

MASSACHUSETTS ASSOCIATION OF REALTORS®

Detached Single-Family Home Sales

| | | |
|---------------------|---------------------|-----------------|
| February '02 | February '03 | % Change |
| 2,707 | 2,353 | - 13.1% |
| January '03 | February '03 | % Change |
| 2,898 | 2,353 | - 18.8% |

Condominium Sales

| | | |
|---------------------|---------------------|-----------------|
| February '02 | February '03 | % Change |
| 880 | 834 | - 5.2% |
| January '03 | February '03 | % Change |
| 1,033 | 834 | - 19.3% |

Detached Single-Family Home Average Selling Price

| | | |
|---------------------|---------------------|-----------------|
| February '02 | February '03 | % Change |
| \$306,295 | \$340,166 | + 11.1% |
| January '03 | February '03 | % Change |
| \$373,584 | \$340,166 | - 9.8% |

Condominium Average Selling Price

| | | |
|---------------------|---------------------|-----------------|
| February '02 | February '03 | % Change |
| \$228,978 | \$237,439 | + 3.7% |
| January '03 | February '03 | % Change |
| \$248,342 | \$237,439 | - 4.4% |

NOTE: Figures reflect 5 of 5 REALTOR® -affiliated Multiple Listing Services in Massachusetts as of March 19, 2003.

Talking Points

Detached Single-family Home Sales:

- Despite the slower sales pace from a year ago, February 2003 was the fifth busiest February for detached single-family home sales in state history. Only February 1998-2000 and February 2002 saw more sales.

- The 13.1 percent decline in sales this February compared to the same month last year is significant, but February 2002 was the most active February for home sales on record in the Commonwealth. A decline in sales from February 2002 to February 2003 was anticipated due to the fact that a year ago the market experienced a surge in activity over the winter months as buyers who had postponed home buying decisions in the wake of the September 11, 2002 terrorists attacks returned, thus creating strong pent-up demand.

Additionally, last February, we experienced a much milder winter than was observed in 2003, and this year's stormier weather pattern has contributed to a slightly less active market. The state's unemployment rate also rose in February leading to lower consumer confidence as people grew more concerned about job security, not to mention a war with Iraq.

- The 18.8 percent decline in sales from January to February 2003 is the largest month-to-month decrease in detached single-family home sales in 31 months (July 2000), when sales fell 17.2 percent statewide between June and July 2000.

- Mortgage rates remained very attractive in February – as the average 30-year fixed rate mortgage in Massachusetts fell nearly a full point from 6.90 percent in February 2002 to 5.97 percent in February 2003. However, rates began to edge up in the last two weeks, which should spur additional sales activity as we enter the busiest part of the spring market. With inventory levels likely to improve over the next several weeks, that too should provide for an active spring market

Condo Sales:

- The 834 condo units sold in February 2003 makes last month the second strongest February on record in state history for condominium sales, exceeded only by February 2002. As a result, the 5.2 percent decline in sales from last February reflects a small, modest decline from last year's record sales level for the month

- This is the first time in six months that condo sales have declined in Massachusetts from the comparable month one year earlier (dating back to August 2002 when sales fell 11.7 percent from August 2001.).

- First-time buyers frustrated by low inventory levels (and high prices) for starter detached homes in many markets and older baby-boomers (who make up a large population of empty-nesters in the state) looking to downsize are helping to keep the condo market strong across Massachusetts.

Detached Single-Family Home Average Selling Price:

- This is the fourth consecutive month that the statewide average selling price has experienced double-digit appreciation over the same month one year earlier. However, it's the smallest increase during that period.

- The 9.8 percent decrease in the average selling price from January 2003 largely reflects the fact that nearly one-third fewer homes (32%) priced at \$500,000 or more sold in February vs. January 2003, a difference of 166 fewer homes.

- However, when you consider that February saw the smallest increase in the statewide average selling price since October, and view that fact in conjunction with the 9.8 percent decline in the average selling price between January and February, the data may signal the fact that the days of rapid price appreciation are coming to an end. The numbers will bear watching over the next few months to see if the return to a more normal sales pace will yield the more modest single-digit price appreciation that's been forecasted for the local housing market since last year.

Condominium Average Selling Price:

The modest 3.7 percent increase in the statewide average selling price for condos indicates that supply and demand levels may be in better balance today than at any time in the last 2+ years, as this marks the first time in 32 months (June 2000 vs. June 1999) that the average price has not risen by at least 10 percent over the comparable month a year earlier.

- February marks the third consecutive month that the average selling price for condos has declined from the previous month, dating back to November 2002 when the statewide average selling price reached an all-time high of \$252,964.