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Realtor confidence in Massachusetts real estate market up again in August

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According to The Massachusetts Association of Realtors (MAR), the Realtor Market Index (RMI) has gone up for the 13th straight month compared to the year before. The Realtor Price Index (RPI) continues to be near all-time highs and has been over the 60-point mark for the fourth straight month. The majority of Realtors surveyed are reporting that they see inventory levels either staying the same or increasing somewhat over the next six months.

"Regaining confidence in the market is a gradual process, but one that fortunately has been improving for 13 straight months," said 2012 MAR president Trisha McCarthy, broker at Keller Williams Realty in Newburyport. "The best way to ensure this upward trend continues is to increase the number of homes for sale. The only way that can happen is for homeowners who want to sell, but have held off, to make the decision to re-enter the market."

In August 2012, the RMI was 56.41, which was up 97% from the August 2011 score of 21.63. This is the 13th straight month of year-over-year increases and the fifth straight month over the 50-point mark. On a month-to-month basis, the August RMI was down 2.11% from the 57.63 score in July 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 64.19 in August, which was up 61% from the August 2011 RPI of 39.92. This is the seventh straight month of year-over-year increases and the fourth straight month the RPI has been over the 60-point mark. On a month-to-month basis, the RPI was down 1.24% from the July 2012 RPI of 65.

With the number of homes for sale trending down, Realtor members were asked in August their thoughts on where inventory levels were headed in the next six months. 41% of respondents answered that they thought inventory will be at the same level as today. Another 41% thought inventory would somewhat increase (37%) or significantly increase (2%). 19% answered that inventory will somewhat decrease with one percent answering inventory would significantly decrease over the next six months.

The RMI and 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 (RPI) 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