

Economic and Market Watch Report

3rd Quarter, 2006



*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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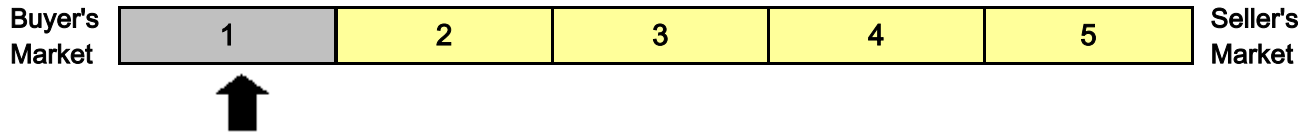
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Massachusetts

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Berkshire County, MA



Labor Market :

In the first two months of the third quarter, 2,918 jobs were added to the payrolls of Berkshire County. As a result of these new jobs, the average monthly unemployment rate fell from 4.3% during the second quarter to 4% for July and August. The strong employment climate may help to create demand for home purchases.

Housing Market :

	Q2' 06	Q3' 06	Q4' 06 (Forecast)
Average Price	\$164,600	\$179,900	↑
# Homes on the Market *	64	95	↔
# Homes Sold **	14	13	↓
# New Homes Built	10	6 ***	↓
Avg # of Days on Market	132	116	↑

* Available as of Sep. 30, 2006.

** May not add to total of zip codes.

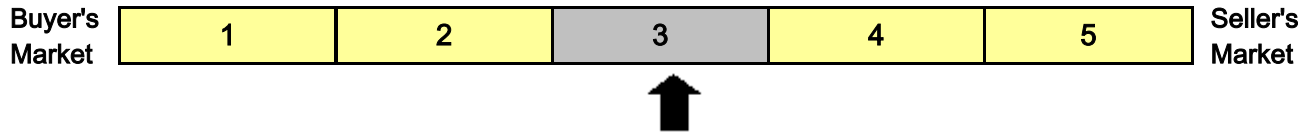
*** During the first two months of 3rd quarter.

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
01029	\$496,000	-	1	-	301	106.7%
01201	\$173,000	435.60%	3	50.00%	54	92.0%
01223	\$222,000	182.80%	3	-25.00%	170	93.9%
01230	\$130,500	-	2	-	108	81.6%
01238	\$126,000	-	1	-	193	95.8%
01247	\$76,300	5.24%	2	100.00%	39	99.2%
01256	\$118,000	-	1	-	54	100.0%

**** % Change of current quarter compared to the same quarter to year ago.

Bristol County, MA



Labor Market :

A total of 3,001 jobs were created during July and August. The new jobs in Bristol County were offset by a proportional increase in the number of job seekers. The net result was no change in the average monthly unemployment rate for the first two months of the third quarter from the 5.8% rate of the second quarter. The new jobs should help demand for housing.

Housing Market :

	Q2' 06	Q3' 06	Q4' 06 (Forecast)
Average Price	\$359,200	\$358,700	↑
# Homes on the Market *	3,052	3,150	↔
# Homes Sold **	990	882	↓
# New Homes Built	307	145 ***	↓
Avg # of Days on Market	122	117	↑

* Available as of Sep. 30, 2006.

** May not add to total of zip codes.

*** During the first two months of 3rd quarter.

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
02048	\$484,600	-1.02%	53	-13.11%	89	97.9%
02356	\$611,300	0.15%	15	-58.33%	147	97.2%
02375	\$456,500	-9.23%	22	4.76%	164	98.2%
02702	\$352,000	-27.75%	4	-55.56%	85	95.3%
02703	\$332,200	-1.63%	87	-42.00%	127	98.0%
02715	\$376,300	-5.62%	8	-20.00%	223	96.7%
02717	\$378,300	4.45%	13	30.00%	174	96.0%
02718	\$326,500	-3.32%	10	-33.33%	81	97.3%
02719	\$300,500	-14.73%	37	-11.90%	114	96.5%

**** % Change of current quarter compared to the same quarter to year ago.

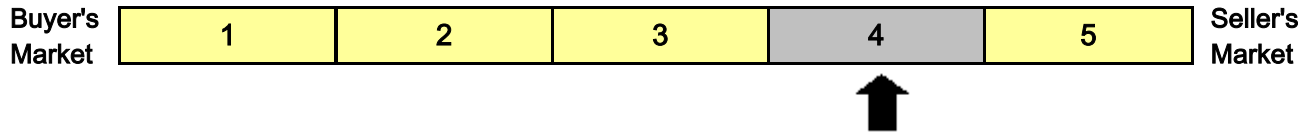
Bristol County, MA

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
02720	\$282,000	-1.47%	18	-43.75%	120	92.7%
02721	\$254,800	-4.14%	18	-28.00%	160	99.1%
02723	\$252,100	-2.40%	7	-41.67%	141	96.4%
02724	\$248,600	3.89%	12	0.00%	98	95.8%
02725	\$301,600	6.27%	6	20.00%	140	97.1%
02726	\$300,400	-9.46%	41	57.69%	92	96.0%
02740	\$238,600	-2.13%	46	-36.99%	119	96.6%
02743	\$264,900	-22.11%	16	33.33%	103	96.9%
02744	\$250,800	-12.55%	6	-14.29%	103	96.7%
02745	\$270,400	1.35%	44	0.00%	101	96.7%
02746	\$236,300	-3.20%	4	-66.67%	142	95.1%
02747	\$359,100	-0.53%	34	-8.11%	102	95.3%
02748	\$667,400	28.32%	19	-26.92%	139	95.6%
02760	\$442,600	4.46%	62	-43.12%	103	98.1%
02763	\$257,000	-23.28%	1	0.00%	29	91.8%
02764	\$351,700	-9.36%	8	0.00%	110	96.5%
02766	\$372,900	-4.65%	56	14.29%	124	95.9%
02767	\$386,700	3.76%	31	-40.38%	113	99.0%
02768	\$422,500	-	2	-	229	98.3%
02769	\$434,300	2.19%	17	-34.62%	177	98.1%
02771	\$359,900	-1.13%	22	4.76%	110	99.7%
02777	\$321,200	-5.83%	31	-39.22%	111	97.5%
02779	\$354,000	-8.36%	13	-48.00%	149	96.8%
02780	\$315,600	-3.31%	90	-23.08%	103	97.3%
02790	\$414,100	4.49%	21	-19.23%	126	93.6%
02791	\$1,450,000	-	1	-	64	100.0%
OTHER	\$458,900	25.86%	7	-30.00%	66	95.9%

**** % Change of current quarter compared to the same quarter to year ago.

Essex County, MA



Labor Market :

In the first two months of the third quarter, 6,309 jobs were added to the payrolls of Essex County. As a result of these new jobs, the average monthly unemployment rate fell from 5.2% during the second quarter to 5.1% for July and August. The strong employment climate may help to create demand for home purchases.

Housing Market :

	Q2' 06	Q3' 06	Q4' 06 (Forecast)
Average Price	\$485,000	\$498,500	↑
# Homes on the Market *	4,199	3,973	↔
# Homes Sold **	1,435	1,350	↓
# New Homes Built	298	210 ***	↓
Avg # of Days on Market	123	124	↑

* Available as of Sep. 30, 2006.

** May not add to total of zip codes.

*** During the first two months of 3rd quarter.

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
01810	\$681,500	-3.95%	83	-33.60%	126	95.9%
01830	\$337,200	-9.72%	45	-16.67%	126	96.4%
01831	\$260,000	-	1	-	90	88.2%
01832	\$362,900	0.19%	30	-46.43%	115	98.4%
01833	\$517,100	6.91%	20	-37.50%	166	97.2%
01834	\$397,500	-1.05%	10	-66.67%	100	97.1%
01835	\$317,600	-7.38%	25	-32.43%	109	97.4%
01841	\$241,300	1.51%	19	-45.71%	85	97.6%
01843	\$248,500	-6.65%	22	-46.34%	99	97.1%

**** % Change of current quarter compared to the same quarter to year ago.

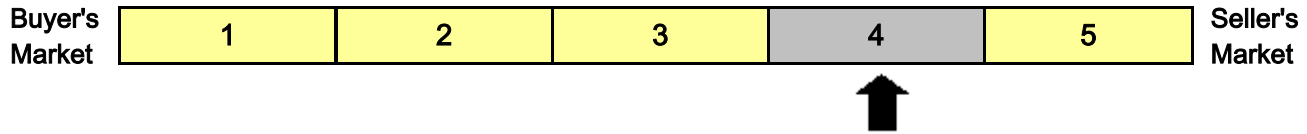
Essex County, MA

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
01844	\$352,200	0.43%	114	-15.56%	96	97.6%
01845	\$562,100	-10.37%	68	-16.05%	95	97.2%
01860	\$328,800	4.88%	11	-42.11%	218	96.6%
01902	\$275,600	-5.03%	44	-42.11%	102	97.9%
01904	\$321,400	-3.28%	47	-29.85%	109	97.1%
01905	\$275,000	-6.21%	39	39.29%	98	97.5%
01906	\$396,900	-1.93%	60	-24.05%	116	95.9%
01907	\$477,700	-9.99%	41	20.59%	152	94.0%
01908	\$534,600	-18.51%	5	-50.00%	131	94.4%
01913	\$400,500	-2.15%	34	-8.11%	172	97.0%
01915	\$536,200	-0.46%	65	-36.89%	116	94.3%
01921	\$666,900	-5.94%	21	-25.00%	144	95.9%
01922	\$617,100	20.65%	2	-60.00%	129	96.4%
01923	\$452,800	-2.77%	53	-19.70%	119	96.7%
01929	\$429,500	-55.25%	7	16.67%	113	94.7%
01930	\$646,100	13.39%	49	-23.44%	175	91.4%
01938	\$598,100	-9.28%	27	3.85%	187	96.5%
01940	\$636,800	-0.66%	31	-43.64%	117	96.3%
01944	\$1,788,600	36.96%	21	0.00%	221	90.4%
01945	\$818,000	21.17%	48	-12.73%	101	95.9%
01949	\$637,400	4.01%	13	-38.10%	154	96.4%
01950	\$540,900	-6.76%	53	-10.17%	110	95.1%
01951	\$552,800	-23.40%	12	-42.86%	226	96.1%
01952	\$297,700	-6.56%	16	-23.81%	129	95.7%
01960	\$389,100	-1.27%	71	-33.64%	112	96.8%
01966	\$668,500	33.06%	19	-13.64%	150	92.0%
01969	\$508,200	-6.67%	16	-15.79%	182	97.8%
01970	\$314,700	-15.90%	52	20.93%	83	96.4%
01982	\$790,600	21.11%	20	5.26%	208	92.9%
01983	\$665,800	5.12%	9	-65.38%	221	95.4%
01984	\$1,020,700	65.56%	12	-14.29%	175	94.4%
01985	\$633,100	21.21%	13	18.18%	104	97.8%
OTHER	\$596,500	16.59%	2	-33.33%	81	100.4%

