MASSACHUSETTS ASSOCIATION OF REALTORS®

Detached Single-family Home Sales

July '05	July '06	% Change
5,328	3,982	- 25.3%

June '06	July '06	% Change
5,101	3,982	- 21.9%

Condominium Sales

July '05	July '06	% Change
2,395	1,883	- 21.4%

June '06	July '06	% Change
2,382	1,883	- 21.0%

Detached Single-family Home Median Selling Price

July '05	July '06	% Change
$375,000	$361,750	- 3.5%

June '06	July '06	% Change
$370,000	$361,750	- 2.2%

Condominium Median Selling Price

July '05	July '06	% Change
$287,900	$276,000	- 4.1%

June '06	July '06	% Change
$283,500	$276,000	- 2.6%

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

Talking Points

Detached Single-family Home Sales:

• Detached single-family home sales fell for a fourth consecutive month in July from the same month a year ago, declining 25.3 percent to 3,982 homes sold in July 2006. Single-family home sales have now decreased in the Bay State for nine of the last 10 months compared to the same period a year earlier. Furthermore, last month's sales total represents the lowest volume for home sales during the month of July in over a decade, dating back to July 1995 when 3,688 homes were sold.

• The 25.3 percent decline in detached single-family home sales in July represents the largest annual decrease in monthly home sales since April 1995 when sales fell 39.3 percent from the prior April following the implementation of new, more stringent Title 5 septic regulations. Notably, though, the magnitude of this latest drop in sales is pronounced, in part, by the fact that the volume of home sales during July 2005 was the third highest on record for the month in state history.

• The slower sales pace this July reflects a more cautious approach to home buying brought on by rising mortgage rates, which have increased over a point in the past year, along with growing resistance on the part of buyers to current market pricing. In addition, today's more plentiful supply of homes for sale has enabled buyers to take a more relaxed approach to the home search process than in prior months when inventory levels were lower. With mortgage rates at 7 percent, utility costs on the rise, and home prices down only modestly in the last year, buyers have lost some of their purchasing power which has forced them to suspend their home search or return to the rental market, leading to softening demand.

• The supply of single-family homes on the market rose for a 17th consecutive month in July, climbing 18 percent in the past year from 36,004 homes for sale in July 2005 to 42,467 this July. Inventory, as stated in months of supply, also rose from 6.8 months last July to 10.7 months of supply in July 2006. With the spring market over, some sellers have recently taken their home off the market, resulting in a 3.9 percent drop in listings from June when 44,175 homes were for sale. 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 July, homes were on the market an average of 109 days before being sold, an increase of over a month from July 2005 when homes were listed for an average of 77 days before going under agreement.

• On a monthly basis, mortgage interest rates remained essentially stable in July, but have risen by a full percentage point over the past year. In the last 12 months, the average rate for a 30-year fixed-rate mortgage in Massachusetts increased from an average rate of 5.88 percent last July to 6.96 percent in July 2006. The average rate on a 30-year mortgage is now at its highest level in more than four years, dating back to April 2002 when it was 7.11 percent in Massachusetts.

Condo Sales:

• Sales of condominiums fell for a fourth consecutive month in July from year ago levels, but remain near record highs for the month. While sales declined 21.4 percent in the past year, the 1,883 condos sold last month is the third most on record for the month of July in state history, topped only by 2,395 units sold in July 2005 and the 2,131 units sold in July 2004.

• The last time condo sales decreased for four consecutive months on an annual basis was September-December 2001, and the last drop in condo sales greater than 21.4 percent occurred in April 1995, when sales fell 30 percent from April 1994.

• The number of condominiums for sale has increased 36.3 percent in the past year, from 15,174 units last July to 20,677 in July 2006. Inventory, as stated in months of supply, also has risen in the past year, climbing to 11 months of supply this past July from 6.3 months of supply in July 2005. Compared to one month earlier, however, the number of condos for sales has declined from June when there were 21,150 units available for sale (8.9 months of supply) on the market.

• Similar to the detached home market, condo units are not selling as quickly as they did a year ago. The average listing time for condos has risen a full month over the past year from 77 days in July 2005 to 108 days last month.

Detached Single-Family Home Selling Prices:

• The statewide median selling price for single-family homes fell 3.5 percent in the past year, from a record high median of $375,000 last July to $361,750 in July 2006. It's the largest annual price decline since March 1993 when the price for detached homes fell 3.9 percent from the same month a year earlier. The median home price has been flat or declined for six consecutive months, the longest such period since prices fell for 13 straight months from March 1992-March 1993.

