos sold in December 2003. Condo sales have improved for 20 consecutive months vs. the same month a year earlier.
- Notably, preliminary data also suggests that sales of condominiums reached a new all-time high during 2004, climbing more than 25 percent over the past year to 19,943 units sold from the previous annual record of 15,729 units sold in 2003.
- The condo market remains healthy, in part, because inventory levels continue to rise. Active listings have increased 16.8 percent in the past year, up from 8,717 units in December 2003 to 10,180 this December. Inventory, as stated in months of supply has fallen in the past year however, due to the jump in December sales, decreasing to 6.4 months of supply in December 2004 from 6.8 months of supply last November. Compared to a month earlier, condo listings have decreased 1.7 percent from November when there was a total of 10,356 condominiums on the market and 6.5 months of supply.

### Detached Single-Family Home Selling Prices:

- Selling prices for detached single-family homes continued to climb steadily last month, rising 10.5 percent over the past year to a statewide median price of \$342,500 in November. It's the ninth consecutive month of double-digit appreciation in the median selling price, but at 10.5 percent it's the smallest gain in year-to-year price appreciation since March when the price rose 9.7 percent over March 2003. The all-time monthly high median price remains \$360,000 set in June 2004.
- The modest 1 percent decline in the statewide median selling price from November is statistically insignificant and does not suggest a drop in home values, but instead reflects strong first-time buyer activity being driven by low mortgage rates.
- This is the 102<sup>nd</sup> 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 eighth consecutive month of double-digit appreciation, climbing 15.2 percent over the past 12 months to a statewide median price of \$265,000 this December. However, the December median selling price for condominiums is still below the state's all-time monthly high price of \$273,900, set in August 2004.
- This is the 71<sup>st</sup> consecutive month selling prices have risen vs. the same month the prior year (dating back to Dec. 1998)