MASSACHUSETTS ASSOCIATION OF REALTORS®

Detached Single-family Home Sales

August '05	August '06	% Change
5,395	4,229	- 21.6%

July '06	August '06	% Change
3,982	4,229	+ 6.2%

Condominium Sales

August '05	August '06	% Change
2,579	2,103	- 18.5%

July '06	August '06	% Change
1,883	2,103	+ 11.7%

Detached Single-family Home Median Selling Price

August '05	August '06	% Change
$375,000	$352,000	- 6.1%

July '06	August '06	% Change
$361,750	$352,000	- 2.7%

Condominium Median Selling Price

August '05	August '06	% Change
$287,500	$278,000	- 3.3%

July '06	August '06	% Change
$276,000	$278,000	+ 0.7%

NOTE: Figures reflect data from 5 of 5 REALTOR®-affiliated Multiple Listing Services in Massachusetts as of September 15, 2006.

Talking Points

Detached Single-family Home Sales:

• Detached single-family home sales fell for a fifth consecutive month in August from the same month a year ago, declining 21.6 percent to 4,229 homes sold in August 2006. Single-family home sales have now decreased in the Bay State for 10 of the last 11 months compared to the same period a year earlier. Last month's sales total also represents the lowest volume for home sales in the month of August in over a decade, dating back to August 1995 when 4,107 homes were sold. Single-family home sales also decreased for five straight months on a year-to-year basis from October 2005-February 2006.

• The 21.6 percent decline in single-family home sales in August follows annual sales declines of 25.3 percent in July and 16.6 percent in June, thus marking the first time there has been three consecutive months of double-digit sales declines on a year-to-year basis since December 1994-February 1995, when 30-year mortgage rates topped 9 percent. The magnitude of the drop in sales in recent months is attributable, in part, to the fact that the period from June-August 2005 saw record or near record sales activity across Massachusetts – as sales last June set a record for the month, while July 2005 sales were the third highest on record for that month, and August 2005 was the second busiest August on record for home sales.

• The slower sales pace reflects the fact that many buyers are attempting to "time the market," waiting for the right moment to buy. Many continue to hold out for lower prices, believing a larger market correction may come, while others are simply taking advantage of today's more plentiful supply of homes for sale which has allowed buyers to take a more relaxed approach to the home search process than in prior months when inventory was lower. Notably, many sellers are not actively looking for homes until they reach agreement on the sale of their own home, which has led to softer demand.

• The supply of single-family homes on the market rose for an 18th consecutive month in August, climbing 16.6 percent in the past year from 37,666 homes for sale in August 2005 to 43,928 this August. Inventory, as stated in months of supply, also rose from 7 months last August to 10.4 months of supply in August 2006. In addition, on a month-to-month basis, listings have increased 3.4 percent from July when there 42,467 homes on the market and a similar 10.7 months of supply. The market is balanced when 7.5-8.5 months of housing supply exists, thus a strong buyers market remains in place.

• As listings have increased so has time on the market as buyers exhaustively search for the right home and refuse to spend beyond their budget. This August, homes were on the market an average of 114 days before being sold, an increase of over a month from August 2005 when homes were listed for an average of 80 days before going under agreement.

• Mortgage interest rates fell for the first time in seven months during August, declining by roughly one-quarter of a point from an average rate of 6.96 percent of a fixed-rate home loan in July to 6.68 percent in August. This has helped improve buyers' purchasing power, after rates for 30-year fixed loans topped 7 percent in late June and early July. On an annual basis, however, the average rate for a 30-year fixed-rate mortgage in Massachusetts is still about two-thirds of a point higher than it was at the same time last year, when the average rate for a 30-year mortgage was 6 percent in August 2005.

Condo Sales:

• Condominium sales fell for a fifth consecutive month in August from year ago levels, but remain near record levels for the month. While sales declined 18.5 percent, the 2,103 condos sold last month is the third most on record for the month of August in state history, topped only by 2,579 units sold in August 2005 and the 2,338 units sold in August 2004.

• Notably, the last time condo sales decreased for five consecutive months on an annual basis was February-June 2001.

