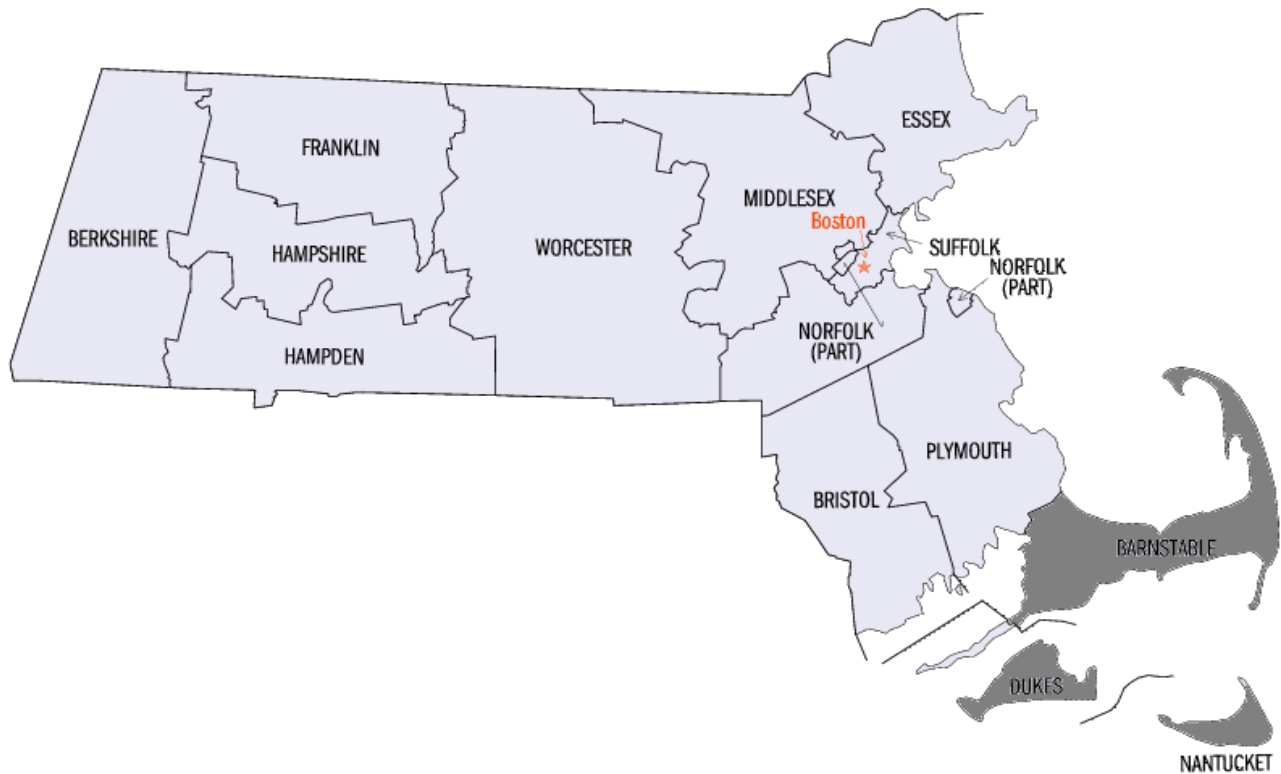


Economic and Market Watch Report

3rd 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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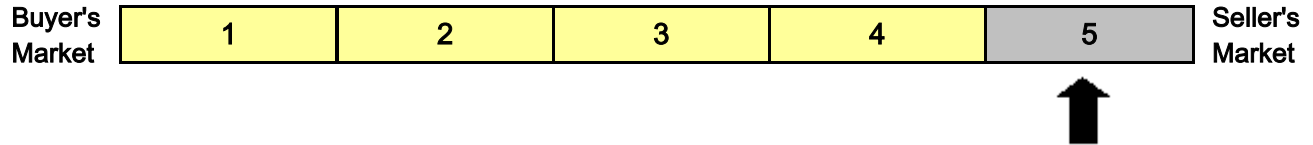
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BERKSHIRE COUNTY, MA



Labor Market :

In the first two months of the third quarter, 2,669 jobs were added to the payrolls of Berkshire County. As a result of these new jobs, the average monthly unemployment rate fell from 4.7% during the second quarter to 4.4% for July and August. The strong employment climate may help to create demand for home purchases. Favorable mortgage rates should augment this trend.

Housing Market :

	Q2' 03	Q3' 03	Q4' 03 (Forecast)
Average Price	\$71,500	\$119,500	↑
# Homes on the Market *	9	13	↔
# Homes Sold **	2	5	↓
# New Homes Built ***	12	8	↓
Avg # of Days on Market	16	47	↑

* Available as of Sep. 30, 2003.

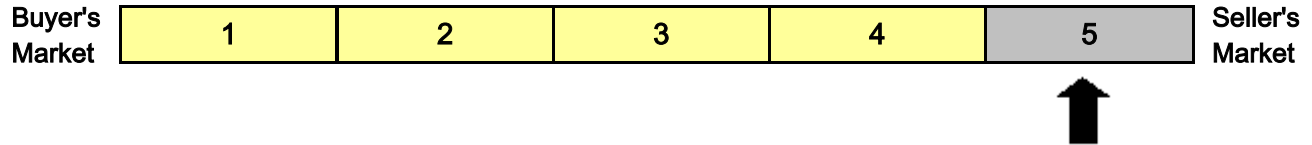
** May not add to total of zip codes

*** During the first two months of 3rd Quarter

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)
01223	\$124,500	-	2	-	56	100.8%
01226	\$100,000	-	2	-	57	93.9%
01255	\$148,500	-	1	-	11	99.1%

BRISTOL COUNTY, MA



Labor Market :

Employment increased by 1,347 jobs in Bristol County during July and August. 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 6.4% for the second quarter to 6.5% in the first two months of the third quarter. The solid job growth may provide strong home sales, while low mortgage rates should continue to spur sales.

Housing Market :

	Q2' 03	Q3' 03	Q4' 03 (Forecast)
Average Price	\$293,000	\$311,500	↑
# Homes on the Market *	1,399	1,652	↔
# Homes Sold **	796	913	↓
# New Homes Built ***	383	258	↓
Avg # of Days on Market	67	62	↑

* Available as of Sep. 30, 2003.

** May not add to total of zip codes

*** During the first two months of 3rd Quarter

Data by Zip Codes

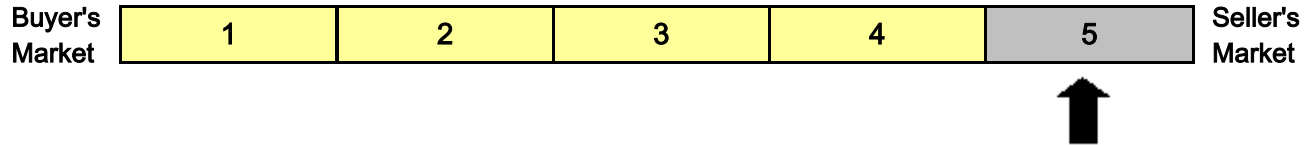
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
02048	\$420,100	16.37%	63	46.51%	52	99.5%
02356	\$459,000	1.95%	33	57.14%	55	98.4%
02375	\$425,500	9.92%	29	20.83%	49	99.2%
02702	\$348,700	31.39%	8	0.00%	43	97.8%
02703	\$292,400	10.26%	124	15.89%	71	98.6%
02715	\$278,300	6.02%	10	400.00%	65	93.3%
02717	\$351,900	25.45%	4	0.00%	71	97.5%

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)
02718	\$262,500	6.02%	10	-28.57%	39	99.2%
02719	\$260,900	28.97%	19	46.15%	36	96.5%
02720	\$243,900	18.05%	27	22.73%	66	97.0%
02721	\$207,400	10.67%	15	114.29%	63	98.2%
02723	\$198,800	15.38%	6	-14.29%	61	99.0%
02724	\$212,400	22.56%	14	7.69%	42	96.3%
02725	\$195,500	13.66%	4	300.00%	47	95.0%
02726	\$269,900	23.02%	34	25.93%	74	96.1%
02740	\$187,900	8.36%	35	40.00%	50	98.3%
02743	\$261,900	1.20%	8	-38.46%	53	95.9%
02744	\$193,500	65.10%	8	300.00%	41	98.7%
02745	\$211,200	14.53%	20	33.33%	65	98.4%
02746	\$196,100	28.25%	4	100.00%	54	101.7%
02747	\$291,100	25.42%	34	112.50%	75	97.1%
02748	\$471,200	10.33%	19	90.00%	86	94.7%
02760	\$350,100	7.13%	88	6.02%	71	98.8%
02764	\$329,400	38.23%	7	0.00%	74	97.1%
02766	\$333,700	7.65%	45	0.00%	52	98.2%
02767	\$352,000	31.00%	35	75.00%	63	99.3%
02769	\$342,200	0.71%	18	28.57%	93	96.4%
02771	\$304,000	32.35%	15	114.29%	68	96.1%
02777	\$279,700	25.43%	40	53.85%	85	96.2%
02779	\$308,800	7.78%	13	8.33%	61	97.4%
02780	\$270,000	13.49%	95	25.00%	53	98.2%
02790	\$366,500	28.87%	21	50.00%	65	97.5%
02791	\$315,000	-	1	-	3	101.9%
OTHER	\$246,800	4.80%	7	-36.36%	55	96.2%

ESSEX COUNTY, MA



Labor Market :

Employment increased by 2,203 jobs in Essex County during July and August. 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 6.4% for the second quarter to 6.7% in the first two months of the third quarter. The solid job growth may provide strong home sales, while low mortgage rates should continue to spur sales.