**** % Change of current quarter compared to the same quarter to year ago.

Franklin County, MA



Labor Market :

Employment declined by 1,025 jobs in July and August. The job losses brought about an increase in the average monthly unemployment rate from 4.2% in the second quarter to 4.3% for the first two months of the third quarter. Despite the job losses, the job situation still remains strong in Franklin County. Combined with relatively low mortgage rates, home sales should plateau at a strong level.

Housing Market :

	Q2' 06	Q3' 06	Q4' 06 (Forecast)
Average Price	\$227,900	\$232,500	↑
# Homes on the Market *	488	498	↔
# Homes Sold **	149	184	↓
# New Homes Built	23	14 ***	↓
Avg # of Days on Market	99	98	↑

* Available as of Sep. 30, 2006.

** May not add to total of zip codes.

*** During the first two months of 3rd quarter.

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
01054	\$383,300	23.84%	2	-60.00%	381	95.9%
01072	\$263,700	8.70%	13	0.00%	117	93.9%
01093	\$304,300	8.48%	3	50.00%	81	97.8%
01301	\$206,700	-9.14%	48	2.13%	68	96.5%
01330	\$258,200	-32.90%	6	20.00%	117	97.8%
01337	\$294,000	83.18%	7	75.00%	135	94.7%
01338	\$166,000	-40.24%	2	-71.43%	56	92.2%
01339	\$184,400	-6.63%	5	150.00%	145	99.4%
01340	\$214,900	-67.73%	6	100.00%	133	96.5%

**** % Change of current quarter compared to the same quarter to year ago.

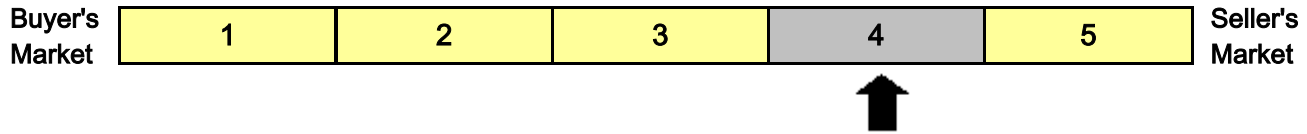
Franklin County, MA

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
01341	\$270,400	-23.64%	4	-55.56%	39	97.5%
01342	\$252,500	-7.24%	2	-77.78%	233	95.3%
01344	\$224,900	10.46%	2	-75.00%	61	100.0%
01346	\$213,500	-19.43%	2	-60.00%	44	97.1%
01349	\$174,000	1.05%	2	-33.33%	247	96.7%
01351	\$242,300	-7.77%	8	300.00%	111	100.0%
01355	\$262,000	6.85%	7	75.00%	112	97.5%
01360	\$216,600	-3.43%	9	0.00%	35	96.8%
01364	\$168,600	-4.91%	19	-42.42%	98	97.6%
01367	\$333,000	-	1	-	178	95.1%
01370	\$325,000	22.83%	3	-25.00%	231	96.6%
01373	\$342,800	39.75%	6	50.00%	72	94.3%
01375	\$283,400	-14.97%	10	66.67%	143	94.3%
01376	\$202,900	20.27%	11	-31.25%	71	98.2%
01378	\$257,900	-	2	-	65	96.6%
01379	\$256,300	-	2	-	104	94.9%
OTHER	\$200,000	-35.19%	2	-33.33%	11	93.2%

**** % Change of current quarter compared to the same quarter to year ago.

Hampden County, MA



Labor Market :

Employment increased by 189 jobs in Hampden 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 5.8% for the second quarter to 6% in the first two months of the third quarter. The solid job growth may help to offset the effect of rising mortgage rates on home sales.

Housing Market :

	Q2' 06	Q3' 06	Q4' 06 (Forecast)
Average Price	\$220,500	\$226,400	↑
# Homes on the Market *	2,160	2,149	↔
# Homes Sold **	1,108	1,008	↓
# New Homes Built	116	67 ***	↓
Avg # of Days on Market	94	82	↑

* Available as of Sep. 30, 2006.

** May not add to total of zip codes.

*** During the first two months of 3rd quarter.

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
01001	\$235,300	-4.12%	33	-2.94%	77	97.0%
01008	\$228,200	-16.56%	6	200.00%	135	94.4%
01009	\$225,000	23.49%	1	-66.67%	276	97.0%
01010	\$321,400	37.94%	13	-38.10%	140	98.5%
01011	\$134,700	-30.39%	3	-50.00%	78	93.8%
01013	\$182,300	8.90%	31	3.33%	60	98.2%
01020	\$184,400	3.77%	33	-46.77%	53	98.9%
01028	\$293,600	-1.51%	41	-29.31%	105	97.3%
01030	\$239,100	-14.67%	29	3.57%	68	98.3%

**** % Change of current quarter compared to the same quarter to year ago.

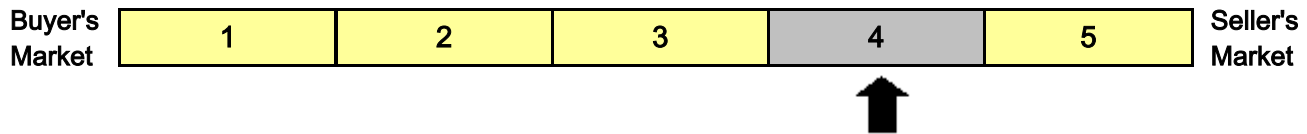
Hampden County, MA

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
01034	\$243,400	-3.91%	6	-33.33%	88	97.4%
01036	\$298,600	6.34%	12	0.00%	89	99.5%
01040	\$214,900	2.09%	54	-12.90%	65	97.3%
01056	\$253,100	-12.63%	37	0.00%	89	97.1%
01057	\$293,000	-3.81%	22	10.00%	126	97.0%
01069	\$255,700	13.75%	18	-37.93%	88	97.0%
01071	\$217,000	-37.55%	5	25.00%	109	94.2%
01077	\$292,500	0.48%	33	-13.16%	74	96.8%
01079	\$205,000	-	3	-	47	100.0%
01080	\$185,100	-0.32%	5	-16.67%	93	97.4%
01081	\$166,000	-27.10%	3	-66.67%	95	93.6%
01085	\$255,800	-6.27%	94	-18.26%	83	98.0%
01089	\$240,500	5.39%	48	-27.27%	62	97.2%
01095	\$338,400	-7.26%	57	16.33%	106	96.9%
01101	\$133,500	-18.80%	2	100.00%	52	99.2%
01103	\$149,900	17.11%	1	0.00%	7	100.0%
01104	\$147,300	5.52%	54	-31.65%	55	98.4%
01105	\$78,300	-38.78%	6	-25.00%	117	98.7%
01106	\$372,300	1.09%	55	-29.49%	102	96.1%
01107	\$144,500	-7.55%	4	-42.86%	43	100.2%
01108	\$174,100	5.39%	40	-24.53%	114	99.0%
01109	\$133,800	2.69%	64	-1.54%	69	97.3%
01118	\$176,100	4.88%	74	-18.68%	85	97.7%
01119	\$158,100	-0.57%	57	-9.52%	69	98.6%
01128	\$183,800	-9.50%	14	27.27%	53	98.1%
01129	\$170,300	-14.42%	22	-26.67%	72	98.3%
01151	\$146,500	4.49%	15	7.14%	83	98.2%
01521	\$233,000	-2.14%	11	-42.11%	143	95.5%
OTHER	\$160,000	-20.00%	2	0.00%	32	93.3%

**** % Change of current quarter compared to the same quarter to year ago.

Hampshire County, MA



Labor Market :

Employment declined by 1,559 jobs in July and August. The job losses brought about an increase in the average monthly unemployment rate from 3.7% in the second quarter to 3.9% for the first two months of the third quarter. Despite the job losses, the job situation still remains strong in Hampshire County. Combined with relatively low mortgage rates, home sales should plateau at a strong level.

Housing Market :

	Q2' 06	Q3' 06	Q4' 06 (Forecast)
Average Price	\$306,800	\$305,800	↑
# Homes on the Market *	866	807	↔
# Homes Sold **	352	392	↓
# New Homes Built	42	30 ***	↓
Avg # of Days on Market	104	93	↑

* Available as of Sep. 30, 2006.

