

MASSACHUSETTS ASSOCIATION OF REALTORS®

Detached Single-family Home Sales

<u>December '02</u>	<u>December '03</u>	<u>% Change</u>
3,784	4,538	+ 19.9%
<u>November '03</u>	<u>December '03</u>	<u>% Change</u>
3,716	4,538	+ 22.1%

Condominium Sales

<u>December '02</u>	<u>December '03</u>	<u>% Change</u>
1,161	1,491	+ 28.4%
<u>November '03</u>	<u>December '03</u>	<u>% Change</u>
1,170	1,491	+ 27.4%

Detached Single-family Home Average Selling Price

<u>December '02</u>	<u>December '03</u>	<u>% Change</u>
\$344,795	\$377,881	+ 9.6%
<u>November '03</u>	<u>December '03</u>	<u>% Change</u>
\$367,350	\$377,881	+ 2.9%

Condominium Average Selling Price

<u>December '02</u>	<u>December '03</u>	<u>% Change</u>
\$250,242	\$279,085	+ 11.5%
<u>November '03</u>	<u>December '03</u>	<u>% Change</u>
\$264,985	\$279,085	+ 5.3%

NOTE: Figures reflect data from 5 of 5 REALTOR-affiliated Multiple Listing Services in Massachusetts as of January 19, 2004.

## Talking Points

### Detached Single-family Home Sales:

- The 4,538 detached single-family homes sold in December 2003 are the most ever recorded in a single December in state history. The previous record for December sales was 4,184 in December 1997. It's the fourth time this year that sales have set a new monthly record in Massachusetts, following record high sales in August, September, and October. Additionally, the sales increase between December 2002 and December 2003 marks the sixth consecutive month home sales have exceeded the volume for the same month one year earlier in Massachusetts. The last time sales of detached single-family homes rose for six consecutive months over the same period a year earlier was November 1997–April 1998.
- The steady sales growth in the detached single-family market is the result of a strengthening economy, with rising consumer confidence, modest job growth, and today's low-interest rate environment helping to stimulate market activity.
- Preliminary year-end data suggests this will be the third best year for detached home sales in the Bay State with an estimated 49,325 units sold (a 4.8% increase over 2002). Only 1998 (50,401 units) and 1999 (49,338 units) were busier.
- The number of listings has risen 2.6 percent over the past 12 months, from 22,248 listings in December 2002 to 22,818 in December 2003. However, the stronger sales pace this year means there's been a decline in months of supply over the past 12 months from – 5.9 months of supply statewide in December 2002 to 5.0 months of supply in December 2003. 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, at present levels, home price appreciation has remained strong, near double-digits statewide.
- Mortgage rates remain near historic lows and, along with improving inventory levels, should keep housing demand relatively strong through the winter months. In December, mortgage rates dipped slightly – with the average 30-year fixed rate mortgage in Massachusetts down from 6.18 percent in December 2002 to 6.02 percent in December 2003.

### Condo Sales:

- First-time and immigrant buyers, as well as empty-nesters looking to downsize, are helping to drive condo sales to record levels. In fact, the 1,491 condos sold in December 2003 established a new state record for condo sales for the month. The previous December record for condo sales was 1,101 set in December 1998. December's sales record marks the ninth time this year condo sales have set a new monthly sales record in Massachusetts (January and May-December).
- Condo sales in Massachusetts have risen for eight consecutive months when compared to the same month a year earlier.
- Preliminary year-end data finds an estimated 17,310 condos were sold statewide in 2003, shattering the previous annual record of 14,926 sales last year. This gain of nearly 2,400 units projects to 16 percent increase in condo sales over 2002.
- The condo market has experienced a steady rise in inventory this past year, with listings climbing 13.6 percent statewide in the last 12 months, from 7,672 units in December 2002 to 8,717 this December. However, with December's record sales pace for condos, listings declined to 5.8 months of supply last month from 6.6 months of supply in December 2002.

### Detached Single-Family Home Average Selling Price:

- The 9.6 increase in the state's average selling price between December 2002 and December 2003 reflects the strong demand and record sales of detached homes last month. This marks the fifth time in 2003 that the average selling price rose an average of 10 percent or more, but just the first time in six months the rate of price appreciation has reached this level. More modest price appreciation is likely in the year ahead as the balance between supply and demand improves.
- This is the 90<sup>th</sup> consecutive month selling prices have risen vs. the same month the prior year (dating back to June 1996).
- Preliminary year-end data indicates the statewide average selling price for detached single-family homes rose 8.6 percent over the past year, from an average price of \$346,019 in 2002 to \$375,723 in 2003.

### Condominium Average Selling Price:

- The 11.5 percent gain in the average selling price from December 2002 to December 2003 reflects the record demand for condos. Furthermore, the \$279,085 average price tag in December 2003 is the second highest monthly average selling price on record (\$280,601 in August 2003 is tops). It's the seventh month in 2003 year the average selling price for condos posted double-digit price appreciation over 2002. With the inventory of condos rising steadily in recent months however, buyers in this market should find less dramatic price increases and improved affordability in the year ahead.
- This is the 60<sup>th</sup> consecutive month selling prices have risen vs. the same month the prior year (dating back to Dec. 1998).
- Preliminary year-end data indicates the statewide average selling price for condos rose 9.6 percent over the past year, from an average price of \$243,951 in 2002 to \$267,325 in 2003.