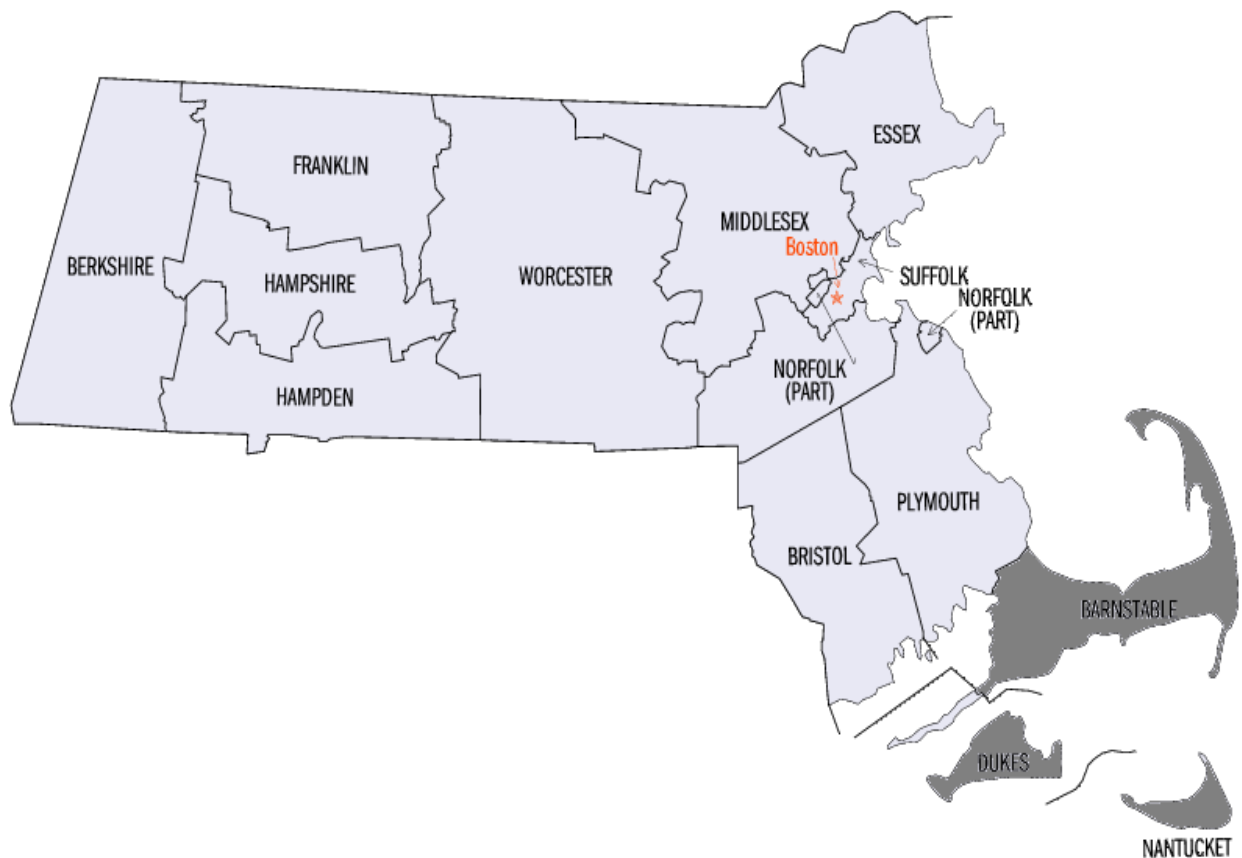


Economic and Market Watch Report

1st Quarter, 2003



*Click on a County to view economic and real estate information at the county and zip code level

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MLS Property Information Network, Inc.

Economic and Market Watch Report

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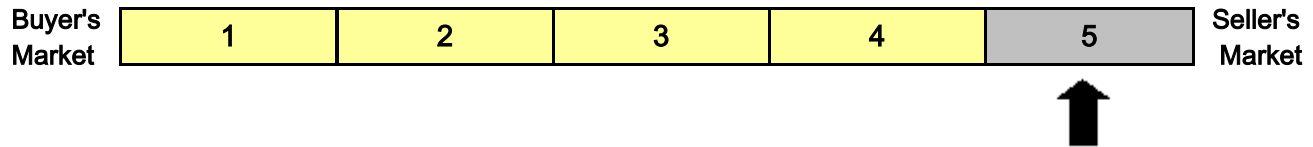
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BERKSHIRE COUNTY, MA



Labor Market :

Employment increased by 2,691 jobs in Berkshire County during January and February. However, the number of job seekers also increased. The combined effect of these two trends was an increase in the average monthly unemployment rate from 4.3% for the fourth quarter to 5.7% in the first two months of the first quarter. The solid job growth may provide strong home sales, while low mortgage rates should continue to spur sales.

Housing Market :

	Q4' 02	Q1' 03	Q2' 03 (Forecast)
Average Price	\$58,000	\$125,000	↑
# Homes on the Market *	10	8	↑
# homes Sold **	6	5	↑
# New Homes Built	6	7	↑
Avg # of Days on Market	84	114	↓

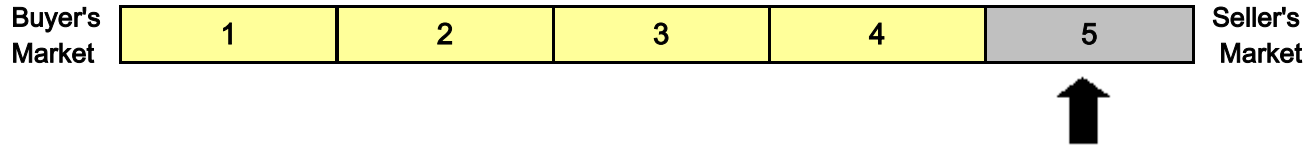
* Available as of Mar. 31, 2003.

** May not add to total of zip codes

Data by Zip Codes

zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of asking price (Sold/List Price)
01201	\$72,100	126.73%	3	50.00%	22	103.0%
01253	\$262,000	-	1	-	39	95.3%
OTHER	\$150,000	-	1	-	465	93.8%

BRISTOL COUNTY, MA



Labor Market :

Employment increased by 4,355 jobs in Bristol County during January and February. However, the number of job seekers also increased. The combined effect of these two trends was an increase in the average monthly unemployment rate from 5.5% for the fourth quarter to 7.7% in the first two months of the first quarter. The solid job growth may provide strong home sales, while low mortgage rates should continue to spur sales.

Housing Market :

	Q4' 02	Q1' 03	Q2' 03 (Forecast)
Average Price	\$278,000	\$282,000	↑
# Homes on the Market *	1,240	1,699	↔
# homes Sold **	706	575	↔
# New Homes Built	322	208	↓
Avg # of Days on Market	56	63	↔

* Available as of Mar. 31, 2003.

** May not add to total of zip codes

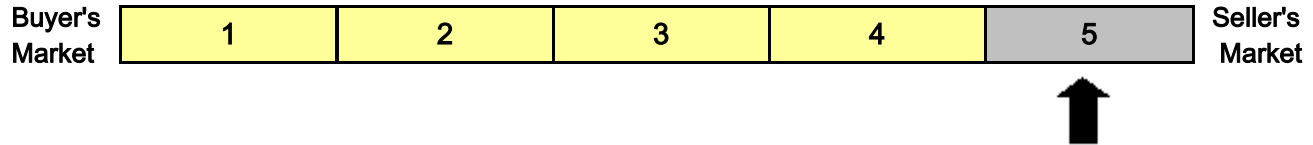
Data by Zip Codes

zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of asking price (Sold/List Price)
02048	\$387,800	5.27%	35	9.38%	58	98.7%
02356	\$414,500	-5.84%	15	-16.67%	69	99.6%
02375	\$381,800	-1.22%	16	-11.11%	74	97.8%
02702	\$260,400	18.10%	2	-75.00%	40	100.2%
02703	\$272,800	17.13%	89	-19.82%	65	97.4%
02715	\$238,000	-1.41%	3	-40.00%	116	92.8%
02717	\$287,800	46.09%	5	150.00%	49	101.0%
02718	\$232,200	-4.01%	8	60.00%	69	97.6%

BRISTOL COUNTY, MA

Data by Zip Codes						
zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of asking price (Sold/List Price)
02719	\$206,500	30.12%	18	157.14%	38	99.4%
02720	\$279,200	68.50%	16	-36.00%	100	93.6%
02721	\$179,800	26.26%	11	57.14%	63	94.4%
02723	\$204,000	51.11%	2	0.00%	75	97.6%
02724	\$174,500	15.03%	6	-50.00%	73	96.6%
02725	\$244,300	3.96%	3	200.00%	38	99.1%
02726	\$245,500	31.07%	26	30.00%	57	97.1%
02740	\$183,700	97.10%	27	237.50%	61	98.5%
02743	\$272,700	11.53%	12	300.00%	75	97.5%
02744	\$137,600	16.61%	3	200.00%	60	96.3%
02745	\$195,300	25.84%	20	100.00%	37	97.6%
02746	\$134,900	-	1	-	9	100.0%
02747	\$243,900	11.98%	17	142.86%	58	97.8%
02748	\$398,300	50.87%	7	75.00%	81	96.7%
02760	\$338,600	10.55%	59	-3.28%	76	99.0%
02763	\$339,000	-13.05%	1	0.00%	46	97.7%
02764	\$305,000	2.94%	4	-33.33%	83	98.0%
02766	\$300,300	-4.00%	27	-20.59%	55	98.7%
02767	\$269,900	-1.93%	18	-25.00%	38	95.8%
02769	\$408,000	21.14%	7	16.67%	105	98.2%
02771	\$290,300	23.32%	12	0.00%	96	95.3%
02777	\$219,000	20.13%	19	-36.67%	59	97.7%
02779	\$312,300	23.39%	12	33.33%	45	97.9%
02780	\$273,800	35.41%	55	14.58%	60	98.2%
02790	\$290,000	20.88%	13	116.67%	70	94.5%
OTHER	\$319,700	7.35%	6	-45.45%	33	95.5%

ESSEX COUNTY, MA



Labor Market :

Employment increased by 2,247 jobs in Essex County during January and February. However, the number of job seekers also increased. The combined effect of these two trends was an increase in the average monthly unemployment rate from 5.7% for the fourth quarter to 6.4% in the first two months of the first quarter. The solid job growth may provide strong home sales, while low mortgage rates should continue to spur sales.