Housing Market :

	Q2' 03	Q3' 03	Q4' 03 (Forecast)
Average Price	\$418,200	\$429,500	↑
# Homes on the Market *	2,453	2,669	↔
# Homes Sold **	1,538	1,896	↓
# New Homes Built ***	269	174	↓
Avg # of Days on Market	69	64	↑

* Available as of Sep. 30, 2003.

** May not add to total of zip codes

*** During the first two months of 3rd Quarter

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	\$610,900	15.59%	131	50.57%	52	97.8%
01830	\$302,700	7.61%	78	23.81%	65	97.2%
01831	\$265,000	7.72%	1	-50.00%	61	98.2%
01832	\$306,400	0.16%	59	63.89%	51	99.5%
01833	\$436,100	10.60%	34	183.33%	87	98.5%
01834	\$479,400	12.64%	19	58.33%	80	95.4%
01835	\$358,300	15.02%	32	-11.11%	77	97.9%

ESSEX COUNTY, MA

Data by Zip Codes

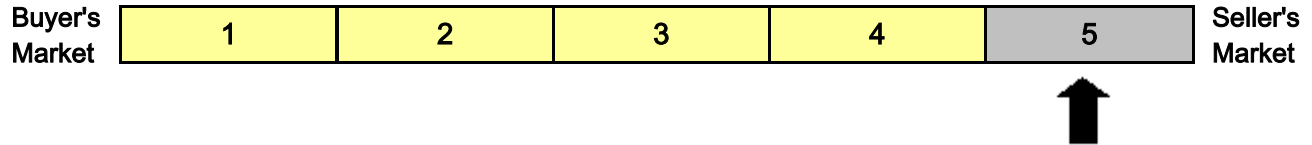
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
01841	\$192,600	8.26%	33	3.13%	48	98.0%
01843	\$234,600	10.56%	41	95.24%	65	99.4%
01844	\$301,000	7.08%	138	33.98%	57	98.5%
01845	\$507,500	2.03%	82	-16.33%	56	98.4%
01860	\$343,300	6.85%	27	80.00%	72	95.4%
01902	\$258,600	11.13%	76	94.87%	52	96.7%
01904	\$291,500	5.92%	57	18.75%	68	98.0%
01905	\$230,200	8.33%	40	21.21%	49	96.7%
01906	\$354,000	7.86%	75	-1.32%	65	97.2%
01907	\$471,600	-2.54%	42	5.00%	56	95.7%
01908	\$490,000	-7.02%	8	166.67%	72	95.8%
01913	\$362,400	20.08%	71	36.54%	64	98.3%
01915	\$444,600	3.64%	97	29.33%	60	96.0%
01921	\$700,500	10.12%	40	11.11%	87	97.0%
01922	\$414,500	-34.83%	3	-50.00%	21	100.3%
01923	\$391,300	1.27%	65	62.50%	48	97.5%
01929	\$468,900	20.73%	12	20.00%	79	95.8%
01930	\$464,500	20.24%	56	3.70%	82	94.3%
01938	\$507,400	-5.69%	39	21.88%	106	96.6%
01940	\$637,000	20.10%	46	35.29%	63	96.5%
01944	\$951,400	16.12%	16	0.00%	124	96.5%
01945	\$595,200	-0.52%	59	-14.49%	67	96.7%
01949	\$564,000	4.21%	27	12.50%	59	98.5%
01950	\$442,900	-1.73%	65	-14.47%	64	97.8%
01951	\$566,700	39.38%	15	-6.25%	89	97.1%
01952	\$305,800	25.95%	27	28.57%	126	96.6%
01960	\$361,500	4.42%	106	15.22%	50	97.6%
01965	\$3,500,000	-7.89%	2	100.00%	86	98.6%
01966	\$818,300	58.62%	25	38.89%	115	94.9%
01969	\$491,600	31.66%	18	157.14%	86	99.4%
01970	\$324,100	4.21%	62	37.78%	47	97.5%
01982	\$634,000	23.73%	15	66.67%	63	96.5%
01983	\$580,000	17.24%	19	26.67%	115	96.8%
01984	\$698,300	-12.05%	15	0.00%	84	93.9%
01985	\$595,400	41.56%	10	-23.08%	79	96.6%

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)
OTHER	\$440,200	30.04%	13	0.00%	43	96.5%

FRANKLIN COUNTY, MA



Labor Market :

Employment declined by 59 jobs in July and August. The job losses brought about an increase in the average monthly unemployment rate from 4.1% in the second quarter to 4.5% for the first two months of the third quarter. Despite the job losses, the job situation still remains strong in Franklin County. Combined with favorable low mortgage rates, home sales should continue at a strong pace.

Housing Market :

	Q2' 03	Q3' 03	Q4' 03 (Forecast)
Average Price	\$170,600	\$192,300	↑
# Homes on the Market *	293	276	↔
# Homes Sold **	131	218	↓
# New Homes Built ***	33	19	↓
Avg # of Days on Market	84	97	↑

* Available as of Sep. 30, 2003.

** May not add to total of zip codes

*** During the first two months of 3rd Quarter

Data by Zip Codes

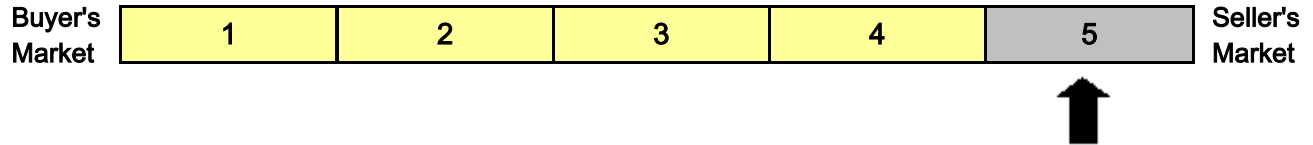
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
01054	\$336,100	35.52%	9	125.00%	147	94.9%
01072	\$244,200	40.91%	14	250.00%	188	96.2%
01093	\$230,000	-8.00%	1	0.00%	24	100.0%
01301	\$160,600	10.00%	51	24.39%	94	97.6%
01330	\$189,600	8.53%	6	50.00%	98	98.5%
01337	\$217,400	19.19%	14	75.00%	76	97.5%
01338	\$400,100	264.72%	1	-66.67%	237	100.3%
01339	\$228,600	73.58%	3	0.00%	71	95.9%

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)
01340	\$114,800	-24.12%	3	-50.00%	144	97.6%
01341	\$283,700	-12.17%	6	50.00%	44	97.5%
01342	\$203,000	-	2	-	263	96.7%
01344	\$161,000	19.26%	1	-66.67%	66	100.7%
01346	\$136,200	-8.84%	8	60.00%	181	100.4%
01349	\$119,800	-18.28%	4	0.00%	26	100.9%
01351	\$194,300	-4.05%	11	120.00%	60	99.1%
01355	\$226,200	26.16%	4	33.33%	84	95.9%
01360	\$199,900	29.39%	8	-38.46%	93	96.8%
01364	\$152,200	48.49%	29	61.11%	96	98.3%
01370	\$158,500	16.80%	7	40.00%	92	96.2%
01373	\$248,200	45.06%	10	11.11%	112	95.8%
01375	\$256,800	-3.89%	10	-23.08%	41	99.5%
01376	\$154,400	33.80%	10	-50.00%	45	98.8%
01378	\$135,100	-39.96%	1	0.00%	139	90.1%
01379	\$130,100	-	1	-	49	100.2%
OTHER	\$143,500	-15.29%	4	0.00%	38	96.8%

HAMPDEN COUNTY, MA



Labor Market :

Employment declined by 2,478 jobs in July and August. The job losses brought about an increase in the average monthly unemployment rate from 6.1% in the second quarter to 6.4% for the first two months of the third 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 :

	Q2' 03	Q3' 03	Q4' 03 (Forecast)
Average Price	\$173,500	\$182,300	↑
# Homes on the Market *	1,341	1,543	↔
# Homes Sold **	892	1,077	↓
# New Homes Built ***	149	79	↓
Avg # of Days on Market	63	48	↑

* Available as of Sep. 30, 2003.

** May not add to total of zip codes

*** During the first two months of 3rd Quarter

Data by Zip Codes

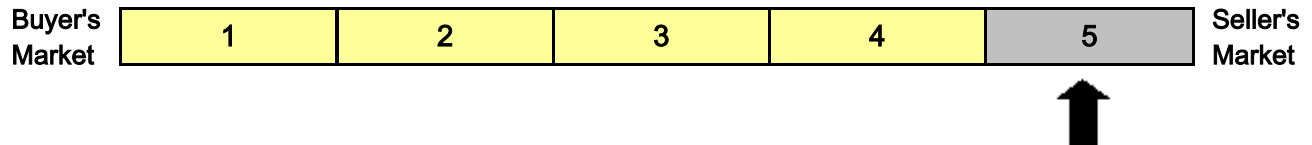
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
01001	\$175,900	9.66%	39	14.71%	30	98.6%
01008	\$137,000	-26.70%	2	-71.43%	20	91.8%
01009	\$105,100	-	1	-	25	95.6%
01010	\$196,000	36.40%	7	-50.00%	76	97.8%
01011	\$142,000	-17.10%	3	0.00%	235	101.9%
01013	\$140,400	32.70%	22	-8.33%	44	98.4%
01020	\$152,700	21.96%	63	31.25%	35	98.0%
01022	\$97,000	-	1	-	32	88.2%

