

MASSACHUSETTS ASSOCIATION OF REALTORS

Detached Single-family Home Sales

<u>January '02</u>	<u>January '03</u>	<u>% Change</u>
3,092	2,898	- 6.3%

<u>December '02</u>	<u>January '03</u>	<u>% Change</u>
3,784	2,898	- 23.4%

Condominium Sales

<u>January '02</u>	<u>January '03</u>	<u>% Change</u>
966	1,033	+ 6.9%

<u>December '02</u>	<u>January '03</u>	<u>% Change</u>
1,161	1,033	- 11.0%

Detached Single-family Home Average Selling Price

<u>January '02</u>	<u>January '03</u>	<u>% Change</u>
\$311,840	\$373,584	+ 19.8%

<u>December '02</u>	<u>January '03</u>	<u>% Change</u>
\$344,795	\$373,584	+ 8.3%

Condominium Average Selling Price

<u>January '02</u>	<u>January '03</u>	<u>% Change</u>
\$215,696	\$248,342	+ 15.1%

<u>December '02</u>	<u>January '03</u>	<u>% Change</u>
\$250,242	\$248,342	- 0.8%

NOTE: Figures reflect 5 of 5 REALTOR®-affiliated Multiple Listing Services in Massachusetts as of February 20, 2003.

Talking Points

Detached Single-family Home Sales:

- Although sales activity declined 6.3 percent in January 2003 from the same month last year, January 2002 was the most active January period in state history. Furthermore, the volume of sales in January 2003 (2,898 units) is the third best January sales total on record in Massachusetts, exceed only by January 2002 and January 1999
- The sales decline in January vs. January 2002 was anticipated due to the fact that a year ago the market experienced a surge in activity in January as buyers who had postponed home buying decisions in the wake of the September 11, 2002 terrorists attacks returned creating strong pent-up demand.
Additionally, last January, the state experienced a much milder winter than we have experienced in 2003, and this year's stormier weather pattern has contributed to a slightly less active market. Notably, inventory levels (on a statewide basis) also have improved about 4 percent over year ago levels, and that means there's less urgency on the part of buyers to make offers and reach agreement on a home purchase.
- With some improvement in inventory levels and mortgage rates remaining very attractive (the average 30-year fixed rate mortgage rate in Massachusetts was 6.13 percent in January 2003 vs. 7.10 percent in January 2002), the market is a favorable one for buyers heading into the spring market.

Condo Sales:

- The 1,033 condo units sold in January 2003 is the most every recorded for one January in state history. The previous high for condo sales in January was 966 in January 2002.
- This is the fifth consecutive month in which condo sales have increased in Massachusetts over the comparable month a year early (dating back to September).
- 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 drive condo sales to record numbers across Massachusetts.

Detached Single-Family Home Average Selling Price:

- The sharp increase of nearly 20 percent in the statewide average selling price in January 2003 (from year ago levels) directly reflects the fact that there was a significant increase in the number of high-end homes sold during the month. In fact, the number of homes priced at \$500,000 or more that sold in January increased nearly 50 percent (46%) during the past year. The growth at the high-end of the market represents an increase of 165 homes valued at \$500,000 or more that sold in January 2003 vs. January 2002. This is the tenth time in the last 13 months that the statewide average selling price for detached single-family homes has increased by double-digits from the same month one year earlier.
- The increase of more than \$60,000 in the statewide average selling price over the past 12 months suggests a high level of confidence in the housing market and continued strong housing demand from consumers despite generally weak economic growth. Many consumers who've been shaken by losses and instability in the financial markets are moving their money out of stocks and mutual funds and using those funds to purchase and invest in housing.
- The \$373,584 statewide average selling price for January is highest monthly average selling for detached homes ever recorded in the state. It is important to remember, however, this is only an average selling price, many homes sell for less than the average price, and, of course, homes sell for more than this price as well.

Condominium Average Selling Price:

- The 15 percent increase in the statewide average selling price for condominiums this past year simply reflects the record demand for this type of housing that's occurring across the state. Expectations are that appreciation rates will ease in 2003, but price pressures remain in this market due to heavy demand from first-time buyers and empty-nesters looking to downsize who are both in search of smaller, more moderately priced homes.