## MASSACHUSETTS ASSOCIATION OF REALTORS®

# Detached Single-family Home Sales

August '04	August '05	% Change
5,332	5,482	+ 2.8%
July '05	August '05	% Change
5,401	5,482	+ 1.5%

## Condominium Sales

August '04	August '05	% Change
2,338	2,596	+ 11.0%
July '05	August '05	% Change
2,405	2,596	+ 7.9%

# <u>Detached Single-family Home Median Selling Price</u>

August '04	August '05	% Change
\$358,000	\$375,000	+ 4.7%
July '05	August '05	% Change
\$375,000	\$375,000	+ 0.0%

## Condominium Median Selling Price

August '04	August '05	% Change
\$273,900	\$287,500	+ 5.0%
July '05	August '05	% Change
\$287,900	\$287,500	- 0.1%

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

#### **Talking Points**

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

- Sales of detached single-family homes rebounded in August, climbing 2.8 percent over August 2004 levels, to post their largest year-to-year gain of 2005 and the biggest annual increase in sales since November 2004, when sales rose 9.4 percent over the same period one year earlier. It's the fifth time this year that sales of detached homes have increased on an annual basis in Massachusetts. Sales activity also exceeded year ago levels in January, February, March and June 2005.
- The 5,482 detached single-family homes sold this past month makes it the second busiest August for sales activity in state history. The August record for sales volume remains August 2001 when 5,526 homes were sold.
- The gain in sales activity, on an annual as well as monthly basis (sales of detached single-family homes in August also climbed 1.5 percent from July), is the result of continued strengthening of the local economy, particularly the labor market, as well as higher inventory levels, which has led to smaller price gains and more realistic market pricing of homes. In addition, mortgage rates rose for a second consecutive month in August to 6 percent for a 30-year fixed loan, which likely spurred some buyers to act with more urgency and finalize their home purchase before rates rose any higher. Notably, buyers with children also try to conclude the purchase and move into a new home before the new school year begins.
- Supply levels rose steadily for a sixth consecutive month in August as active listings for detached single-family homes increased 26.6 percent over the past 12 months, from 29,758 detached homes for sale in August 2004 to 37,666 listings in August 2005. Inventory, as expressed in months of supply, also increased over the past year, from 5.6 months of supply last August to 6.9 months in August 2005. The number of listings also rose modestly from the previous month, climbing 4.6 percent from July, when there were 36,004 homes for sale and 6.7 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. The data above illustrates that despite rising inventory levels in recent months buyer demand remains strong, and is still outpacing supply, especially in the starter home market, thus keeping upward pressure on home prices.

• Mortgage interest rates rose for a second consecutive month in August, but remain attractive. In Massachusetts, the average rate for a 30-year fixed mortgage increased to 6.00 percent in August 2005, from 5.88 percent in July. It's the highest percentage for 30-year fixed-rate mortgages since April 2005, when the average rate was 6.03 percent. Still, rates remain lower than a year ago, when the average rate on a 30-year fixed mortgage was 6.05 percent in August 2004. Rates on 30-year mortgage are expected to remain fairly stable for the remainder of 2005, and should average less than 6.50 percent in 2006, which should ensure that housing demand will remain healthy for the foreseeable future.

#### **Condo Sales:**

- The 2,596 condos sold in August set a new state record for the month, breaking the one-year-old record of 2,338 units sold in August 2004. Condo sales have now improved for 19 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.
- In the condo market, active listings have increased 47.7 percent in the past year, from 10,977 units in August 2004 to 16,211 in August 2005. Inventory, as stated in months of supply, also has risen in the past year, increasing to 6.2 months of supply in August 2005 from 5.0 months of supply last August. Compared to a month earlier, condo listings have increased by 6.8 percent from July when there were 15,174 condo units on the market and 6.3 months of supply.

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

- The statewide median selling price for detached single-family homes rose 4.7 percent in the past 12 months to \$375,000, which equals the monthly record high median home price established in July 2005.
- •This is the 110<sup>th</sup> 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 five consecutive months of more modest single digit annual price appreciation which last occurred from October 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 5.0 percent over the past 12 months to \$287,500, which is just 0.1 percent below the all-time monthly high selling price of \$287,900 set one month earlier in July 2005.
- Similar to the detached home market, the condo market has seen annual price appreciation of less than 10 percent in each of the past four months, after witnessing 12 consecutive months of double-digit price gains from May 2004-April 2005.
- •This is the 79<sup>th</sup> consecutive month selling prices have risen vs. the same month the prior year (dating back to Dec. 1998)