** May not add to total of zip codes.

*** During the first two months of 3rd quarter.

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
01002	\$404,600	6.81%	62	-11.43%	109	97.1%
01007	\$305,000	11.07%	47	-2.08%	87	97.6%
01012	\$253,400	-6.84%	5	150.00%	133	97.3%
01026	\$188,500	-	3	-	147	95.4%
01027	\$256,000	-1.01%	54	-28.00%	98	97.6%
01032	\$295,000	24.16%	1	-66.67%	1	98.4%
01033	\$280,300	5.02%	14	7.69%	105	97.0%
01035	\$295,000	-21.63%	13	-45.83%	79	96.0%
01038	\$313,100	-5.95%	11	0.00%	110	94.8%

**** % Change of current quarter compared to the same quarter to year ago.

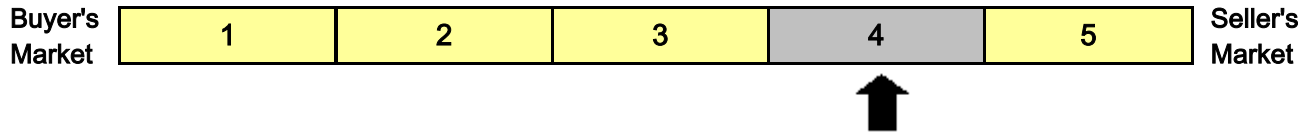
Hampshire County, MA

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
01039	\$325,000	6.38%	1	-50.00%	394	94.2%
01050	\$210,500	2.04%	7	16.67%	177	95.6%
01053	\$346,300	2.06%	4	100.00%	79	97.4%
01060	\$386,100	9.72%	30	-16.67%	61	98.0%
01062	\$336,700	-2.83%	33	-10.81%	55	98.9%
01066	\$235,000	-	1	-	23	98.3%
01070	\$370,000	31.67%	1	-50.00%	54	95.1%
01073	\$286,400	-9.17%	21	-4.55%	120	98.5%
01075	\$252,100	9.85%	45	-8.16%	71	97.0%
01082	\$219,500	-0.99%	26	-3.70%	120	97.5%
01096	\$285,100	13.00%	7	133.33%	75	98.0%
01098	\$290,400	24.69%	6	50.00%	118	94.9%

**** % Change of current quarter compared to the same quarter to year ago.

Middlesex County, MA



Labor Market :

In the first two months of the third quarter, 13,116 jobs were added to the payrolls of Middlesex County. As a result of these new jobs, the average monthly unemployment rate fell from 4.2% during the second quarter to 4.1% for July and August. The strong employment climate may help to create demand for home purchases.

Housing Market :

	Q2' 06	Q3' 06	Q4' 06 (Forecast)
Average Price	\$555,900	\$578,900	↑
# Homes on the Market *	6,991	6,583	↔
# Homes Sold **	2,792	2,705	↓
# New Homes Built	520	281 ***	↓
Avg # of Days on Market	108	105	↑

* Available as of Sep. 30, 2006.

** May not add to total of zip codes.

*** During the first two months of 3rd quarter.

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
01431	\$371,100	19.94%	9	-25.00%	168	87.8%
01432	\$341,200	-0.09%	15	-11.76%	96	97.2%
01450	\$507,200	-13.61%	24	-36.84%	185	95.5%
01460	\$465,000	-12.45%	23	-32.35%	125	96.0%
01463	\$373,500	2.92%	37	-9.76%	122	97.5%
01464	\$393,600	12.43%	19	-5.00%	149	98.0%
01469	\$334,800	2.60%	14	-57.58%	148	98.2%
01474	\$299,600	2.78%	5	-28.57%	277	97.4%
01701	\$428,200	-4.27%	112	-16.42%	88	96.5%

**** % Change of current quarter compared to the same quarter to year ago.

Middlesex County, MA

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
01702	\$448,200	15.99%	38	-33.33%	80	96.9%
01719	\$609,500	-8.37%	13	-23.53%	175	95.5%
01720	\$629,300	-2.33%	66	-15.38%	89	97.3%
01721	\$479,100	-5.30%	49	40.00%	102	97.6%
01730	\$575,800	-8.09%	31	-16.22%	112	97.5%
01741	\$913,300	-8.97%	12	-62.50%	107	96.5%
01742	\$1,231,100	12.41%	50	-13.79%	112	95.9%
01746	\$501,600	-12.67%	34	6.25%	137	95.5%
01748	\$714,200	12.92%	56	-26.32%	106	96.6%
01749	\$370,500	-2.53%	36	-21.74%	113	97.6%
01752	\$396,700	0.58%	75	-35.34%	117	97.3%
01754	\$357,000	-1.54%	36	16.13%	76	96.9%
01760	\$482,200	-10.04%	91	-14.95%	89	96.7%
01770	\$880,700	-24.84%	12	-20.00%	98	94.8%
01773	\$1,087,600	-17.74%	15	7.14%	153	95.2%
01775	\$589,900	-1.16%	19	-34.48%	165	97.3%
01776	\$800,600	-11.75%	64	-11.11%	117	96.1%
01778	\$694,500	-8.15%	36	-30.77%	145	96.9%
01801	\$395,700	-5.29%	51	-29.17%	102	97.2%
01803	\$429,100	-3.64%	57	5.56%	121	97.4%
01821	\$382,700	-0.18%	71	-28.28%	113	97.1%
01824	\$401,600	-0.42%	50	-43.18%	88	97.1%
01826	\$341,600	-13.45%	52	-48.00%	116	97.6%
01827	\$509,100	-14.81%	7	-12.50%	135	96.6%
01850	\$250,100	3.39%	24	-29.41%	97	98.3%
01851	\$258,200	-14.28%	34	-33.33%	115	97.6%
01852	\$286,000	-5.45%	29	-27.50%	106	96.7%
01854	\$271,700	-17.27%	24	-29.41%	137	97.0%
01862	\$391,900	-0.99%	17	-5.56%	107	95.7%
01863	\$375,100	5.25%	7	-61.11%	56	98.1%
01864	\$536,100	-10.81%	45	-21.05%	103	96.8%
01867	\$471,600	-3.58%	58	-21.62%	65	97.4%
01876	\$427,700	6.08%	45	-31.82%	103	97.6%
01879	\$402,600	2.42%	33	13.79%	107	98.8%
01880	\$407,200	-11.88%	54	-11.48%	81	97.2%
01886	\$507,200	-4.70%	58	-20.55%	133	97.6%

**** % Change of current quarter compared to the same quarter to year ago.

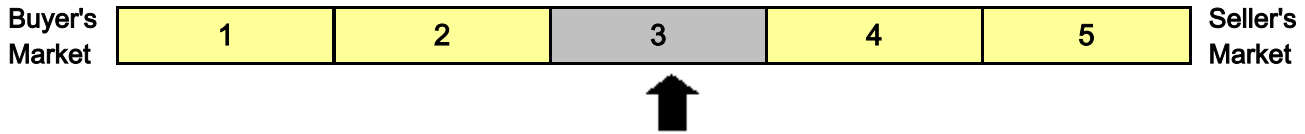
Middlesex County, MA

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
01887	\$422,300	-9.26%	50	-40.48%	121	97.5%
01890	\$835,300	-0.68%	67	3.08%	115	95.9%
02138	\$1,652,600	-14.47%	22	-15.38%	99	95.2%
02139	\$663,300	24.52%	10	-9.09%	118	92.9%
02140	\$1,213,400	-13.69%	12	-7.69%	82	89.5%
02141	\$430,400	-26.14%	3	-57.14%	70	96.1%
02143	\$551,000	31.10%	10	42.86%	115	97.9%
02144	\$703,800	-0.93%	4	-63.64%	72	96.1%
02145	\$396,500	-3.46%	6	-33.33%	41	96.7%
02148	\$376,700	1.15%	51	-44.57%	101	97.4%
02149	\$360,500	1.15%	33	-31.25%	119	97.1%
02155	\$418,200	-3.35%	70	-16.67%	86	96.5%
02176	\$441,900	-3.07%	56	-23.29%	110	96.9%
02180	\$417,000	-13.03%	45	15.38%	104	96.1%
02420	\$802,300	-7.16%	45	-18.18%	109	95.2%
02421	\$901,600	2.34%	54	-18.18%	122	96.4%
02451	\$453,300	0.67%	33	3.13%	89	96.1%
02452	\$517,000	9.91%	16	23.08%	92	97.0%
02453	\$453,800	-2.56%	31	-31.11%	60	97.8%
02458	\$811,900	-14.03%	12	-50.00%	57	93.2%
02459	\$873,600	-2.89%	53	-3.64%	115	94.9%
02460	\$838,100	-4.97%	16	-20.00%	68	94.5%
02461	\$769,200	-2.36%	17	-15.00%	88	95.9%
02462	\$588,800	4.21%	4	100.00%	83	97.1%
02464	\$656,300	-4.64%	3	0.00%	66	97.8%
02465	\$1,181,200	13.46%	26	13.04%	98	95.6%
02466	\$675,100	-4.46%	23	35.29%	90	96.7%
02467	\$1,400,200	-10.66%	11	57.14%	178	86.2%
02468	\$1,039,000	-5.61%	23	4.55%	94	96.9%
02472	\$572,600	0.95%	19	-24.00%	89	96.2%
02474	\$536,000	1.40%	44	-15.38%	69	98.0%
02476	\$527,500	-5.42%	44	10.00%	42	97.9%
02478	\$917,700	9.83%	39	-30.36%	86	94.7%
02493	\$1,971,700	53.19%	40	-9.09%	160	94.9%
OTHER	\$480,900	-3.28%	6	-33.33%	64	98.3%

**** % Change of current quarter compared to the same quarter to year ago.

Nantucket County, MA



Labor Market :

In the first two months of the third quarter, 3,414 jobs were added to the payrolls of Nantucket County. As a result of these new jobs, the average monthly unemployment rate fell from 2.2% during the second quarter to 1.2% for July and August. The strong employment climate may help to create demand for home purchases.