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)
01028	\$224,600	-7.19%	52	36.84%	47	98.7%
01030	\$196,300	14.06%	33	22.22%	26	99.2%
01034	\$289,000	58.79%	1	-75.00%	47	100.0%
01036	\$278,500	48.06%	9	-35.71%	56	96.3%
01040	\$167,500	22.44%	55	12.24%	34	98.7%
01056	\$200,200	4.76%	36	5.88%	56	96.9%
01057	\$184,300	10.29%	24	-4.00%	62	98.8%
01069	\$188,700	7.95%	21	5.00%	49	101.1%
01071	\$226,300	32.88%	2	-75.00%	39	95.3%
01077	\$256,000	18.30%	29	-27.50%	67	98.5%
01079	\$146,200	-7.12%	4	100.00%	25	98.3%
01081	\$198,700	61.15%	6	100.00%	44	98.7%
01085	\$213,300	9.61%	89	2.30%	51	98.5%
01089	\$191,700	14.86%	53	-7.02%	35	98.3%
01095	\$291,100	0.94%	46	0.00%	58	96.9%
01101	\$154,000	-	1	-	29	90.6%
01104	\$107,500	15.22%	58	13.73%	43	98.6%
01105	\$68,600	37.20%	7	600.00%	80	94.0%
01106	\$349,400	20.23%	67	34.00%	45	97.2%
01107	\$128,000	6.40%	4	-33.33%	83	95.0%
01108	\$132,000	16.30%	60	50.00%	63	97.9%
01109	\$101,000	26.41%	63	50.00%	56	98.1%
01118	\$141,500	17.33%	64	4.92%	45	98.6%
01119	\$129,000	17.38%	49	11.36%	41	99.2%
01128	\$164,100	17.13%	27	200.00%	50	99.0%
01129	\$141,200	2.99%	34	21.43%	63	98.4%
01151	\$91,700	-8.21%	15	0.00%	55	97.1%
01521	\$165,900	14.81%	21	50.00%	70	97.9%
OTHER	\$226,500	61.32%	9	0.00%	50	98.5%

HAMPSHIRE COUNTY, MA



Labor Market :

Employment declined by 361 jobs in July and August. The job losses brought about an increase in the average monthly unemployment rate from 3.4% in the second quarter to 3.8% for the first two months of the third 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 :

	Q2' 03	Q3' 03	Q4' 03 (Forecast)
Average Price	\$231,300	\$247,800	↑
# Homes on the Market *	577	560	↔
# Homes Sold **	272	396	↓
# New Homes Built ***	88	43	↓
Avg # of Days on Market	92	73	↑

* Available as of Sep. 30, 2003.

** May not add to total of zip codes

*** During the first two months of 3rd Quarter

Data by Zip Codes

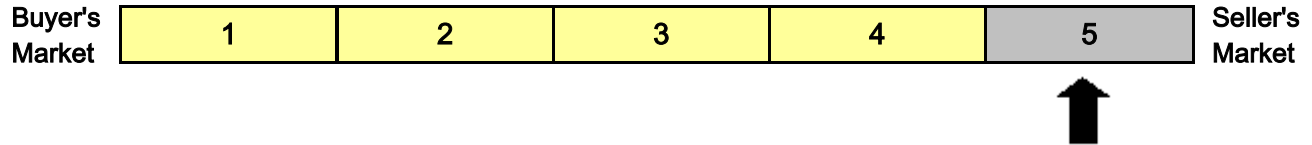
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
01002	\$329,800	17.03%	70	18.64%	102	98.3%
01007	\$231,000	3.36%	58	65.71%	80	98.0%
01012	\$184,300	-24.41%	3	-40.00%	94	94.7%
01026	\$209,500	-2.96%	2	-60.00%	43	100.0%
01027	\$205,900	10.46%	47	-12.96%	46	99.7%
01032	\$158,100	109.96%	5	66.67%	87	97.5%
01033	\$254,900	35.95%	13	30.00%	91	99.4%
01035	\$301,000	20.74%	21	40.00%	51	99.1%

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)
01038	\$302,200	52.09%	3	-72.73%	62	100.3%
01039	\$393,000	14.41%	1	0.00%	72	95.9%
01050	\$169,400	2.29%	9	28.57%	83	97.4%
01053	\$192,600	-41.64%	4	-20.00%	34	98.2%
01060	\$290,400	5.18%	31	-6.06%	67	98.2%
01062	\$212,600	7.48%	31	29.17%	60	95.3%
01070	\$270,000	-	3	-	184	94.7%
01073	\$231,400	36.52%	10	66.67%	62	93.7%
01075	\$215,300	26.50%	43	43.33%	38	98.6%
01082	\$184,700	15.22%	29	70.59%	105	100.0%
01096	\$151,700	-20.62%	3	-57.14%	113	94.0%
01098	\$263,000	91.27%	4	100.00%	102	101.3%
OTHER	\$356,500	186.58%	6	50.00%	64	99.4%

MIDDLESEX COUNTY, MA



Labor Market :

Employment increased by 4,475 jobs in Middlesex County during July and August. 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 4.9% for the second quarter to 5% in the first two months of the third quarter. The solid job growth may provide strong home sales, while low mortgage rates should continue to spur sales.

Housing Market :

	Q2' 03	Q3' 03	Q4' 03 (Forecast)
Average Price	\$480,200	\$494,600	
# Homes on the Market *	4,439	4,569	
# Homes Sold **	2,780	3,552	
# New Homes Built ***	593	327	
Avg # of Days on Market	61	55	

* Available as of Sep. 30, 2003.

** May not add to total of zip codes

*** During the first two months of 3rd Quarter

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	\$289,900	22.17%	10	-23.08%	121	95.8%
01432	\$261,000	-1.14%	16	-5.88%	61	97.7%
01450	\$497,800	17.18%	53	32.50%	98	98.1%
01460	\$399,700	-0.22%	49	81.48%	85	96.4%
01463	\$336,500	11.53%	38	-17.39%	63	97.4%
01464	\$295,100	15.23%	18	-25.00%	90	97.9%
01469	\$249,800	-2.38%	24	14.29%	75	98.4%

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)
01474	\$261,400	-7.11%	8	33.33%	64	98.9%
01701	\$378,000	7.63%	138	6.98%	38	98.2%
01702	\$352,900	7.36%	51	24.39%	45	97.9%
01719	\$574,400	-2.78%	19	58.33%	91	97.2%
01720	\$545,500	1.98%	74	-8.64%	45	98.5%
01721	\$451,400	22.50%	42	16.67%	65	98.9%
01730	\$551,300	23.25%	35	45.83%	39	98.8%
01741	\$892,300	9.66%	19	-42.42%	88	95.0%
01742	\$948,900	6.36%	60	3.45%	82	95.1%
01746	\$434,300	8.41%	52	20.93%	67	99.1%
01748	\$588,700	3.06%	55	1.85%	47	98.5%
01749	\$334,600	-3.85%	68	78.95%	72	97.8%
01752	\$346,000	7.42%	116	6.42%	62	98.1%
01754	\$315,300	2.30%	54	-1.82%	41	98.4%
01757	\$316,000	-	1	-	13	98.8%
01760	\$482,000	4.10%	113	48.68%	40	97.7%
01770	\$734,800	-2.87%	19	18.75%	75	96.1%
01773	\$1,288,500	36.36%	23	35.29%	93	96.3%
01775	\$469,900	-3.25%	43	53.57%	90	98.9%
01776	\$682,700	-10.30%	86	-11.34%	77	97.0%
01778	\$683,300	-9.57%	50	11.11%	67	95.9%
01801	\$351,200	2.87%	84	71.43%	45	97.4%
01803	\$399,100	8.13%	78	39.29%	54	97.9%
01821	\$327,900	3.37%	100	17.65%	60	98.0%
01824	\$349,300	-3.77%	76	11.76%	63	98.0%
01826	\$309,000	16.47%	88	14.29%	45	99.0%
01827	\$420,000	-10.10%	12	33.33%	57	98.4%
01850	\$217,300	13.65%	36	56.52%	50	97.0%
01851	\$249,400	15.36%	45	32.35%	61	97.5%
01852	\$274,200	12.70%	41	-10.87%	50	97.6%
01854	\$228,800	-7.52%	35	45.83%	62	97.9%
01862	\$359,300	6.81%	29	52.63%	43	97.5%
01863	\$331,500	11.17%	20	42.86%	85	98.1%
01864	\$540,900	19.99%	63	26.00%	67	98.9%
01867	\$430,800	-2.22%	70	-16.67%	42	97.8%

