MASSACHUSETTS ASSOCIATION OF REALTORS®

Detached Single-family Home Sales

November '04	November '05	% Change
4,089	3,713	- 9.2%

October '05	November '05	% Change
3,880	3,713	- 4.3%

Condominium Sales

November '04	November '05	% Change
1,599	1,622	+ 1.4%

October '05	November '05	% Change
1,779	1,622	- 8.8%

Detached Single-family Home Median Selling Price

November '04	November '05	% Change
$345,900	$354,000	+ 2.3%

October '05	November '05	% Change
$347,950	$354,000	+ 1.7%

Condominium Median Selling Price

November '04	November '05	% Change
$263,000	$265,000	+ 0.8%

October '05	November '05	% Change
$271,350	$265,000	- 2.3%

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

Talking Points

Detached Single-family Home Sales:

• Sales of detached single-family homes fell for a second consecutive month in November, declining 9.2 percent last month from November 2004 levels. It's the largest year-to-year sales decline since May 2005, when sales decreased 11.1 percent from May 2004. The decline follows an 8.7 percent drop (revised figure) in October, and marks the first time since April & May 2005 that sales has decreased on an annualized basis for two consecutive months in the Bay State.

The more moderate sales pace was not unexpected and reflects softer demand for housing due to rising mortgage rates – which reached their highest level in 18 months in November – as well as a weak labor market (the state's unemployment rate in November was the highest in 8 months), and increased inventory levels, which has led to a more balanced market in which buyers don't feel the same sense of urgency to make a quick offer as they did when supply levels were tighter.

• Despite the drop in home sales, market activity remains strong by historic standards. In fact, the November 2005 sales total ranks as the sixth busiest November on record for single-family home sales in Massachusetts, and last month's sales decline is magnified when compared to November 2004, which had the second highest November sales total on record.

• On a month-to-month basis, home sales have now fallen for three consecutive months, but the 4.3 percent decline from October to November is far less than the 14%-17% declines observed in September and October from the previous month.

Notably, the sales decline that occurred from October to November is not unusual and generally reflects seasonal changes that occur as demand lessens and fewer listings come on the market once cooler weather and the holidays approach. The present trend of shrinking sales volume is likely to persist until March, before climbing again as the spring market begins.

• The supply of detached single-family homes on the market rose for a ninth consecutive month in November increasing 16.5 percent in the past year, from 24,168 listings in November 2004 to 28,152 listings in November 2005. Inventory, as stated in months of supply, also has increased steadily from 5.9 months last November to 7.6 months of supply in November 2005. However, market listings have decreased from 31,032 homes for sale and 8 months of supply in October.

In Massachusetts, the market is at equilibrium for buyers and sellers when 7.5-8.5 months of housing supply exists, thus despite concerns about an inventory glut, there's a healthy balance between supply and demand at the present time.

• After remaining at or below 6 percent for much of this year, mortgage rates rose sharply for a second consecutive month in November, climbing to their highest level in 18 months. The average rate for a 30-year fixed-rate mortgage in the Bay State increased to 6.46 percent in November, which is a gain of nearly one-quarter of a percentage point from October's rate of 6.24 percent and roughly a half point jump from September when the average rate was 5.98 percent. Furthermore, in the past year, rates on 30-year fixed mortgages are up two-thirds of a point (from 5.81 percent in November 2004), and are now at their highest level since May 2004, when the average rate on a 30-year fixed rate home loan was 6.47 percent.

This recent rate hike is expected to hurt the ability of entry-level buyers to purchase a home and could knock them out of the market temporarily. As a result, it's likely that sales activity over the next few months could slow even further.

Condo Sales:

• First-time buyers and empty-nesters looking to downsize and purchase second homes have boosted condo sales to record levels. The 1,622 condos sold in November set a new state record, eclipsing the previous monthly high of 1,599 units sold last November. Condo sales have improved for the past 22 consecutive months compared to the same month a year earlier.

• The number of condos for sale has increased 25.8 percent in the past year, from 10,356 units last November to 13,024 in November 2005. Inventory, as stated in months of supply, also has risen in the past year, climbing to 8 months of supply this November from 6.5 months of supply in November 2004. Meanwhile, compared to a month earlier, condo listings have shrunk a bit from October when there were 13,973 condo units on the market and 7.9 months of supply.

Detached Single-Family Home Selling Prices:

• The statewide median selling price for detached single-family homes rose modestly by 2.3 percent in the past 12 months to $354,000. This marks the eighth consecutive month of single-digit price appreciation in the local housing market (a scenario that last occurred from August 2003-February 2004), and reflects today's more plentiful supply of homes for sale.

