

MASSACHUSETTS ASSOCIATION OF REALTORS®

**Detached Single-Family Home Sales**

June '03	June '04	% Change
5,096	5,898	+ 15.7%

May '04	June '04	% Change
4,734	5,898	+ 24.6%

**Condominium Sales**

June '03	June '04	% Change
1,633	2,317	+ 41.9%

May '04	June '04	% Change
1,878	2,317	+ 23.4%

**Detached Single-Family Home Average Selling Price**

June '03	June '04	% Change
\$402,164	\$429,654	+ 6.8%

May '04	June '04	% Change
\$417,162	\$429,162	+ 3.0%

**Detached Single-Family Home Median Selling Price**

June '03	June '04	% Change
\$319,100	\$360,000	+ 12.8%

May '04	June '04	% Change
\$345,000	\$360,000	+ 4.3%

**Condominium Average Selling Price**

June '03	June '04	% Change
\$287,033	\$314,938	+ 9.7%

May '04	June '04	% Change
\$304,684	\$314,938	+ 3.4%

**Condominium Median Selling Price**

June '03	June '04	% Change
\$234,900	\$265,000	+ 12.8%

May '04	June '04	% Change
\$268,000	\$265,000	- 1.1%

NOTE: Figures reflect 5 of 5 REALTOR®-affiliated Multiple Listing Services in Massachusetts as of July 15, 2004.

## Talking Points

### **Detached Single-family Home Sales:**

- The 5,898 single-family homes sold last month is the second highest on record for the month of June in state history. The most active June ever for single-family home sales is June 1999 when 6,026 homes were sold.
  - The 15.7 percent increase in single-family home sales between June 2003 and June 2004 is the largest annual monthly gain in sales activity since December when sales rose 19.9 percent over December 2002. In addition, this marks the fourth consecutive month and eleventh time in last 12 months sales have improved over the comparable month one year earlier. The only decline during this period occurred in February 2004, when single-family home sales fell 2 percent.
  - The gain in sales activity is the result of improving economic conditions – particularly new, meaningful job growth – and rising consumer confidence, which is up sharply from year ago levels when rising unemployment and concerns over the war in Iraq dampened housing demand. In addition, a sharp rise in interest rates in April motivated many prospective home buyers – especially first-time buyers – to “get off the fence” and move more quickly to purchase a homes before rates rose further. This has led to a strong spring market with double-digit sales increases each of the past four months.
  - The number of detached single-family homes on the market has declined a modest 4.5 percent over the past 12 months, decreasing from 31,108 listings in June 2003 to 29,712 listings in June 2004. In addition, inventory has fallen over the past month due to strong sales activity, with supply down 5.7 percent from May 2004 when 31,516 homes were listed for sale. Inventory, as expressed in month’s of supply, also declined in June, from 6.1 months in June 2003 to 5.0 months of supply in June 2004, reflecting this year’s stronger sales pace.
- 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 nearly a full point from last year, did decline slightly in June from the prior month and remain at historically low levels. The average 30-year fixed rate mortgage for June was 6.44 percent in Massachusetts – an increase of nine-tenths of one point from June 2003 (5.50 percent), but a slight drop from May 2004 (6.47 percent). In typical fashion, the jump in mortgage rates this spring – to their highest level in nine months – has actually stimulated the market, providing motivation to buyers to purchase a home and lock in rates before they go any higher. NAR expects 30-year fixed mortgages will reach a national average of 6.6 percent by the end of 2004 and will 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 2,317 condos sold in June 2004 are the most ever recorded in a single month in state history. The previous record for one month was 1,911 condo sales in August 2003, while the prior record for June sales was set a year ago, when 1,633 condos were sold in June 2003.
- Condo sales have improved for each of the past 14 consecutive months compared to the same month a year earlier.
- The condominium market remains strong, in part, because inventory has continued to improve. In fact, condo listings have increased 12.7 percent in the past year, from 10,348 units in June 2003 to 11,662 in June 2004. However, due to record sales last month, there was just 5.0 months of supply in June 2004 compared to 6.3 months of supply in June 2003.

### **Detached Single-Family Home Selling Prices:**

- Selling prices for detached single-family homes continued to rise steadily in June, 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 average selling price for detached homes rose just 6.8 percent in June, the smallest percentage increase in average price in 12 months (July 2003 when prices rose 6.1 percent over July 2002), while the statewide median selling price rose 12.8 percent from June 2003 to June 2004, the smallest gain since March 2004 when prices rose 9.7 percent.
- It’s likely that home prices will continue to rise over the remainder of 2004 as the strengthening economy helps to keep buyer demand strong, but price appreciation should slow due to increases in inventory levels and rising mortgage rates.
- This is the 96<sup>th</sup> consecutive month selling prices have risen vs. the same month the prior year (dating back to June 1996).
  - The statewide average and median selling prices for June represent new all-time monthly highs (last set in May 2004).

### **Condominium Selling Prices:**

- Condo prices also showed some moderation last month. The 9.7 percent increase in the statewide average selling price is the lowest in seven months, dating back to November 2003 when prices rose 4.8 percent from one year earlier.
- This is the 65<sup>th</sup> consecutive month selling prices have risen vs. the same month the prior year (dating back to Dec. 1998).
- The statewide average selling price for June represents a new all-time monthly high (last set in May 2004).