Housing Market :

	Q2' 06	Q3' 06	Q4' 06 (Forecast)
Average Price	NA	\$6,700,000	↓
# Homes on the Market *	NA	5	↑
# Homes Sold **	NA	1	↓
# New Homes Built	NA	22 ***	↓
Avg # of Days on Market	NA	277	↑

* Available as of Sep. 30, 2006.

** May not add to total of zip codes.

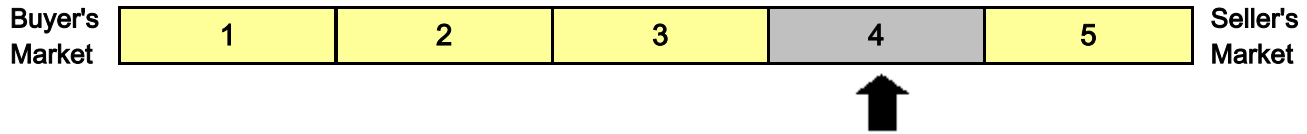
*** During the first two months of 3rd quarter.

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
02554	\$6,700,000	-	1	-	277	87.6%

**** % Change of current quarter compared to the same quarter to year ago.

Norfolk County, MA



Labor Market :

In the first two months of the third quarter, 6,009 jobs were added to the payrolls of Norfolk County. As a result of these new jobs, the average monthly unemployment rate fell from 4.3% during the second quarter to 4.2% for July and August. The strong employment climate may help to create demand for home purchases.

Housing Market :

	Q2' 06	Q3' 06	Q4' 06 (Forecast)
Average Price	\$556,900	\$572,000	↑
# Homes on the Market *	3,570	3,488	↔
# Homes Sold **	1,499	1,312	↓
# New Homes Built	192	133 ***	↓
Avg # of Days on Market	107	110	↑

* Available as of Sep. 30, 2006.

** May not add to total of zip codes.

*** During the first two months of 3rd quarter.

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
02019	\$314,600	-12.47%	41	-31.67%	84	96.9%
02021	\$537,100	-5.27%	37	-38.33%	159	96.0%
02025	\$1,021,600	-0.18%	16	-40.74%	160	92.0%
02026	\$475,700	-5.18%	48	-25.00%	125	96.6%
02030	\$1,063,700	-12.03%	15	-40.00%	221	92.3%
02032	\$444,800	1.18%	15	36.36%	96	95.6%
02035	\$482,600	2.79%	25	-28.57%	121	96.6%
02038	\$506,700	3.32%	89	-12.75%	129	97.3%
02052	\$791,000	-0.23%	27	-34.15%	80	96.9%

**** % Change of current quarter compared to the same quarter to year ago.

Norfolk County, MA

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
02053	\$405,800	-15.77%	19	-60.42%	129	97.9%
02054	\$425,500	-3.93%	18	12.50%	101	96.8%
02056	\$476,000	-9.83%	25	13.64%	174	95.7%
02062	\$441,900	6.20%	40	-2.44%	110	96.7%
02067	\$499,900	-2.84%	61	-10.29%	113	95.8%
02071	\$440,000	-36.32%	2	-33.33%	117	95.7%
02072	\$363,100	-4.27%	50	-21.88%	75	97.8%
02081	\$503,500	-7.41%	30	-33.33%	84	96.5%
02090	\$666,100	-17.55%	30	-45.45%	124	95.2%
02093	\$479,700	-7.23%	22	-53.19%	150	96.2%
02169	\$409,900	6.00%	67	-19.28%	87	95.1%
02170	\$403,100	-1.99%	18	-52.63%	45	97.5%
02171	\$447,400	10.66%	21	-27.59%	166	94.5%
02184	\$407,100	-2.58%	72	-6.49%	78	96.6%
02186	\$528,000	-9.82%	48	-40.74%	126	95.8%
02188	\$358,500	0.99%	23	-28.13%	73	95.7%
02189	\$322,400	-9.99%	22	-37.14%	118	97.5%
02190	\$375,400	-2.01%	36	50.00%	117	96.8%
02191	\$311,800	-12.54%	18	-25.00%	82	95.5%
02322	\$283,300	-20.76%	7	-58.82%	139	94.7%
02343	\$345,300	-9.11%	25	-34.21%	115	96.9%
02368	\$338,300	-6.78%	87	-23.68%	90	98.2%
02445	\$1,368,400	-8.12%	19	-20.83%	95	94.7%
02446	\$1,409,700	-12.64%	10	11.11%	84	91.0%
02481	\$1,309,800	2.54%	66	-19.51%	140	96.0%
02482	\$971,100	-13.99%	36	-12.20%	103	95.8%
02492	\$950,400	6.97%	63	5.00%	100	95.8%
02494	\$659,700	-7.59%	22	-12.00%	124	95.2%
02762	\$375,900	-0.05%	14	-39.13%	128	98.8%
OTHER	\$814,800	-37.50%	28	7.69%	98	95.4%

**** % Change of current quarter compared to the same quarter to year ago.

Plymouth County, MA



Labor Market :

Employment increased by 5,159 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 4.8% for the second quarter to 4.9% in the first two months of the third quarter. The solid job growth may help to offset the effect of rising mortgage rates on home sales.

Housing Market :

	Q2' 06	Q3' 06	Q4' 06 (Forecast)
Average Price	\$436,000	\$432,300	↑
# Homes on the Market *	4,241	4,078	↔
# Homes Sold **	1,220	1,205	↓
# New Homes Built	396	220 ***	↓
Avg # of Days on Market	140	133	↑

* Available as of Sep. 30, 2006.

** May not add to total of zip codes.

*** During the first two months of 3rd quarter.

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
02020	\$340,000	-	1	-	129	94.6%
02043	\$910,700	11.56%	53	-36.90%	184	96.1%
02045	\$419,600	-10.84%	30	-18.92%	143	94.4%
02050	\$466,400	-9.23%	64	-26.44%	122	95.8%
02051	\$399,000	-	1	-	270	102.6%
02059	\$2,600,000	-	1	-	54	96.3%
02061	\$696,700	-2.89%	36	38.46%	209	94.5%
02066	\$559,600	-19.76%	45	-19.64%	148	95.4%
02301	\$298,900	-0.27%	115	-10.85%	107	98.2%

**** % Change of current quarter compared to the same quarter to year ago.

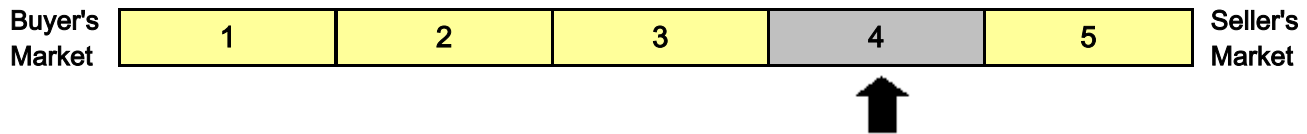
Plymouth County, MA

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
02302	\$271,800	-3.24%	83	-37.12%	105	97.5%
02303	\$339,300	6.03%	3	50.00%	193	99.3%
02304	\$440,000	-	1	-	54	97.8%
02324	\$381,600	-2.43%	31	-43.64%	129	96.3%
02330	\$349,300	-0.31%	27	-20.59%	164	97.8%
02332	\$768,600	-11.19%	63	-12.50%	151	95.6%
02333	\$355,800	-7.13%	26	-33.33%	119	96.7%
02338	\$325,100	-10.02%	19	-17.39%	130	95.9%
02339	\$535,800	1.73%	34	-22.73%	106	95.5%
02341	\$374,200	0.92%	20	-25.93%	133	96.1%
02346	\$366,100	-0.27%	49	-25.76%	138	97.0%
02347	\$422,400	13.34%	33	-15.38%	153	92.9%
02350	\$260,200	-	3	-	101	97.8%
02351	\$309,700	-17.92%	26	-31.58%	56	95.8%
02359	\$392,200	-6.44%	49	-2.00%	98	97.1%
02360	\$384,700	-4.64%	149	-31.65%	165	96.8%
02364	\$437,100	3.16%	38	-15.56%	138	96.1%
02367	\$424,500	0.88%	8	33.33%	115	97.1%
02370	\$319,200	-4.66%	32	-27.27%	115	96.8%
02379	\$357,900	-8.84%	16	-36.00%	76	97.1%
02382	\$324,600	-5.31%	24	-38.46%	119	96.9%
02538	\$306,900	16.43%	16	-36.00%	165	94.7%
02558	\$485,400	48.17%	5	-64.29%	112	93.5%
02571	\$268,500	-6.28%	48	2.13%	111	95.3%
02576	\$307,200	-9.03%	8	-55.56%	210	93.5%
02738	\$817,000	-8.21%	13	-18.75%	193	92.6%
02739	\$420,500	-9.20%	14	0.00%	125	94.9%
02770	\$386,900	-18.20%	12	0.00%	106	95.9%
OTHER	\$292,200	-17.83%	9	0.00%	107	98.0%

**** % Change of current quarter compared to the same quarter to year ago.

Suffolk County, MA



Labor Market :

Employment increased by 5,742 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 5.5% for the second quarter to 5.6% in the first two months of the third quarter. The solid job growth may help to offset the effect of rising mortgage rates on home sales.

