MASSACHUSETTS ASSOCIATION OF REALTORS®

## Detached Single-family Home Sales

| October '04 | October '05 | % Change |
|---|---|---|
| 4,249 | 3,863 | - 9.1% |

| September '05 | October '05 | % Change |
|---|---|---|
| 4,516 | 3,863 | - 14.5% |

## Condominium Sales

| October '04 | October '05 | % Change |
|---|---|---|
| 1,548 | 1,777 | + 14.8% |

| September' 05 | October '05 | % Change |
|---|---|---|
| 2,140 | 1,777 | - 17.0% |

## Detached Single-family Home Median Selling Price

| October '04 | October '05 | % Change |
|---|---|---|
| $344,900 | $349,000 | + 1.2% |

| September '05 | October '05 | % Change |
|---|---|---|
| $359,900 | $349,000 | - 3.0% |

## Condominium Median Selling Price

| October '04 | October '05 | % Change |
|---|---|---|
| $252,500 | $271,350 | + 7.5% |

| September '05 | October '05 | % Change |
|---|---|---|
| $270,000 | $271,350 | + 0.5% |

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

Talking Points

**Detached Single-family Home Sales:**

• After two months of modest increases, sales of detached single-family homes fell 9.1 percent in October from the same month last year. It's the largest year-to-year sales decline since May 2005, when sales decreased 11.1 percent from May 2004. The decline in sales is the result of rising mortgage interest rates, which reached their highest level in 16 months in October, as well as a steady increase in inventory levels, which has resulted in a more relaxed sales pace as buyers don't feel the same sense of urgency to make a quick offer as they did during the overheated market of the past two years.

In addition, it should be noted that inclement weather throughout much of the month of October, including heavy rains that flooded many homes during the middle of the month, did delay some closings and lead to a slowdown in buyer traffic (at open houses) and sales activity in general, and this likely will result in a decline in sales volume in November as well.

• Although last month's sale volume of 3,863 homes sold is the lowest October sales total in three years – when 3,781 homes were sold in October 2002 – sales activity across the state remains strong by historic standards. Notably, the October 2005 sales total ranks as the seventh busiest October on record for single-family home sales in Massachusetts.

• The sales decline that took place between September and October is not unusual and generally reflects seasonal changes that occur as buyer demand lessens and fewer listings come on the market once cooler weather and the holidays approach. In fact, the trend of shrinking sales volume is likely to continue through February, before climbing in March with the start of the spring market. Notably, month-to-month sales declines greater than the 14.5 percent drop recorded from September and October have occurred three times this year (January, February and September), and the size of the sales decline from September to October has been magnified by the fact the September 2005 sales volume was the second highest on record.

• The supply of detached single-family homes on the market rose for an eighth consecutive month in October increasing 7.7 percent in the past year, from 28,811 listings in October 2004 to 31,032 listings in October 2005. Inventory, as expressed in months of supply, also has increased steadily from 6.8 months last October to 8 months of supply in October 2005. However, inventory levels have decreased from 38,319 homes for sale and 8.6 months of supply in September.

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 continue to face limited inventory levels (especially for starter homes) and rising prices.

• After remaining at or below 6 percent for much of this year, mortgage rates rose sharply last month, climbing to their highest level in 16 months in October. The average rate for a 30-year fixed-rate mortgage in Massachusetts increased a quarter point during the month, rising from 5.98 percent in September to 6.24 percent in October. Furthermore, over the past year, rates on 30-year fixed mortgage have risen four-tenths of a percent (from 5.83 percent in October 2004), and are now at their highest level since June 2004, when the average rate on a 30-year fixed rate home loan was 6.44 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 1,777 condos sold in October set a new state record, eclipsing the previous monthly high of 1,548 units sold in October 2004. Condo sales have improved for the past 21 consecutive months compared to the same month a year earlier.

• The number of condos for sale has increased 21.5 percent in the past year, from 11,503 units in October 2004 to 13,973 in October 2005. Inventory, as stated in months of supply, also has risen in the past year, climbing to 7.9 months of supply in October 2005 from 7.4 months of supply last October. However, compared to a month earlier, condo listings have shrunk 21 percent from September when there were 17,697 condo units on the market and 8.3 months of supply.

