



**MASSACHUSETTS
ASSOCIATION
OF REALTORS®**
The Voice for Real Estate™ in Massachusetts

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MEMORANDUM

August 15, 2006

TO: Business Editors/News Assignment Editors

FROM: John Dulczewski, Communications Director

RE: Second Quarter Residential Property Sales and Selling Price Data for Massachusetts

Attached please find a news release and statistical charts detailing second quarter sales and median selling price data for the detached single-family home and condominium markets in Massachusetts. This report includes state and regional market data for April-June 2006, along with comparison data for the same three-month period last year.

Also, please note that effective with our first quarter report, we are now including time on the market data for sold property as part of our monthly and quarterly reports. This data is in addition to the sales volume, median price and inventory figures we've regularly issued, thus providing the most comprehensive report and detailed analysis available on the Massachusetts housing market.

As always, we kindly request that you honor the embargo time (10 a.m.) that has been placed on the release of this data. Also, please make note that the National Association of Realtors® (NAR) will be releasing seasonally-adjusted home sales statistics, as well as median selling price data for most major metropolitan areas in the U.S. today. The NAR report should be available on the wire services by mid-morning.

If you require additional background information for a story or would like to obtain additional comment on this report from MAR leadership, please feel free to contact me at 781-839-5507. Additionally, MAR President David Wluka, of Wluka Real Estate Corp. in Sharon, may be contacted directly at 781-784-4400.

Notably, MAR's regional vice presidents also are available for comment on today's report. The names and contact information of these individuals are as follows:

Laurie Cadigan	Greater Boston Region VP	978/369-6453;
James H. Crocker, Jr.	Cape Cod & Islands Region VP	508/428-8800;
Ed Levine	Central Region VP	508/753-0820;
Mark Hutchinson	Northeast Region VP	781/665-2222;
Judith Perry	Southeast Region VP	508/758-4944;
George Cooper	South Shore Region VP	508/746-2525;
Charles Sawyer	Western Region VP	413/442-8581.

If this fax transmission is unclear or has not been received in its entirety (2 page release and 2 pages of data), please contact the MAR Communications Department by calling 781-839-5507 or 800-725-6272. Thank you.

encl.

NEWS RELEASE



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FOR RELEASE AUGUST 15, 2006
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AS SALES OF HOMES & CONDOS EASE, PRICES STABILIZE ACROSS BAY STATE IN SPRING QUARTER

(Waltham, MA) – The Bay State housing market continued its cool down in the second quarter of 2006 as higher mortgage rates, a weak labor market, and a sharp rise in the inventory of unsold homes prompted buyers to proceed more cautiously before purchasing homes this spring, according to data issued today by the Massachusetts Association of Realtors® (MAR). Despite the more moderate sales pace, housing demand was historically strong last quarter, with residential sales volume the third highest on record for the April-June period, allowing home and condominium prices to remain relatively stable.

Across Massachusetts, a total of 12,439 detached single-family homes were sold in the second quarter of 2006, a decrease of 10.6 percent from the spring quarter last year when 13,918 homes sold. It's the fifth consecutive quarter that activity in the single-family home market has declined from the same period one year earlier. Sales of condominiums also fell this spring, though less significantly, declining 8.9 percent, from a second quarter high of 6,790 units sold from April-June 2005 to 6,185 units sold in the comparable three-month period this year.

“Although we saw less activity this spring than in the prior two years, the volume of sales remains quite strong,” said MAR President David Wluka, of Wluka Real Estate in Sharon. “Sales may be down, but the market is far from dead.”

Indeed, the MAR report found that this was the third busiest second quarter on record for the state's housing market, with the 18,624 homes and condos sold from April-June 2006 surpassed only by the 20,708 homes and condominiums sold in the 2005 second quarter and the 20,529 resident properties sold in the second quarter of 2004.

“There's no shortage of buyers,” observed Wluka. “It's just that between rising mortgage rates and higher energy prices, as well as the wet, damp spring and dismal income and job growth locally, there has been little incentive to rush out and buy in recent months. Today's buyers can be more patient than those in past years when inventory was tight, so they're content to wait out the market until prices come down or they find the home that has everything they want,” he explained.

