



CELEBRATING
55 YEARS

nerej

Massachusetts Realtor Price Index hits new high as Market Index Up for 12th straight month

August 30, 2012 - Front Section

According to The Massachusetts Association of Realtors (MAR) the Realtor Price Index(RPI) hit a new all-time high as the Realtor Market Index (RMI) has gone up for the 12th straight month compared to the year before. Realtors are reporting that higher rents and lower vacancy rates in the current market are having an impact in driving home purchases.

"Twelve straight months of increases in the Realtor Market Index is a milestone when comparing the real estate market of the past several years," said 2012 MAR president Trisha McCarthy, broker at Keller Williams Realty in Newburyport. "With increased activity in the market and inventory continuing to decrease, I anticipate the Realtor Price Index to remain relatively strong going forward."

In July 2012, the Realtor Market Index was 57.63, which was up 114% from the July 2011 score of 28.57. This is the third highest point the Index has reached since the association has been tracking the data and 12th straight month of year-over-year increases. On a month-to-month basis, the July RMI was down 2.8% from the 59.3 score in June 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 65 in July, which was up 61.7% from the July 2011 RPI of 40.19. This is the highest point reached on the RPI scale since the data has been tracked and first time that the RPI has reached the 60-point mark in three consecutive months. On a month-to-month basis, the RPI was up 8.2% from the June 2012 RPI of 60.06. The RPI has been up month-to-month for seven of the last nine months.

In July, Realtor members were asked about the type of impact that higher rents and low vacancy rates had in driving home purchases in the current market. 61% of respondents answered that higher rents and low vacancy rates were pushing a significant amount of people to buy (9%) or pushing some people to buy (52%). 30% answered that higher rents and low vacancy rates had a neutral impact, while 8% described their market area as not experiencing higher rents or low vacancy rates.

About the Realtor 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.

How would you describe the current housing market?

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. Similarly, the question about home prices over the next year (Realtor Price Index) is calculated using five categories: "Rise 0-5%" (75 points), "Rise 5%+" (100 points), "Level" (50 points), "Fall 0-5%" (25 points), and "Fall >5%" (0 points).

Organized in 1924, the Massachusetts Association of Realtors is a professional trade organization with more than 19,000 members. The term Realtor is registered as the exclusive designation of members of the National Association of Realtors who subscribe to a strict code of ethics and enjoy continuing education programs.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540