MIDDLESEX COUNTY, MA

Data by Zip Codes

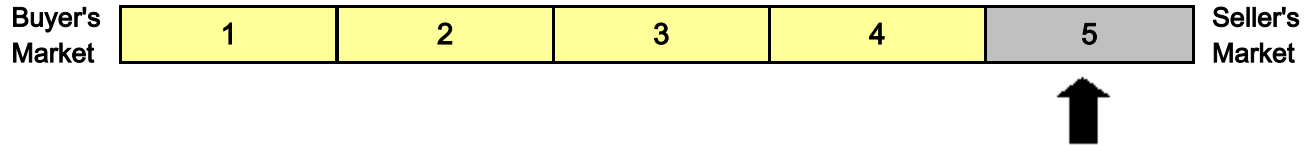
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
01876	\$346,900	2.82%	91	54.24%	48	98.2%
01879	\$353,100	-1.73%	31	-3.13%	61	98.4%
01880	\$404,600	11.18%	65	32.65%	50	97.7%
01886	\$459,500	-0.41%	66	-15.38%	80	98.3%
01887	\$372,900	8.88%	87	33.85%	50	98.1%
01890	\$823,600	15.56%	83	22.06%	46	96.5%
02138	\$1,352,500	-8.19%	31	19.23%	60	97.3%
02139	\$796,000	22.09%	6	-53.85%	88	95.3%
02140	\$773,100	22.54%	7	-36.36%	44	95.6%
02141	\$342,400	-40.97%	4	100.00%	45	94.9%
02143	\$509,600	31.44%	10	42.86%	74	97.6%
02144	\$542,700	11.76%	8	14.29%	50	96.7%
02145	\$433,500	23.08%	12	-29.41%	62	98.4%
02148	\$335,200	11.03%	62	-4.62%	44	97.4%
02149	\$292,700	-3.81%	28	-9.68%	31	97.7%
02155	\$372,100	1.89%	84	13.51%	37	97.3%
02176	\$437,600	13.05%	70	6.06%	48	98.6%
02180	\$410,500	3.06%	56	30.23%	44	97.6%
02420	\$764,400	2.62%	57	0.00%	64	97.8%
02421	\$737,000	11.85%	45	-2.17%	69	97.8%
02451	\$390,000	-4.88%	51	34.21%	37	97.5%
02452	\$472,000	20.01%	15	-16.67%	49	96.7%
02453	\$378,000	-10.72%	30	3.45%	39	97.9%
02458	\$924,800	18.19%	16	-23.81%	59	94.2%
02459	\$832,600	10.56%	75	20.97%	58	95.5%
02460	\$738,800	10.75%	27	58.82%	51	97.0%
02461	\$645,500	-9.54%	18	-5.26%	38	97.4%
02462	\$547,500	-45.25%	1	0.00%	172	96.1%
02464	\$566,200	14.62%	4	-20.00%	31	98.3%
02465	\$845,400	-0.01%	26	-31.58%	34	94.8%
02466	\$675,700	8.13%	10	-23.08%	66	96.5%
02467	\$1,041,900	-8.92%	7	-41.67%	44	93.3%
02468	\$1,003,500	19.78%	22	144.44%	36	94.9%
02472	\$458,600	3.94%	23	21.05%	40	97.1%
02474	\$451,900	-3.42%	36	-16.28%	35	98.2%

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)
02476	\$513,900	4.49%	51	27.50%	25	98.0%
02478	\$785,600	10.91%	58	13.73%	56	96.0%
02492	\$370,000	-	1	-	19	93.7%
02493	\$1,257,200	-6.92%	37	-5.13%	92	91.9%
OTHER	\$454,800	11.39%	30	0.00%	45	96.7%

NORFOLK COUNTY, MA



Labor Market :

Employment increased by 3,993 jobs in Norfolk County during July and August. 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 4.4% for the second quarter to 4.7% in the first two months of the third quarter. The solid job growth may provide strong home sales, while low mortgage rates should continue to spur sales.

Housing Market :

	Q2' 03	Q3' 03	Q4' 03 (Forecast)
Average Price	\$484,100	\$500,600	↑
# Homes on the Market *	2,096	2,243	↔
# Homes Sold **	1,413	1,632	↓
# New Homes Built ***	217	137	↓
Avg # of Days on Market	54	53	↑

* Available as of Sep. 30, 2003.

** May not add to total of zip codes

*** During the first two months of 3rd Quarter

Data by Zip Codes

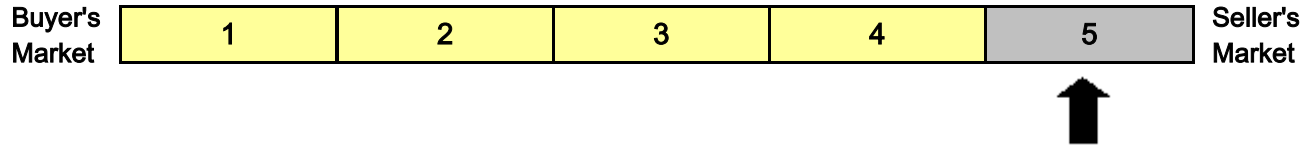
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
02019	\$286,600	-2.75%	61	-1.61%	42	98.3%
02021	\$527,400	16.40%	36	-16.28%	73	95.2%
02025	\$774,800	5.26%	29	-12.12%	125	96.4%
02026	\$425,600	1.33%	69	46.81%	65	96.5%
02030	\$1,171,700	-4.55%	24	-27.27%	45	94.6%
02032	\$375,500	7.81%	11	57.14%	33	98.4%
02035	\$420,400	-8.67%	39	14.71%	51	98.3%

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)
02038	\$379,800	-8.24%	129	37.23%	50	98.3%
02052	\$590,200	4.02%	50	56.25%	47	96.9%
02053	\$410,600	-3.80%	49	19.51%	70	97.8%
02054	\$459,300	36.57%	28	7.69%	55	97.4%
02056	\$477,500	18.28%	26	-38.10%	69	98.7%
02062	\$361,500	3.55%	39	-25.00%	44	97.4%
02067	\$503,800	18.76%	56	-5.08%	52	96.4%
02071	\$507,500	5.73%	2	100.00%	147	99.0%
02072	\$348,300	10.75%	65	41.30%	42	97.1%
02081	\$435,200	14.11%	54	5.88%	54	97.4%
02090	\$722,900	21.23%	57	35.71%	53	98.2%
02093	\$441,700	7.78%	31	-29.55%	57	97.9%
02169	\$366,700	11.73%	70	16.67%	54	97.2%
02170	\$376,500	2.00%	32	39.13%	43	97.2%
02171	\$336,100	-5.70%	17	-45.16%	31	95.2%
02184	\$363,500	0.61%	78	32.20%	37	97.6%
02186	\$531,800	6.59%	74	42.31%	81	96.0%
02188	\$270,200	-6.60%	17	-39.29%	46	97.0%
02189	\$300,300	6.45%	28	3.70%	54	98.4%
02190	\$329,200	3.17%	40	29.03%	49	97.1%
02191	\$306,000	5.77%	15	-16.67%	68	97.3%
02322	\$355,500	10.68%	8	-27.27%	84	97.5%
02343	\$269,600	1.66%	33	94.12%	50	97.6%
02368	\$299,600	5.31%	102	37.84%	39	97.9%
02445	\$1,416,500	19.18%	20	25.00%	36	97.5%
02446	\$1,122,600	22.49%	12	-25.00%	52	98.3%
02467	\$1,080,200	-1.39%	16	-11.11%	50	91.4%
02481	\$1,094,800	-0.55%	57	-21.92%	62	93.9%
02482	\$1,001,200	22.40%	43	4.88%	51	96.6%
02492	\$638,800	-1.39%	58	-15.94%	35	97.6%
02494	\$551,100	0.38%	24	-4.00%	51	97.0%
02762	\$392,200	27.46%	19	26.67%	61	97.1%
OTHER	\$385,500	2.36%	14	55.56%	35	97.8%

PLYMOUTH COUNTY, MA



Labor Market :

Employment increased by 1,719 jobs in Plymouth County during July and August. 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 5.1% for the second quarter to 5.5% in the first two months of the third quarter. The solid job growth may provide strong home sales, while low mortgage rates should continue to spur sales.

Housing Market :

	Q2' 03	Q3' 03	Q4' 03 (Forecast)
Average Price	\$352,900	\$368,600	↑
# Homes on the Market *	2,291	2,741	↔
# Homes Sold **	1,177	1,476	↓
# New Homes Built ***	335	304	↓
Avg # of Days on Market	70	66	↑

* Available as of Sep. 30, 2003.

** May not add to total of zip codes

*** During the first two months of 3rd Quarter

Data by Zip Codes

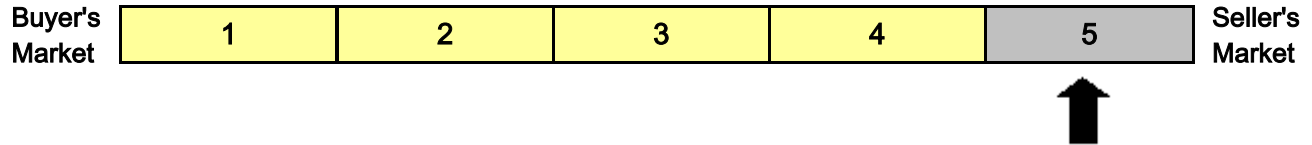
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
02020	\$335,000	-14.26%	1	-75.00%	79	98.6%
02043	\$637,500	3.37%	69	23.21%	71	96.5%
02045	\$382,100	1.06%	42	27.27%	83	96.1%
02047	\$450,000	-40.40%	1	-50.00%	58	96.8%
02050	\$444,400	9.30%	84	-1.18%	54	97.6%
02051	\$674,300	53.25%	2	100.00%	76	91.4%
02061	\$572,000	-0.14%	39	21.88%	85	97.2%

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)
02066	\$528,400	11.50%	59	-13.24%	104	95.8%
02301	\$251,400	10.51%	120	27.66%	58	98.0%
02302	\$235,100	15.47%	94	14.63%	41	98.2%
02324	\$367,300	16.75%	50	47.06%	58	98.1%
02327	\$250,000	35.87%	1	0.00%	100	96.2%
02330	\$305,600	15.85%	37	23.33%	81	98.1%
02332	\$679,900	17.73%	54	-6.90%	94	95.6%
02333	\$331,900	4.83%	30	-6.25%	57	98.4%
02338	\$321,800	22.87%	26	188.89%	61	97.6%
02339	\$555,600	16.45%	33	-2.94%	65	97.0%
02341	\$312,400	4.69%	29	52.63%	57	96.7%
02345	\$345,000	19.63%	1	-75.00%	57	93.3%
02346	\$306,600	31.59%	63	26.00%	68	96.5%
02347	\$319,000	3.04%	31	-18.42%	57	98.1%
02351	\$310,100	-7.90%	37	42.31%	48	96.8%
02355	\$410,000	-	1	-	46	97.6%
02359	\$355,100	-6.99%	57	21.28%	69	97.8%
02360	\$327,900	11.99%	232	-2.11%	73	97.6%
02364	\$388,700	7.85%	42	10.53%	82	97.6%
02367	\$361,800	-3.60%	15	114.29%	86	98.7%
02370	\$278,400	4.66%	33	26.92%	47	98.1%
02379	\$309,700	26.77%	12	-14.29%	34	96.9%
02382	\$287,400	5.47%	40	110.53%	43	99.1%
02532	\$222,300	-39.51%	3	50.00%	38	93.1%
02538	\$262,700	51.15%	12	-40.00%	61	96.4%
02558	\$263,800	6.76%	8	0.00%	81	94.4%
02571	\$246,300	23.27%	42	0.00%	69	96.8%
02576	\$279,400	29.65%	11	0.00%	71	96.9%
02738	\$334,900	-40.61%	9	-25.00%	66	91.0%
02739	\$435,500	-51.34%	12	100.00%	85	82.9%
02770	\$421,300	46.79%	14	40.00%	78	98.1%
OTHER	\$302,900	-16.92%	30	36.36%	67	97.8%

SUFFOLK COUNTY, MA



Labor Market :

Employment increased by 3,751 jobs in Suffolk County during July and August. 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 6.1% for the second quarter to 6.6% in the first two months of the third quarter. The solid job growth may provide strong home sales, while low mortgage rates should continue to spur sales.

