MASSACHUSETTS ASSOCIATION OF REALTORS®

Detached Single-family Home Sales

September '04	September '05	% Change
4,440	4,464	+ 0.5%

August '05	September '05	% Change
5,482	4,464	- 18.6%

Condominium Sales

September '04	September '05	% Change
1,750	2,133	+ 21.9%

August '05	September '05	% Change
2,596	2,133	- 17.8%

Detached Single-family Home Median Selling Price

September '04	September '05	% Change
$346,000	$360,000	+ 4.0%

August '05	September '05	% Change
$375,000	$360,000	- 4.0%

Condominium Median Selling Price

September '04	September '05	% Change
$259,900	$270,000	+ 3.9%

August '05	September '05	% Change
$287,500	$270,000	- 6.1%

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

Talking Points

Detached Single-family Home Sales:

• Sales of single-family homes remained strong last month, climbing to their second highest level on record for the month of September in state history. Only the 4,497 homes sold in September 2003 top the 4,464 homes sold in September 2005.

• After experiencing a sharp 7.4 percent decline in single-family home sales during July, compared to year ago levels, sales of detached home rebounded for second consecutive month in September. The modest 0.5 percent increase in sales activity over September 2004 follows a 2.8 percent annual gain in home sales during August, and marks the sixth time in the first nine months of the year that detached single-family home sales have improved on an annual basis in the Bay State.

• While some have expressed concern that a housing "bubble" may exist in the local housing market, the pace of home sales has remained healthy despite growing inventory levels and rising mortgage rates. Predictions of a sharp market correction are largely unfounded, with the latest data demonstrating that home sales are on course to return to more normal levels following an extended period of accelerated market activity fueled by record-low mortgage rates. The continued strengthening of the local economy, which has featured both job and income growth, along with favorable demographics – which includes a wealthy baby-boomer population and large immigrant home buyer market in Massachusetts – and more modest home price appreciation in coming months should keep housing demand from declining dramatically anytime soon.

• The 18.6 percent sales decline from August to September is not unusual and merely reflects seasonal changes that occur in the local market each year. In fact, home sales have decreased from August to September each of the last 15 years. The largest month-to-month sales decline prior to September was in February 2005 when sales fell 22.8 percent from January.

• Active listings of detached homes rose for a seventh consecutive month in September, increasing 32.2 percent in the past 12 months, from 28,992 homes for sale last September to 38,319 in September 2005. Inventory, as expressed in months of supply, also has increased from 6.5 months of supply in September 2004 to 8.6 months this September. Listings also rose from the prior month, climbing 1.7 percent from August, when there were 37,666 homes for sale and 6.9 months of supply. In Massachusetts, the market is at equilibrium for buyers and sellers when 7.5-8.5 months of housing supply is available. The latest data suggests a slight oversupply in homes for sale which should reduce pressure on prices and favors buyers.

• Mortgage rates remain attractive, holding steady in September after two consecutive monthly increases in July and August. The average rate for a 30-year fixed mortgage in Massachusetts was 5.98 percent in September, essentially unchanged from 6.00 percent in August. Rates have risen slightly over the past year however, climbing one-tenth of a percent from an average of 5.88 percent for a 30-year fixed rate mortgage in September 2004.

Condo Sales:

• The 2,133 condos sold in September set a new state record for the month, breaking the year-old record of 1,750 units sold in September 2004. Condo sales have now improved for 20 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 52.7 percent in the past year, from 11,592 units in September 2004 to 17,697 in September 2005. Inventory, as stated in months of supply, also has risen in the past year, climbing to 8.3 months of supply in September 2005 from 6.6 months of supply last September. Compared to a month earlier, condo listings have increased by 9.2 percent from August when there were 16,211 condo units on the market and 6.2 months of supply.

Detached Single-Family Home Selling Prices:

• The statewide median selling price for detached single-family homes rose 4 percent in the past 12 months to $360,000. This is the 111th consecutive month selling prices have risen vs. the same month the prior year (dating back to June 1996).

