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Realtor market index up for 7th straight month - Price Index over 50-point for first time since April 2010

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The Massachusetts Association of Realtors (MAR) have said that confidence in the market has gone up for the seventh straight month compared to last year according to results of the February Realtor Market Index (RMI). The Realtor Price Index (RPI) in February was also up over last year and eclipsed the 50-point mark for the first time in 22 months. Over 81% of respondents believe the impact on the market would be positive if legislation proposed by U.S. senator Scott Brown to improve the short sale process was made into law.

"Not having a true winter, along with our historically-low interest rates and relatively affordable prices, has been responsible for significant increase in activity and Realtors across the state are feeling it," said 2012 MAR president Trisha McCarthy, broker at Keller Williams Realty in Newburyport. "Realtors who responded to the survey feel more confident about prices stabilizing as the combination of activity and current inventory levels are increasing demand."

In February 2012, the RMI was 39.47, which was up 40.7% from the February 2011 score of 28.1. The last time there was a stretch of six straight months of year-over-year increases was November 2009-May 2010. On a month-to-month basis, the February RMI was up 24% from the 31.9 score in January 2012. Measured on a 100-point scale, a score of 50 is the midpoint between a "strong" (100 points) and a "weak" (0 points) market condition.

The RPI was 54.9 in February, which was up 16.7 from the February 2011 RPI of 46.9. On a month-to-month basis, the RPI was up 19.1% from the January 2012 RPI of 46. February was the first month since April 2010 that the RPI was over the 50-point mark on the 100-point scale.

Realtors members were asked in February what they thought would happen if proposed legislation introduced by senator Brown to improve the short sale process was signed into law? 82% responded that the market would improve significantly (31%) or improve slightly (51%). 16% reported that there would be no change in the market, while 5% thought the market would go down slightly (2%) or go down significantly (3%).

About the Realtors Index Methodology:

The Massachusetts Realtor Market Index (RMI) and Price Index (RPI) are based on monthly responses from a random sampling of Massachusetts Association of Realtors members on the state of the housing market. More specifically, the survey asks members two basic questions pertaining to the real estate business in their market area in Massachusetts.

1. How would you describe the current housing market?
2. What are your expectations of home prices over the next year?

In addition to these standard questions, the survey each month includes one wildcard question that changes each month and is based on an industry hot topic.

The RMI is calculated in the following way. Respondents indicate whether conditions are, or are expected to be "strong" (100 points), "moderate" (50 points), and "weak" (0 points). The results are the average score for each question. A score of 50 is the threshold between a "strong" and a "weak" condition.

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