Housing Market :

	Q4' 02	Q1' 03	Q2' 03 (Forecast)
Average Price	\$403,000	\$387,000	↑
# Homes on the Market *	1,747	2,588	↔
# homes Sold **	1,317	963	↓
# New Homes Built	212	192	↓
Avg # of Days on Market	60	74	↑

* Available as of Mar. 31, 2003.

** May not add to total of zip codes

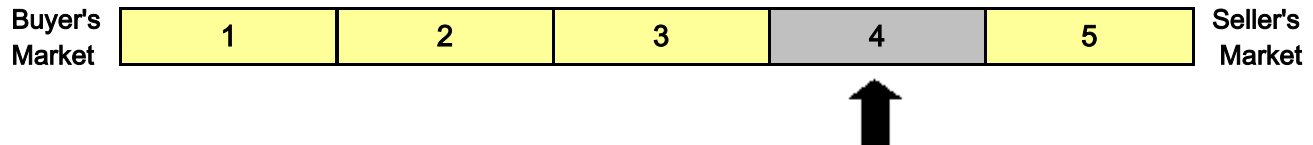
Data by Zip Codes

zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of asking price (Sold/List Price)
01810	\$562,000	14.93%	41	-24.07%	76	96.3%
01830	\$267,600	11.78%	42	-35.38%	60	95.7%
01832	\$308,300	25.48%	24	-14.29%	70	97.7%
01833	\$436,800	23.29%	25	13.64%	77	98.4%
01834	\$364,100	7.50%	10	-23.08%	59	97.7%
01835	\$331,800	19.83%	29	11.54%	70	98.8%
01841	\$184,700	23.46%	24	9.09%	61	96.9%
01843	\$212,300	16.20%	22	-12.00%	79	97.3%

ESSEX COUNTY, MA

Data by Zip Codes						
zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of asking price (Sold/List Price)
01844	\$286,300	23.94%	81	12.50%	67	98.3%
01845	\$546,900	11.54%	44	2.33%	86	98.1%
01860	\$242,900	-3.46%	14	180.00%	146	96.3%
01901	\$283,000	48.17%	2	0.00%	72	95.3%
01902	\$257,700	29.17%	32	-3.03%	52	96.2%
01904	\$271,500	10.37%	34	25.93%	71	96.3%
01905	\$220,700	7.08%	19	-34.48%	52	97.6%
01906	\$330,700	11.57%	33	-19.51%	57	96.9%
01907	\$426,700	29.74%	18	-45.45%	56	96.8%
01908	\$1,014,500	162.62%	2	-50.00%	7	93.1%
01913	\$326,400	22.34%	27	-22.86%	67	97.1%
01915	\$449,000	20.93%	53	1.92%	81	97.3%
01921	\$625,000	15.87%	16	-33.33%	124	96.7%
01922	\$518,600	71.55%	6	20.00%	39	96.9%
01923	\$366,900	15.45%	35	2.94%	75	96.3%
01929	\$340,000	-4.95%	6	0.00%	100	90.7%
01930	\$386,700	-2.35%	40	25.00%	92	93.0%
01938	\$412,300	-15.60%	22	-8.33%	76	97.6%
01940	\$489,000	10.36%	30	25.00%	59	96.9%
01944	\$631,300	46.68%	6	-45.45%	85	94.8%
01945	\$513,700	-3.31%	41	-6.82%	73	95.7%
01949	\$663,300	51.20%	5	-58.33%	127	97.0%
01950	\$412,900	5.09%	26	-56.67%	70	97.2%
01951	\$504,300	20.30%	4	-20.00%	108	97.7%
01952	\$303,500	25.72%	10	-16.67%	71	99.9%
01960	\$360,700	22.06%	47	-16.07%	56	96.9%
01966	\$541,800	5.10%	13	-13.33%	126	96.6%
01969	\$433,300	21.20%	4	-63.64%	105	95.4%
01970	\$322,700	20.46%	28	-12.50%	64	96.1%
01982	\$438,400	30.20%	13	-7.14%	88	96.7%
01983	\$513,800	-40.68%	11	0.00%	84	96.9%
01984	\$750,800	67.74%	8	-11.11%	99	88.4%
01985	\$556,300	55.22%	6	20.00%	86	97.2%
OTHER	\$552,600	69.82%	10	42.86%	84	84.2%

FRANKLIN COUNTY, MA



Labor Market :

Employment increased by 955 jobs in Franklin County during January and February. However, the number of job seekers also increased. The combined effect of these two trends was an increase in the average monthly unemployment rate from 3.7% for the fourth quarter to 4.8% in the first two months of the first quarter. The solid job growth may provide strong home sales, while low mortgage rates should continue to spur sales.

Housing Market :

	Q4' 02	Q1' 03	Q2' 03 (Forecast)
Average Price	\$168,000	\$189,000	↑
# Homes on the Market *	182	252	↔
# homes Sold **	151	69	↔
# New Homes Built	23	14	↑
Avg # of Days on Market	99	107	↔

* Available as of Mar. 31, 2003.

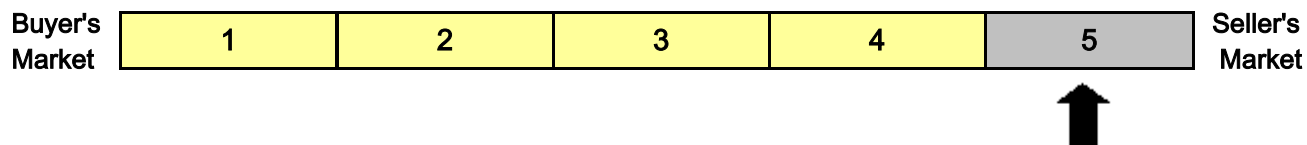
** May not add to total of zip codes

Data by Zip Codes

zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of asking price (Sold/List Price)
01054	\$286,000	186.57%	1	-66.67%	27	95.8%
01072	\$251,600	38.24%	3	200.00%	289	95.7%
01093	\$365,000	75.06%	1	-75.00%	104	93.6%
01301	\$137,700	2.68%	11	-57.69%	84	97.9%
01330	\$239,500	14.43%	4	100.00%	99	97.5%
01337	\$112,100	-14.88%	5	66.67%	67	91.2%
01338	\$85,000	-	1	-	101	94.5%
01340	\$135,500	-21.81%	3	-40.00%	121	97.5%

FRANKLIN COUNTY, MA

Data by Zip Codes						
zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of asking price (Sold/List Price)
01341	\$340,100	92.80%	5	-37.50%	76	100.0%
01349	\$103,000	42.86%	1	-80.00%	19	98.2%
01351	\$195,000	20.00%	2	0.00%	106	97.5%
01355	\$142,900	-42.38%	1	0.00%	104	100.0%
01360	\$124,700	6.31%	3	-25.00%	95	98.7%
01364	\$156,200	58.74%	9	-57.14%	108	96.3%
01370	\$149,000	-21.78%	2	-60.00%	88	91.7%
01373	\$248,900	47.54%	5	25.00%	140	96.3%
01375	\$227,500	-5.05%	4	0.00%	133	96.9%
01376	\$194,900	73.24%	8	-11.11%	109	94.2%

HAMPDEN COUNTY, MA

Labor Market :

Employment declined by 340 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 5.5% in the fourth quarter to 6.8% for the first two months of the first quarter. Despite the job losses, the job situation still remains strong in Hampden County. Combined with favorable low mortgage rates, home sales should continue at a strong pace.

Housing Market :

	Q4' 02	Q1' 03	Q2' 03 (Forecast)
Average Price	\$164,000	\$159,000	↑
# Homes on the Market *	1,062	1,439	↔
# homes Sold **	934	584	↔
# New Homes Built	113	62	↓
Avg # of Days on Market	58	72	↔

* Available as of Mar. 31, 2003.

