MASSACHUSETTS ASSOCIATION OF REALTORS®

Detached Single-family Home Sales

May '05	May '06	% Change
4,175	4,055	- 2.9%

April '06	May '06	% Change
3,281	4,055	+ 23.6%

Condominium Sales

May '05	May '06	% Change
2,134	2,113	- 1.0%

April '06	May '06	% Change
1,691	2,113	+ 25.0%

Detached Single-family Home Median Selling Price

May '05	May '06	% Change
$357,000	$352,700	- 1.2%

April '06	May '06	% Change
$353,000	$352,700	- 0.1%

Condominium Median Selling Price

May '05	May '06	% Change
$279,000	$286,000	+ 2.5%

April '06	May '06	% Change
$267,600	$286,000	+ 6.9%

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

Talking Points

Detached Single-family Home Sales:

• Sales of detached single-family homes fell for a second consecutive month in May from the same month a year earlier, declining a modest 2.9 percent to 4,055 homes sold in May 2006. While sales have decreased for seven of the last eight months compared to the same period one year ago, housing demand remains strong by historic standards as the May 2006 sales volume is the eighth highest on record for the month of May in state history. The current sales pace marks the return to a more normal market, following a boom in home sales from 2003-05 that was fueled by record low mortgage rates.

• The more moderate sales pace reflects a more cautious approach to home buying on the part of consumers brought on by rising mortgage rates – which have increased nearly a full point over the past year – rising energy prices, and a sharp increase in inventory levels, which has enabled buyers to take a more relaxed approach to the home search process than in prior months when supply levels were tighter. Speculation about a housing "bubble" in the local market also has prompted some buyers to put off their home search or turn instead to the rental market, and that's led to some softening in demand. But, buyers are slowly returning to the market as it's become more evident that sharp price declines are unlikely to occur.

• The supply of detached single-family homes on the market rose for a 15th consecutive month in May, climbing 26.9 percent over the past year from 36,259 homes for sale in May 2005 to 46,019 this May. Inventory, as stated in months of supply, also rose steadily from 8.7 months last May to 11.3 months of supply in May 2006. Not surprisingly, with the spring market at it's peak, listings are up from April as well, when there were 42,667 listings available for sale.

In Massachusetts, the market is at equilibrium for buyers and sellers when 7.5-8.5 months of housing supply exists, thus a strong buyers market has been in place for the last five months due to surging supply levels and more moderate demand.

• Further illustrative of the transition from a seller's market to a buyer's market over the past year, market time for sold property has risen steadily in the past 12 months as buyers exhaustively search the market for the right home and refuse to spend beyond their budget. This May, homes were on the market an average of 121 days before being sold, an increase of more than three weeks from May 2005 when homes were listed for an average of 96 days before going under agreement.

• Mortgage interest rates rose for a fifth consecutive month in May, increasing from an average rate of 6.68 percent in April to 6.80 percent in May for a 30-year fixed-rate mortgage in Massachusetts. Compared to a year ago, the rates are up roughly nine-tenths of a point from May 2005, when the average rate was 5.92 percent for a 30-year fixed rate home loan in Massachusetts. The average rate on a 30-year mortgage is now at its highest level in four years (May 2002 – 6.94%).

While still low by historic standards, the rise in mortgage rates above 6 3/4 percent has reduced the purchasing power of some entry-level buyers, forcing them to delay their home search, purchase a condo, or remain renters for another year.

Condo Sales:

• Sales of condominiums declined for a second consecutive month in May from year ago levels, but remained at a near record level for the month. While sales fell 1 percent over the past 12 months, the 2,113 condos sold last month are the second most on record for the month of May in state history, topped only by the 2,134 units sold a year ago in May 2005.

• The last time condo sales decreased during consecutive months on a year-to-year basis was August and September 2002.

• The number of condominiums for sale has increased 47.5 percent in the past year, from 15,287 units last May to 22,555 in May 2006. Inventory, as stated in months of supply, also has risen in the past year, climbing to 10.7 months of supply this past May from 7.1 months of supply in May 2005. Compared to one month earlier, however, condo listings have remained flat from April 2006 when there were 22,565 condo units available for sale 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 by more than a month over the past year from 89 days in May 2005 to 120 days last month.

