

MASSACHUSETTS ASSOCIATION OF REALTORS®

Detached Single-family Home Sales

<b>May '04</b>	<b>May '05</b>	<b>% Change</b>
4,659	4,142	- 11.1%
<b>April '05</b>	<b>May '05</b>	<b>% Change</b>
3,662	4,142	+ 13.1%

Condominium Sales

<b>May '04</b>	<b>May '05</b>	<b>% Change</b>
1,823	2,141	+ 17.4%
<b>April '05</b>	<b>May '05</b>	<b>% Change</b>
1,883	2,141	+ 13.7%

Detached Single-family Home Median Selling Price

<b>May '04</b>	<b>May '05</b>	<b>% Change</b>
\$339,000	\$359,900	+ 6.2%
<b>April '05</b>	<b>May '05</b>	<b>% Change</b>
\$353,000	\$359,900	+ 2.0%

Condominium Median Selling Price

<b>May '04</b>	<b>May '05</b>	<b>% Change</b>
\$267,450	\$279,900	+ 4.7%
<b>April '05</b>	<b>May '05</b>	<b>% Change</b>
\$275,000	\$279,900	+ 1.8%

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

## Talking Points

### Detached Single-family Home Sales:

- Sales of detached single-family homes fell for a second consecutive month in May, declining 11.1 percent from the same month last year to 4,142 homes sold. While the pace of sales activity has moderated over the past year, it's worth noting that the drop is magnified by the fact that sales volume last May set a record for the month of May at 4,659 homes sold. In historic terms, sales remain strong as last month's volume is the sixth highest on record for May in state history, exceeded only by May 2004, May 1998 (4,538 sales), May 1997 (4,305), May 1999 (4,297) and May 2000 (4,157.)
- The 11.1 percent decline in detached home sales is the largest year-to-year decrease since August 2002, when sales fell 14.1 percent from August 2001. With April sales having slipped 10.4 percent, it's the first time since December 1999 and January 2000 there has been two consecutive months of double-digit sales declines from the same month a year earlier.
- The more moderate sales pace witnessed this May reflects a slower start to this year's spring market, which occurred as a result of a nearly half point rise in mortgage rates from mid-March to mid-April, as well as poor weather which resulted in many homeowners needing more time to prepare their property for sale or simply delaying the listing of their home for sale. Inventory levels increased sharply in May however, giving buyers far more to look at, and this has contributed to the market's slower sales pace as buyers have less urgency to act than in past years when supply levels were tight.

Rather than a market correction, the more moderate sales pace signals a return to more normal market conditions. After setting a sales volume record in 2004 and observing three of the top five years for home sales in state history from 2002-2004, it's neither reasonable nor desirable to sustain the frenzied sales pace of recent years. As demand eases, the rate of price appreciation has begun to moderate, which should keep the market healthy, and affordable for future home buyers.

- Active listings for detached homes increased steadily over the past 12 months, climbing 15 percent from 31,516 homes for sale in May 2004 to 36,259 listings this May. Inventory, as expressed in months of supply, also rose from 6.8 months last May to 8.8 months in May 2005. Housing supply rose sharply in the past month, rising 10.8 percent from April when there were 32,710 listings and 8.9 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 buyers hold a slight edge in the current market.
- Mortgage rates remain attractive, having declined to their lowest level in three months in May. The average rate for a 30-year fixed-rate mortgage decreased one-tenth of a point to 5.92 percent in May (from 6.03% in April.) In addition, May's rate for a 30-year fixed mortgage is down over one-half of a point from May 2004, when the rate was 6.47 percent.

### Condo Sales:

- The 2,141 condos sold last month set a new state record for the month of May, shattering the prior record of 1,823 units sold in May 2004. Condo sales have now improved for 16 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.
- In the condo market active listings have increased 30.8 percent in the past year, climbing from 11,685 units in May 2004 to 15,287 this May. Inventory, as stated in months of supply, also has risen modestly in the past year, increasing to 7.1 months of supply in May 2005 from 6.4 months of supply last May. Additionally, compared to a month earlier, condo listings have risen 6.5 percent from April when there was a total of 14,356 units on the market or 7.6 months of supply.

### Detached Single-Family Home Selling Prices:

- Selling prices for detached single-family homes rose a healthy 6.2 percent over the past 12 months to a statewide median price of \$359,900 in May, but it appears prices are starting to moderate as this marks the second straight month and third time in 2005 that selling prices have risen less than 10 percent on a year-to-year basis. The last time the detached home market saw two consecutive months of single-digit price appreciation was January and February 2004.

A more modest rate of price appreciate is consistent with a market in which demand has eased and inventory has grown in the last year. Accordingly, sellers must careful not to over-price their home when putting it on the market or it won't sell.

- This is the 107<sup>th</sup> consecutive month selling prices have risen vs. the same month the prior year (dating back to June 1996). Notably, the all-time monthly high median selling price in Massachusetts remains \$360,000 set in June 2004.

### Condominium Selling Prices:

- Median selling prices for condos rose a modest 4.7 percent over the past 12 months to a new record high of \$279,900 in May. The previous record for monthly median price was \$275,000, set in April 2005. Significantly, this is the first time in 13 months (April 2004) that the condominium market has seen annual price appreciation of less than 10 percent.
- This is the 76<sup>th</sup> consecutive month selling prices have risen vs. the same month the prior year (dating back to Dec. 1998)