• Today's lower prices reflect softening buyer demand and rising in inventory levels, which have started to trigger modest price adjustments on the part of sellers. With demand still historical strong though, major price corrections are unlikely.

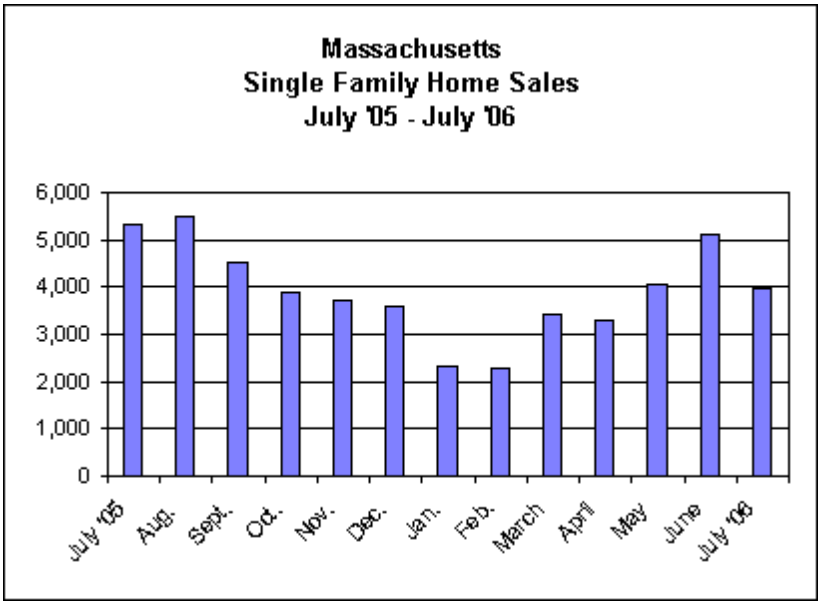
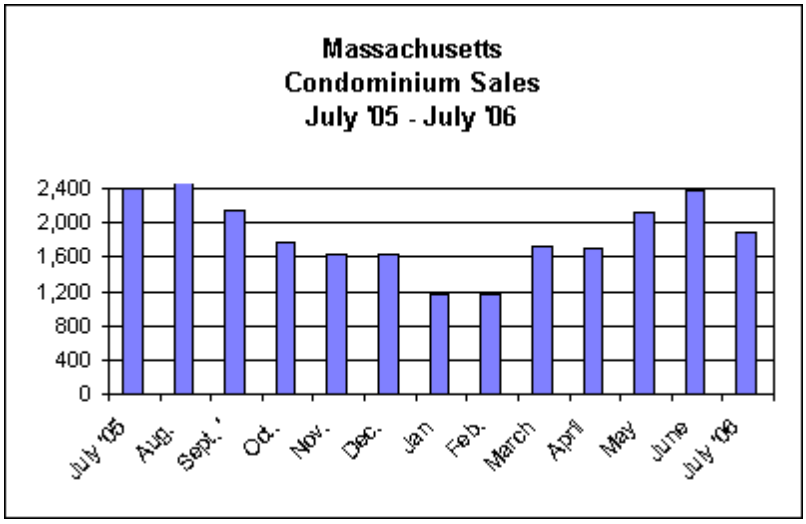
Condominium Selling Prices:

• The statewide median selling price for condos declined for a second consecutive month and the third time in the last four months in July, decreasing 4.1 percent to $276,000 from a record high median of $287,900 in July 2005. It's the largest annual price decline for condos since December 1998, when the selling price fell 6 percent from the prior December.

Historical Monthly Sales of
Single Family Homes and Condominiums

July Sales		
Year	***S-F***	***Condos***
Jul-06	3,982	1,883
Jul-05	5,328	2,395
Jul-04	5,756	2,131
Jul-03	4,896	1,671
Jul-02	4,386	1,336
Jul-01	4,919	1,469
Jul-00	4,517	1,319
Jul-99	4,980	1,301
Jul-98	5,359	1,383
Jul-97	4,724	993
Jul-96	4,464	906
Jul-95	3,688	726
Jul-94	3,650	634
Jul-93	3,876	646
Jul-92	3,396	562
Jul-91	2,820	402

July '05	5,328
Aug.	5,482
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 '06	3,982



July '05	2,395
Aug.	2,596
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 '06	1,883