Housing Market :

	Q2' 06	Q3' 06	Q4' 06 (Forecast)
Average Price	\$500,100	\$427,300	↑
# Homes on the Market *	1,076	996	↔
# Homes Sold **	370	340	↓
# New Homes Built	13	20 ***	↓
Avg # of Days on Market	101	101	↑

* Available as of Sep. 30, 2006.

** May not add to total of zip codes.

*** During the first two months of 3rd quarter.

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
02108	\$1,996,700	-30.14%	3	0.00%	133	94.6%
02113	\$681,300	-	1	-	222	92.2%
02114	\$1,920,000	-12.06%	2	-50.00%	21	98.6%
02116	\$1,052,500	-42.01%	1	-85.71%	244	96.1%
02118	\$1,456,700	28.24%	3	-57.14%	55	99.0%
02119	\$297,500	-29.59%	4	-42.86%	82	90.0%
02120	\$343,000	-42.16%	4	33.33%	80	99.5%
02122	\$309,200	-13.22%	10	-9.09%	71	93.2%
02124	\$342,700	-23.54%	17	-34.62%	103	95.7%

**** % Change of current quarter compared to the same quarter to year ago.

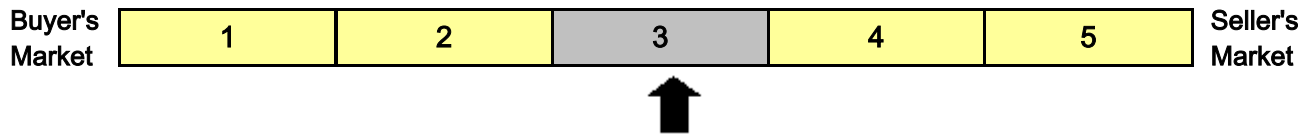
Suffolk County, MA

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
02125	\$374,100	-7.54%	7	-30.00%	149	95.3%
02126	\$317,300	-6.68%	17	-10.53%	84	95.8%
02127	\$376,800	-13.12%	14	-12.50%	117	92.8%
02128	\$285,800	-19.88%	4	-75.00%	98	95.0%
02129	\$672,100	-3.74%	7	-66.67%	158	94.0%
02130	\$528,500	-7.59%	27	22.73%	100	95.6%
02131	\$410,000	2.78%	35	-39.66%	92	95.4%
02132	\$417,500	-10.29%	50	-34.21%	119	95.7%
02134	\$340,500	-32.20%	2	-60.00%	44	98.1%
02135	\$427,600	-22.40%	11	0.00%	60	95.6%
02136	\$354,500	-6.56%	45	-30.77%	77	96.9%
02150	\$345,500	9.20%	12	0.00%	182	97.0%
02151	\$352,300	1.50%	44	-38.89%	106	97.8%
02152	\$413,100	-2.80%	20	-13.04%	84	96.0%

**** % Change of current quarter compared to the same quarter to year ago.

Worcester County, MA



Labor Market :

Employment increased by 2,532 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 5.1% for the second quarter to 5.3% in the first two months of the third quarter. The solid job growth may help to offset the effect of rising mortgage rates on home sales.

Housing Market :

	Q2' 06	Q3' 06	Q4' 06 (Forecast)
Average Price	\$329,900	\$333,100	↑
# Homes on the Market *	5,604	5,539	↔
# Homes Sold **	1,862	1,831	↓
# New Homes Built	435	246 ***	↓
Avg # of Days on Market	119	119	↑

* Available as of Sep. 30, 2006.

** May not add to total of zip codes.

*** During the first two months of 3rd quarter.

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
01005	\$243,100	4.83%	15	-51.61%	187	96.2%
01037	\$725,000	200.33%	1	-90.00%	266	103.7%
01068	\$257,600	-25.83%	4	-63.64%	156	95.1%
01083	\$210,400	0.10%	18	0.00%	130	98.3%
01094	\$226,500	-	2	-	228	97.4%
01331	\$195,700	-0.51%	50	-35.90%	140	96.9%
01366	\$321,600	23.08%	3	-25.00%	99	99.0%
01368	\$151,800	-36.54%	6	50.00%	61	95.2%

**** % Change of current quarter compared to the same quarter to year ago.

Worcester County, MA

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
01420	\$231,900	-1.15%	74	-22.11%	134	98.0%
01430	\$277,500	-2.36%	22	-26.67%	138	95.1%
01436	\$199,700	-24.73%	5	-61.54%	86	96.9%
01440	\$211,700	-9.99%	41	-40.58%	78	98.3%
01451	\$753,900	7.21%	7	-78.13%	114	98.2%
01452	\$275,900	3.76%	13	-43.48%	108	98.0%
01453	\$281,500	-5.57%	78	-12.36%	124	97.2%
01462	\$323,000	0.59%	34	-17.07%	147	97.4%
01468	\$248,000	-9.09%	19	-17.39%	131	99.9%
01473	\$306,900	0.79%	15	-50.00%	175	93.8%
01475	\$224,800	-8.88%	24	-42.86%	99	96.7%
01501	\$262,200	-4.41%	51	-1.92%	97	98.0%
01503	\$1,333,600	132.05%	5	-50.00%	268	94.4%
01504	\$324,700	-8.33%	11	-45.00%	100	97.7%
01505	\$572,900	30.47%	10	25.00%	143	94.6%
01506	\$256,600	-0.54%	11	0.00%	42	103.4%
01507	\$316,200	-5.75%	37	-13.95%	123	97.7%
01510	\$316,500	1.28%	28	-9.68%	101	98.9%
01515	\$231,400	-16.16%	9	-30.77%	84	97.5%
01516	\$408,100	1.29%	23	-14.81%	140	97.9%
01518	\$394,400	0.03%	2	-80.00%	98	101.4%
01519	\$515,300	-12.81%	27	-20.59%	150	97.6%
01520	\$324,400	-5.83%	58	-14.71%	98	98.3%
01522	\$327,500	-	2	-	86	96.4%
01523	\$357,100	-10.61%	13	-40.91%	125	98.5%
01524	\$287,500	9.23%	14	-39.13%	137	94.8%
01525	\$324,000	40.87%	1	0.00%	163	98.2%
01526	\$339,000	-	1	-	101	97.1%
01527	\$293,500	-19.32%	26	-13.33%	119	98.2%
01529	\$281,000	4.62%	5	-28.57%	96	96.0%
01531	\$220,700	-34.12%	4	33.33%	23	98.4%
01532	\$520,400	7.79%	43	-15.69%	125	99.4%
01534	\$409,000	-4.57%	22	-21.43%	180	97.9%
01535	\$266,900	6.33%	8	-60.00%	102	98.9%
01536	\$390,700	2.52%	13	-38.10%	101	95.8%
01537	\$257,400	-30.28%	4	0.00%	37	99.5%

**** % Change of current quarter compared to the same quarter to year ago.

Worcester County, MA

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
01540	\$263,200	-10.99%	26	-40.91%	92	98.9%
01541	\$335,000	-11.82%	8	-27.27%	77	97.5%
01542	\$367,700	24.22%	3	0.00%	122	98.2%
01543	\$348,200	12.00%	20	-31.03%	140	98.7%
01545	\$471,700	-4.98%	87	-27.50%	106	96.5%
01550	\$231,500	-6.65%	31	3.33%	135	98.1%
01560	\$451,700	-6.31%	9	-35.71%	115	97.5%
01562	\$302,400	-3.94%	32	-13.51%	116	93.7%
01564	\$365,900	-12.32%	16	-48.39%	99	97.7%
01566	\$362,500	-6.96%	52	8.33%	130	98.9%
01568	\$394,400	-12.82%	24	-25.00%	128	95.9%
01569	\$376,800	-7.49%	31	-16.22%	93	98.5%
01570	\$293,700	5.19%	52	18.18%	134	96.8%
01571	\$280,400	-8.37%	28	-41.67%	109	98.1%
01581	\$569,200	10.40%	45	-28.57%	90	97.2%
01583	\$280,800	-30.77%	15	-28.57%	99	94.8%
01585	\$242,700	-15.20%	16	-30.43%	81	96.0%
01588	\$391,700	11.98%	14	-33.33%	94	98.0%
01590	\$391,600	3.03%	21	-19.23%	100	96.2%
01602	\$256,400	-5.42%	52	-40.91%	87	96.8%
01603	\$218,800	-5.61%	27	-34.15%	96	97.6%
01604	\$249,300	-0.44%	54	-12.90%	138	97.9%
01605	\$268,000	3.43%	29	-53.23%	131	96.9%
01606	\$245,400	-6.73%	66	-15.38%	106	97.5%
01607	\$202,800	-17.59%	9	-55.00%	116	96.8%
01609	\$352,400	-13.92%	36	63.64%	123	96.3%
01610	\$215,400	-1.33%	9	-10.00%	124	96.2%
01611	\$223,500	-7.61%	5	0.00%	110	95.2%
01612	\$325,000	-21.38%	21	31.25%	153	95.9%
01740	\$616,900	-1.09%	21	-36.36%	246	95.9%
01747	\$389,800	0.75%	14	16.67%	93	97.1%
01756	\$443,000	-11.98%	12	-20.00%	68	98.6%
01757	\$355,200	-3.00%	56	-3.45%	131	97.1%
01772	\$710,000	-2.14%	29	-25.64%	153	94.7%
OTHER	\$363,800	39.60%	2	-84.62%	392	91.0%

