

MASSACHUSETTS ASSOCIATION OF REALTORS®

Detached Single-family Home Sales

May '02	May '03	% Change
4,560	4,214	- 7.6%
April '03	May '03	% Change
3,563	4,214	+ 18.3%

Condominium Sales

May '02	May '03	% Change
1,429	1,535	+ 7.4%
April '03	May '03	% Change
1,272	1,535	+ 20.7%

Detached Single-family Home Average Selling Price

May '02	May '03	% Change
\$343,692	\$366,597	+ 6.7%
April '03	May '03	% Change
\$350,196	\$366,597	+ 4.7%

Condominium Average Selling Price

May '02	May '03	% Change
\$242,813	\$274,872	+ 13.2%
April '03	May '03	% Change
\$254,136	\$274,872	+ 8.2%

NOTE: Figures reflect data from 5 of 5 REALTOR®-affiliated Multiple Listing Services in Massachusetts as of June 17, 2003.

Talking Points

Detached Single-family Home Sales:

- The late arrival of the spring selling season, along with the weak economy, especially consumer concerns about job layoffs and the state's rising unemployment rate during the first quarter of the year, are two key factors responsible for the decline in market activity between May 2003 and the same month last year.
- The 7.6 percent decline in detached home sales demonstrates that activity has cooled from year ago levels, but it's worthy of note that May 2002 was the most active May ever for single-family home sales in Massachusetts. In fact, despite the slower sales pace from a year ago, May 2003 was the fifth busiest for detached single-family home sales in state history. Only May 1997-1999 and May 2002 saw more sales.
- The sales decline in May marks the fifth consecutive month that sales of detached single-family homes have decreased across Massachusetts from the same month one year earlier. The last time sales activity decreased in Massachusetts for five consecutive months (vs. the same month the prior year) was February – June 2001, when consumer confidence was on the decline due to a recession brought on by steep losses in the financial markets and rising unemployment, especially in the high-tech and dot.com industries.
- One positive result of the slower sales pace is the fact that inventory of detached single-family homes has risen steadily over the past year. The number of active listings of homes for sale rose 24 percent, or more than 6,000 units, over the past year, from 25,435 listings in May 2002 to 31,558 in May 2003. As a result, there was roughly 7.5 months of supply on the market statewide this past May compared to 5.6 months of supply in May 2002. The improvement in inventory levels means more opportunities for home buyers, and a better balance between supply and demand, which should offer consumers a more relaxed housing market in which they can move through the home buying process at a less hectic pace.
- Mortgage rates remain very attractive – as the average 30-year fixed rate mortgage in Massachusetts fell nearly 1 ¼ points in the past year from 6.94 percent in May 2002 to 5.64 percent in May 2003. Today's low rates and improved inventory levels should keep the housing market healthy through the summer, but sales are likely to remain below last year's sales pace until the economy strengthens and consumer confidence improves. However, sales volume should climb above the prior month's sales level through August due to the seasonal nature of the housing market in New England.

Condo Sales:

- The 1,535 condo units sold in May 2003 makes this the most active May for condominium sales on record in Bay State. This marks the fourth consecutive year that condo sales during the month of May have set a new record in Massachusetts.
- The increase in condo sales in May reverses a three-month trend (from February – April) in which condo sales had declined in Massachusetts over the comparable month a year early.

Detached Single-Family Home Average Selling Price:

- This is the second consecutive month that the statewide average selling price for detached homes has risen a modest 6 ½ to 7 percent. The more modest appreciation rate is good for buyers and the market as a whole and offers further proof that there is a better balance between supply and demand in today's market compared to the last few years.
- May 2003 marks the 83rd consecutive month that the statewide average selling price for detached homes has risen over the same month the prior year in the Bay State (dating back to June 1996). With homes only taking a few days longer, on average, to sell in 2003 vs. 2002, and home values still rising steadily, it remains a good time to put a home up for sale.

Condominium Average Selling Price:

- May 2003 marks the 53rd consecutive month that the statewide average selling price for condos has risen over the same month the prior year in the Bay State (dating back to December 1998).
- The double-digit price appreciation in the statewide average selling price for condominiums is illustrative of the strong demand from first-time buyers (frustrated by high prices for starter homes in the detached market) and older baby-boomers (looking to downsize or buy second homes) who are driving up condo sales to record numbers in Massachusetts.