Regionally, in the spring quarter, sales of detached single-family homes declined in all areas of the state except Western Massachusetts, where sales were essentially flat, rising just 0.5 percent over the 2005 second quarter sales level. Sales fell a modest 4.6 percent in greater Boston, declined 13-14 percent in the Northeast region, South Shore and Southeastern Mass., and decreased 15-18 in Barnstable and Worcester counties. Most regions also reported a drop in condo sales over the past year, but there was modest sales growth of 2.2 percent in the Central region and a 26.9 percent increase in sales in the South Coast communities that comprise the Greater Fall River-New Bedford area. Sales slipped 3.2 percent in Western Mass., 6-8 percent along the South Shore and in greater Boston, but fell sharply by 33.9 percent on Cape Cod.

Today's more relaxed sales pace has helped usher in the strongest buyer's market in years, according to Realtors®. “Prices have stabilized after a prolonged period of rapid appreciation, and with mortgage rates still reasonable and the number of homes for sale at its largest level in years, buyers are finding it's a good time to be in the market,” Wluka noted.

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2006 Second Quarter Home Sales Report – add one

“Opportunities to buy are especially prevalent in suburban markets, where large numbers of baby-boomers have become empty-nesters and are looking to downsize, as well as on Cape Cod where the vacation home market has slowed and both seniors and second home owners are looking to cash out,” he added.

This spring, the number of single-family properties for sale across the state reached a new all-time high, the MAR report found. Over the past year, the inventory of detached homes and condos on the market rose steadily by 27 percent, from a monthly average of 49,931 listings in the second quarter of 2005 to 63,433 in the same quarter this year. At the current sales pace, this represents 10.2 months of supply, up from 7.2 months of supply in the second quarter a year ago.

With a much larger selection of homes to choose from in the market, there’s less urgency on the part of buyers to act, say industry observers. “Buyers are showing tremendous discipline, searching tirelessly until they find the right property and negotiating harder to stay within a budget,” said Wluka. “At the same time, many sellers have been reluctant to adjust their price to mirror the market, and that’s created a bit of a stalemate and led to longer listing times for homes.”

In fact, the time it takes to sell residential property in the Bay State has risen an average of 3-4 weeks in the past year. This spring, detached single-family homes were on the market an average of 120 days before selling, compared to 95 days for homes sold from April-June 2005. Similarly, the market time for condominiums increased from an average of 81 days in the second quarter last year to 112 days for units placed under agreement in the comparable quarter this year.

Despite a more plentiful supply of homes for sale, properties priced right are moving relatively quickly, note MAR officials. “Pricing is critical in today’s market. Sellers who over-estimate the value of their home risk limiting the pool of buyers who can afford it, and the longer a property is on the market the more difficult it becomes to sell,” Wluka remarked.

With the market finally starting to return to a more normal sales pace, selling prices have stabilized over the past year, data from the MAR report shows. During the spring quarter, the statewide median selling price for detached single-family homes decreased a modest 1.3 percent, from \$364,900 in the second quarter of 2005 to \$360,000 in the same three-month period this year. It’s the second consecutive quarter the median selling price has declined on an annualized basis, and reflects a price drop of 2.7 percent from the all-time high quarterly median of \$370,000 set in the 2005 third quarter.

Meanwhile, in the condominium market, the statewide median selling price remained flat over the past 12 months at \$280,000. This marks the first time in 30 quarters that the median price for condos has not risen on a year-to-year basis.

“While prices have softened a bit in the past year, we don’t expect major price declines to occur unless the economy worsens and we see large job and population losses. The more likely scenario is that the market will become more balanced in time, as inventory is absorbed, which should lead to modest price gains and sales levels similar to the late 90s,” Wluka predicted.