• The number of condos for sale has increased 28.4 percent in the past year, from 16,211 units last August to 20,807 in August 2006. Inventory, as stated in months of supply, also has risen in the past year, climbing to 9.9 months of supply this August from 6.3 months of supply in August 2005. The number of unsold condos is essentially unchanged since July.

• Similar to the detached home market, condo units are not selling as quickly as they did a year ago. The average listing time for condominiums has risen by nearly a month over the past year from 77 days in August 2005 to 106 days last month.

Detached Single-Family Home Selling Prices:

• The statewide median selling price for single-family homes decreased 6.1 percent in the past year, from a record high median of $375,000 last August to $352,000 in August 2006. It's the largest annual price decline since January 1993 when the price for detached homes fell 9 percent from the same month a year ago. The median price has been flat or declined for seven consecutive months, the longest such period since prices fell for 13 straight months from March 1992-March 1993.

• Today's lower prices reflect the moderation in housing demand and rise in the inventory of unsold homes, which has led sellers to make modest price adjustments. With the economy still healthy though, double-digit price declines seem unlikely.

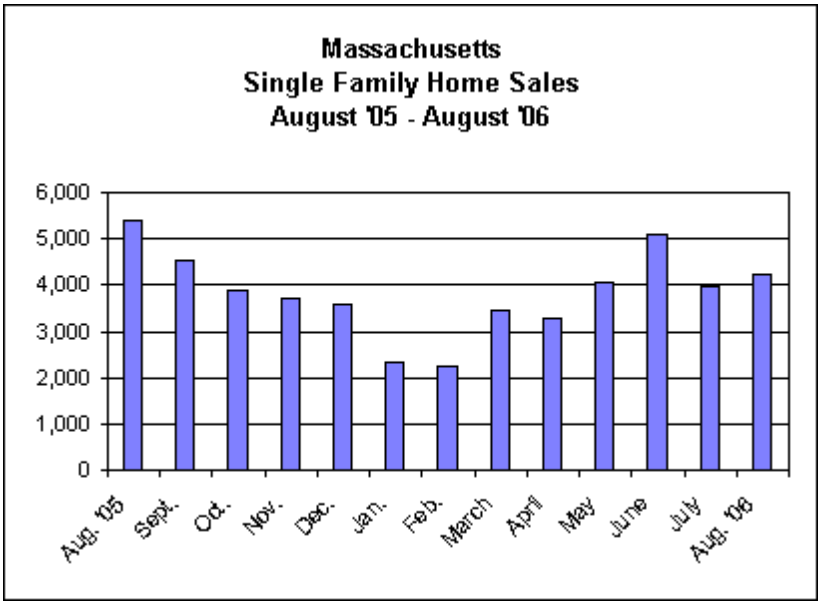
Condominium Selling Prices:

• The statewide median selling price for condos declined for a third consecutive month and the fourth time in the last five months in August, decreasing 3.3 percent to $278,000. However, on a month-to-month basis the median price rose 0.7 percent from July. August's median price is 3.4 percent below the record high median price of $287,900 set in July 2005.

Historical Monthly Sales of
Single Family Homes and Condominiums

August Sales		
Year	***S-F***	***Condos***
Aug-06	4,229	2,103
Aug-05	5,395	2,579
Aug-04	5,332	2,338
Aug-03	5,260	1,678
Aug-02	4,495	1,431
Aug-01	5,496	1,678
Aug-00	4,524	1,418
Aug-99	4,794	1,311
Aug-98	5,024	1,297
Aug-97	4,655	960
Aug-96	4,650	938
Aug-95	4,107	822
Aug-94	3,935	756
Aug-93	3,937	600
Aug-92	3,253	465
Aug-91	3,083	415

Aug. '05	5,395
Sept.	4,516
Oct.	3,880
Nov.	3,713
Dec.	3,574
Jan.	2,340
Feb.	2,265
March	3,440
April	3,281
May	4,055
June	5,101
July	3,982
Aug. '06	4,229



Aug. '05	2,579
Sept.	2,140
Oct.	1,779
Nov.	1,622
Dec.	1,627
Jan	1,171
Feb.	1,168
March	1,731
April	1,691
May	2,113
June	2,382
July	1,883
Aug. '06	2,103
Aug. '06	2,103