Housing Market :

	Q2' 03	Q3' 03	Q4' 03 (Forecast)
Average Price	\$420,400	\$413,300	↑
# Homes on the Market *	509	670	↔
# Homes Sold **	303	333	↓
# New Homes Built ***	20	11	↓
Avg # of Days on Market	53	55	↑

* Available as of Sep. 30, 2003.
 ** May not add to total of zip codes
 *** During the first two months of 3rd Quarter

Data by Zip Codes

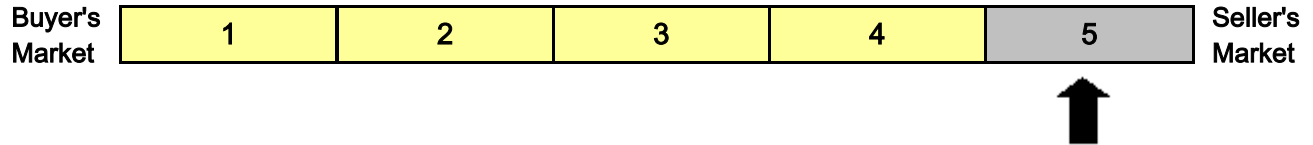
Zip Code	Average Price	Price Change (1 Year)	Total # Homes Sold (Quarter)	% Change in # Homes Sold (1 Year)	Average Days on Market	% of Asking Price (Sold/List Price)
02108	\$3,603,300	155.01%	3	50.00%	193	92.0%
02111	\$165,000	-	1	-	33	82.5%
02113	\$468,500	-	1	-	45	94.6%
02114	\$1,087,500	-44.70%	1	-66.67%	197	90.7%
02115	\$1,730,000	606.12%	1	0.00%	124	98.9%
02116	\$1,813,800	126.73%	4	300.00%	138	89.3%
02118	\$932,300	-	2	-	22	98.4%

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)
02119	\$259,400	37.25%	4	100.00%	62	95.7%
02120	\$325,000	-11.42%	1	-50.00%	3	95.6%
02121	\$210,000	-	1	-	113	84.0%
02122	\$308,700	-6.79%	9	125.00%	64	95.6%
02124	\$337,700	14.51%	26	116.67%	61	95.0%
02125	\$304,100	-15.88%	4	0.00%	31	90.5%
02126	\$270,300	3.88%	9	80.00%	34	96.3%
02127	\$367,200	3.67%	6	100.00%	64	95.6%
02128	\$282,700	25.03%	12	20.00%	42	96.4%
02129	\$528,400	-21.20%	16	128.57%	67	95.1%
02130	\$508,500	8.54%	14	-33.33%	43	97.5%
02131	\$360,000	1.47%	37	32.14%	43	96.9%
02132	\$402,600	4.57%	49	-15.52%	47	97.0%
02134	\$372,300	2.85%	4	100.00%	32	95.0%
02135	\$441,400	11.89%	9	50.00%	23	97.4%
02136	\$326,400	15.87%	38	72.73%	54	96.4%
02150	\$321,800	33.14%	11	-38.89%	80	96.2%
02151	\$284,100	2.97%	48	-5.88%	70	96.8%
02152	\$345,500	0.09%	18	0.00%	45	97.2%
OTHER	\$497,500	65.06%	4	-42.86%	43	99.3%

WORCESTER COUNTY, MA



Labor Market :

Employment increased by 645 jobs in Worcester County during July and August. 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 6.4% for the second quarter to 6.8% in the first two months of the third quarter. The solid job growth may provide strong home sales, while low mortgage rates should continue to spur sales.

Housing Market :

	Q2' 03	Q3' 03	Q4' 03 (Forecast)
Average Price	\$285,300	\$296,600	↑
# Homes on the Market *	3,413	3,912	↔
# Homes Sold **	1,855	2,282	↓
# New Homes Built ***	820	520	↓
Avg # of Days on Market	65	65	↑

* Available as of Sep. 30, 2003.

** May not add to total of zip codes

*** During the first two months of 3rd Quarter

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	\$193,300	35.08%	12	0.00%	111	96.6%
01031	\$200,000	-	1	-	39	98.5%
01037	\$194,100	-	2	-	48	103.5%
01068	\$279,300	23.20%	8	166.67%	117	96.6%
01083	\$166,700	2.21%	16	-23.81%	93	96.5%
01092	\$275,000	85.69%	1	-50.00%	69	101.9%
01331	\$161,100	16.91%	59	15.69%	82	97.8%

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)
01366	\$263,700	18.30%	5	0.00%	202	100.3%
01368	\$322,000	154.14%	2	-33.33%	54	92.7%
01420	\$202,900	13.04%	94	-2.08%	60	98.6%
01430	\$231,100	13.67%	44	100.00%	85	97.5%
01432	\$425,000	55.68%	1	-66.67%	73	106.8%
01436	\$153,800	-1.91%	9	80.00%	88	97.8%
01438	\$260,000	47.73%	2	100.00%	42	95.4%
01440	\$207,400	13.09%	46	-17.86%	60	99.2%
01451	\$564,900	11.14%	26	-3.70%	110	97.1%
01452	\$244,200	11.10%	18	38.46%	97	98.3%
01453	\$246,600	5.12%	100	58.73%	66	97.8%
01462	\$304,300	-0.07%	44	-4.35%	99	99.0%
01468	\$225,900	5.76%	19	35.71%	97	98.5%
01473	\$280,100	9.67%	25	31.58%	101	96.6%
01475	\$192,900	13.27%	39	-15.22%	61	98.7%
01501	\$235,800	3.79%	55	12.24%	50	97.3%
01503	\$311,800	-37.44%	11	120.00%	47	94.6%
01504	\$292,700	16.66%	22	83.33%	46	97.7%
01505	\$339,500	13.85%	12	0.00%	66	97.8%
01506	\$193,200	-4.64%	10	0.00%	42	96.7%
01507	\$293,400	20.69%	44	15.79%	64	99.0%
01510	\$263,000	21.42%	24	60.00%	52	97.2%
01515	\$266,700	46.86%	7	-12.50%	125	99.2%
01516	\$295,200	21.83%	27	42.11%	64	98.1%
01518	\$329,100	-6.00%	9	80.00%	64	101.8%
01519	\$462,100	18.73%	27	28.57%	65	97.3%
01520	\$297,100	13.05%	70	34.62%	63	99.8%
01522	\$264,700	16.25%	3	-50.00%	54	100.0%
01523	\$352,000	6.89%	25	13.64%	74	98.1%
01524	\$243,600	19.65%	16	60.00%	55	99.1%
01527	\$310,500	47.09%	31	34.78%	42	97.5%
01529	\$286,700	3.06%	7	16.67%	60	98.6%
01531	\$249,900	-	1	-	22	100.0%
01532	\$395,100	1.07%	46	9.52%	66	97.9%
01534	\$348,200	35.86%	20	5.26%	46	100.2%

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)
01535	\$194,900	-4.27%	15	36.36%	61	98.6%
01536	\$317,700	8.43%	18	5.88%	30	98.3%
01537	\$210,300	17.35%	5	0.00%	22	99.0%
01540	\$232,700	11.82%	34	61.90%	49	98.6%
01541	\$492,300	41.47%	16	220.00%	90	103.6%
01542	\$228,500	5.98%	4	33.33%	90	98.2%
01543	\$278,500	12.43%	34	47.83%	68	98.3%
01545	\$405,000	9.91%	144	24.14%	52	98.5%
01550	\$186,300	4.84%	32	-15.79%	67	98.0%
01560	\$374,900	53.02%	13	1200.00%	139	100.1%
01562	\$242,900	11.58%	30	50.00%	62	97.1%
01564	\$352,400	6.27%	21	-22.22%	79	99.1%
01566	\$301,900	14.75%	55	41.03%	79	100.5%
01568	\$401,400	3.99%	16	-36.00%	44	98.0%
01569	\$308,200	-1.15%	43	-8.51%	65	98.4%
01570	\$275,200	22.58%	39	-2.50%	68	99.2%
01571	\$233,800	-2.26%	23	-23.33%	50	98.2%
01581	\$514,500	19.68%	54	5.88%	70	97.3%
01583	\$302,800	25.43%	19	72.73%	91	96.6%
01585	\$220,200	2.42%	14	-41.67%	73	96.5%
01588	\$326,100	15.56%	27	12.50%	76	100.3%
01590	\$339,600	4.78%	28	3.70%	64	99.3%
01602	\$237,400	10.52%	68	0.00%	53	98.4%
01603	\$196,600	18.36%	38	26.67%	61	98.9%
01604	\$211,200	12.46%	51	-19.05%	66	97.1%
01605	\$236,700	2.16%	59	59.46%	52	98.4%
01606	\$222,200	7.66%	71	12.70%	37	98.0%
01607	\$151,900	8.42%	12	50.00%	48	97.7%
01608	\$210,000	0.72%	1	0.00%	23	96.8%
01609	\$367,000	7.62%	30	-25.00%	67	99.3%
01610	\$168,000	3.77%	11	37.50%	10	98.5%
01611	\$210,500	19.40%	5	66.67%	40	98.0%
01612	\$326,000	15.52%	17	183.33%	96	98.8%
01740	\$502,900	-0.49%	20	-28.57%	99	98.9%
01745	\$360,000	20.81%	1	0.00%	3	99.4%

