

MASSACHUSETTS ASSOCIATION OF REALTORS®

Detached Single-family Home Sales

<u>January '04</u>	<u>January '05</u>	<u>% Change</u>
2,621	2,673	+ 2.0%
<u>December '04</u>	<u>January '05</u>	<u>% Change</u>
3,959	2,673	- 32.5%

Condominium Sales

<u>January '04</u>	<u>January '05</u>	<u>% Change</u>
883	1,185	+ 34.2%
<u>December '04</u>	<u>January '05</u>	<u>% Change</u>
1,584	1,185	- 25.2%

Detached Single-family Home Median Selling Price

<u>January '04</u>	<u>January '05</u>	<u>% Change</u>
\$317,000	\$340,450	+ 7.4%
<u>December '04</u>	<u>January '05</u>	<u>% Change</u>
\$342,500	\$340,450	- 0.6%

Condominium Median Selling Price

<u>January '04</u>	<u>January '05</u>	<u>% Change</u>
\$230,000	\$269,000	+ 17.0%
<u>December '04</u>	<u>January '05</u>	<u>% Change</u>
\$265,000	\$269,000	+ 1.5%

NOTE: Figures reflect data from 5 of 5 REALTOR®-affiliated Multiple Listing Services in Massachusetts as of February 15, 2005.

Talking Points

Detached Single-family Home Sales:

- Although sales rose only modestly in January, the 2 percent increase in detached single-family home sales last month from January 2004 marks the second time in three months home buying activity has improved across the state from the comparable period one year earlier. The recent sales gains follow a period in late 2004 when sales of detached homes fell for three consecutive months and four of the final five months of the year (August-October and December). Historically, speaking, the 2,673 homes sold in January 2005 make it the eighth busiest January for detached home sales in state history.
- The year-to-year sales increase in the detached single-family home market between January 2004 and January 2005 is the result of near record low mortgage rates and increased optimism among prospective home buyers. In fact, consumer confidence has risen steadily of late climbing to a six month high in January, due in part to a strengthening labor market and modest income growth. Furthermore, with the presidential election over, consumers are acting more decisively as anxiety and uncertainty about changes in economic policy (particularly the Federal Reserve's handling of mortgage interest rates) that are often associated with a new administration taking office in Washington, D.C. has been quelled.
- The sales decline of 32.5 percent that took place between December and January is not unusual and generally reflects seasonal changes that occur in the local housing market each winter as cold weather settles in and the holiday season occupies consumers' time. In fact, the drop in sales last year, from December 2003 to January 2004, was greater (-34.8%).
- Active listings for detached single-family homes remained largely unchanged during the past 12 months, rising just 0.4 percent from 24,237 homes for sale in January 2004 to 24,331 listings this January. Inventory, as expressed in months of supply, also held fairly stable, dipping from 9.2 months last January to 9.1 months in January 2005. Supply rose steadily over the last month though, rising 7.7 percent from December when there were 22,593 listings and 5.7 months of supply.
- Mortgage rates remained near historical lows in January, declining for the seventh time in the past eight months. The average rate for a 30-year fixed-rate mortgage in Massachusetts fell to 5.79 percent in January – down from 5.84 percent in December and its lowest level since March 2004. January's rate for a 30-year fixed mortgage also is down roughly one-tenth of a point from a year ago, when the average rate for a 30-year fixed loan was 5.88 percent in January 2004.

Condo Sales:

- The 1,185 units sold in January set a new state record for the month of January, eclipsing the prior record of 974 condos sold in January 2003. Condo sales have now improved for 12 consecutive months vs. the same month a year earlier.
- The record demand for condominiums reflects their broad appeal to first-time buyers as an affordable entry-level home, empty-nesters looking to downsize, and aging baby-boomers who've entered their peak-earning years and are purchasing second homes for enjoyment and/or investment purposes. Notably, in many cities, condos also are the most prevalent starter home available on the market, as many multifamily properties and vacant mills have undergone condo conversions.
- The sales decline of 25.2 percent that occurred from December and January is not unusual and reflects seasonal changes in the local housing market. In fact, last year the sales decline from December 2003 to January 2004 was greater (-31.2%).
- The condo market remains healthy, in part, because inventory levels continue to rise. Active listings have increased 25.4 percent in the past year, up from 9,436 units in January 2004 to 11,837 this January. Inventory as stated in months of supply has fallen in the past year however, due to the sharp rise in January sales, decreasing to 10 months of supply in January 2005 from 10.7 months of supply last January. Also, compared to a month earlier, condo listings have increased 16.3 percent from December when there was a total of 10,180 condominiums on the market and 6.4 months of supply.

Detached Single-Family Home Selling Prices:

- Selling prices for detached single-family homes rose steadily last month to a statewide median price of \$340,450 in January, but it appears the rate of price appreciation may be starting to moderate. In fact, over the past 12 months, the median selling price increased just 7.4 percent, the smallest gain in year-to-year price appreciation since last January when the price rose 7.5 percent over January 2003. The all-time monthly high median price remains \$360,000 set in June 2004.
- The slight 0.6 percent decline in the statewide median selling price from December is statistically insignificant and does not suggest a drop in home values, but instead reflects strong first-time buyer activity being driven by low mortgage rates.
- This is the 103rd 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 ninth consecutive month of double-digit appreciation in January, climbing 17 percent over the past 12 months to a statewide median price of \$269,000. It's the largest year-to-year increase in price appreciation since March 2004 when the statewide median price rose 16.6 percent from the same month one year earlier. Despite the sharp price gain, the state's all-time monthly high median selling price remains \$273,900, set in August 2004.
- This is the 72nd consecutive month selling prices have risen vs. the same month the prior year (dating back to Dec. 1998)