** May not add to total of zip codes

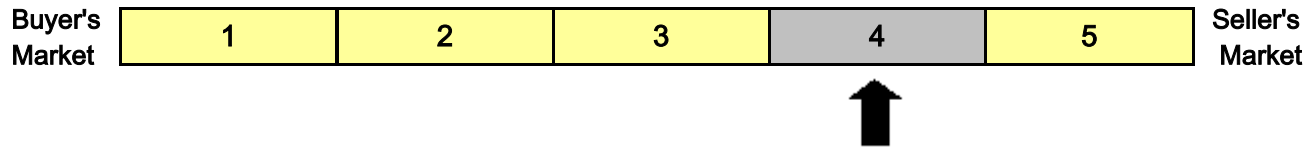
Data by Zip Codes

zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of asking price (Sold/List Price)
01001	\$168,200	2.50%	17	6.25%	48	97.5%
01009	\$152,000	32.17%	3	50.00%	104	98.7%
01010	\$189,600	10.88%	3	-62.50%	105	96.1%
01013	\$121,600	13.33%	18	-21.74%	71	97.5%
01020	\$137,800	29.03%	34	21.43%	45	97.4%
01022	\$152,000	82.04%	2	0.00%	58	99.7%
01028	\$212,900	16.28%	20	-50.00%	86	98.5%
01030	\$173,600	2.90%	23	27.78%	57	97.6%
01034	\$170,700	32.84%	4	-20.00%	88	97.6%

HAMPDEN COUNTY, MA

Data by Zip Codes						
zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of asking price (Sold/List Price)
01036	\$196,400	-10.16%	4	-42.86%	132	97.7%
01040	\$141,100	0.28%	41	17.14%	73	96.4%
01056	\$174,800	33.54%	24	-22.58%	69	98.3%
01057	\$169,600	-7.68%	16	23.08%	61	97.4%
01069	\$172,000	-7.08%	14	75.00%	90	101.0%
01071	\$246,500	120.68%	3	50.00%	121	95.5%
01077	\$216,300	11.09%	16	-36.00%	159	98.6%
01080	\$114,900	9.12%	4	-20.00%	34	101.0%
01081	\$144,600	13.41%	5	-16.67%	109	97.5%
01085	\$197,600	6.07%	65	14.04%	72	97.1%
01089	\$163,800	3.41%	30	-36.17%	48	95.7%
01095	\$248,000	21.39%	21	0.00%	99	99.3%
01104	\$96,000	19.85%	22	-21.43%	64	98.7%
01105	\$78,500	-12.78%	2	0.00%	100	95.3%
01106	\$289,200	24.66%	27	-27.03%	47	96.7%
01107	\$125,800	-2.40%	3	-57.14%	80	98.2%
01108	\$112,100	2.94%	27	-20.59%	76	98.5%
01109	\$84,300	5.90%	45	55.17%	77	97.4%
01118	\$135,600	22.27%	30	-28.57%	54	96.8%
01119	\$106,600	8.11%	24	9.09%	67	98.8%
01128	\$163,000	35.61%	4	0.00%	48	96.5%
01129	\$148,800	22.87%	11	-8.33%	107	96.7%
01151	\$84,600	-12.96%	10	0.00%	60	101.6%
01521	\$154,300	9.98%	9	0.00%	108	93.2%
OTHER	\$214,400	151.35%	3	-57.14%	78	100.5%

HAMPSHIRE COUNTY, MA



Labor Market :

Employment declined by 78 jobs in January and February. The job losses brought about an increase in the average monthly unemployment rate from 3.1% in the fourth quarter to 3.9% for the first two months of the first quarter. Despite the job losses, the job situation still remains strong in Hampshire County. Combined with favorable low mortgage rates, home sales should continue at a strong pace.

Housing Market :

	Q4' 02	Q1' 03	Q2' 03 (Forecast)
Average Price	\$216,000	\$210,000	↑
# Homes on the Market *	404	581	↔
# homes Sold **	299	172	↔
# New Homes Built	55	42	↓
Avg # of Days on Market	73	72	↔

* Available as of Mar. 31, 2003.

** May not add to total of zip codes

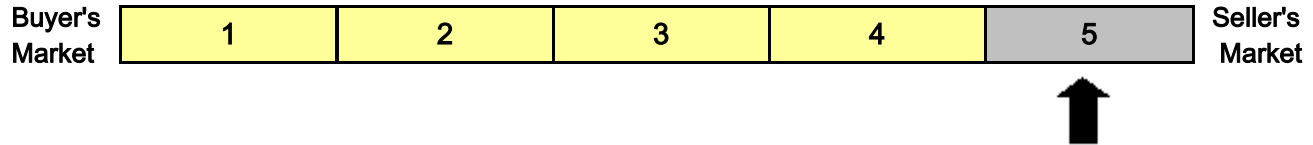
Data by Zip Codes

zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of asking price (Sold/List Price)
01002	\$298,400	18.37%	19	0.00%	101	97.2%
01007	\$218,000	15.59%	17	-46.88%	49	98.5%
01012	\$230,000	47.91%	4	33.33%	89	95.0%
01026	\$155,000	4.73%	1	-50.00%	140	96.9%
01027	\$191,800	20.55%	22	10.00%	56	98.3%
01032	\$297,000	112.14%	2	-33.33%	270	94.7%
01033	\$190,500	14.35%	7	-36.36%	29	103.9%
01035	\$245,100	-16.89%	5	-16.67%	45	99.7%
01038	\$198,800	-14.09%	4	-20.00%	106	89.1%

HAMPSHIRE COUNTY, MA

Data by Zip Codes						
zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of asking price (Sold/List Price)
01050	\$110,300	-30.06%	5	150.00%	81	94.0%
01053	\$227,000	34.64%	2	-50.00%	15	97.8%
01060	\$237,600	-7.26%	18	-14.29%	86	97.2%
01062	\$220,300	25.96%	9	-18.18%	66	96.5%
01073	\$209,500	-16.80%	8	14.29%	74	98.4%
01075	\$184,900	11.52%	27	35.00%	47	96.8%
01082	\$139,600	-9.59%	16	0.00%	75	99.2%
01096	\$365,000	30.36%	1	0.00%	13	96.3%
01098	\$167,000	23.25%	2	100.00%	55	98.3%
OTHER	\$245,700	60.80%	3	-57.14%	227	86.9%

MIDDLESEX COUNTY, MA



Labor Market :

Employment increased by 4,122 jobs in Middlesex County during January and February. However, the number of job seekers also increased. The combined effect of these two trends was an increase in the average monthly unemployment rate from 4.5% for the fourth quarter to 4.9% in the first two months of the first quarter. The solid job growth may provide strong home sales, while low mortgage rates should continue to spur sales.

Housing Market :

	Q4' 02	Q1' 03	Q2' 03 (Forecast)
Average Price	\$450,000	\$454,000	↑
# Homes on the Market *	2,846	4,635	↔
# homes Sold **	2,289	1,648	↓
# New Homes Built	453	313	↓
Avg # of Days on Market	56	67	↑

* Available as of Mar. 31, 2003.

** May not add to total of zip codes

Data by Zip Codes

zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of asking price (Sold/List Price)
01431	\$257,700	39.60%	10	233.33%	134	102.5%
01432	\$275,700	6.74%	8	-52.94%	70	97.3%
01450	\$486,500	36.01%	15	-34.78%	114	98.4%
01460	\$361,100	-7.65%	16	-30.43%	87	96.9%
01463	\$314,900	9.04%	19	-26.92%	67	97.5%
01464	\$267,300	1.83%	6	-66.67%	74	99.3%
01469	\$281,100	12.76%	12	-47.83%	77	102.9%
01474	\$328,700	44.80%	4	300.00%	258	97.6%

MIDDLESEX COUNTY, MA

Data by Zip Codes						
zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of asking price (Sold/List Price)
01701	\$355,300	6.92%	56	-31.71%	47	98.1%
01702	\$332,100	7.55%	16	-56.76%	45	98.6%
01719	\$537,000	5.27%	7	16.67%	167	95.2%
01720	\$500,400	15.22%	30	0.00%	78	97.9%
01721	\$404,300	10.77%	29	-12.12%	58	95.5%
01730	\$500,500	-9.15%	18	38.46%	76	98.2%
01740	\$330,000	-	1	-	20	98.5%
01741	\$753,300	-23.86%	6	-25.00%	75	98.2%
01742	\$928,500	23.92%	20	-41.18%	44	93.4%
01746	\$335,700	3.74%	32	23.08%	54	98.5%
01748	\$506,200	-3.54%	29	-35.56%	61	98.6%
01749	\$340,000	7.80%	40	11.11%	79	98.7%
01752	\$352,500	19.53%	72	-4.00%	65	98.2%
01754	\$303,000	14.77%	23	-20.69%	57	97.2%
01760	\$435,500	10.17%	52	-1.89%	70	97.1%
01770	\$672,500	12.87%	9	50.00%	94	94.3%
01773	\$1,238,700	20.17%	10	-9.09%	95	92.3%
01775	\$489,700	20.50%	14	-26.32%	85	96.6%
01776	\$617,500	-10.19%	34	-35.85%	106	95.7%
01778	\$777,800	28.08%	18	-37.93%	112	95.3%
01801	\$321,300	7.71%	38	8.57%	55	96.2%
01803	\$371,200	7.47%	33	-8.33%	69	97.4%
01821	\$331,400	13.77%	58	-14.71%	70	97.6%
01824	\$358,300	15.95%	36	-12.20%	72	98.2%
01826	\$266,700	6.34%	42	-32.26%	67	97.5%
01827	\$453,700	3.51%	4	-69.23%	113	96.9%
01850	\$201,000	25.94%	15	-48.28%	56	97.4%
01851	\$223,800	10.57%	21	-12.50%	51	96.1%
01852	\$244,700	18.73%	23	-41.03%	52	97.1%
01854	\$219,000	3.45%	27	17.39%	70	97.1%
01862	\$285,000	10.51%	9	-30.77%	59	96.4%
01863	\$281,900	5.62%	10	25.00%	64	95.0%
01864	\$534,700	38.02%	33	17.86%	66	99.3%
01867	\$396,500	11.19%	37	5.71%	43	97.6%
01876	\$355,300	16.45%	45	-6.25%	68	97.7%

