

MASSACHUSETTS ASSOCIATION OF REALTORS®

Detached Single-family Home Sales

October '03	October '04	% Change
4,434	4,200	- 5.3%
September '04	October '04	% Change
4,439	4,200	- 5.4%

Condominium Sales

October '03	October '04	% Change
1,367	1,553	+ 13.6%
September '04	October '04	% Change
1,750	1,553	- 11.3%

Detached Single-family Home Median Selling Price

October '03	October '04	% Change
\$307,000	\$344,950	+ 12.4%
September '04	October '04	% Change
\$348,000	\$344,950	- 0.9%

Condominium Median Selling Price

October '03	October '04	% Change
\$224,400	\$252,500	+ 12.5%
September '04	October '04	% Change
\$259,900	\$252,500	- 2.8%

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

Talking Points

Detached Single-family Home Sales:

- Although sales declined 5.3 percent in October over year ago levels, the volume of home sales remains historically high, with the 4,200 detached single-family homes sold last month the fourth highest October sales total ever recorded in state history. Only October 1997 (4,475), October 1998 (4,237) and October 2003 (4,434) saw a greater level of sales activity.
- The 5.3 percent decrease in home sales volume from October 2003 to October 2004 marks the third consecutive month sales have fallen from year ago levels, and its the largest year-to-year decrease in monthly sales of detached single-family homes since June 2003, when sales fell 5.2 percent from June 2002. The last time year-to-year sales activity has declined in multiple months was January–June 2003 when sales fell for six consecutive months compared to year earlier levels.
- October's slower sales pace reflects consumers' hesitancy to commit to large financial purchases during the late summer and early fall due to varying concerns over the financial markets, energy prices, and the presidential election. At the same time, Massachusetts experienced the lowest personal income growth among the 50 U.S. states in the second quarter. With home prices continuing to rise steadily and inventory levels building, prospective home buyers have shown less urgency and some have adopted a wait-and-see attitude as mortgage interest rates on 15- and 30-year loans remain under 6 percent.
- The sales decline of 5.4 percent that took place between September and October is not unusual and generally reflects seasonal changes that occur in the local housing market as buyer demand lessens and fewer listings come on the market as the cooler, fall weather and the holidays approach. In fact, the trend of shrinking sales volume will likely continue through February, before picking up in March with the start of the spring market. Nonetheless, anticipated gains in job growth, along with favorable demographics and mortgage rates that are expected to remain in the upper 5 to low 6 percent range into the first quarter of 2005 should help keep demand for housing strong by historic standards through the fall and winter.
- The inventory of detached single-family homes on the market has increased 4.8 percent in the past year, from 27,504 listings in October 2003 to 28,811 listings in October 2004. However, with sales also down from a year ago, inventory, as expressed in months of supply, has increased from 6.2 months last October to 6.9 months of supply in October 2004. Compared to a month earlier, inventory also has increased from September when there was 6.3 months of supply. 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 homes) and rising prices.
- Mortgage interest rates remain at historically low levels. The rates for fixed-rate mortgages fell for a five consecutive month in October, with the average rate for a 30-year fixed-rate loan in Massachusetts declining to 5.83 percent -- its lowest level since March 2004 (5.64 percent). Furthermore, rates on 30-year fixed mortgages have declined more than a quarter percentage point from a year ago, when the average rate for a 30-year fixed loan was 6.12 percent in October 2003.

Condo Sales:

- First-time buyers and empty-nesters looking to downsize and purchase second homes have boosted condo sales to record levels. The 1,553 condos sold in October set a new state record, eclipsing the previous monthly high of 1,367 units sold in October 2003. Condo sales have improved for the past 18 consecutive months compared to the same month a year earlier.
- The condo market remains healthy, in part, because inventory has continued to improve. In fact, listings have increased 15.4 percent in the past year, from 9,972 units in October 2003 to 11,503 this October, while inventory as expressed in months of supply has remained essentially stable, climbing ever so slightly from 7.3 months last October to 7.4 months of supply in October 2004. Condo listings were flat over the past month, rising just 0.8 percent from September levels.

Detached Single-Family Home Selling Prices:

- Selling prices for detached single-family homes have continued to climb steadily, rising 12.4 percent in the past year to a statewide median price of \$344,950 in October, but remains under the all-time monthly high of \$360,000, set in June 2004.
- The modest 0.9 percent decline in the statewide median selling price from September (\$348,000) is a reflection of strong first-time buyer activity which is being driven by low mortgage rates which dipped below 6 percent in mid-August.
- This is the 100th 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 sixth consecutive month of double-digit appreciation in October, climbing 12.5 percent over the past year to a statewide median price of \$252,500 this October.
- The statewide median selling price slipped 2.8 percent from September, and remains below the state's all-time monthly high of \$273,900, set in August 2004. This is partly the result of rising inventory levels and softer demand as declining mortgage rates have enabled more first-time buyers to purchase in the detached single-family home market.
- This is the 69th consecutive month selling prices have risen vs. the same month the prior year (dating back to Dec. 1998)