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

• The statewide median selling price for detached single-family homes rose 1.2 percent in the past 12 months to $349,000. This is the 112th consecutive month selling prices have risen vs. the same month the prior year (dating back to June 1996), but the current median price has declined 6.9 percent from the record high median of $375,000 set in July and August 2005.

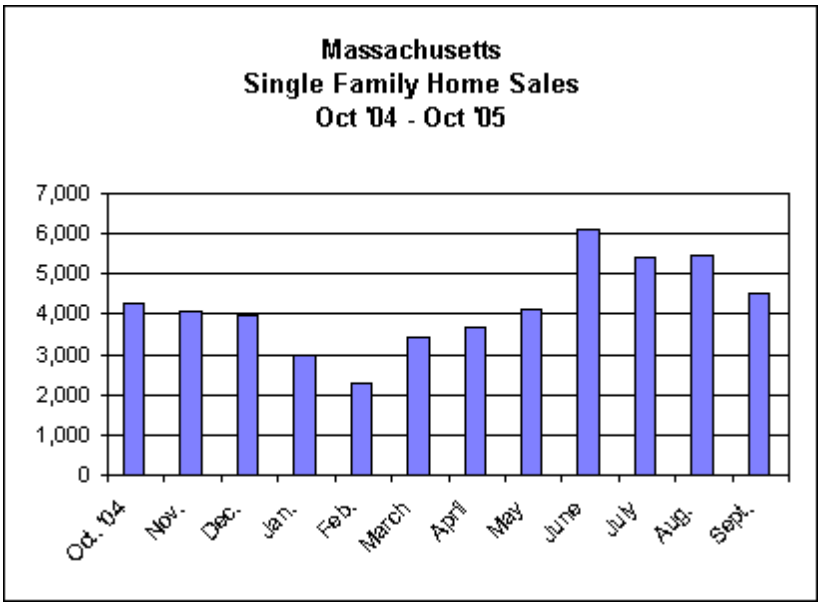
• Today's more modest price appreciation reflects a more plentiful supply of homes for sale. In fact, the 1.2 percent increase in the statewide median selling price is the smallest year-to-year gain in home price appreciation since February 1999, when the prices rose 0.8 percent over February 1998. This marks the seventh consecutive month of single-digit price appreciation in the local housing market (a scenario that last occurred from September 2003-February 2004).

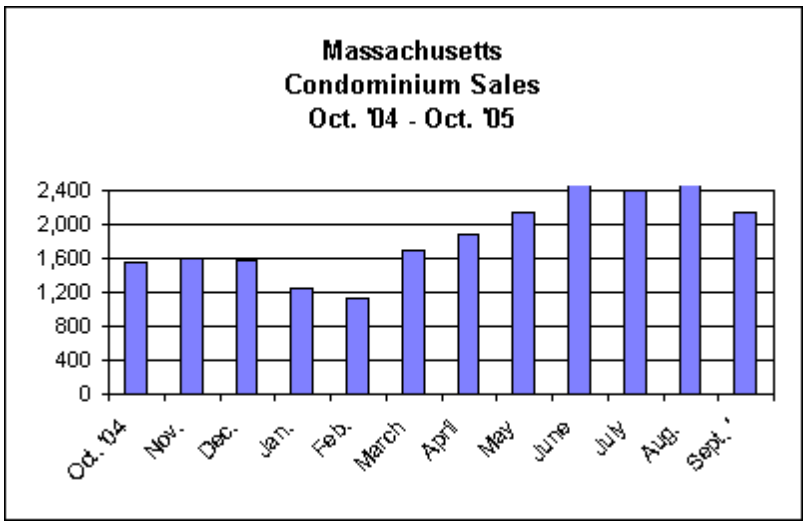
**Condominium Selling Prices:**

• Condo prices also have begun to moderate, with the statewide median selling price rising 7.5 percent in October from year-ago levels. This marks the sixth consecutive month of single-digit annual price appreciation in the condo market, and the 81st consecutive month selling prices have risen vs. the same month the prior year (dating back to Dec. 1998).

•The median price of $271,350 is down 5.7 percent from the record high median selling price of $287,900 set in July 2005.

| | |
|---|---|
| Oct. '04 | 4,249 |
| Nov. | 4,064 |
| 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. '05 | 3,863 |




| | |
|---|---|
| Oct. '04 | 1,548 |
| Nov. | 1,597 |
| 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. '05 | 1,777 |