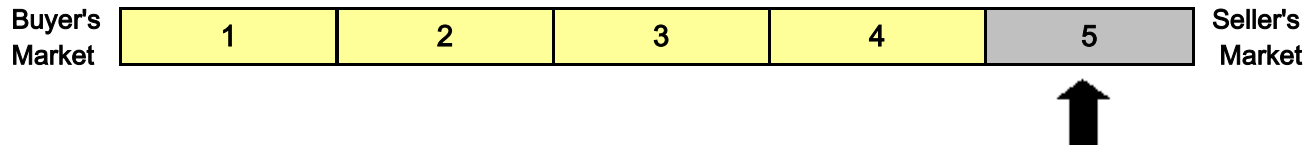
MIDDLESEX COUNTY, MA

Data by Zip Codes						
zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of asking price (Sold/List Price)
01879	\$453,100	48.75%	17	0.00%	118	95.7%
01880	\$385,200	16.59%	32	-21.95%	41	96.6%
01886	\$396,600	-5.14%	37	-38.33%	94	97.7%
01887	\$363,400	7.10%	42	-19.23%	70	98.0%
01889	\$290,000	-	1	-	46	95.1%
01890	\$688,900	10.95%	26	-51.85%	60	96.9%
02138	\$1,194,200	12.03%	14	16.67%	62	97.9%
02139	\$790,000	90.36%	2	-60.00%	17	93.9%
02140	\$516,700	39.99%	6	-33.33%	50	96.9%
02143	\$338,800	4.79%	2	-80.00%	29	96.9%
02144	\$579,900	34.39%	5	25.00%	60	100.2%
02145	\$282,700	-1.67%	3	-25.00%	33	98.3%
02148	\$306,000	17.06%	42	-8.70%	60	97.6%
02149	\$294,900	19.78%	20	-13.04%	55	97.7%
02155	\$366,800	12.97%	32	-33.33%	48	98.8%
02176	\$389,800	20.23%	36	-30.77%	39	98.3%
02180	\$366,400	12.01%	22	-8.33%	41	96.7%
02420	\$819,700	35.24%	10	-66.67%	65	97.3%
02421	\$711,000	28.15%	16	-54.29%	74	97.5%
02451	\$378,800	21.92%	16	-33.33%	35	97.6%
02452	\$526,700	60.87%	3	-72.73%	79	96.1%
02453	\$370,800	9.12%	23	-34.29%	54	97.7%
02458	\$934,000	13.40%	13	8.33%	98	92.0%
02459	\$807,200	30.28%	17	-43.33%	71	95.1%
02460	\$526,100	11.13%	7	-30.00%	35	95.4%
02461	\$537,300	6.88%	5	-66.67%	40	97.2%
02462	\$542,500	-24.07%	2	0.00%	42	100.1%
02464	\$758,700	95.84%	3	-40.00%	35	96.7%
02465	\$980,100	47.16%	24	14.29%	82	93.6%
02466	\$620,500	7.30%	5	-16.67%	45	84.2%
02467	\$1,233,300	12.55%	5	-44.44%	31	100.4%
02468	\$1,011,800	12.38%	7	-12.50%	38	94.1%
02472	\$416,200	13.72%	18	0.00%	77	96.6%
02474	\$458,700	2.32%	23	-28.13%	56	97.7%
02476	\$517,700	27.70%	19	18.75%	36	97.9%

MIDDLESEX COUNTY, MA

Data by Zip Codes						
zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of asking price (Sold/List Price)
02478	\$612,000	-5.35%	22	-24.14%	68	96.3%
02493	\$1,703,600	50.69%	16	-27.27%	95	94.8%
OTHER	\$439,900	20.82%	18	-14.29%	91	95.3%

NORFOLK COUNTY, MA



Labor Market :

Employment increased by 3,774 jobs in Norfolk County during January and February. However, the number of job seekers also increased. The combined effect of these two trends was an increase in the average monthly unemployment rate from 4% for the fourth quarter to 4.3% in the first two months of the first quarter. The solid job growth may provide strong home sales, while low mortgage rates should continue to spur sales.

Housing Market :

	Q4' 02	Q1' 03	Q2' 03 (Forecast)
Average Price	\$435,000	\$483,000	↑
# Homes on the Market *	1,538	2,388	↔
# homes Sold **	1,135	914	↓
# New Homes Built	241	181	↓
Avg # of Days on Market	47	63	↑

* Available as of Mar. 31, 2003.

** May not add to total of zip codes

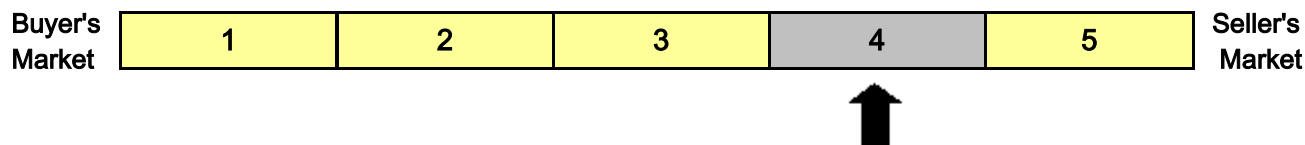
Data by Zip Codes

zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of asking price (Sold/List Price)
02019	\$295,600	16.19%	32	14.29%	60	99.2%
02021	\$424,000	16.04%	24	-25.00%	81	97.1%
02025	\$761,000	-0.16%	18	0.00%	122	96.3%
02026	\$398,700	15.73%	35	-2.78%	60	96.7%
02030	\$1,371,200	4.19%	11	22.22%	81	97.2%
02032	\$305,100	-25.84%	5	0.00%	50	98.4%
02035	\$452,200	21.82%	29	45.00%	79	96.3%
02038	\$375,300	16.55%	65	0.00%	53	98.6%

NORFOLK COUNTY, MA

Data by Zip Codes						
zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of asking price (Sold/List Price)
02052	\$576,800	3.39%	31	19.23%	64	97.8%
02053	\$403,800	10.36%	32	45.45%	89	97.6%
02054	\$378,800	26.52%	11	0.00%	47	97.4%
02056	\$509,000	28.34%	18	-30.77%	86	100.9%
02062	\$372,200	20.03%	20	-42.86%	60	97.4%
02067	\$467,700	15.20%	24	-36.84%	63	96.5%
02071	\$405,800	29.86%	2	100.00%	50	97.8%
02072	\$311,900	18.55%	27	-27.03%	44	97.4%
02081	\$416,500	2.03%	40	42.86%	66	98.4%
02090	\$547,000	11.59%	36	-5.26%	67	96.7%
02093	\$435,800	17.21%	14	-33.33%	71	97.5%
02169	\$310,600	19.19%	43	-12.24%	54	95.7%
02170	\$376,900	33.51%	15	-37.50%	54	96.7%
02171	\$425,200	25.21%	6	-70.00%	34	96.6%
02184	\$316,700	2.66%	31	-46.55%	43	92.0%
02186	\$490,600	29.65%	44	-12.00%	62	96.0%
02188	\$334,000	26.66%	13	-35.00%	50	98.4%
02189	\$261,900	6.16%	13	-27.78%	48	96.4%
02190	\$352,400	20.89%	17	-45.16%	50	96.9%
02191	\$262,700	-3.06%	10	-37.50%	36	96.5%
02322	\$286,500	21.55%	9	-35.71%	54	96.6%
02343	\$250,900	5.55%	22	46.67%	52	98.0%
02368	\$279,400	17.94%	51	-19.05%	55	97.1%
02445	\$1,336,300	58.72%	12	-7.69%	106	91.0%
02446	\$3,535,000	150.80%	3	-40.00%	103	84.3%
02467	\$641,400	-9.47%	4	-60.00%	56	94.9%
02481	\$1,092,600	34.77%	24	-35.14%	84	95.2%
02482	\$901,800	11.46%	35	66.67%	60	95.0%
02492	\$605,800	-3.40%	47	67.86%	67	96.9%
02494	\$502,400	-0.48%	17	13.33%	47	96.8%
02762	\$283,900	-24.79%	11	10.00%	85	91.8%
OTHER	\$530,100	20.53%	13	0.00%	65	95.3%

PLYMOUTH COUNTY, MA



Labor Market :

Employment increased by 7,824 jobs in Plymouth County during January and February. However, the number of job seekers also increased. The combined effect of these two trends was an increase in the average monthly unemployment rate from 4.5% for the fourth quarter to 5.4% in the first two months of the first quarter. The solid job growth may provide strong home sales, while low mortgage rates should continue to spur sales.