**** % Change of current quarter compared to the same quarter to year ago.

Others

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
02532	\$406,200	-3.45%	28	27.27%	153	93.6%
02536	\$412,800	-1.57%	22	57.14%	147	95.0%
02537	\$431,600	3.01%	11	-15.38%	202	94.9%
02539	\$807,500	2.54%	2	0.00%	237	90.5%
02540	\$1,683,300	142.73%	8	100.00%	146	92.4%
02543	\$300,000	-76.92%	1	0.00%	89	83.4%
02553	\$281,000	-24.56%	2	0.00%	71	95.3%
02556	\$495,000	-	2	-	119	90.5%
02557	\$1,250,000	-20.63%	1	0.00%	81	90.6%
02559	\$398,000	-2.28%	3	0.00%	88	98.0%
02561	\$294,500	-	1	-	86	96.6%
02562	\$505,800	23.52%	4	-66.67%	256	94.8%
02563	\$381,600	-10.74%	14	-53.33%	128	96.6%
02568	\$360,000	-52.00%	1	0.00%	120	97.3%
02575	\$635,000	-	1	-	135	93.5%
02601	\$292,800	-9.49%	16	300.00%	131	96.4%
02630	\$399,900	-	1	-	3	100.0%
02632	\$736,000	122.02%	8	33.33%	153	94.5%
02635	\$472,500	-4.16%	2	-33.33%	183	97.4%
02637	\$1,110,000	-	1	-	117	96.5%
02638	\$535,000	23.41%	4	100.00%	152	94.1%
02639	\$343,300	-7.42%	8	166.67%	287	92.2%
02641	\$419,000	-11.79%	1	0.00%	41	98.6%
02642	\$340,000	-	1	-	99	89.7%
02644	\$388,000	17.68%	4	-50.00%	105	93.8%
02645	\$370,000	-33.73%	4	33.33%	158	87.4%
02648	\$377,300	-45.21%	6	-14.29%	92	98.1%
02649	\$365,800	-23.86%	16	33.33%	142	96.3%
02651	\$360,000	-	1	-	138	97.3%
02653	\$300,000	-	1	-	19	97.1%
02655	\$430,000	32.80%	2	0.00%	84	95.1%
02660	\$334,500	25.05%	2	0.00%	51	98.5%
02664	\$317,300	-14.75%	12	-7.69%	116	94.6%
02667	\$318,000	-42.18%	1	0.00%	286	91.1%

**** % Change of current quarter compared to the same quarter to year ago.

Others

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
02668	\$528,000	12.94%	1	0.00%	99	98.0%
02670	\$835,000	89.77%	1	0.00%	28	92.8%
02673	\$287,200	-39.70%	17	142.86%	99	96.8%
02675	\$335,500	-16.38%	6	100.00%	60	96.2%
02814	\$172,000	-	1	-	120	96.6%
02816	\$320,000	-	1	-	61	97.0%
02824	\$320,000	-	1	-	138	98.5%
02837	\$623,700	-	3	-	70	96.0%
02838	\$447,500	-	1	-	180	95.2%
02842	\$225,000	-	1	-	13	90.4%
02860	\$201,000	-14.21%	2	-33.33%	116	96.9%
02861	\$242,200	1.55%	15	15.38%	120	97.2%
02864	\$348,600	-1.53%	19	26.67%	89	99.2%
02865	\$601,500	-16.31%	4	33.33%	75	95.1%
02871	\$952,000	212.13%	1	0.00%	31	86.5%
02876	\$265,000	-	1	-	134	102.3%
02878	\$318,500	6.81%	13	-18.75%	194	96.3%
02888	\$235,800	8.91%	2	100.00%	63	98.6%
02895	\$260,500	8.95%	5	-16.67%	71	97.0%
02896	\$250,000	-	1	-	89	89.3%
02904	\$218,000	-37.71%	1	0.00%	37	96.9%
02905	\$510,000	209.09%	1	0.00%	67	92.9%
02906	\$608,000	-	1	-	122	95.9%
02908	\$245,000	-	1	-	122	92.5%
02910	\$205,000	-33.33%	1	0.00%	37	93.2%
02916	\$185,000	-59.78%	2	0.00%	8	96.4%
02917	\$450,600	-	4	-	117	97.7%
02919	\$309,000	-1.59%	2	-33.33%	85	98.1%
03031	\$500,000	65.29%	1	0.00%	94	93.5%
03032	\$260,000	-	1	-	169	91.2%
03036	\$316,000	-	3	-	63	98.8%
03038	\$284,600	16.31%	11	57.14%	66	97.1%
03042	\$352,500	13.71%	2	100.00%	277	96.6%
03044	\$330,100	20.04%	8	300.00%	103	97.0%
03047	\$215,000	-36.28%	1	0.00%	17	97.8%
03048	\$254,500	266.71%	2	-60.00%	80	100.0%

**** % Change of current quarter compared to the same quarter to year ago.

Others

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
03049	\$317,500	-60.31%	2	100.00%	152	101.0%
03051	\$335,600	-21.33%	6	20.00%	106	96.6%
03052	\$392,000	18.79%	1	-50.00%	261	98.0%
03053	\$401,900	5.74%	11	-15.38%	53	98.3%
03054	\$360,000	8.21%	1	-75.00%	5	103.0%
03055	\$338,400	31.93%	2	0.00%	43	100.3%
03060	\$261,800	-21.94%	4	-20.00%	146	97.2%
03062	\$383,200	42.03%	8	33.33%	75	97.4%
03063	\$316,400	-	4	-	115	98.1%
03064	\$248,300	-8.98%	2	100.00%	98	91.1%
03070	\$304,000	-	1	-	29	98.1%
03071	\$250,800	16.49%	13	0.00%	76	98.2%
03076	\$387,800	11.98%	11	-26.67%	103	97.4%
03077	\$283,300	42.01%	3	50.00%	54	101.2%
03079	\$324,500	-3.16%	19	-36.67%	83	96.8%
03084	\$230,000	-	1	-	209	100.0%
03086	\$155,000	-	1	-	82	94.6%
03087	\$538,800	17.82%	13	18.18%	174	94.4%
03102	\$265,500	-	1	-	101	96.7%
03103	\$238,800	2.71%	6	200.00%	100	96.7%
03104	\$248,000	24.00%	1	0.00%	50	99.2%
03106	\$270,000	-21.05%	1	0.00%	76	93.4%
03109	\$241,000	-11.98%	1	-50.00%	62	96.4%
03110	\$657,000	-	2	-	34	89.1%
03254	\$97,000	-	1	-	168	99.1%
03275	\$260,000	-	1	-	123	92.9%
03431	\$160,000	-	1	-	47	104.2%
03450	\$389,900	-	1	-	11	100.0%
03451	\$263,000	-	1	-	35	91.0%
03452	\$164,900	-22.94%	2	100.00%	74	100.0%
03461	\$271,400	12.15%	6	-40.00%	115	96.5%
03465	\$207,600	-	3	-	66	98.9%
03470	\$267,500	-	2	-	145	98.2%
03811	\$401,900	-11.01%	9	80.00%	88	95.6%
03818	\$242,000	-	1	-	53	96.8%
03819	\$339,100	-13.43%	7	16.67%	84	98.7%

**** % Change of current quarter compared to the same quarter to year ago.

Others

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
03824	\$304,900	-14.59%	1	0.00%	116	100.0%
03827	\$384,800	-1.61%	5	-16.67%	134	97.9%
03833	\$525,500	109.78%	2	0.00%	117	97.8%
03840	\$341,000	-	1	-	72	94.7%
03841	\$564,000	56.19%	5	0.00%	68	98.4%
03842	\$401,200	-7.34%	3	50.00%	139	98.7%
03844	\$618,000	-	1	-	47	93.8%
03848	\$300,200	-29.08%	9	200.00%	114	96.7%
03858	\$343,100	26.23%	7	-12.50%	75	96.1%
03862	\$492,500	-	2	-	92	93.9%
03865	\$343,600	17.07%	7	-36.36%	231	97.0%
03873	\$319,700	9.79%	7	75.00%	171	100.0%
03874	\$412,900	18.41%	4	0.00%	82	96.9%
03885	\$462,500	-	1	-	38	98.4%
03887	\$197,900	-	1	-	79	90.0%
03894	\$399,000	-	1	-	66	100.0%
03901	\$202,000	-	1	-	64	96.2%
03906	\$216,000	-	1	-	91	98.2%
04027	\$249,000	-	1	-	26	99.6%
04049	\$150,500	-	1	-	32	94.7%
06070	\$290,000	-	1	-	19	96.8%
06071	\$410,300	10.89%	3	200.00%	168	96.6%
06076	\$240,700	-32.22%	3	0.00%	81	95.7%
06078	\$375,600	-	6	-	60	97.5%
06082	\$209,000	6.91%	9	80.00%	79	97.3%
06088	\$188,000	-	1	-	124	96.8%
06093	\$335,000	34.00%	1	0.00%	73	100.0%
06095	\$165,000	-	1	-	69	93.5%
06096	\$210,700	-7.99%	2	100.00%	16	98.9%
06239	\$215,000	-	2	-	100	102.6%
06241	\$260,800	-	2	-	107	94.9%
06246	\$299,900	-	1	-	49	100.0%
06258	\$325,000	11.30%	1	-50.00%	143	92.9%
06260	\$218,300	15.75%	7	250.00%	81	98.1%
06277	\$241,200	-3.52%	7	250.00%	83	96.0%
06278	\$487,500	-	1	-	43	88.6%

**** % Change of current quarter compared to the same quarter to year ago.

Others

Data by Zip Codes for Q3 2006

Zip Code	Average Price	Price Change ****	Total # Homes Sold (Quarter)	% Change in # Homes Sold ****	Average Days on Market	% of Asking Price (Sold/List Price)
06281	\$338,600	14.51%	5	-37.50%	59	92.3%
06335	\$340,000	-	1	-	31	97.4%
06351	\$132,000	-	1	-	14	75.4%
OTHER	\$230,300	-42.41%	2	100.00%	61	95.9%

**** % Change of current quarter compared to the same quarter to year ago.

A Failure to Communicate

By Ken Fears

Manager of Regional Economics

Over the last five years, the median home price has grown tremendously. Nationally, the median price rose 25% over this period, but some markets grew in excess of 200%. This run up in prices was precipitated by the sharp fall in mortgage rates from 2000 through 2005, which improved affordability. But over time, prices were bid up to the point that affordability fell to its long term trend. In some markets, however, the feeding frenzy caused affordability to fall below the long term average.

