

MASSACHUSETTS ASSOCIATION OF REALTORS®

Detached Single-family Home Sales

|                      |                      |                 |
|----------------------|----------------------|-----------------|
| <u>September '03</u> | <u>September '04</u> | <u>% Change</u> |
| 4,765                | 4,637                | - 2.7%          |
| <u>August '04</u>    | <u>September '04</u> | <u>% Change</u> |
| 5,527                | 4,637                | - 16.1%         |

Condominium Sales

|                      |                      |                 |
|----------------------|----------------------|-----------------|
| <u>September '03</u> | <u>September '04</u> | <u>% Change</u> |
| 1,539                | 1,795                | + 16.6%         |
| <u>August '04</u>    | <u>September '04</u> | <u>% Change</u> |
| 2,387                | 1,795                | - 24.8%         |

Detached Single-family Home Median Selling Price

|                      |                      |                 |
|----------------------|----------------------|-----------------|
| <u>September '03</u> | <u>September '04</u> | <u>% Change</u> |
| \$310,000            | \$346,000            | + 11.6%         |
| <u>August '04</u>    | <u>September '04</u> | <u>% Change</u> |
| \$358,000            | \$346,000            | - 3.4%          |

Condominium Median Selling Price

|                      |                      |                 |
|----------------------|----------------------|-----------------|
| <u>September '03</u> | <u>September '04</u> | <u>% Change</u> |
| \$225,000            | \$259,900            | + 15.5%         |
| <u>August '04</u>    | <u>September '04</u> | <u>% Change</u> |
| \$273,900            | \$259,900            | - 5.1%          |

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

## Talking Points

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

- Although sales fell in September, the 4,637 detached single-family homes sold last month is the second highest September sales total ever recorded in state history. Furthermore, even though sales declined 2.7 percent in September from year ago levels, it's a modest decrease from the record sales volume of 4,765 homes sold in September 2003.
- The 2.7 percent decrease in single-family home sales from September 2003 to September 2004 marks the second consecutive month sales activity has fallen from year ago levels. The current decline in sales was not unexpected given that August 2003 also saw record sales for the month. This is the first time that year-to-year sales activity has declined in multiple months since January–June 2003 when sales fell for six consecutive months compared to year earlier levels.
- Despite September's slower sales pace, housing demand has remained strong by historic standards due to attractive mortgage rates – which fell for a fourth consecutive month in August after peaking at close to 6 1/2 percent in May. In addition, modest job growth, sluggishness in the stock market, and favorable demographics, including a sizeable immigrant population in Massachusetts and a large number of baby-boomers now in their peak earning years, has kept demand and investment in real estate healthy among many sectors, including first-time, trade-up and second home buyers.
- The sales decline of 16.1 percent that took place between August and September is not unusual and generally reflects seasonal changes that occur in the local housing market each summer. In fact, there has been no increase in sales from August to September in the detached single-family home market in Massachusetts for at least the past 15 years.
- The number of detached single-family homes on the market has decreased modestly by 3.7 percent in the past year, from 30,088 listings in September 2003 to 28,992 listings in September 2004. However, with sales also down slightly from a year ago, inventory, as expressed in months of supply, remained steady at 6.3 months of supply this past September. And, compared to a month earlier, inventory has improved measurably from August when there was only 5.4 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 fourth consecutive month in September, with the average rate for a 30-year fixed-rate loan in Massachusetts declining to 5.88 percent -- its lowest level since March 2004 (5.64 percent). Furthermore, rates on 30-year fixed mortgages have declined nearly a half percentage point from a year ago, when the average rate for a 30-year fixed loan was 6.32 percent in September 2003.

### **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 1,795 condos sold last month established a new state record for September, eclipsing the previous monthly high of 1,539 condo sales set a year ago in September 2003.
- Condo sales have improved for each of the past 17 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 percent in the past year, from 10,076 units in September 2003 to 11,592 in September 2004, while inventory as expressed in months of supply has remained stable at 6.5 months over the past 12 months. Condo listings also have improved from August, when there were 10,977 units for sale and just 4.6 months of supply on the market

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

- Selling prices for detached single-family homes continued to rise steadily in September, climbing 11.6 percent from last September to a statewide median price of \$346,000. The state's all-time monthly high median selling price for single-family homes remains at \$360,000, set in June 2004.
- The decline of 3.4 percent in the statewide median selling price from August (\$358,000) reflects the fact that the decline in mortgage rates below 6 percent for the first time in six months has enabled more entry-level buyers into the market and they tend to purchase smaller, more affordably priced homes.
- This is the 99<sup>th</sup> 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 fifth consecutive month of double-digit appreciation in September, climbing 15.5 percent over the past year to a statewide median price of \$259,900 this September.
- The statewide median selling price slipped 5.1 percent from August, when the price of condos hit a state all-time monthly high of \$273,900. This is partly the result of rising inventory levels and softer demand as September's lower mortgage rates enabled more first-time buyers to purchase in the detached single-family home market.
- This is the 68<sup>th</sup> consecutive month selling prices have risen vs. the same month the prior year (dating back to Dec. 1998)