Housing Market :

	Q4' 02	Q1' 03	Q2' 03 (Forecast)
Average Price	\$340,000	\$335,000	↑
# Homes on the Market *	1,676	2,566	↔
# homes Sold **	1,058	718	↔
# New Homes Built	402	293	↔
Avg # of Days on Market	59	74	↔

* Available as of Mar. 31, 2003.

** May not add to total of zip codes

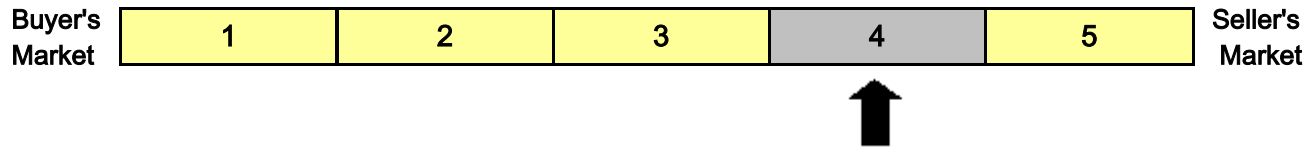
Data by Zip Codes

zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of asking price (Sold/List Price)
02041	\$337,200	-0.82%	1	0.00%	121	99.2%
02043	\$625,000	47.37%	30	-28.57%	118	96.2%
02045	\$354,600	46.41%	13	-31.58%	75	95.5%
02047	\$429,000	-	1	-	287	100.0%
02050	\$382,900	9.49%	31	-39.22%	87	95.9%
02051	\$442,500	24.65%	2	100.00%	124	93.2%
02061	\$505,400	3.14%	17	-26.09%	61	97.5%
02066	\$490,800	25.98%	17	-54.05%	89	95.3%

PLYMOUTH COUNTY, MA

Data by Zip Codes						
zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of asking price (Sold/List Price)
02301	\$231,000	16.43%	64	-32.63%	68	97.5%
02302	\$208,800	19.11%	39	-42.65%	52	98.4%
02324	\$305,800	2.96%	26	-23.53%	56	97.6%
02330	\$264,500	32.32%	27	-28.95%	78	98.8%
02332	\$681,000	35.09%	23	-37.84%	86	96.5%
02333	\$279,600	3.71%	21	0.00%	60	98.1%
02338	\$283,700	13.16%	11	-38.89%	88	96.8%
02339	\$495,200	10.59%	26	100.00%	66	96.4%
02341	\$307,800	11.00%	20	81.82%	86	97.2%
02345	\$290,000	43.21%	1	-50.00%	140	96.7%
02346	\$268,400	9.46%	32	-8.57%	72	97.5%
02347	\$351,800	33.16%	20	-20.00%	86	98.4%
02351	\$351,100	31.99%	9	-65.38%	71	98.8%
02355	\$255,000	-	1	-	129	94.5%
02359	\$303,800	10.27%	26	-25.71%	67	96.7%
02360	\$312,200	25.08%	114	-22.45%	76	97.0%
02363	\$325,000	-	1	-	47	97.0%
02364	\$380,200	27.58%	20	-51.22%	98	96.5%
02367	\$377,300	10.16%	3	0.00%	41	93.3%
02370	\$271,100	14.58%	19	-9.52%	58	98.5%
02379	\$260,400	-3.02%	15	36.36%	58	99.0%
02382	\$286,500	27.67%	18	-10.00%	58	97.6%
02532	\$377,500	45.81%	2	100.00%	27	99.5%
02538	\$182,200	18.47%	9	80.00%	61	94.3%
02558	\$207,000	-14.36%	1	-66.67%	43	96.3%
02571	\$230,200	60.98%	21	75.00%	81	96.7%
02576	\$212,500	28.17%	6	20.00%	54	97.3%
02738	\$288,400	74.79%	7	250.00%	99	92.9%
02739	\$320,500	13.89%	5	25.00%	107	95.8%
02770	\$353,500	24.04%	9	800.00%	55	97.2%
OTHER	\$367,700	44.31%	10	-33.33%	64	96.1%

SUFFOLK COUNTY, MA



Labor Market :

Employment increased by 3,416 jobs in Suffolk County during January and February. However, the number of job seekers also increased. The combined effect of these two trends was an increase in the average monthly unemployment rate from 5.4% for the fourth quarter to 5.8% in the first two months of the first quarter. The solid job growth may provide strong home sales, while low mortgage rates should continue to spur sales.

Housing Market :

	Q4' 02	Q1' 03	Q2' 03 (Forecast)
Average Price	\$346,000	\$395,000	↑
# Homes on the Market *	349	614	↔
# homes Sold **	279	173	↓
# New Homes Built	24	26	↓
Avg # of Days on Market	45	60	↑

* Available as of Mar. 31, 2003.

** May not add to total of zip codes

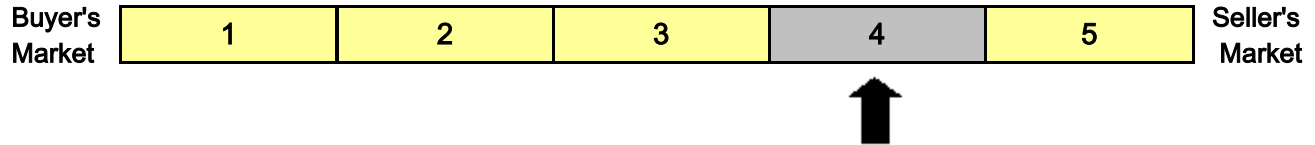
Data by Zip Codes

zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of asking price (Sold/List Price)
02108	\$3,175,000	-	2	-	540	92.7%
02114	\$1,390,000	85.58%	2	100.00%	137	91.1%
02122	\$205,000	0.34%	1	-83.33%	110	89.1%
02124	\$322,300	16.02%	12	-7.69%	58	95.4%
02125	\$327,500	65.40%	3	50.00%	70	98.8%
02126	\$272,600	27.44%	5	-50.00%	34	98.8%
02128	\$218,300	14.77%	3	-50.00%	28	95.0%
02129	\$592,000	93.15%	2	-33.33%	74	99.2%

SUFFOLK COUNTY, MA

Data by Zip Codes						
zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of asking price (Sold/List Price)
02130	\$522,100	6.18%	10	-28.57%	47	96.3%
02131	\$346,000	22.78%	26	0.00%	51	97.4%
02132	\$384,500	5.81%	36	0.00%	54	97.4%
02135	\$387,500	7.34%	6	50.00%	81	95.5%
02136	\$338,400	42.24%	17	-43.33%	45	97.1%
02150	\$278,000	12.92%	9	12.50%	86	92.3%
02151	\$305,700	34.85%	26	-25.71%	46	97.1%
02152	\$347,500	15.64%	12	-25.00%	58	95.9%
OTHER	\$310,000	6.16%	1	-50.00%	15	100.0%

WORCESTER COUNTY, MA



Labor Market :

Employment increased by 1,468 jobs in Worcester County during January and February. However, the number of job seekers also increased. The combined effect of these two trends was an increase in the average monthly unemployment rate from 5.7% for the fourth quarter to 6.7% in the first two months of the first quarter. The solid job growth may provide strong home sales, while low mortgage rates should continue to spur sales.

Housing Market :

	Q4' 02	Q1' 03	Q2' 03 (Forecast)
Average Price	\$267,000	\$271,000	↑
# Homes on the Market *	2,482	3,871	↔
# homes Sold **	1,707	1,143	↓
# New Homes Built	712	459	↓
Avg # of Days on Market	58	72	↑

* Available as of Mar. 31, 2003.

** May not add to total of zip codes

Data by Zip Codes

zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of asking price (Sold/List Price)
01005	\$193,800	18.82%	12	71.43%	95	97.2%
01037	\$262,100	-	4	-	22	96.2%
01068	\$355,000	-	1	-	24	97.3%
01082	\$157,400	-	1	-	96	105.0%
01083	\$150,400	22.18%	6	-40.00%	84	96.0%
01092	\$188,500	225.00%	2	100.00%	140	111.6%
01331	\$159,000	39.11%	33	-8.33%	74	98.0%
01368	\$118,200	6.20%	5	25.00%	104	98.7%