Today, affordability is squeezed and home buyers are focused, more than ever, on the bottom line; the monthly mortgage payment. While prices have reached dizzying heights, what matters to buyers is this simple actuarial accounting. Currently monthly payments are too far out of bounds for many first time and trade up buyers.

Sellers should be keen to note this trend, but as of yet they have resisted. While non-price concessions are on the rise (it is hard to quantify this as there is no data to track, but regular discussions with brokers and agents supports the claim that this trend is widespread), price concessions have been few and far between. Sellers, who've seen their neighbors make tremendous profits over the last 6 years expect to reap the same reward. In fact, they often come into the process with a figure in their head of what they expect to make. This seller psychology makes it hard to convince them of alternative pricing strategies that could save them money and consternation in the long term.

Currently, about 70% of the markets around the U.S. are experiencing declining sales, while 30% are still growing. Astonishingly, while sales have fallen, in most markets prices continue to rise! How can this happen? By refusing to take concessions, sellers are driving buyers to the sidelines. The best properties are moved at the higher prices, while the rest sit.

Truthfully, some sellers, particularly trade up buyers, are in a bind where they have purchased their trade up property expecting to be able to use the proceeds from their home on the market. With affordability stretched, they are likely to take a loss if they don't realize all of the gains from their first property. Consequently, they face an immediate bite to equity and may choose to cling to a high asking price. But this is a special case and hardly typical of all sellers.

	Average Price	Equity Appreciation Vs. Q3 2006	Percent Gain
2000	\$294,957	\$145,257	49.2%
2001	\$311,718	\$128,497	41.2%
2002	\$347,346	\$92,869	26.7%
2003	\$374,970	\$65,244	17.4%
2004	\$404,186	\$36,029	8.9%
2005	\$428,106	\$12,108	2.8%
Q3 2006	\$440,214	\$0	0.0%

If sellers are forced to take a mild concession, how much would that mean? The strong price appreciation over the last five years in the area covered by the MLS Property Information Network has created lots of equity for homeowners. For example, if you had bought your home 5 years ago and sold it at the current median home price of \$440,214, you would have realized an appreciation of \$128,497, or a gain of 41.2% from your purchase. However, if prices were to fall 5% to \$418,203, then the equity gain would still be \$106,486, or an appreciation of 34.2% on your investment.

For those few buyers who are using new equity in their current home to trade up, a concession may be painful. But, the majority of buyers still hold large equity gains in their homes to use as a buffer. Taking a small concession now will save sellers the consternation of longer days on the market and a potentially larger concession down the road. Currently, demand has been driven to the side lines as buyers wait for mortgage rates or prices to moderate and bring monthly payments in line with what they can afford. But with interest rates high, 6.41% in September of 2006, and unlikely to fall further, prices must come down further to entice buyers back to the market. If this stalemate between buyers and sellers takes too long, buyers could leave the market all together, which would require further concessions by sellers to corner the remaining buyers. In short, a small pin prick now is better than worse later.

Waiting in the Wings

David Lereah, Chief Economist

The U.S. housing sector has entered uncharted territory. Despite historically low mortgage rates and a growing economy, it is contracting. What is going on here?

This market anomaly is defying the lessons of Economics 101. For the past century, every major downturn in the housing sector has been attributed to rising interest rates and a sluggish economy. Everyone knows that higher mortgage rates raise the costs of financing. And job losses due to a lack of economic growth can diminish many households' financial health and so not be able to qualify to purchase a home. But low-cost financing and jobs are plentiful today — both 30-year mortgage rates and the nation's unemployment rate are hovering near historic lows, about 6.6 percent and 4.7 percent, respectively. Meanwhile, the housing market is cracking.

And that crack is widening. In former boom markets that are now cooling — such as Miami, San Diego and Washington, DC — home sales have dropped substantially, posting 15 to 40 percent declines. For the nation as a whole, existing home sales are expected to drop by 8 percent by the end of the year, while new home sales are expected to fall by 16 percent. Adding insult to injury, housing inventories continue to mount. The nation's months supply of homes has risen sharply to over 7 months from 4 months in just a half a year's time, reflecting an excess supply of homes available for sale.

Many of the reasons for today's real estate slide are obvious: home values got too high, affordability deteriorated and the homebuying public lost confidence. Households and investors are now sitting comfortably and patiently on the sidelines waiting to get back into the real estate game, but only when property prices come down to more suitable levels. The good news is that prices are beginning to soften. Price growth (year over year) turned negative in the West and Northeast regions of the nation during July. Hopefully, this trend can continue for the next several months. With price reductions come gains in home *sales*. If prices continue to fall, the decline in sales might have bottomed out in July.

So prices now need to take center stage. Sellers need to abandon unreasonable expectations about the value of their homes. But there should be few worries for consumers. Most homeowners today have enjoyed substantial equity gains on their properties during the real estate boom years. Cutting prices by 5 or 10 percent will not wipe out their home equity gains.

Those of us involved in the real estate profession find ourselves in the awkward position of favoring price softening. REALTORS are asking (pleading) sellers to accept market realities and reduce their listing price. And it is important to remember that the true measure of health in a nation's housing markets is sales *growth*, not price appreciation. The housing sector and the U.S. economy need home sales (transactions) more than home price appreciation. Every time a home is purchased, other industries, such as furniture and appliances are positively impacted. (Economists call this the “multiplier” effect.) You purchase a home; you then need to purchase furniture, appliances, and so on. In fact, a healthy housing market impacts about 20 percent of gross domestic product — GDP. Once sales pick up, housing inventories drop. That places welcome upward pressure on home prices once again. And the cycle of life in the real estate markets as we know it, continues.

A price correction reduces the severity of the contraction (declining home sales) as well as its duration. Today's low mortgage rates and a growing economy provide a favorable backdrop for buyers and investors to purchase property at a right and affordable (low enough) price.

Of course, some cooling metro markets will “correct” faster than others will. For example, households living in a healthy metropolitan area experiencing solid economic growth, job and income gains, and positive migration numbers are more likely to purchase property again at the right prices than households living in a metro area that is experiencing job losses and a loss of population. Washington, DC, which boasts a healthy local economy, will likely need a smaller price decline to stop the sales bleeding than some metropolitan areas in California where affordability conditions are forcing households to move to other locations.

Going forward, restoring buyer confidence is the key to ending today's real estate contraction. Only price reductions can bring confidence back to the market. So let's give a round of applause for prices taking center stage for a brief turn. The sooner home prices drop, the sooner we can stop the bleeding. Expect home prices to fall for most of the remainder of this year. Although it may seem to go against your better judgment, this is a good thing for the long-term health of housing.

The Forecast

By Lawrence Yun, *Senior Research Forecaster*

Home prices have come down. The 2.2% national price decline in September (from a year ago) marks the first back-to-back months of decline since 1990. In some markets, prices have been cut by more than 10%. Such price declines are very rare. We have to go back to the late 1980s and early 1990s to find an example of a sharp price correction.

In Los Angeles, prices declined from \$224,600 in the second quarter of 1991 to \$167,100 in the fourth quarter of 1996. Los Angeles prices returned to their peak only in 2000. The catalyst for the decline was major job cuts — particularly in industries affected by cutbacks in federal defense spending after the collapse of the Berlin Wall and the subsequent disintegration of the Soviet Union. From peak (1989) to trough (1994) a total of 633,600 jobs were lost in the region. The Houston housing market also crumbled under the weight of heavy job losses in the 1980s, the result of the oil price collapse and the savings and loan scandal. Home prices corrected by 32% in Houston.

But the current weakening in home prices, in most part of the country, is not due to any major job cuts that force people to sell their homes at any price. In fact, job creation has been quite robust in those markets currently experiencing large price declines (aside from the Detroit region). Florida added 243,300 net new jobs in the past 12 months. The D.C. region has been consistently adding about 70,000 net new jobs over the 12-month time span for the past three years -- essentially a stadium full of people with new jobs every year (and causing similar stadium-related traffic jams).

Only prolonged job losses, subsequent forced home sales and rising foreclosures will lead to sustained home price declines. So what's going on with the price declines? It's the fact that the artificially high demand for homebuying has dissipated. What I mean by "artificial" is those buyers who were looking to net quick bucks from flipping properties. At the same time, with prices falling these non-owner occupied homes are being put on the market. That, in turn, artificially elevates housing inventory levels. Higher inventory (more supply) lessens pressure on prices. Hence, prices fall even as the job market continues to steamroll. It will take several months for inventory to ease back down to more manageable, balanced levels. When that happens, home prices will quickly re-enter positive territory.

Some have a hard time accepting this common sense logic. UCLA's Anderson School predicted prices to fall 30% in Las Vegas. That was in 2002. (In fact, home prices in Vegas rose from \$160,000 in 2002 to \$319,000 currently.) Moody's Economy.com has been getting a lot of headlines recently about its home price forecasts. They call for nation-wide price declines of 3.5% and much more significant declines in some local markets: Las Vegas to correct by 13%, and Cape Coral, Florida to fall by 19%. Our forecast is for price to begin *increasing* in many U.S. markets from mid-2007 if not sooner - primarily due to price reductions in combination with job gains.