In fact, on a regional basis, median selling prices for single-family homes only decreased in two areas this spring – Worcester County and the South Shore. Median prices were flat in greater Boston and the Northeast region, and rose 2-5 percent on Cape Cod, the South Coast and in Western Massachusetts. The median selling price for condos also rose in much of the state over the past year, though Central Mass., greater Boston and the South Shore saw modest price declines.

The leveling off in prices is welcomed news for buyers who have lost some purchasing power in recent months due to a rise in interest rates, which reached a four-year high this spring. In Massachusetts, the average rate for a 30-fixed rate mortgage hit 6.80 percent in the 2006 second quarter, up nearly one point from 5.91 percent in the second quarter last year and the highest level since the 2002 second quarter when the average for a 30-year fixed mortgage was 6.95 percent.

Sales and price data from the MAR report reflects transactions occurring through Realtor®-affiliated multiple listing services in the Commonwealth, and account for approximately 80 percent of all real estate sales in Massachusetts.

MASSACHUSETTS ASSOCIATION OF REALTORS®

DETACHED SINGLE FAMILY HOME SALES AND SELLING PRICES

REGIONAL COMPARISONS FOR 2ND QUARTER OF 2006 vs 2ND QUARTER OF 2005

SALES

<u>Region</u>	<u>2005</u>	<u>2006</u>	<u>Percentage Change</u>
Cape Cod	1,219	991	- 18.7 %
Central	2,470	2,080	- 15.8 %
Greater Boston	3,114	2,971	- 4.6 %
Northeast	2,777	2,392	- 13.9 %
Southeast	518	445	- 14.1 %
South Shore	1,968	1,698	- 13.7 %
West	1,852	1,862	+ 0.5 %
STATEWIDE	13,918	12,439	- 10.6 %

MEDIAN SELLING PRICES

<u>Region</u>	<u>2005</u>	<u>2006</u>	<u>Percentage Change</u>
Cape Cod	\$400,000	\$410,000	+ 2.5 %
Central	\$299,800	\$290,000	- 3.3 %
Greater Boston	\$496,925	\$499,900	+ 0.6 %
Northeast	\$392,000	\$394,250	+ 0.6 %
Southeast	\$279,900	\$288,400	+ 3.0 %
South Shore	\$365,000	\$360,000	- 1.4 %
West	\$199,900	\$209,900	+ 5.0 %
STATEWIDE	\$364,900	\$360,000	- 1.3 %

Data for this report reflects residential sales reported to Realtor®-affiliated multiple listing services systems in Massachusetts, including the MLS Property Information Network, Inc.; the Multiple Listing Service of the Berkshire County Board of Realtors®; Cape Cod & Islands Multiple Listing Service, Inc.; the North Bristol County Board of Realtors® MLS; and Southeastern Mass. MLS.

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CONDOMINIUM SALES AND SELLING PRICES

REGIONAL COMPARISONS FOR 2ND QUARTER OF 2006 vs 2ND QUARTER OF 2005

SALES

<u>Region</u>	<u>2005</u>	<u>2006</u>	<u>Percentage Change</u>
Cape Cod	342	226	- 33.9 %
Central	649	663	+ 2.2 %
Greater Boston	3,239	2,981	- 8.0 %
Northeast	1,566	1,357	- 13.3 %
Southeast	52	66	+ 26.9 %
South Shore	660	619	- 6.2 %
West	282	273	- 3.2 %
STATEWIDE	6,790	6,185	- 8.9 %

MEDIAN SELLING PRICES

<u>Region</u>	<u>2005</u>	<u>2006</u>	<u>Percentage Change</u>
Cape Cod	\$261,000	\$264,850	+ 1.5 %
Central	\$207,650	\$194,000	- 6.6 %
Greater Boston	\$352,500	\$345,000	- 2.1 %
Northeast	\$239,900	\$241,500	+ 0.7 %
Southeast	\$137,500	\$168,450	+ 22.5 %
South Shore	\$263,200	\$255,000	- 3.1 %
West	\$151,250	\$165,000	+ 9.1 %
STATEWIDE	\$280,000	\$280,000	+ 0.0 %

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