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)
01747	\$329,000	-5.32%	26	13.04%	34	99.0%
01756	\$458,700	19.36%	30	25.00%	94	100.4%
01757	\$341,200	10.96%	67	-10.67%	40	98.4%
01772	\$714,300	24.31%	32	-8.57%	70	98.0%
OTHER	\$239,800	1.78%	19	137.50%	74	99.0%

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)
01607	\$375,000	-	1	-	116	94.2%
02532	\$297,100	28.23%	12	50.00%	95	98.3%
02536	\$420,000	5.26%	1	0.00%	14	97.7%
02537	\$394,500	-	2	-	13	100.6%
02556	\$350,000	46.44%	1	0.00%	70	94.6%
02559	\$305,000	-	1	-	98	98.4%
02562	\$364,300	2.33%	5	150.00%	85	95.1%
02563	\$367,500	35.11%	1	0.00%	6	98.0%
02601	\$239,000	-	1	-	22	100.0%
02632	\$380,000	-	1	-	104	96.2%
02644	\$360,000	56.52%	1	0.00%	129	97.6%
02649	\$262,500	34.62%	1	0.00%	50	97.3%
02660	\$206,000	-	1	-	12	100.5%
02837	\$37,000	-	1	-	121	82.4%
02859	\$270,000	-	1	-	23	96.5%
02860	\$184,300	42.98%	2	-50.00%	58	94.2%
02861	\$204,600	31.15%	3	50.00%	27	100.0%
02864	\$353,200	-0.17%	7	-22.22%	89	100.4%
02865	\$825,000	52.78%	1	0.00%	103	82.5%
02871	\$390,000	-	1	-	17	91.8%
02878	\$224,100	13.93%	14	75.00%	83	96.7%
02895	\$194,900	29.93%	3	200.00%	32	100.9%
02896	\$288,500	-46.62%	3	50.00%	80	96.7%
02908	\$208,800	74.15%	2	100.00%	13	94.9%
03032	\$280,000	-	1	-	71	93.4%
03038	\$297,300	38.28%	5	400.00%	53	99.6%
03048	\$122,900	205.72%	5	25.00%	99	100.6%
03049	\$744,000	14.02%	2	100.00%	338	104.4%
03051	\$306,200	-	7	-	78	97.6%
03052	\$244,000	-	2	-	51	93.9%
03053	\$349,000	-	3	-	74	98.8%
03060	\$240,000	-	1	-	23	100.0%
03062	\$200,000	-	1	-	13	95.2%

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)
03071	\$218,300	3.17%	9	12.50%	106	96.0%
03076	\$353,000	12.42%	26	100.00%	131	98.1%
03079	\$330,800	-1.46%	21	16.67%	73	97.6%
03084	\$315,000	-	1	-	76	101.6%
03087	\$531,700	51.48%	8	14.29%	64	97.7%
03461	\$229,700	20.26%	4	100.00%	48	101.7%
03811	\$239,500	-1.84%	2	0.00%	93	97.4%
03826	\$397,000	-	3	-	77	98.9%
03827	\$513,600	79.58%	5	66.67%	129	101.4%
03833	\$415,000	-	1	-	17	99.8%
03841	\$285,500	26.05%	2	0.00%	59	99.1%
03842	\$285,000	-	2	-	102	98.4%
03844	\$347,500	-	2	-	179	95.2%
03848	\$219,900	-	2	-	163	100.0%
03858	\$301,400	8.61%	2	0.00%	46	98.4%
03859	\$212,000	-	1	-	41	94.2%
03865	\$331,900	45.89%	7	600.00%	133	96.0%
06071	\$336,000	-	5	-	59	97.2%
06078	\$210,500	-21.81%	2	-66.67%	25	92.0%
06082	\$161,800	40.70%	4	300.00%	41	98.1%
06093	\$223,100	-	2	-	30	97.0%
06096	\$170,000	-	1	-	2	100.1%
06241	\$253,900	-	1	-	19	95.8%
06255	\$139,900	-	1	-	22	100.0%
06260	\$173,000	-8.90%	2	100.00%	404	95.3%
06374	\$600,000	-	1	-	15	100.0%
OTHER	\$355,000	21.70%	1	-83.33%	20	93.4%

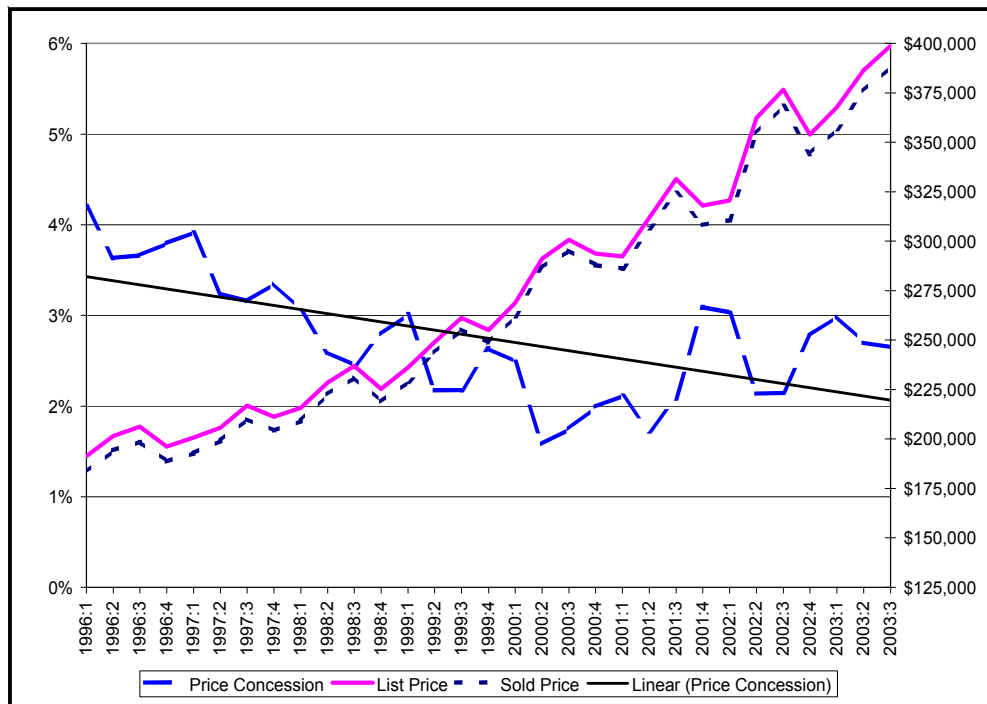
Who Holds the *Pricing Power*?

By Kenneth Fears, Economist

The housing industry has been hot for more than three years now. At the national level, existing, single-family homes sales increased at an annual average of 6.5% between 1992 and 1999, before declining 0.7% in 2000. Sales since then have improved, registering increases of 2.9% and 5.7% in 2001 and 2002, respectively.

Likewise, prices also increased, appreciating by 4.1% on average for each year from 1992 through 2000, before accelerating to 6.3% and 7.1% in 2001 and 2002, respectively. This rapid appreciation in prices was stimulated by a feeding frenzy as mortgage rates slipped to record lows and homebuyers tried to buy ahead of an anticipated rise in rates.

Falling rates caused a surge in housing activity, but this phenomenon raises an interesting question. How did the rapid surge in demand affect sellers' pricing power? Was it offset by a large existing supply of homes or new construction? To measure the relative strength of buyers and sellers in this market, one should look at the price concession, or the difference between the listing price and the sale price as a percentage of the list price (price concession = [sale price – list price] / list price). A rising concession means that the actual selling prices for homes are below the list prices and that this gap is widening.¹ This pattern implies that consumers have the upper hand in negotiating price, either due to a large supply of homes or low demand for housing. Conversely, a low concession suggests that home sellers have the upper hand in negotiating prices due to a tight supply of housing or strong demand.



(Footnotes)

¹ Note: This description is of the average for the data. Consequently, it cannot capture a situation where an individual seller lists a home well above market value in an attempt to bid up the sale price.

Trends

The average concession in the area covered by the MLS Property Information Network for the three quarters of 2003 was 2.78%. That is an increase from the average of 2.39% during 2001 and 2002. It is an increase relative to the 2.4% average from 1998 through 2000. Graphically, we can see a decreasing trend in the concession over time.

The graph of price concession over time brings up another interesting question; is there seasonal variation in the concession? That is to say, do the factors affecting the supply and demand of housing vary over the seasons of a year, shifting the pricing power between buyers and sellers? Indeed, there does appear to be a seasonal component to the concession as it rises in the fourth and first quarters (fall and winter) and then falls through the second and third quarters (spring and summer). This trend appears to follow the same seasonal pattern that prices and sales follow. Thus, sales and prices move conversely with the concession as demand rises in the spring and summer. This pattern fits with the traditional drivers of seasonal demand in the national housing market: more disposable income in the summer, better summer weather for showing/viewing, and an end to the school year allowing for ease in family movement.