•This is the 113th consecutive month selling prices have risen vs. the same month the prior year (dating back to June 1996).

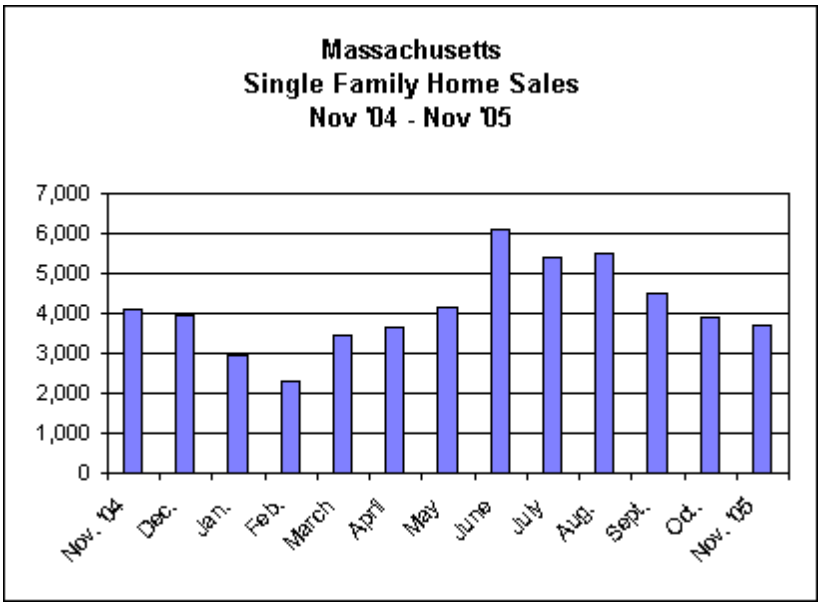
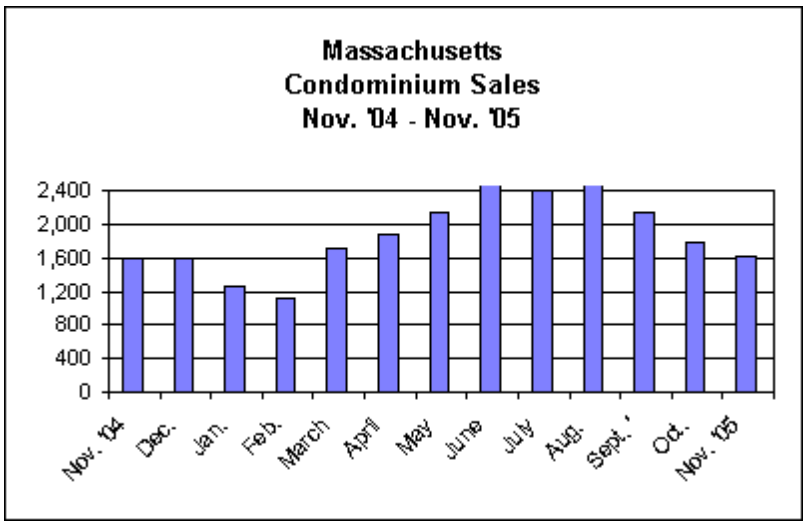
• The 1.7 percent increase in the statewide median selling prices is the first month-to-month price gain since July, thus the current median price is still 5.6 percent below the record high monthly median of $375,000 set in July and August 2005.

Condominium Selling Prices:

• This is the seventh consecutive month of single-digit annual price appreciation in the condo market, and the 0.8 percent increase in the statewide median selling price in November is the smallest year-to-year price gain in nearly seven years, dating back to December 1998 when prices declined 6 percent from the same month one year earlier. Accordingly, selling prices for condos have now risen for 83 consecutive months when compared to the same month one year earlier.

•The median price of $265,000 is down 8 percent from the record high median selling price of $287,900 set in July 2005.

Nov. '04	4,089
Dec.	3,959
Jan.	2,968
Feb.	2,304
March	3,427
April	3,662
May	4,142
June	6,084
July	5,401
Aug.	5,482
Sept.	4,516
Oct.	3,880
Nov. '05	3,713



Nov. '04	1,599
Dec.	1,584
Jan.	1,250
Feb.	1,125
March	1,700
April	1,883
May	2,141
June	2,775
July	2,405
Aug.	2,596
Sept. '	2,140
Oct.	1,779
Nov. '05	1,622