

MASSACHUSETTS ASSOCIATION OF REALTORS®

Detached Single-family Home Sales

<u>July '03</u>	<u>July '04</u>	<u>% Change</u>
5,235	5,781	+ 10.4%
<u>June '04</u>	<u>July '04</u>	<u>% Change</u>
5,898	5,781	- 2.0%

Condominium Sales

<u>July '03</u>	<u>July '04</u>	<u>% Change</u>
1,723	2,103	+ 22.1%
<u>June '04</u>	<u>July '04</u>	<u>% Change</u>
2,317	2,103	- 9.2%

Detached Single-family Home Median Selling Price

<u>July '03</u>	<u>July '04</u>	<u>% Change</u>
\$315,000	\$350,000	+ 11.1%
<u>June '04</u>	<u>July '04</u>	<u>% Change</u>
\$360,000	\$350,000	- 2.8%

Condominium Median Selling Price

<u>July '03</u>	<u>July '04</u>	<u>% Change</u>
\$234,500	\$269,000	+ 14.7%
<u>June '04</u>	<u>July '04</u>	<u>% Change</u>
\$265,000	\$269,000	+ 1.5%

NOTE: Figures reflect data from 5 of 5 REALTOR®-affiliated Multiple Listing Services in Massachusetts as of August 15 2004.

Talking Points

Detached Single-family Home Sales:

- The 5,781 detached single-family homes sold in July establishes a new state record for home sales in the month of July. The previous record for the month was set in July 1998 when 5,359 detached homes were sold in Massachusetts.
- With a 10.4 percent increase in annual sales activity between July 2003 and July 2004, detached single-family home sales have increased for the past five consecutive months and 12 of the last 13 months when compared to the same month one year earlier. The only decline over this time occurred in February 2004, when single-family home sales fell 2 percent.
- The gain in sales activity is the result of an improving labor market (five consecutive months of job growth in the state), strong consumer confidence, and lower mortgage rates, which have declined for the past two months. Notably, a sharp rise in interest rates (of approximately one-half point) in April motivated many prospective home buyers to “get off the fence” and move more quickly to purchase a home before rates rose further. This led to a strong spring and early summer market, and may mean that some buyers who might have anticipated entering the market and purchasing a home this fall have already done so. Thus, it may be difficult to sustain the record sales pace of recent months into the fall.
- The 2 percent decline in sales from June to July of this year is due to seasonal changes in the housing market in New England and is not unusual or unexpected.
- The number of detached single-family homes on the market has declined a modest 3.2 percent over the past 12 months, decreasing from 30,515 listings in July 2003 to 29,529 listings in July 2004. The drop in inventory is largely the result of strong buyer demand over the past five months. Accordingly, inventory, as expressed in month’s of supply also declined in July, from 5.8 months in July 2003 to 5.1 months of supply in July 2004, reflecting the record sales pace last month. Compared to June, July listings as expressed in units were stable (29,712 units in June), while supply in months improved slightly from 5.0 month in June. 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 buyers continue to face limited inventory levels, especially for starter and entry-level homes.
- Mortgage rates, while up modestly from July 2003, did decline a quarter of a point this July from one month earlier and remain at historically low levels. In Massachusetts, the average 30-year fixed mortgage in July was 6.18 percent – up from 5.94 percent in July 2003, but down from 6.44 percent in June 2004 and a 2004 high of 6.47 percent in May. NAR expects 30-year fixed mortgages to reach a national average of 6.6 percent by the end of 2004 and to top 7 percent in 2005.

Condo Sales:

- First-time buyers and empty-nesters looking to downsize or purchase second homes are helping to drive condo sales to record numbers. In fact, the 2,103 condos sold in July 2004 established a new state record for the month and account for the second highest sales total in a single month in state history. The previous July record for condo sales was set a year ago when 1,723 units were sold in July 2003. The current record for one month is 2,317 condo sales in June 2004.
- Condo sales have improved for each of the past 15 consecutive months compared to the same month a year earlier.
- The decline in sales from June to July reflects seasonal changes in the local housing market is not unusual or unexpected.
- The condo market remains healthy, in part, because inventory has continued to improve. In fact, listings have increased 20.8 percent in the past year, from 9,951 units in July 2003 to 12,022 in July 2004, and are also up 3 percent from June when 11,662 condos were for sale. Additionally, supply, in months, has climbed from 5.0 months in June to 5.7 months in July 2004. However, supply is off slightly from last year (5.8 months in July 2003), due to this year’s stronger sales pace.

Detached Single-Family Home Selling Prices:

- Selling prices for detached single-family homes continued to rise steadily in July, but the rate of price appreciation did slow compared to recent months, an indication that prices may begin to moderate over the second half of the year. The statewide median selling price rose 11.1 percent over the past 12 months – the smallest percentage increase in three months, and the median price actually decreased a modest 2.8 percent from \$360,000 in June to \$350,000 in July 2004. Home prices should continue to rise for the rest of 2004 as the strengthening economy will help to keep buyer demand strong, but price appreciation should slow due to anticipated increases in inventory levels and rising mortgage rates.
- This is the 97th 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 third consecutive month of double-digit appreciation in July, climbing 14.7 percent over the past months – from \$234,500 in July 2003 to \$269,000 this July – to set a new all-time monthly high. The previous high for median sales price in a single month was \$268,000 in May 2004.
- This is the 66th consecutive month selling prices have risen vs. the same month the prior year (dating back to Dec. 1998)