When pricing a home, it is important to know the current state of those factors that drive the pricing decision within the market. Knowing the current trend in the price concession is important, but knowing what to expect of the price concession during the different seasons can help a Realtor® to more accurately price a home prior to listing.

Wish Upon A Housing Star

by David Lereah, Chief Economist

It's autumn, leaves are beginning to fall, the new year is almost upon us and the housing markets are still booming.

Existing home sales registered a record-breaking annual rate of 6.47 million units in August, while new home sales posted an annualized rate of more than 1.16 million units in August for the sixth consecutive month. Everyone still attributes strong home sales to low mortgage rates and their continued flirtation with historic lows. But, is housing's remarkable robustness due only to low interest rates?

The answer requires going back to when housing was last out of favor — the early 1990s. The real estate markets were just recovering from the housing recession (contraction) of 1990/1991. Home sales were sluggish, not robust. Home price appreciation was relatively weak, not strong. Mortgage rates were hovering above 10 percent — double-digit territory. Mortgage origination volume (i.e., the dollar amount of mortgage loans) averaged a relatively modest \$400 to \$500 billion per year.

But something happened in late 1991 that changed the face of the housing markets forever. Mortgage rates began to drop precipitously and some households called their lenders to “refinance” their mortgage loans to the lower rates. This was a novel concept to most households, but it provided them the opportunity to take advantage of the lower interest rates by lowering their monthly mortgage payments. Lenders were very receptive to the increased refinancing volume since they earned fee income for providing the “refi” opportunity in a low interest rate environment.

By early 1992, the real estate markets were experiencing a major refinancing boom. Mortgage origination volume, consisting of both refinancing mortgage loans and purchase mortgage loans, totaled \$800 billion in 1992 and climbed to top the unthinkable \$1 trillion origination mark in 1993.

The amazing event in 1992/1993 was not the fact that people were asking to refinance in record numbers, but that the mortgage lending companies were able to process the record refinancing volume without significant delays. Somehow the housing markets had evolved under the radar screen to service double and triple the volume of only one to two years prior.

As they say, the rest is history. Some 10 years later (2003), the housing sector finds itself in un-chartered, record-breaking territory. Housing has remained hot, red hot. Mortgage originations which began at a modest \$400 billion per year in 1991, are projected to total almost \$4 trillion in 2003! Similarly, existing home sales grew from a modest three million homes sold in 1991, to almost six million homes sold in 2003, a doubling of the number of homes sold in the nation in slightly more than a decade's time. How can the nation's largest economic sector grow tenfold in a decade's time? This would be unheard of in any other sector of the economy. For instance, can you imagine the manufacturing sector growing tenfold during the same period?

For the real estate markets to take such Herculean strides, suggests a “perfect calm” — the antithesis of the perfect storm for real estate. Everything began to fall into place for elevating the housing markets to record heights throughout the 1991 to 2003 period. Offered below are the six “housing stars” that aligned together to create the “perfect calm” for housing.

- **Steadily falling mortgage rates**- Mortgage rates were falling to historic lows, making homes more affordable to everyone.

- **Technological advances-** Significant technological advances in underwriting, loan approval, and credit scoring reduced homeownership costs and accelerated the homebuying process.
- **Innovations in mortgage products and funding-** Significant innovations in mortgage securitization and secondary mortgage marketing created a varied menu of customized mortgage products and a consistent, steady flow of mortgage funding.
- **Real estate meets the Internet-** This meeting generated a wealth of real estate information (including home listings and characteristics) available to millions of potential homebuyers, reducing real estate search costs and empowering buyers and sellers of real estate.
- **Favorable demographic trends-** Unusually strong demographic trends, such as aging baby boomers entering their peak earning years, and a sudden rise in immigration growth, fueled household formation and promised to strengthen the demand for real estate for sometime to come.
- **Real estate becomes a safe haven-** Since September 11, 2001 and the U.S./Iraq war, tensions at home have heightened, creating an increasing need for households to treat real estate purchasing as a safe haven for their funds.

The American dream of homeownership has always been alive and well with 68 percent of American households owning a home. The barrier to entry in the home purchasing and selling marketplace has been appreciably lowered, permitting most households (there are still stubborn barriers to select groups, i.e. minorities) to readily participate in the homebuying marketplace. The current revolution in housing is based on structural and permanent changes and influences in the real estate markets that may last decades, resulting in remarkable buying and selling opportunities. Price bubbles are not bursting, returns on properties are not falling, and demand for home buying is not fading anytime soon.

Of course, if mortgage rates begin to edge up, home sales will likely fall off a bit. But from a longer run perspective, the recent three-year spurt in housing activity may be just the tip of the iceberg.

The Forecast

By Lawrence Yun, *Senior Research Forecaster*

Back-to-back blockbuster numbers on existing home sales in July and August, despite an uptick in mortgage rates by one percentage point from earlier this summer, was nothing short of miraculous. The first-ever six million unit sales level was set in July, which was then followed by a 6.5 million pace in August. Part of this sales activity reflects the timing lag in recording existing home sales, which are only recorded upon final settlement. The time lag between contracts to purchase to the final settlement date can be as long as two months. Therefore, the recent home sales data is consistent with many contract signings when mortgage rates hit a cyclical low of 5.2 percent in early June. Another reason for the surge in home sales stems from a sudden upward move in mortgage rates to higher than 6 percent rate in July and August. Still, mortgage rates can only be considered very favorable by any historical standards and many potential homebuyers simply made a final dash to the settlement table before rates priced them completely out of the housing market.

Timing issues in recording data, and the late fence jumpers, imply that sales will face payback in the coming months. Surprisingly though, forward-looking housing indicators continues to suggest very strong levels of activity. First, after the quick run-up, mortgage rates have retreated a bit in recent weeks to less than 6 percent. Second, mortgage applications for home purchases in September were barely off record high levels reached this summer, implying that home sales will continue to at a healthy pace for the rest of the year. Third, the issuance of single-family permits set an all time high of 1.48 million units in August reflecting homebuilders' response to strong demand for new homes. Finally, as the overall economy gains speed, it will create more jobs, bringing a new set of homebuyers to the market. Home sales will easily set a record in 2003 with 5.89 million existing home sales and 1.05 million new homes. Sales will only marginally step back in 2004 to yield the third best housing year ever

Robust Economic Growth on the Horizon

Jump-starting the economy through substantial interest rate cuts and tax cuts may finally be paying off. With strong sales and building activity, the housing sector

has done more than its share. Housing also indirectly supported consumer spending with a typical homeowner accumulating slightly more than \$20,000 in equity during the past two years. But to keep the economic engine running on its own, jobs must be created. Jobs provide income – income supports spending – spending creates more jobs – etc. To date, the lack of job creation has been the missing link in the overall chain of economic growth.

Fortunately, the economy is rapidly gaining speed. It grew 1.4 percent in the first quarter; accelerated to 3.3 percent in the second quarter; and is poised to grow by 6 percent rate in the third quarter. The economy will remain in high gear with growth of 4.5 percent in the final quarter and then smoothly glide to a 4 percent growth rate in 2004. This growth rate will finally turn the job market around. September's payroll job gain of 57,000 is an early sign of that recovery. Monthly job gains of 100,000 to 150,000 could occur by early 2004. The unemployment rate will be pushed down from 6.1 percent to 5.7 percent over the next 12 months. Unlike past economic recoveries, the Federal Reserve will be sidelined for a while because the core inflation rate is running well below the desirable rate. The first rate hike will likely take place in the autumn of 2004. Therefore, the interest rate environment will be very favorable for the foreseeable future and will continue to support the housing market.

Local Market

Home sales rose strongly in the third quarter after having fallen in the previous two quarters. Sales rose 15 percent from a year earlier period in Massachusetts. The home price increase has been slowing of late. Instead of double-digit percentage growth, prices appreciated by more modest 5 percent in the third quarter. In the coming year, job growth will make an impact. But the negative will be rising mortgage rates. The net effect will be for home sales to fall by 4 in 2004. Prices will continue to rise, by 4 percent next year. Overall business commission, therefore, will be essentially flat. Not bad considering that commissions will have risen by 7 percent in 2003.

