

MASSACHUSETTS ASSOCIATION OF REALTORS®

Detached Single-family Home Sales

<u>July '04</u>	<u>July '05</u>	<u>% Change</u>
5,756	5,328	- 7.4%
<u>June '05</u>	<u>July '05</u>	<u>% Change</u>
6,084	5,328	- 12.4%

Condominium Sales

<u>July '04</u>	<u>July '05</u>	<u>% Change</u>
2,131	2,395	+ 12.4%
<u>June '05</u>	<u>July '05</u>	<u>% Change</u>
2,775	2,395	- 13.7%

Detached Single-family Home Median Selling Price

<u>July '04</u>	<u>July '05</u>	<u>% Change</u>
\$350,000	\$375,000	+ 7.1%
<u>June '05</u>	<u>July '05</u>	<u>% Change</u>
\$373,500	\$375,000	+ 0.4%

Condominium Median Selling Price

<u>July '04</u>	<u>July '05</u>	<u>% Change</u>
\$268,000	\$287,900	+ 7.4%
<u>June '05</u>	<u>July '05</u>	<u>% Change</u>
\$287,000	\$287,900	+ 0.3%

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

Talking Points

Detached Single-family Home Sales:

- Despite a decline in activity last month, sales of detached single-family homes remained historically high in July 2005, as the 5,328 homes sold represent the third highest sales volume on record for the month of July in state history. Only July 2004, when 5,756 detached homes were sold, and July 1998 when 5,359 detached homes were sold were busier.
- Notably, after increasing in each of the first three months of 2005, sales of detached single-family homes have decreased in three of the past four months, when compared to year ago levels (the exception being June when sales rose 0.5 percent). Given the record 5,767 homes sold in Massachusetts last July, a slower sales pace this July was not totally unexpected. A year ago, rising mortgage rates and a tight supply of listings triggered record sales as buyers acted quickly on purchase decisions out of concern they were going to miss an opportunity at home ownership. This year, buyers aren't exhibiting the same urgency as mortgage rates have slipped back under 6 percent and inventory has grown steadily in recent months. Rather than a bubble bursting what we're seeing is the return to a more "normal" market, which is good for buyers.
- While a decline in sales activity from June to July is not unusual due to seasonal changes that occur each summer in the housing market in New England, the 12.4 percent decrease in single-family home sales observed from June to July 2005 is magnified by the fact that home sales set a new all-time high in June 2005 for largest sales volume ever record in a single month in state history. As a result, it's the largest June to July decline since 2000, when sales fell 16 percent statewide.
- Active listings for detached homes increased steadily over the past 12 months, climbing 21.9 percent from 29,529 homes for sale in July 2004 to 36,004 listings this July. Inventory, as expressed in months of supply, also rose from 5.1 months last July to 6.7 months in July 2005. Housing supply also inched up over the prior month, rising 0.5 percent from June when there were 35,820 listings and 5.9 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, despite more listings, prices continue to rise as buyers continue to face tight supply levels in several markets, especially for entry-level and starter homes.
- Mortgage rates rose for the first time in four months in July, but remain attractive having declined over one quarter of a point from the same time last year. In Massachusetts, the average 30-year fixed mortgage in July was 5.88 percent – up from 5.79 percent in June 2005, but down from 6.18 percent in July 2004. Rates on 30-year mortgages should remain fairly stable for the rest of 2005, only inching up to 6.1 percent by year's end, which should keep buyer demand strong.

Condo Sales:

- The 2,395 condos sold last month set a new state record for the month of July, breaking the one-year-old record of 2,131 units sold in July 2004. Condo sales have now improved for 18 consecutive months vs. the same month one 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 baby-boomers who are buying second homes as vacation or investment property.
- The decline in sales from June to July reflects seasonal changes in the local housing market and is not unusual nor was it unexpected given that the 2,775 condos sold in June 2005 set a new single month record for condo sales in Massachusetts.
- In the condo market active listings have increased 26.2 percent in the past year, from 12,022 units in July 2004 to 15,174 in July 2005. Inventory, as stated in months of supply, also has risen modestly in the past year, increasing to 6.3 months of supply in July 2005 from 5.6 months of supply last July. Compared to a month earlier, condo listings have declined by 1.2 percent from June when there were 15,362 condo units on the market or 5.5 months of supply.

Detached Single-Family Home Selling Prices:

- The statewide median selling price for detached single-family homes rose 7.1 percent over the past 12 months to a new record high of \$375,500 in July 2005. The prior monthly high selling price was \$373,500 set a month earlier in June 2005.
- This is the 109th consecutive month selling prices have risen vs. the same month the prior year (dating back to June 1996).
- While selling prices are at record levels, the rate of price appreciation has started to moderate. From April 2004–March 2005, double-digit appreciation occurred in 11 of the 12 months during that period. Since then we've seen four consecutive months of more modest single digit annual price appreciation – which last occurred from November 2003–February 2004. Today's more modest price appreciation is good news for buyers as it reflects a more plentiful supply of homes for sale. As inventory rises however, sellers must be careful to price their home competitively as overpriced property will not sell.

Condominium Selling Prices:

- The statewide median selling price for condos rose a healthy 7.4 percent over the past 12 months to a new record high of \$287,900 in July. The previous record for monthly high selling price was set just last month (June 2005) at \$287,000. Similar to the detached home market, the condo market has seen annual price appreciation of less than 10 percent in each of the past three months, after witnessing 12 consecutive months of double-digit price gains from May 2004–April 2005.
- This is the 78th consecutive month selling prices have risen vs. the same month the prior year (dating back to Dec. 1998)