

MASSACHUSETTS ASSOCIATION OF REALTORS®

Detached Single-Family Home Sales

May '03	May '04	% Change
4,167	4,734	+ 13.6%

April '04	May '04	% Change
4,161	4,734	+ 13.7%

Condominium Sales

May '03	May '04	% Change
1,486	1,878	+ 26.4%

April '04	May '04	% Change
1,704	1,878	+ 10.2%

Detached Single-Family Home Average Selling Price

May '03	May '04	% Change
\$357,672	\$417,162	+ 16.6%

April '04	May '04	% Change
\$396,860	\$417,162	+ 5.1%

Detached Single-Family Home Median Selling Price

May '03	May '04	% Change
\$302,500	\$345,000	+ 14.0%

April '04	May '04	% Change
\$338,550	\$345,000	+ 1.9%

Condominium Average Selling Price

May '03	May '04	% Change
\$265,419	\$304,684	+ 14.8%

April '04	May '04	% Change
\$287,334	\$304,684	+ 6.0%

Condominium Median Selling Price

May '03	May '04	% Change
\$234,000	\$268,000	+ 14.5%

April '04	May '04	% Change
\$240,750	\$268,000	+ 11.3%

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

Talking Points

Detached Single-family Home Sales:

- The 4,734 detached single-family homes sold in May 2004 sets a new state record for most single-family homes sold in one May, surpassing the previous high of 4,538 detached single-family home sales in May 1998.
- The 13.6 percent increase in single-family home sales between May 2003 and May 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 third consecutive month and tenth time in last 11 months sales have improved over the comparable month one year earlier. The only decline in sales during this period occurred in February 2004, when single-family home sales declined 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 initial concerns over the war in Iraq dampened housing demand. In addition, a sharp rise in interest rates between March and April (from a 30-year fixed rate average of 5.64 percent in March to 6.06 percent in April) motivated many prospective home buyers – especially first-time buyers – to “get off the fence” and move more quickly to purchase a home before rates rose further.
- The number of detached single-family homes on the market has remained stable over the past 12 months, slipping by just 42 units from 31,558 listings in May 2003 to 31,516 listings in May 2004. In addition, inventory has risen over the past month to coincide with the traditional spring market, with supply up 6.3 percent from April 2004 when 29,635 homes were listed for sale. Inventory, as expressed in month’s of supply, did decline in May however, from 7.6 months in May 2003 to 6.7 months of supply in May 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 from the previous month and the same period last year, remained at historically low levels during May. The average 30-year fixed rate mortgage rose to 6.47 percent in Massachusetts last month – an increase of four-tenths of one point from April 2004 (6.06 percent) and more than three-quarters of a point from May 2003 (5.64 percent). In typical fashion, this jump in mortgage rates – 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 1,878 condos sold in May 2004 established a new state record for the month. The previous May record for condo sales was 1,486, set in May 2003. May’s sales record marks the twelfth time in the last 13 months condo sales have set a new monthly sales record in Massachusetts (May 2003-Jan. 2004, March-May 2004.)
- Condo sales have improved for each of the past 13 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 10.4 percent in the past year, from 10,588 units in May 2003 to 11,685 in May 2004. However, due to record sales last month, there was just 6.2 months of supply in May 2004 compared to 7.1 months of supply in May 2003.

Detached Single-Family Home Selling Prices:

- Selling prices for detached single-family homes rose sharply during May as record buyer demand fueled by the strengthening economy and rising mortgage interest rates provided trade-up *and* first-time buyers with strong incentives for entering the housing market. Notably, the high-end market also was more active this May compared to May 2003, which also helped to boost selling prices. The statewide average selling price climbed 16.6 percent between May 2003 and May 2004, while the statewide median selling price rose 14 percent over the same 12 month period.
- This is the 95th consecutive month selling prices have risen vs. the same month the prior year (dating back to June 1996).
- The average selling price of \$417,162 sets a new monthly record, topping the June 2003 average price of \$141,517.

Condominium Selling Prices:

- The 14.8 percent increase in the statewide average selling price and 14.5 percent increase in the statewide median selling price from May 2003 to May 2004, reflects record demand for condos, especially among baby-boomers (now in their peak earning years) who are actively seeking vacation property on Cape Cod and luxury condo units in Boston, Cambridge, and several coastal communities in eastern Massachusetts.
- This is the 64th consecutive month selling prices have risen vs. the same month the prior year (dating back to Dec. 1998).
- The average selling price of \$304,684 sets a new monthly record, topping the August 2003 average price of \$280,601.