U.S. Economic Outlook: November 2003

	2002		2003				2004				2005			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	2001	2002	2003	2004
U.S. Economy														
<i>Annual Growth Rate</i>														
Real GDP	1.4	1.4	3.3	7.2	4.5	4.2	3.2	3.0	3.1	3.5	0.3	2.4	2.8	4.0
Nonfarm Payroll Employment	0.3	-0.3	-0.7	-0.4	1.2	1.8	1.8	1.6	1.8	1.5	0.0	-1.1	-0.2	1.3
Consumer Prices	2.0	3.9	0.6	3.5	0.9	1.5	1.4	1.5	1.7	2.0	2.8	1.6	2.4	1.6
Real Disposable Income	1.4	1.6	2.6	9.5	2.8	7.1	0.0	1.3	3.6	3.4	1.8	4.2	2.9	4.0
Consumer Confidence	82	68	83	84	95	99	100	103	106	107	107	97	83	102
<i>Percent</i>														
Unemployment	5.9	5.8	6.2	6.1	5.9	5.8	5.8	5.8	5.7	5.7	4.8	5.8	6.0	5.8
<i>Interest Rates, Percent</i>														
Fed Funds Rate	1.4	1.3	1.2	1.0	1.0	1.0	1.0	1.3	1.5	2.0	3.9	1.7	1.1	1.2
3-Month T-Bill Rate	1.3	1.2	1.0	0.9	1.0	1.1	1.2	1.5	1.8	2.3	3.4	1.6	1.0	1.4
Prime Rate	4.4	4.3	4.2	4.0	4.0	4.0	4.0	4.3	4.5	5.0	6.9	4.7	4.1	4.2
Discount Rate	0.9	0.8	0.7	0.5	0.5	0.5	0.5	0.8	1.0	1.5	3.4	1.2	0.6	0.7
Corporate Aaa Bond Yield	6.3	6.0	5.3	5.6	5.8	5.9	6.0	6.0	6.0	6.1	7.1	6.5	5.7	6.0
30-Year Government Bond	5.1	5.0	4.7	5.2	5.3	5.4	5.4	5.4	5.4	5.5	5.5	5.4	5.1	5.4
<i>Mortgage Rates, percent</i>														
30-Year Fixed Rate	6.1	5.8	5.5	6.0	6.4	6.5	6.7	6.8	6.8	7.0	7.0	6.5	5.9	6.7
1-Year Adjustable	4.2	3.9	3.7	3.7	3.8	3.9	4.0	4.1	4.3	4.7	5.8	4.6	3.8	4.1
Housing Indicators														
<i>Thousands</i>														
Existing Single-Family Sales	5,747	5,867	5,827	6,166	5,701	5,544	5,462	5,422	5,481	5,457	5,296	5,566	5,890	5,477
New Single-Family Sales	1,026	984	1,088	1,150	990	977	937	931	930	889	908	973	1,053	944
Housing Starts	1,743	1,737	1,739	1,859	1,751	1,710	1,650	1,600	1,542	1,490	1,603	1,705	1,771	1,626
Single-Family Units	1,410	1,405	1,415	1,510	1,406	1,358	1,307	1,265	1,217	1,164	1,273	1,359	1,434	1,287
Multifamily Units	332	332	324	350	345	352	343	336	325	326	330	347	338	339
Residential Construction*	396	406	412	421	424	416	408	400	392	383	373	388	416	404
<i>Percent Change -- Year Ago</i>														
Existing Single-Family Sales	8.8	2.4	6.0	14.0	-0.8	-5.5	-6.3	-12.1	-3.9	-1.6	2.8	5.1	5.8	-7.0
New Single-Family Sales	10.7	7.7	14.3	13.4	-3.5	-0.7	-13.9	-19.1	-6.0	-9.0	3.6	7.2	8.2	-10.4
Housing Starts	11.0	1.2	3.3	9.3	0.5	-1.5	-5.1	-13.9	-12.0	-12.9	2.2	6.4	3.9	-8.2
Single-Family Units	12.3	3.2	5.5	12.5	-0.3	-3.3	-7.6	-16.2	-13.4	-14.3	3.4	6.8	5.5	-10.2
Multifamily Units	6.0	-6.7	-5.3	-2.7	3.9	6.0	5.9	-4.0	-6.1	-7.4	-2.4	5.3	-2.8	0.3
Residential Construction	6.7	5.7	6.7	8.7	7.1	2.5	-1.0	-5.0	-7.6	-8.0	0.3	4.1	7.0	-2.9
Median Home Prices														
<i>Thousands of Dollars</i>														
Existing Home Prices	161.0	161.2	168.4	174.1	171.0	170.9	177.1	180.7	178.6	179.0	147.8	158.2	169.0	177.3
New Home Prices	189.3	184.6	190.4	193.0	204.7	199.7	204.5	205.1	206.4	208.0	175.2	187.6	193.8	204.2
<i>Percent Change -- Year Ago</i>														
Existing Home Prices	8.4	6.8	6.7	7.9	6.2	6.0	5.2	3.7	4.4	4.7	6.3	7.0	6.8	4.9
New Home Prices	9.3	-1.4	2.3	8.9	8.1	8.2	7.4	6.3	0.8	4.1	3.7	7.1	3.3	5.4
Local Region														
<i>Jobs (in thousands)</i>														
Jobs (in thousands)	3312.7	3254.5	3254.4	3258.8	3276.2	3225.3	3257.7	3275.1	3305.7	3267.2	3268.3	3301.2	3261.0	3265.9
Home Sales	10008	7086	11319	14007	10268	6682	10538	13447	10135	6849	42214	42778	42680	40802
Home Prices (in thousand \$)	343.9	356.3	375.7	388.0	359.7	372.3	391.9	404.7	376.6	390.6	308.9	347.4	372.7	389.1
<i>Percent Change -- Year Ago</i>														
Jobs	1.1%	-1.1%	-1.5%	-1.6%	-1.1%	-0.9%	0.1%	0.5%	0.9%	1.3%	1.2%	1.0%	-1.2%	0.2%
Home Sales	2.6%	-15.3%	-7.5%	15.1%	2.6%	-5.7%	-6.9%	-4.0%	-1.3%	2.5%	-3.2%	1.3%	-0.2%	-4.4%
Home Prices	11.2%	14.4%	6.1%	5.4%	4.6%	4.5%	4.3%	4.3%	4.7%	4.9%	8.3%	12.5%	7.3%	4.4%

National quarterly figures are seasonally adjusted annual rates.

Some data for the third quarter 2003 are actuals while others are estimates

Source: Forecast produced using Macroeconomic Advisers quarterly model of the U.S. economy.

Assumptions and simulations by Dr. David Lereah and Dr. Lawrence Yun.

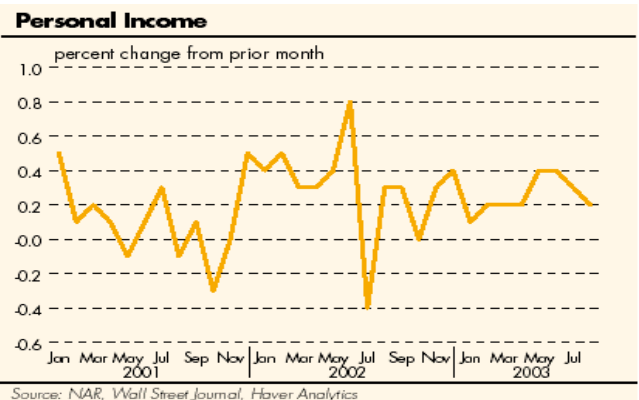
This table reflects data available through October 3, 2003.

Monthly Indicator	Recent Statistics	Likely Direction Over the Next Six Months	Forecast
Mortgage Rates The 30-year fixed mortgage rates declined by 11 basis points in September to 6.15%. The one-year adjustable rate inched up to 3.86% from 3.79% in August. Mortgage rates are still very favorable.	July 5.63 Aug 6.26 Sep 6.15	↑	Federal deficit and borrowing put mild pressure on rates
Existing Home Sales increased 5.5% in August to 6.47 million annualized units. This is an all-time record, breaking the record of 6.13 set last month. Home price advanced 9.8% compared to its year-ago level. The inventory level remains lean at 4.6 month's supply.	June 5.83 July 6.13 Aug 6.47	↓	Coming off record figures
New Home Sales increased slightly in August. A total of 1.150 million units were sold, the second highest monthly activity. Compared to last year, the year-to-date sales are up by 11.6% as new home sales activity is on the way to set a new record in 2003. The inventory of homes for sale is still very tight, 3.7 month's supply.	June 1,179 July 1,112 Aug 1,150	↓	Higher rates make it less conducive
Housing Starts fell in August to 1.82 million. The single-family component declined by 4% while the multifamily slipped by 3%. Regionally, only the Midwest region showed an increase, while the Northeast recorded a significant decline.	June 1,844 July 1,892 Aug 1,820	↓	Drop in single-family units, but neutral for multi-units
Employment Growth Contrary to expectations, net employment increased for the first time since January. In September, temporary help companies, construction contractors and some professional and business services added 57,000 jobs to the economy. The unemployment rate remained unchanged at 6.1%. The average workweek remained at 33.7 hours while the average hourly earnings fell by one cent to \$15.45.	July -57 Aug -41 Sep +57	↑	100,000 to 150,000 per month in 2004
Purchase Applications index increased in September to 410.3. This is a slight increase from the previous month and at this level, purchase applications remain below the strong July level but higher than the respective rate last year.	July 432.7 Aug 405.4 Sep 410.3	↓	When rates rise
Housing Affordability index inched down in August to 136.1. Despite the decline in the median price of an existing single-family home and the favorable increase in the median-family income, the increase in the mortgage rates pushed the index down. Regionally, only the South recorded better affordability conditions from the previous month.	June 141.6 July 136.8 Aug 136.1	↓	Prices outpacing income growth
Inflation The consumer price index inched up to 0.3%. The core index (excluding food and energy) declined to 0.1%. The housing index increased 0.1%. Energy prices surged 2.7%, accounting for the majority of the increase in the overall index.	June +0.2% July +0.2% Aug +0.3%	↔	Under control

Notes: All rates are seasonally adjusted. Existing home sales, new home sales and housing starts are shown in thousands. Employment growth is shown as month-to-month change in thousands. Inflation is shown as month-to-month percent change in the Consumer Price Index. Sources: NAR, Bureau of the Census, Bureau of Labor Statistics, Mortgage Bankers Association, and Freddie Mac.

Consumer Confidence and Sentiment

Despite the boost in disposable income from the federal tax cuts, the weak labor markets have slowed personal income growth. Tax cuts, tax rebates, and the mortgage refinancing boom in late spring transferred into increased spending. The increased cash flow has favorably affected spending on durable goods. However, the continued bleak job market and rising benefit costs for employers has given firms incentive to minimize wage increases. Some consumers have been cautious about spending their tax relief and have put some of it into savings. Going forward, as the tax relief effect wanes, only strong job creation will stimulate income growth and thus consumption.



By Hristina Toshkova