WORCESTER COUNTY, MA

Data by Zip Codes						
zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of asking price (Sold/List Price)
01420	\$180,800	9.44%	41	-42.25%	57	97.9%
01430	\$227,200	17.11%	10	-33.33%	119	100.4%
01432	\$382,000	-	5	-	114	101.6%
01436	\$183,000	50.12%	9	200.00%	91	96.1%
01438	\$78,400	-53.33%	1	0.00%	2	98.1%
01440	\$196,400	21.76%	43	16.22%	101	99.3%
01451	\$537,600	30.99%	7	-53.33%	149	98.3%
01452	\$233,500	13.46%	11	0.00%	79	98.3%
01453	\$235,800	12.07%	54	-15.63%	58	98.8%
01462	\$282,900	16.95%	27	0.00%	91	98.6%
01468	\$226,300	6.34%	12	50.00%	117	99.5%
01473	\$235,600	8.22%	13	30.00%	121	98.6%
01475	\$174,300	-2.19%	16	-50.00%	81	99.0%
01501	\$242,700	5.43%	37	-21.28%	63	100.2%
01503	\$289,000	-30.61%	4	33.33%	66	96.2%
01504	\$300,000	49.63%	9	12.50%	34	97.5%
01505	\$325,000	-6.07%	5	-37.50%	42	95.7%
01506	\$152,500	-15.56%	2	-60.00%	42	91.1%
01507	\$280,800	19.08%	22	-12.00%	73	101.2%
01510	\$220,700	26.04%	10	-37.50%	83	98.1%
01515	\$293,000	47.31%	5	-44.44%	91	97.7%
01516	\$253,500	5.45%	9	-50.00%	60	98.0%
01519	\$391,800	13.99%	10	-41.18%	110	98.6%
01520	\$264,200	11.95%	29	-6.45%	60	90.0%
01522	\$274,200	-	3	-	42	100.4%
01523	\$357,900	56.29%	16	60.00%	59	101.5%
01524	\$220,900	15.41%	14	40.00%	55	97.1%
01527	\$258,400	5.25%	15	-25.00%	50	98.8%
01529	\$231,800	-10.05%	5	-16.67%	41	97.1%
01532	\$404,900	20.76%	21	5.00%	95	98.5%
01534	\$302,200	13.61%	6	-62.50%	146	98.0%
01535	\$193,500	15.18%	8	-11.11%	48	97.0%
01536	\$313,700	5.62%	9	12.50%	44	97.0%
01537	\$223,700	0.31%	3	50.00%	30	105.0%
01540	\$237,700	14.33%	14	16.67%	69	101.0%

WORCESTER COUNTY, MA

Data by Zip Codes						
zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of asking price (Sold/List Price)
01541	\$285,900	0.49%	2	-50.00%	104	97.8%
01542	\$212,500	10.16%	2	100.00%	44	96.6%
01543	\$255,800	-5.05%	14	55.56%	56	99.2%
01545	\$424,000	19.34%	61	-15.28%	63	99.2%
01550	\$179,500	19.03%	23	9.52%	64	97.2%
01560	\$318,600	0.82%	2	-33.33%	34	99.0%
01562	\$237,400	12.30%	14	-12.50%	78	97.7%
01564	\$336,800	10.53%	5	-66.67%	81	97.3%
01566	\$284,000	22.41%	18	-18.18%	127	101.3%
01568	\$406,700	19.72%	12	-14.29%	64	98.4%
01569	\$281,400	-1.05%	21	-30.00%	59	98.4%
01570	\$198,800	22.11%	23	64.29%	58	98.9%
01571	\$259,600	26.02%	7	-70.83%	106	99.8%
01581	\$396,100	13.43%	25	-26.47%	49	97.7%
01583	\$293,600	-6.97%	8	-27.27%	90	98.0%
01585	\$272,400	30.40%	8	100.00%	100	95.6%
01588	\$284,200	-2.60%	10	-41.18%	95	98.8%
01590	\$374,300	21.25%	19	18.75%	67	98.6%
01602	\$222,100	17.45%	33	-29.79%	55	97.0%
01603	\$175,000	26.90%	31	3.33%	65	99.0%
01604	\$178,100	2.47%	30	-26.83%	68	97.8%
01605	\$218,700	28.72%	19	-9.52%	38	100.8%
01606	\$213,200	22.39%	30	-6.25%	67	97.9%
01607	\$154,700	4.18%	7	-12.50%	63	100.5%
01609	\$318,700	7.60%	19	-9.52%	75	102.1%
01610	\$165,100	-10.08%	9	50.00%	61	95.6%
01611	\$213,800	33.79%	6	200.00%	53	96.3%
01612	\$316,700	21.53%	9	28.57%	82	95.7%
01740	\$582,700	27.39%	13	-27.78%	142	98.8%
01747	\$336,700	8.19%	14	-30.00%	52	98.7%
01756	\$406,700	11.46%	16	-15.79%	84	99.1%
01757	\$308,100	9.57%	35	-38.60%	40	98.0%
01772	\$584,700	24.83%	15	-42.31%	97	99.3%
OTHER	\$245,100	13.79%	14	-6.67%	60	96.0%

Others

Data by Zip Codes						
zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of asking price (Sold/List Price)
02532	\$303,100	33.76%	6	-45.45%	75	107.3%
02559	\$399,000	-	1	-	101	99.8%
02561	\$231,000	-	1	-	98	98.3%
02562	\$462,500	111.19%	2	0.00%	60	94.4%
02563	\$249,900	-	1	-	8	100.0%
02601	\$195,000	-	1	-	58	95.1%
02644	\$335,000	31.37%	1	0.00%	118	98.6%
02668	\$249,800	-	1	-	41	100.0%
02861	\$160,600	-	5	-	52	95.5%
02864	\$369,200	-17.03%	4	300.00%	69	97.2%
02865	\$200,000	-	1	-	158	95.3%
02871	\$190,000	-	1	-	75	95.0%
02878	\$342,000	93.00%	10	150.00%	104	90.0%
02895	\$199,900	-	1	-	77	100.0%
02896	\$370,000	-	1	-	157	92.5%
02914	\$249,000	-	1	-	110	95.8%
03051	\$297,200	29.27%	5	400.00%	117	99.4%
03062	\$456,700	-	3	-	95	95.2%
03071	\$208,800	16.58%	5	0.00%	66	100.7%
03076	\$340,300	0.09%	27	170.00%	76	100.6%
03077	\$190,900	-	1	-	1	100.5%
03079	\$339,800	38.19%	15	87.50%	92	98.8%
03087	\$393,500	-5.73%	6	100.00%	74	99.3%
03452	\$126,500	-	1	-	13	100.0%
03461	\$235,500	69.91%	2	0.00%	87	115.2%
03811	\$250,000	-	1	-	18	90.9%
03844	\$342,400	76.04%	1	0.00%	98	97.9%
03848	\$235,000	2.17%	1	0.00%	157	98.0%
03873	\$318,000	-	1	-	50	93.8%
03874	\$215,000	-3.28%	3	-40.00%	41	99.2%
06078	\$291,100	-31.51%	3	0.00%	63	98.2%
06093	\$412,800	-	1	-	84	96.0%
06095	\$140,000	-	1	-	91	100.0%

Amenities Matter

By Kenneth Fears, Economist

In this hot housing market, it is important to know what amenities consumers are looking for. Generally speaking, regardless of home size, homes that were sold in the area covered by the MLS Property Information Network tended to have a ratio of bedrooms to bathrooms in the range of 1 to 2. Thus, for every two bedrooms, sold homes tended to have at least 1 bathroom and at most 2. However, there are many homes that fall outside of this “standard” range. What happens when homes have a high ratio more than two bedrooms for each bathroom? Homes that have a high ratio tend to sell faster than those in the standard range. They sell, on average, for less than the same sized home with a standard bed/bath ratio.

Standard (1 <= Bedrooms/Total Baths <= 2)			
	less than 1000 sqft.	greater than 1000 and less than 2000 sqft.	greater than 2000 sqft.
Days on the Market	65	62	88
Sold Price	\$172,931	\$274,951	\$505,632
Low (Bedrooms/Total Baths < 1)			
Days on the Market	40	63	103
Sold Price	\$166,000	\$331,771	\$1,067,650
High (Bedrooms/Total Baths > 2)			
Days on the Market	59	61	72
Sold Price	\$184,847	\$231,583	\$349,318

Those homes that have a low ratio below 1, indicating that there is more than one full bathroom for each bedroom sold for a higher average price. In addition, they tended to spend less time on the market.

How does this information affect a REALTOR®? To optimize one’s profits, one would want to make as many sales as possible, while demand is high. However, slow turnover impedes this process. So, a REALTOR® should understand that it is easier to sell homes with a standard or high ratio of bedrooms to baths. But, what does a REALTOR® do when she is stuck with a home that has a high ratio and is not moving? A REALTOR® might advise her client to make renovations before marketing a home. For instance, a home with relatively high bed/bath ratio might move faster and sell for more if it is remodeled to add half baths as needed.

Is this system already in practice in the area covered by the MLS Property Information Network? A simple analysis using a breakdown of the ratio of bedrooms to bathrooms by the type of bathroom helps to shed some light on the issue. While the ratio for full baths has a variance of 1.8950 from the standard range, the ratio for

Trends

half baths is more dispersed. The ratio is low for half baths in smaller homes indicating that half baths are more widely used in smaller homes, and less widely used as house size increases. However, when we look at total baths, it becomes apparent that half baths are being used to bring the ratio of bedrooms/total baths in line across the board; the variance of this ratio from the standard range is tighter at 0.9721. This analysis suggests that changes to homes are being used to improve their selling prices or to lower the number of days they spend on the market. Consequently, since this strategy appears to be in practice, it may be prudent to follow suit. Otherwise, if a seller is reluctant to make changes, then the selling price might need to be lowered in order to move the home in a reasonable amount of time.

Average Ratio of Bedrooms-to-Baths			
	less than 1000 sqft.	greater than 1000 and less than 2000 sqft.	greater than 2000 sqft.
Bedrooms / Full Baths	2.26	2.52	2.02
Bedrooms / Half Baths	5.42	6.29	7.62
Bedrooms / Total Baths	2.20	2.18	1.68

Selling a home takes a lot of work and patience, but knowing that some characteristics tend to skew a home's salability and profitability is important to understand before taking on a project. More valuable is the knowledge that when confronted with a home that has non-standard amenities, there are things that can be done to improve the home's chance of being sold.

