

MASSACHUSETTS ASSOCIATION OF REALTORS®

Detached Single-family Home Sales

<u>January '03</u>	<u>January '04</u>	<u>% Change</u>
2,898	2,944	+ 1.6%

<u>December '03</u>	<u>January '04</u>	<u>% Change</u>
4,538	2,944	- 35.1%

Condominium Sales

<u>January '03</u>	<u>January '04</u>	<u>% Change</u>
1,033	1,065	+ 3.1%

<u>December '03</u>	<u>January '04</u>	<u>% Change</u>
1,491	1,065	- 28.6%

Detached Single-family Home Average Selling Price

<u>January '03</u>	<u>January '04</u>	<u>% Change</u>
\$373,584	\$399,332	+ 6.9%

<u>December '03</u>	<u>January '04</u>	<u>% Change</u>
\$377,881	\$399,332	+ 5.7%

Condominium Average Selling Price

<u>January '03</u>	<u>January '04</u>	<u>% Change</u>
\$248,342	\$277,157	+ 11.6%

<u>December '03</u>	<u>January '04</u>	<u>% Change</u>
\$279,085	\$277,157	- 0.7%

NOTE: Figures reflect 5 of 5 REALTOR®-affiliated Multiple Listing Services in Massachusetts as of February 20, 2004.

Talking Points

Detached Single-family Home Sales:

- The 2,944 detached single-family homes sold in January 2004 is the third highest sales volume ever recorded for one January in state history. Only January 2002, with 3,227 units sold, and January 1999, with 3,193 units sold, were busier.
- The 1.6 percent increase in sales between January 2003 and January 2004 marks the seventh 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 seven consecutive months over the same period a year earlier was October 1997–April 1998.
- The strong sales pace for detached single-family homes is being driven by historically low mortgage rates, modest job growth, and rising inventory levels, which have drawn large numbers of first-time buyers and immigrants into the market.
- Supply levels rose steadily in January due to the annual seasonal slowdown in sales during the holidays and a milder winter than last year. The number of homes for sale has increased 2.8 percent in the last 12 months, from 23,569 listings in January 2003 to 24,237 in January 2004, and is up 6.2 percent from December 2003 when 22,828 homes were for sale. As a result, despite increased sales this January over January 2003, the inventory level improved from 8.1 months of supply a year ago to 8.2 months of supply in January 2004. Notably, in December 2003 there was just 5.8 months of supply due to the much larger sales volume.

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, the improvement in inventory levels means more opportunities for home buyers and a better balance between supply and demand, which should allow for more modest price appreciation and a more normal pace to the housing market during the next few months.

- Mortgage rates remain near historic lows and, along with improving inventory levels, should keep housing demand relatively strong through the winter months. In January, mortgage rates fell a quarter of a point – with the average 30-year fixed rate mortgage in Massachusetts down from 6.14 percent in January 2003 to 5.89 percent in January 2004.

Condo Sales:

- The condominium market, with its relative affordability, remained very active last month. In fact, the 1,065 units sold in January 2004 established a new state record for condo sales for the month, topping the previous high of 1,033 sales set one year ago in January 2003.
- January 2004 is the ninth consecutive month that condo sales in Massachusetts have improved from the same month one year earlier. The January's sales volume record also makes it nine straight months that condo sales have set a new monthly sales record in Massachusetts, dating back to May 2003.
- The condo market has experienced a steady rise in inventory this past year, with listings climbing 15.8 percent statewide in the last 12 months, from 8,149 units in January 2003 to 9,436 this January. As a result, listings have increased from 7.9 months of supply last January to 8.9 months of supply in January 2004.

Detached Single-Family Home Average Selling Price:

- After experiencing double-digit price appreciation for six consecutive months between November 2002 and March 2003, this is the ninth time in the last 10 months that the statewide average selling price of detached homes has risen less than 10 percent compared to the same month one year earlier. The more modest appreciation rate is good for buyers, suggesting a better balance between supply and demand in today's market vs. markets in recent years.
- The statewide average selling price of \$399,332 recorded in January 2004 is the second highest monthly average selling price on record, exceeded only by the \$414,517 in June 2003. The figure, suggests that a significant number of sales of high-end homes were placed under agreement in late 2003 and closed in January.
- This is the 91st consecutive month selling prices have risen vs. the same month the prior year (dating back to June 1996).

Condominium Average Selling Price:

- The 11.6 percent gain in the average selling price from January 2003 to January 2004 reflects the record demand for condos. This marks the fifth time in the last seven months dating back to July 2003 that the average selling price for condos has seen double-digit price appreciation over the same month a year earlier. However, with the inventory of condos rising steadily in recent months, it is expected that buyers in this market should find less dramatic price increases and improved affordability in the year ahead.
- This is the 61st consecutive month selling prices have risen vs. the same month the prior year (dating back to Dec. 1998).