

MASSACHUSETTS ASSOCIATION OF REALTORS®

Detached Single-family Home Sales

<u>July '02</u>	<u>July '03</u>	<u>% Change</u>
4,810	5,319	+ 10.6%
<u>June '03</u>	<u>July '03</u>	<u>% Change</u>
4,889	5,319	+ 8.8%

Condominium Sales

<u>July '02</u>	<u>July '03</u>	<u>% Change</u>
1,419	1,858	+ 30.9%
<u>June '03</u>	<u>July '03</u>	<u>% Change</u>
1,740	1,858	+ 6.8%

Detached Single-family Home Average Selling Price

<u>July '02</u>	<u>July '03</u>	<u>% Change</u>
\$365,497	\$387,629	+ 6.1%
<u>June '03</u>	<u>July '03</u>	<u>% Change</u>
\$414,517	\$387,629	- 6.5%

Condominium Average Selling Price

<u>July '02</u>	<u>July '03</u>	<u>% Change</u>
\$243,897	\$270,325	+ 10.8%
<u>June '03</u>	<u>July '03</u>	<u>% Change</u>
\$276,653	\$270,325	- 2.3%

NOTE: Figures reflect data from 5 of 5 REALTOR®-affiliated Multiple Listing Services in Massachusetts as of August 20 2003.

Talking Points

Detached Single-family Home Sales:

- The increase in sales this July vs. July 2002 marks the first time in seven months (Dec. 2002) that home sales in Massachusetts have exceeded the sales volume for the same month one year earlier.

Notably, the 5,319 detached homes sold in July 2003 make this the second busiest July ever for detached single-family homes sales in Massachusetts. The record for July sales remains July 1998 when 5,359 sales were reported.

- The solid 10.6 percent annual gain in July sales is partly the result of increased buyer activity brought on by rising mortgages rates late this spring, as well as a healthy increase in inventory levels during the past year, which has provided buyers with a larger selection of homes from which to choose. Some of the increase may also reflect the impact of cool, wet weather early this spring which temporarily delayed the height of the busy spring market by several weeks.

Since increases in mortgage rates can cause a brief surge in sales as buyers finalize purchases before another bump in rates occurs, and signs of poor weather hampering spring sales appear to have been limited, it is extremely unlikely that the sharp increase in July sales will be duplicated again in August-to-August sales.

- Despite the July sales gain, inventory levels continued to rise last month. The number of active listings of detached single-family homes for sale rose 24 percent over the past 12 months, or more than 5,800 units, from 24,635 listings in July 2002 to 30,515 in July 2003. As a result, there was 5.7 months of supply on the market statewide this past July compared to 5.1 months of supply in July 2002. The improvement in inventory levels means more opportunities for home buyers and a better balance between supply and demand, which should provide a more normal pace to the housing market.

- Mortgage rates remain very attractive – as the average 30-year fixed rate mortgage in Massachusetts fell nearly two-thirds of a point in the past year from 6.58 percent in July 2002 to 5.94 percent in July 2003. Today's rates – which remain near 30-year lows – and improved inventory levels should keep the housing market healthy through the summer.

It should be noted, however, that mortgage rates did rise steadily between June and July, with the average 30-year fixed rate mortgage increasing nearly one-half point, from 5.50 percent in June 2003 to 5.94 percent in July 2003. Furthermore, as of August 15, the average 30-year fixed rate mortgage was at 6.47 percent. This jump in mortgage rates undoubtedly will hurt the ability of entry-level buyers to purchase their first home and could knock them out of the market temporarily.

Condo Sales:

- First-time buyers frustrated by relatively low inventory levels and high prices for starter detached homes and empty-nesters looking to downsize are helping to drive condo sales to record numbers in Massachusetts. In fact, the 1,858 condos sold during July 2003 are the most ever recorded in a single month in Massachusetts, eclipsing the prior one month high of 1,740 sales set a month earlier in June 2003. In addition, the 1,858 condos sold last month is a record for condominium sales during July in the Bay State. The previous July record for condo sales was 1,419, set just one year ago in July 2002.

- Like the detached home market, the condominium market has experienced a steady increase in inventory over the past year. Listings have increased 36 percent statewide in the last 12 months, from 7,314 units in July 2002 to 9,951 this July. At the current sales pace, there is 5.4 months worth of housing supply compared to 5.2 months of supply in July 2002.

Detached Single-Family Home Average Selling Price:

- After experiencing double-digit price appreciation for five consecutive months between November 2002 and March 2003, this is the third time in the last four months that the statewide average selling price of detached homes has risen a modest 6-7 percent over the same month one year earlier. The more modest appreciation rate is good for buyers and the market as a whole, suggesting a better balance between supply and demand in today's market vs. markets in recent years.

- This is the 85th consecutive month selling prices have risen vs. the same month the prior year (dating back to June 1996).

- The 6.5 percent decrease in average selling price from June to July doesn't necessarily point to a decline in home values. Rather, it suggests a larger number of sales of entry-level homes and others priced at or below \$350,000 in July vs. June. Should a consistent 3-4 month pattern of lower average selling prices from month-to-month materialize, then it may become clearer whether prices have peaked and price reductions are occurring in the market. The last month-to-month decrease in average selling price occurred between January and February of this year, when the price dropped 9.8 percent.

Condominium Average Selling Price:

- The 10.8 percent gain in the average selling price from July 2002 and July 2003 reflects the record demand for condos in the state. It's the fourth month this year the price for condos has posted double-digit appreciation from year ago levels.

- July 2003 marks the 55th consecutive month that average selling price for condos has risen over the same month the prior year in the Bay State (dating back to December 1998). Like the detached single-family home market, the last time the average selling price for condos declined was between January and February 2003, when prices slipped 4.4 percent.