A War-ing Economy?

by David Lereah, Chief Economist

Americans are among the best housed, best educated, and best fed people in the world. More than two thirds of us own our own homes, more than 50 percent have had at least some college education, and though there are those in the U.S. who go hungry, most of us need only drive to the *super*-grocery and pick up whatever we need to eat for the day. Compare that to some recent United Nations statistics: 80 percent of the world's population lives in substandard housing; 70 percent are unable to read; and 50 percent suffer from malnutrition. Incredibly, over 500 million people in the world have either experienced war or have been imprisoned or have known torture and/or starvation. Interesting statistics as all American citizens reflect upon the U.S. war with Iraq.

War and its uncertainties continue to plague a struggling U.S. economy. Both the equity and bond markets continue to exhibit extraordinary volatility as valuations appear subject to the pendulum swings of war activity. Investors in search of a more certain world are making their investment decisions based on observable successes and failures of the Coalition forces in Iraq.

And the U.S. government has to figure out how to pay for the war and keep things "going" here at home. The Bush Administration has delivered the first Iraq War bill to Congress with a price tag of \$75 billion. In response, Congress is contemplating cutting Bush's \$725 billion fiscal package (replete with tax cut provisions) in half. The federal budget deficit is now projected to be over \$300 billion for this year. Congress, knowing that there will be more military expenditures to fund, is now justifiably counting its pennies.

It doesn't help the situation that recent economic releases paint a picture of a weak economy. Retail sales in February tumbled 1.6 percent. The Conference Board's Consumer Confidence Index dropped by over 14 points in February to 64 – its lowest level in over nine years. The labor market virtually dropped off a cliff in February, losing over 300,000 jobs in the month. Furthermore, February auto sales also slid considerably, to 15million units on an annualized basis compared to its most recent peak of 18.3 million units in December of last year. The manufacturing sector seems to have stalled (no growth) in the first quarter of this year. The ISM Index – which measures activity in our nation's manufacturing sector – has dropped noticeably, to 50.5 from a cyclical high of 55.2 last December.

It is clear that the U.S. economy is experiencing a jobless, weak recovery. The final estimate of fourth quarter GDP growth for 2002 was a paltry 1.4 percent, bringing total GDP growth for 2002 to a relatively weak 2.4 percent. Glancing ahead, it is apparent that growth in the first quarter of 2003 will mimic last year's modest pace.

Those looking for the housing sector to continue to provide meaningful support to a weak economy may be disappointed this year. Despite mortgage rates hovering near historical lows, housing activity is beginning to show signs of cooling from its two-year record run. Existing home sales in February fell 4.3 percent; new home sales are off by 20 percent since December. Housing starts declined by 11 percent, and homebuilders are feeling less sanguine about current and future business. The National Association of Homebuilders Housing Market Index declined by 10 points to 52 in March. Moreover, mortgage purchase applications fell 10 percent in February despite 30-year mortgage rates averaging a record low 5.84 percent for the month.

The prospects for the economy and the housing sector depend to a large extent on the length and costs of the war with Iraq. If the war is short-lived, the economy is poised for a recovery in the second half of the year. The bad news is that interest rates would climb, possibly dampening home sales. On the other hand, if the war is prolonged and more costly than anticipated, the economy is expected to exhibit weakness, and the Federal Reserve would likely lower interest rates even further. This would (ironically) benefit the housing sector, by creating a more favorable interest environment.

But more than interest rates drive housing. A quick war will help restore both consumer and business confidence, and an environment that promotes job creation. People with jobs purchase things – including homes. The combination of positive job growth with still-relatively low interest rates should keep the housing sector healthy.

The Forecast

By Lawrence Yun, *Senior Research Forecaster*

National Outlook

The economy – both in the U.S. and around the world - has yet to gain firm traction. The war with Iraq, post-war geopolitical concerns and the need to work off the huge excess capacity inherited from the 1990s economic boom have generated made the economic path a bit slippery. Consequently, unemployment is higher across the globe – with some national economies posting alarming high unemployment rates. The U.S. in the middle of the pack with unemployment at 5.8%; the U.K. posted a 5.0% unemployment rate, Japan 5.2%, France 9.2%, and Germany 10.6%. The good news is that good weather should return soon, and open the way for improved economic conditions.

While the war with Iraq has gone very well, there remains the question on the reconstruction cost and the post-war political stability. From a purely economic point of view, one aspect of the war has progressed relatively well. Historically, significantly high oil prices more often than not have induced a global economic slump. And while big oil companies' profit margins had widened greatly from the potential oil shortage before the war, that picture has changed since the start of the war. The Iraqi oil wells have been secured. That means the Iraqi people will be able to tap into oil money for rebuilding and assures lower oil prices for worldwide consumers. Falling oil prices will squeeze oil company profits and limit any windfall gains to oil-producing countries like Russia and Saudi Arabia. The economies of non-oil-producing nations and non-oil-related company businesses should get a boost as less money is expended on higher oil prices. The falling oil prices of late is definitely good economic news.

Another economic consequence of war is the fiscal stimulus being provided to the U.S. economy. Federal defense expenditures rose very fast over the past couple of years and will likely continue to rise. War-related spending of \$80 billion has already been approved by Congress, which will add almost one full percentage point to economic growth. Meanwhile, consumers need what they can get at this point of the economic cycle, and so tax cut of some sort is near certain by the end of the summer.

That's the good news. But there is a down-side — one effect of increased government spending and lower tax payments is a rise in the federal budget deficit. The deficit is projected to reach \$300 billion in 2003 – the highest ever - and \$350 billion in 2004. People often ask the question what harm there is in deficit spending. Many economists consider deficits to be bad ideas not because future generations will have to pay it back, but because of they tend to crowd out the private sector immediately. Government borrowing means another major player shows up in the bond market looking to borrow. And the Government will borrow what it needs even if it has to pay higher interest rates to do so. Private firms' borrowing capacity and "negotiating position" for a more attractive interest rate are displaced.

At least – that's how the theory runs. In reality, there are very few companies eagerly seeking to borrow and expand business currently. There are still large excess capacities at U.S. factories. As such,

heavy government borrowing has not crowded the bond market – at least not yet. The overall interest rate on bonds has in fact declined for both private firms and for the government over the past two years. The Corporate AAA bond yield was 7.1% in 2001; it is now 6.0%. The 30-year government bond yield was 5.5% in 2001; it is now 5.0%. Also the projected current year budget deficit of \$300 billion in relation to the \$10 trillion economy (3% of GDP) is easily manageable. For some perspective, the government borrowing had exceeded 100% of GDP during World War II.

One surprising outcome of less confident consumers has been the lack of impact on consumers' single largest expenditure – a home. Existing home sales will register their highest quarterly volume in the first quarter at 5.83 million unit sales (seasonally adjusted). This consumer behavior is hard to quantify, considering the other events affecting consumer buying habits. Perhaps, consumers are looking for a solid tangible purchase – and one that has an investment value — during this time of economic and war/terrorism uncertainty. The home sales forecast is for a slight downturn but resales will remain very healthy for the rest of the year. Mortgage rates at a 45-year low have helped greatly and there is not any imminent danger that the rates will rise out of the favorable range.

Looking ahead, economic fundamentals point toward improved economic conditions. Fiscal stimulus from tax cuts and increased government spending will add to the economy with little short-term drawback. Falling oil prices further protect consumers' pocketbooks. How consumers will react is less certain, except when it comes to homebuying, and in that consumers will continue to look to homeownership as a good investment for both personal and economic reasons.

Local Outlook

Massachusetts has suffered many payroll job cuts from the onset of the national recession. The state unemployment rate has nearly doubled from under 3% pre-recession to 5.7% as of March 2003. While the payroll jobs have been sharply reduced, the overall employment (those not captured in the payroll data, such as independent contractors) has held on. Meanwhile, due to 40-year low mortgage rates, the demand for home buying has remained strong in the region in 2002. Home sales rose by 1.3% in 2002. Home prices surged even more, rising a hefty 12.4% in 2002. For a typical homeowner in the region, the rise in home price resulted in \$37,900 gain in housing wealth accumulation. Such a large accumulation in wealth has help support local consumer spending. Going forward, home price increase is likely to remain strong. The supply of homes coming to the market is still relatively tight. Home price appreciation of 11.4% is the forecast for 2003. However, the rising home price and the projected rise in mortgage rate will cut into home sales. Sales will fall by 5.5%. In terms of business dollar volume (the combined influence of sales and home price), it is projected to rise by nearly 6%.

