

# Home sales rise in Mass.

The Boston Globe

## Inventory continues to fall, though, and foreclosures are keeping prices down

By Jenifer B. McKim, Globe Staff | November 25, 2009

Massachusetts home buyers are off the sidelines, purchasing homes in increasing numbers, despite some sellers' reluctance to put houses on the market, real estate figures released yesterday show.

Sales of single-family homes rose by 17.2 percent in October, compared with the same month last year, marking the fourth consecutive month of increases, according to Warren Group, a private company that tracks real estate data. The number of sales, 4,295, marks the highest total for the month of October since 2005.

Some people are being lured into the market by the \$8,000 federal tax credit for first-time buyers - recently extended into next year - as well as by low interest rates and falling home prices, real estate professionals say.

The median, or midpoint, price for single-family homes sold in Massachusetts in October fell 2.8 percent, to \$277,000, from the same month last year. The median selling price of condominiums fell 8.1 percent to \$240,000, according to Warren Group.

Nicolas Retsinas, director of Harvard University's Joint Center for Housing Studies, said the increased sales activity is a strong sign the Boston-area housing market is at, or near, its bottom.

He said the region will probably lead a national real estate recovery because it does not have a lot of unsold housing stock, something plaguing other regions.

Despite the relative lack of inventory, he said, prices still are dropping because lenders are continuing to unload foreclosed homes at discount prices, depressing the overall market.

"We are trolling around the bottom," Retsinas said. "Prices are still sluggish because of foreclosures."

At the same time, many potential sellers are reluctant to put their homes on the market because sale prices remain too low. They are likely to come back if they see prices beginning to rise, said Barry Bluestone, dean of the School of Social Science, Urban Affairs and Public Policy at Northeastern University.

"Inventory is low because people have taken properties off the market," Bluestone said. "From the point of view of the seller, if you can delay putting your property on the market you may want to wait a little bit more."

The number of Massachusetts homes on the market on Oct. 31 was down 15 percent, compared with the same time last year, the 19th straight month that inventory had declined, according to the Massachusetts Association of Realtors, which also released data yesterday. Inventory of homes for sale in October was the lowest for that month since 2002, the association said.

The statewide inventory of single-family homes fell to 27,204 in October, which translates into a 7.1-month supply. The association considers 7.5 to 8.5 months of supply to be a balanced market.

Eric Berman, communications director for the Massachusetts association, said low inventory can increase home prices, but such an escalation can also price entry-level buyers out of the market.

"It becomes more difficult for people to buy," Berman said. "We need the transactions to occur."

Sales activity is largely at the lower end of the housing market, according to Warren Group, boosting the argument that the first-time buyers credit is having an effect. Sales of homes priced below \$600,000 increased by 9 percent between July and October of this year, compared with the same time last year.

At the same time, sales of more expensive homes continued to stall, Warren Group said.

Ken Sazama, a real estate agent with Coldwell Banker in Cambridge, said he has seen a flood of buyers looking for homes

under \$400,000 this year.

In some cases, he said, they are even being forced into bidding wars on fairly priced houses.

“People who are motivated are scrambling,” Sazama said.

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