• The current median home price is 4 percent below 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 4 percent increase in the statewide median selling price is the smallest year-to-year gain in home price appreciation since January 2002, when the price rose 3.9 percent over January 2001. Furthermore, this marks the sixth consecutive month of single-digit price appreciation in the local housing market, a period that was preceded by double-digit home price appreciation for 11 of the 12 months from April 2004-March 2005 (a scenario that last occurred from September 2003-February 2004).

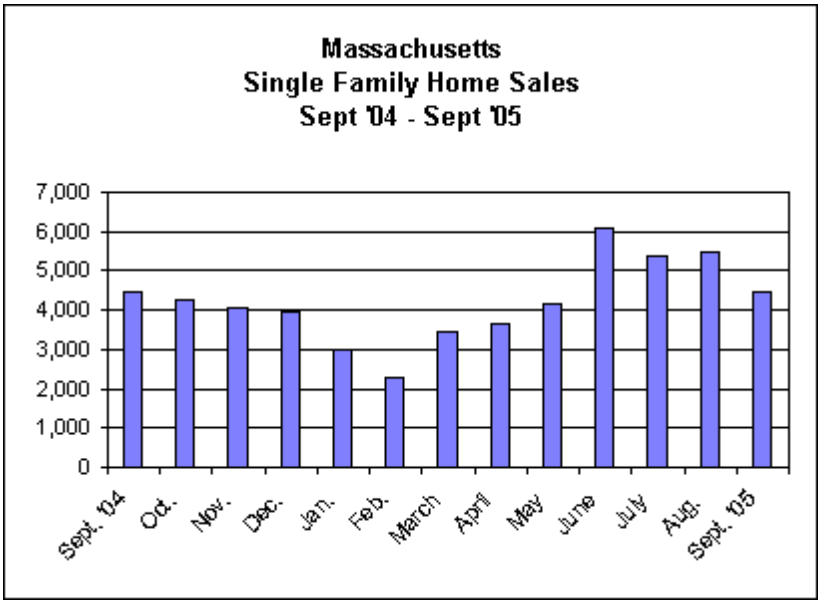
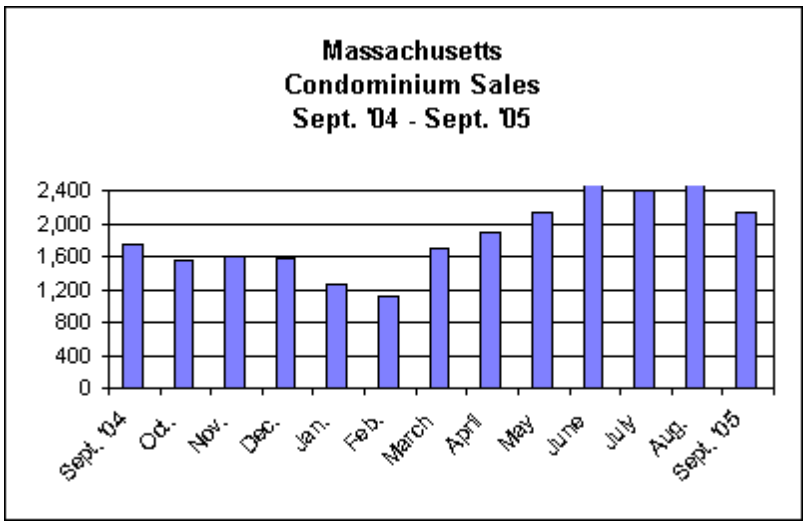
Condominium Selling Prices:

• Condo prices also have begun to moderate, with the statewide median selling price rising just 3.9 percent in September from year-ago levels. This marks the fifth consecutive month of single-digit annual price appreciation and is the smallest year-to-year price gain in the condo market since February 2003, when prices rose 3.7 percent over February 2002.

• The median price of $270,000 is down 6 percent from the record high median selling price of $287,900 set in July 2005.

•This is the 80th consecutive month selling prices have risen vs. the same month the prior year (dating back to Dec. 1998)

Sept. '04	4,440
Oct.	4,245
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. '05	4,464



Sept. '04	1,750
Oct.	1,547
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. '05	2,133