U.S. Economic Outlook: April 2003

	2002			2003				2004			2001	2002	2003	2004
	II	III	IV	I	II	III	IV	I	II	III				
U.S. Economy														
<i>Annual Growth Rate</i>														
Real GDP	1.3	4.0	1.4	1.6	2.2	3.7	4.0	4.4	4.0	3.3	0.3	2.4	2.4	3.8
Nonfarm Payroll Employment	-0.2	0.4	-0.1	-0.5	1.0	1.8	1.9	2.3	2.1	2.0	0.2	-0.9	0.4	2.0
Consumer Prices	3.5	2.2	2.0	3.8	2.8	1.8	1.1	2.1	2.3	2.1	2.8	1.6	2.6	2.0
Real Disposable Income	3.9	1.8	2.4	1.5	2.7	8.4	2.5	7.2	0.9	1.8	1.8	4.3	3.0	4.0
Consumer Confidence	108	95	82	79	68	83	87	90	92	94	107	97	79	93
<i>Percent</i>														
Unemployment	5.8	5.8	5.9	5.9	6.0	5.9	5.8	5.6	5.5	5.4	4.8	5.8	5.9	5.5
<i>Interest Rates, Percent</i>														
Fed Funds Rate	1.8	1.7	1.4	1.2	1.2	1.3	1.5	2.0	2.4	2.9	3.9	1.7	1.3	2.7
3-Month T-Bill Rate	1.7	1.6	1.3	1.2	1.2	1.5	1.9	2.2	2.5	2.7	3.4	1.6	1.5	2.6
Prime Rate	4.8	4.8	4.4	4.2	4.2	4.3	4.5	5.0	5.4	5.9	6.9	4.7	4.3	5.7
Discount Rate	1.3	1.3	0.9	0.7	0.7	0.8	1.0	1.5	1.9	2.4	3.4	1.2	0.8	2.2
Corporate Aaa Bond Yield	6.7	6.3	6.3	6.0	6.3	6.3	6.3	6.3	6.4	6.4	7.1	6.5	6.2	6.4
30-Year Government Bond	5.8	5.2	5.1	5.0	5.1	5.2	5.2	5.4	5.5	5.6	5.5	5.4	5.1	5.5
<i>Mortgage Rates, percent</i>														
30-Year Fixed Rate	6.8	6.3	6.1	5.8	6.0	6.1	6.3	6.3	6.4	6.5	7.0	6.5	6.1	6.4
1-Year Adjustable	4.8	4.4	4.2	3.9	4.0	4.1	4.4	4.8	5.1	5.5	5.8	4.6	4.1	5.3
Housing Indicators														
<i>Thousands</i>														
Existing Single-Family Sales	5,500	5,400	5,773	5,828	5,490	5,375	5,429	5,539	5,531	5,513	5,296	5,566	5,531	5,516
New Single-Family Sales	951	1,020	1,029	917	933	930	931	940	937	931	908	974	928	932
Housing Starts	1,667	1,697	1,748	1,705	1,692	1,669	1,668	1,692	1,669	1,658	1,603	1,705	1,683	1,663
Single-Family Units	1,328	1,340	1,414	1,381	1,374	1,353	1,348	1,366	1,351	1,341	1,273	1,360	1,364	1,343
Multifamily Units	338	357	334	324	318	316	319	326	318	317	330	346	319	320
Residential Construction*	386	387	396	407	398	393	392	394	396	396	373	388	397	395
<i>Percent Change -- Year Ago</i>														
Existing Single-Family Sales	4.0	2.1	9.3	1.9	-0.2	-0.5	-6.0	-5.0	0.8	2.6	2.8	5.1	-0.6	-0.3
New Single-Family Sales	6.9	17.6	11.0	1.1	-1.9	-8.8	-9.5	2.5	0.5	0.0	3.6	7.3	-4.8	0.5
Housing Starts	2.6	5.9	11.2	-1.2	1.5	-1.7	-4.6	-0.8	-1.3	-0.7	2.2	6.4	-1.3	-1.2
Single-Family Units	2.8	4.9	12.5	0.7	3.4	1.0	-4.7	-1.1	-1.6	-0.9	3.4	6.8	0.3	-1.5
Multifamily Units	1.8	9.6	6.0	-8.4	-5.9	-11.6	-4.4	0.6	0.0	0.4	-2.4	4.8	-7.6	0.2
Residential Construction	3.2	3.4	6.7	6.1	3.1	1.5	-1.0	-3.2	-0.5	0.7	0.3	4.1	2.4	-0.6
Median Home Prices														
<i>Thousands of Dollars</i>														
Existing Home Prices	157.8	161.4	161.0	161.3	165.7	168.5	166.6	167.6	174.0	177.5	147.8	158.3	165.9	172.5
New Home Prices	186.2	177.3	188.9	187.5	192.4	194.1	197.5	199.2	199.4	201.5	175.2	187.1	193.4	201.5
<i>Percent Change -- Year Ago</i>														
Existing Home Prices	7.5	7.0	8.4	6.8	5.0	4.4	3.4	3.9	5.0	5.3	6.3	7.1	4.8	4.0
New Home Prices	5.4	3.3	9.1	0.1	3.3	9.5	4.6	6.2	3.7	3.8	3.7	6.8	3.4	4.2
Massachusetts														
Jobs (in thousands)	3302.5	3312.1	3312.7	3303.1	3319.0	3335.3	3342.5	3346.1	3372.1	3392.0	3268.3	3301.2	3325.0	3378.2
Home Sales	12237	12165	10008	7087.0	12273.7	11471.6	9607.7	7214.6	12101.9	11356.9	42214	42778	40440	40521
Home Prices (in thousand \$)	354.2	368.1	343.9	356.3	391.4	402.3	371.4	379.8	414.5	423.7	306.5	344.4	383.6	405.5
<i>Percent Change -- Year Ago</i>														
Jobs	1.1%	1.3%	1.1%	0.4%	0.5%	0.7%	0.9%	1.3%	1.6%	1.7%	1.2%	1.0%	0.7%	1.6%
Home Sales	5.0%	-7.3%	2.6%	-15.3%	0.3%	-5.7%	-4.0%	1.8%	-1.4%	-1.0%	-3.9%	1.3%	-5.5%	0.2%
Home Prices	15.6%	13.5%	11.2%	14.4%	10.5%	9.3%	8.0%	6.6%	5.9%	5.3%	8.3%	12.4%	11.4%	5.7%

Quarterly figures are seasonally adjusted annual rates.

Some data for the first quarter 2003 are actuals while others are projections
Source: Forecast produced using Macroeconomic Advisers quarterly model of the U.S. economy.
Assumptions and simulations by Dr. David Lereah and Dr. Lawrence Yun.

This table reflects data available through April 4, 2003.

Monthly Indicator

Recent Statistics

Forecast

Mortgage Rates The 30-year fixed-rate mortgage declined nine basis points to finish March at 5.75%. The one-year adjustable rate mortgage fell to 3.76%. Thirty-year fixed rate mortgages have been below the 6.0% mark for three months in a row.

Jan 5.92
Feb 5.84
Mar 5.75



No significant change.

Existing Home Sales declined by more than 250,000 units to 5.840 million seasonally adjusted annualized units - 4.3 % off January's record-setting level of 6.100 million units. The inventory of existing homes declined to a 4.4 months' supply.

Dec 5,910
Jan 6,100
Feb 5,840



Weak job market but attractive mortgage rates.

New Home Sales declined for the second straight month in February to 854,000 seasonally adjusted annualized units - an 8.1% drop. The decline further increased the supply of new homes on the market - the inventory of new homes is now at a 5.0 months' supply.

Dec 1,063
Jan 929
Feb 854



More volatile than existing home sales, but the same trend.

Housing Starts declined 11% to 1.62 million annualized units in February, amid war fears, rising prices, and softening sales. The decline was concentrated in single-family units construction, while multifamily construction advanced slightly. Total new residential construction is 9% below its 2002 level.

Dec 1.824
Jan 1.822
Feb 1.622



Need elevated activity to keep home prices affordable.

Employment Growth Non-farm payroll employment suffered another drop in March, as 108,000 jobs were lost during the month. There was some good news. The unemployment rate remained the same at 5.8%. And real estate and mortgage banking employment increased by 4,000 and 3,000 respectively.

Jan +203
Feb -357
Mar -108



Fiscal stimulus helps find jobs.

Purchase Applications rose 8.9% in March, following a decline in February. Falling mortgage rates drove the increase in applications. While still strong, applications are off of their January high, indicating a softening of demand.

Jan 365.2
Feb 329.5
Mar 358.7



Sharp falls for refinancings, but steady rate for purchase.

Housing Affordability conditions declined in February, despite an eight-basis point drop in the 30-year fixed rate mortgage. Rising home prices more than offset the favorable shift in mortgage rates.

Dec 139.5
Jan 143.8
Feb 143.4



Home prices outpacing income.

Inflation Consumer prices rose 0.6% in February. The core index (excluding food and energy) increased 0.1% for the month and 1.9% from a year ago. The housing index rose 0.3% and is 2.7% higher than a year ago.

Dec +0.1%
Jan +0.3%
Feb +0.6%



Oil fields in Iraq in safe hands.

The 30-year fixed rate mortgage is strongly affected by stock market conditions. Weak business spending has depressed the stock market and sent investors into the bond markets seeking profits since the middle of 2002. This flow of funds has lowered interest rates benefitting the housing industry. While the war in Iraq has increased the price of oil, which puts upward pressure on long-term interest and mortgage rates, the flow of funds from the stock market has more than offset this effect. As the war in Iraq comes to an end, business spending will resume, drawing money back into the stock markets and away from bonds. This pattern, along with rising core inflation, will cause mortgage rates to tick upward in the longer term. However, fuel costs, the driver of inflation in recent months, will decline, ameliorating some of the upward pressure on mortgage rates. Increasing employment in a historically low mortgage rate environment should transfer into strong home sales.