Detached Single-Family Home Selling Prices:

• The statewide median selling price for detached homes declined a modest 1.2 percent over the past year to $352,700, from $357,000 in May 2005. Although this marks the fourth consecutive month that the median price has been flat or decreased modestly (less than 2 percent) from the same month one year earlier, there is little evidence to suggest that significant price declines will occur in the Bay State housing market. Instead, as the market cools from the record sales pace of 2004-2005, most areas have merely seen prices stabilize after several years of strong price appreciation. At present, the median price is 5.9 percent below the record high median price of $375,000 set in July and August 2005.

Condominium Selling Prices:

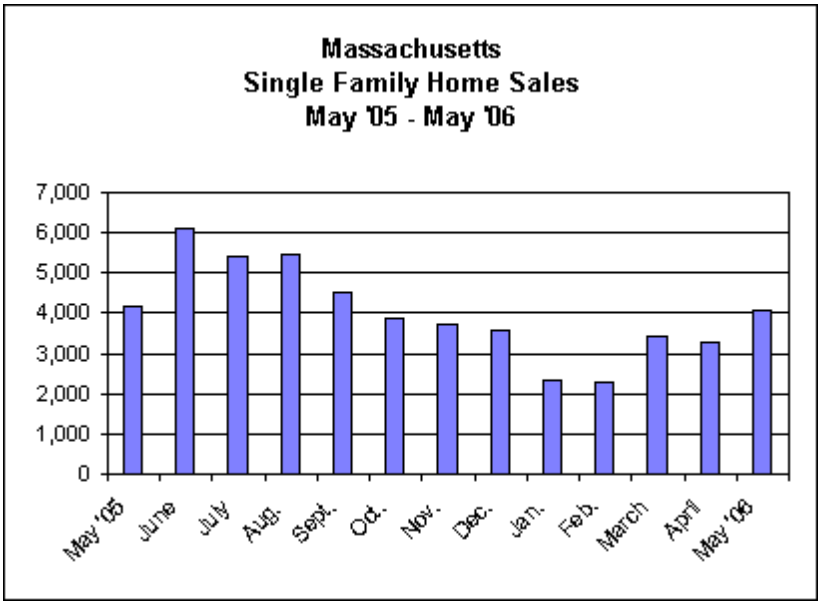
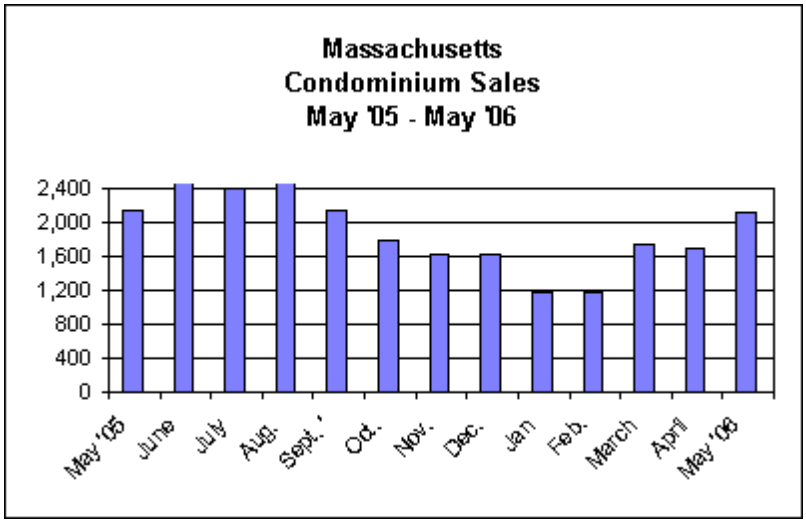
• After declining for the first time in 88 months in April, the statewide median selling price for condos rebounded in May, climbing 2.5 percent to $286,000 from $279,000 in May 2005. The price gain in May matches the 2.5 percent price drop observed in April, enabling the condo market to regain the full value ($7,000) in the median price lost one month earlier.

•The median price of $286,000 is just 0.7 percent below the record high median selling price of $287,900 set in July 2005.

Monthly Sales By Year for
Single Family Homes and Condominiums

May Sales		
Year	***S-F***	***Condos***
May-06	4,055	2,113
May-05	4,175	2,134
May-04	4,620	1,824
May-03	3,926	1,440
May-02	4,122	1,313
May-01	3,898	1,184
May-00	4,157	1,160
May-99	4,297	1,167
May-98	4,538	1,034
May-97	4,305	953
May-96	3,760	759
May-95	3,036	648
May-94	3,706	662
May-93	2,882	472
May-92	3,141	532
May-91	3,106	366

May '05	4,175
June	6,084
July	5,401
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 '06	4,055



May '05	2,134
June	2,775
July	2,405
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 '06	2,113