

MASSACHUSETTS ASSOCIATION OF REALTORS®

Detached Single-family Home Sales

<b>March '04</b>	<b>March '05</b>	<b>% Change</b>
3,340	3,382	+ 1.3%
<b>February '05</b>	<b>March '05</b>	<b>% Change</b>
2,304	3,382	+ 46.8%

Condominium Sales

<b>March '04</b>	<b>March '05</b>	<b>% Change</b>
1,340	1,689	+ 26.0%
<b>February '05</b>	<b>March '05</b>	<b>% Change</b>
1,125	1,689	+ 50.1%

Detached Single-family Home Median Selling Price

<b>March '04</b>	<b>March '05</b>	<b>% Change</b>
\$310,500	\$350,000	+ 12.7%
<b>February '05</b>	<b>March '05</b>	<b>% Change</b>
\$340,000	\$350,000	+ 2.9%

Condominium Median Selling Price

<b>March '04</b>	<b>March '05</b>	<b>% Change</b>
\$239,000	\$265,000	+ 10.9%
<b>February '05</b>	<b>March '05</b>	<b>% Change</b>
\$269,000	\$265,000	- 1.5%

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

## Talking Points

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

- Despite poor winter weather, sales of detached single-family homes increased to their second highest level on record for the month of March, rising 1.3 percent over the same month last year to 3,382 units sold in March 2005. The state sales record for the month remains March 1999, when 3,507 detached homes were sold in Massachusetts.
- On an annual basis, sales of detached single-family homes have now increased for three consecutive months and four of the past five months (the exception being December 2004 when sales slide 1.5 percent from December 2003 levels). The last time sales rose on a year-to-year basis for at least three consecutive months was the period from March-July 2004.
- The increased buyer demand is the result of attractive mortgage rates, which averaged 6.04 percent in March (the seventh straight month the average for a 30-year fixed rate mortgage has remained at or below 6 percent in Massachusetts), and an improving labor market, which has added jobs for the past seven consecutive months in the Bay State.
- While the 46.8 percent sales gain from February to March is substantial, it is due mainly to seasonal changes in local housing market New England as the transition from the winter to spring selling season begins. In fact, sales of detached homes also rose exactly 46.8 percent last year between the months of February and March 2004. The last time detached home sales rose by a larger margin on a month-to-month basis was February to March 2000, when sales rose 56.4 percent.
- Active listings for detached homes increased modestly over the past 12 months, climbing 4 percent from 28,709 homes for sale in March 2004 to 29,859 listings this March. Inventory, as expressed in months of supply, also rose from 8.6 months last March to 8.8 months in March 2005. Indicative of the arrival of the spring market, housing supply rose sharply in the past month, rising 16.8 percent from February when there was 25,558 listings and 11.2 months of supply.
- Mortgage rates rose for just the second time in the past 10 months in March, but remain low by historic standards. The average rate for a 30-year fixed-rate mortgage in Massachusetts increased nearly one-third of a point, from 5.72 percent in February to 6.04 percent in March 2005. March's rate for a 30-year fixed mortgage also is up four-tenths of a point from one year ago, when the average rate was 5.64 percent in March 2004. It's the first time since August 2004 the average rate for a 30-year fixed mortgage has been at or above 6 percent. In the short term, the increase in mortgage rates could lead to a busier than anticipated spring market, as buyers move to finalize home purchases before any more rate increases occur.

### **Condo Sales:**

- The 1,689 condos sold last month set a new state record for the month of March, topping the prior record of 1,340 units sold in March 2004. Condo sales have now improved for 14 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 aging baby-boomers who've entered their peak-earning years and are purchasing second homes as vacation and/or investment properties. 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 condo market remains healthy, in part, because inventory levels continue to rise. Active listings have increased 21 percent in the past year, up from 11,116 units in March 2004 to 13,445 this March. Inventory as stated in months of supply has dipped slightly in the past year however, due to the sharp rise in sales, decreasing to 8 months of supply in March 2005 from 8.3 months of supply last March. Additionally, compared to a month earlier, condo listings have risen 16.1 percent from February when there was a total of 11,584 units on the market or 10.3 months of supply.

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

- The statewide median selling price rose a healthy 12.7 percent during the past year to \$350,000 in March 2005. This is the 105<sup>th</sup> consecutive month selling prices have risen vs. the same month the prior year (dating back to June 1996).
- After three month-to-month price declines, the statewide median selling price increased 2.9 percent in March from the prior month. This data highlights the fact that the decrease in selling prices in recent months was due to an increase in entry-level home sales triggered by falling mortgage rates, rather than a sudden drop in home values. Likewise, the 2.9 percent price gain from February to March demonstrates that as mortgage rates rose some first-time buyers got knocked out of the market, resulting in fewer entry-level home sales. There remains little evidence of a housing "bubble" locally.
- The all-time monthly high median price remains \$360,000 set in June 2004.

### **Condominium Selling Prices:**

- Median selling prices for condos posted their 11<sup>th</sup> consecutive month of double-digit appreciation in March, climbing nearly 11 percent over the past 12 months to a statewide median price of \$265,000. The strong price appreciation reflects record sales for condos during the past several months. 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 74<sup>th</sup> consecutive month selling prices have risen vs. the same month the prior year (dating back to Dec. 1998)