As to the Boston area, sales declined 21% in the third quarter but the demand will inevitably pick up due to the job growth. The best guess is for the sales to slowly turn positive by the spring of 2007. For all of 2007, home sales will notch up a gain of 1% compared to 13% projected drop in 2006. In order to work off some excess inventory, home prices will rise by only 1% to 2% in 2007.

Economic and Housing Market Outlook: November 2006

	2005		2006				2007				2004	2005	2006	2007
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
U.S. Economy														
<i>Annual Growth Rate</i>														
Real GDP	4.2	1.8	5.6	2.6	1.9	2.5	3.6	3.2	3.0	2.6	3.9	3.2	3.3	2.9
Nonfarm Payroll Employment	1.6	1.2	1.7	1.2	0.2	0.8	0.9	1.2	1.7	1.3	1.1	1.5	1.3	1.0
Consumer Prices	5.5	3.2	2.2	5.0	2.6	1.0	2.2	2.3	1.7	1.8	2.7	3.4	3.4	2.1
Real Disposable Income	-0.6	5.5	4.6	1.7	5.1	5.0	4.1	2.8	2.4	2.1	3.6	1.2	3.4	3.7
Consumer Confidence	99	96	106	107	104	106	106	105	106	106	80	100	106	106
<i>Percent</i>														
Unemployment Rate	5.0	4.9	4.7	4.6	4.7	4.8	4.9	4.9	4.9	4.8	5.5	5.1	4.7	4.9
<i>Interest Rates, Percent</i>														
Fed Funds Rate	3.5	4.0	4.5	4.9	5.3	5.3	5.3	5.2	5.0	4.8	1.4	3.2	5.0	5.1
3-Month T-Bill Rate	3.4	3.8	4.4	4.7	5.1	5.1	5.0	5.0	4.8	4.5	1.4	3.1	4.8	4.8
Prime Rate	6.4	7.0	7.4	7.9	8.3	8.3	8.3	8.2	8.0	7.8	4.3	6.2	8.0	8.1
Corporate Aaa Bond Yield	5.1	5.4	5.4	5.9	5.7	5.6	5.8	5.8	6.0	6.0	5.6	5.2	5.6	5.9
10-Year Government Bond	4.2	4.5	4.6	5.1	4.9	4.8	4.9	5.0	5.0	5.1	4.3	4.3	4.8	5.0
30-Year Government Bond	4.4	4.7	4.6	5.1	5.0	5.0	5.1	5.2	5.3	5.3	5.1	4.6	4.9	5.2
<i>Mortgage Rates, percent</i>														
30-Year Fixed Rate	5.7	6.2	6.2	6.6	6.6	6.5	6.6	6.7	6.7	6.8	5.8	5.9	6.5	6.7
1-Year Adjustable	4.5	5.1	5.3	5.6	5.7	5.7	5.6	5.6	5.6	5.5	3.9	4.5	5.6	5.6
National Housing Indicators														
<i>Thousands</i>														
Existing Single-Family Sales	7,180	6,943	6,790	6,687	6,211	6,207	6,335	6,406	6,391	6,462	6,779	7,075	6,445	6,395
New Single-Family Sales	1,297	1,280	1,111	1,124	1,003	997	978	985	972	981	1,203	1,283	1,061	979
Housing Starts	2,101	2,060	2,123	1,873	1,680	1,696	1,679	1,683	1,651	1,618	1,956	2,068	1,843	1,658
Single-Family Units	1,748	1,718	1,747	1,530	1,348	1,356	1,322	1,322	1,278	1,257	1,611	1,716	1,495	1,295
Multifamily Units	353	342	376	343	332	340	357	361	372	360	345	352	348	363
Residential Construction*	620	619	619	601	568	543	535	533	532	527	560	608	582	532
<i>Percent Change -- Year Ago</i>														
Existing Single-Family Sales	6.5	0.9	-2.2	-7.0	-13.5	-10.6	-6.7	-4.2	2.9	4.1	9.8	4.4	-8.9	-0.8
New Single-Family Sales	11.9	3.1	-11.5	-12.5	-22.7	-22.1	-11.9	-12.4	-3.1	-1.6	10.8	6.7	-17.3	-7.8
Housing Starts	6.3	4.8	2.6	-9.3	-20.0	-17.6	-20.9	-10.1	-1.7	-4.6	5.2	5.7	-10.9	-10.0
Single-Family Units	6.5	6.7	2.6	-10.4	-22.9	-21.1	-24.3	-13.6	-5.1	-7.3	6.6	6.5	-12.9	-13.4
Multifamily Units	4.9	-3.7	2.9	-3.8	-5.9	-0.5	-5.1	5.2	12.0	6.0	-0.9	1.9	-1.2	4.3
Residential Construction	9.1	9.0	6.1	-1.5	-8.5	-12.3	-13.4	-11.2	-6.4	-2.9	10.3	8.6	-4.2	-8.7
National Home Prices														
<i>Thousands of Dollars</i>														
Existing Home Prices	227.3	225.3	218.7	226.7	223.5	222.0	219.1	229.9	227.5	227.5	195.4	219.6	223.0	226.4
New Home Prices	236.6	240.1	244.8	242.2	237.0	238.5	245.5	245.6	242.3	244.7	221.0	240.9	240.5	244.5
<i>Percent Change -- Year Ago</i>														
Existing Home Prices	14.2	13.4	9.5	3.0	-1.7	-1.5	0.2	1.4	1.8	2.5	9.3	12.4	1.6	1.5
New Home Prices	10.5	5.4	6.5	5.2	0.2	-0.7	0.3	1.4	2.2	2.6	13.3	9.0	-0.2	1.6
Local Region														
Payroll Jobs (in thousands)	2419.6	2452.4	2399.5	2451.9	2441.4	2476.9	2423.5	2481.3	2473.1	2514.1	2400.3	2418.5	2442.4	2473.0
Home Sales	15056	11020	7956	12352	11827	10116	7693	12364	12064	10561	48808	48424	42251	42683
Home Prices (in thousand \$)	447.1	413.6	414.5	435.5	440.8	409.9	414.5	438.6	445.6	424.3	408.8	428.3	426.9	432.7
<i>Percent Change -- Year Ago</i>														
Jobs	0.7%	0.8%	1.1%	1.0%	0.9%	1.0%	1.0%	1.2%	1.3%	1.5%	-0.2%	0.8%	1.0%	1.3%
Home Sales	-1.5%	-6.3%	-5.6%	-11.3%	-21.4%	-8.2%	-3.3%	0.1%	2.0%	4.4%	11.8%	-0.8%	-12.7%	1.0%
Home Prices	6.1%	2.3%	1.2%	1.1%	-1.4%	-0.9%	0.0%	0.7%	1.1%	3.5%	9.0%	4.8%	-0.3%	1.4%

Quarterly figures are seasonally adjusted annual rates.

* Billion dollars

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

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

Economic Monitor

This table reflects data available through September 5, 2006.

Monthly Indicator	Recent Statistics	Likely Direction Over the Next Six Months	Forecast
<p>Existing Home Sales fell 4.1% in June to a seasonally adjusted annualized rate of 6.33 million units – the lowest resale pace since January 2004. Existing home inventory rose to 3.86 million – a 7.3 month supply. The median price of \$230,000 in July was only 0.9% higher from one year ago.</p>	May 6,710 June 6,600 July 6,330	↔	Much lower than a year ago but now stabilizing
<p>New Home Sales also declined in July, dipping 4.3% to a seasonally adjusted annualized rate of 1.07 million units. So far in 2006 new home sales are 14% below last year's pace. The inventory of unsold new homes rose modestly to a 6.5 month supply.</p>	May 1,130 June 1,120 July 1,072	↓	New and higher priced homes are more sensitive to the higher interest rate environment
<p>Housing Starts fell 2.5% in July to a seasonally adjusted annualized rate of 1.795 million units – their lowest level since November of 2004. Builder's sentiment has continued to fall, and rising constructions costs are cutting into business profitability – both implying lower new construction activity in the coming months.</p>	May 1,953 June 1,841 July 1,795	↓	Inventory needs to be worked off before builders regain confidence
<p>Housing Affordability NAR's housing affordability index was 102.8 in July, continuing a fall that began in February of this year. Increases in most of the major components of the affordability index – interest rates, qualifying income, and the median existing-home sales price – contributed to the decline.</p>	May 111.9 June 108.7 July 104.5	↔	Home price appreciation measurably slowing, but modestly higher rates keep affordability on an even keel
<p>Purchase Applications dipped in August. The Mortgage Bankers Association purchase application index averaged 383.2 per week in August. Both existing and new home sales are expected to cool down. With the current 30-year fixed rate at its lowest since spring, more refinancing activities are anticipated.</p>	June 412.0 July 408.8 Aug 403.5	↓	Mortgages for existing home sales are stabilizing but new home mortgages continue to decline
<p>Employment The economy added 128,000 new jobs in August, and the three-month average is just as unimpressive at 128,000. About 200,000 net additions would be considered healthy. Still, in the past 12 months, 1.71 million jobs have been added to the economy.</p>	June 134 July 121 Aug 128	↔	Subpar economic and employment growth for the next four quarters
<p>Mortgage Rates The 30-year fixed mortgage rate declined to 6.55% in August – its lowest level since April. Rates are expected to remain below 7% throughout the rest of the year. The one-year adjustable rate fell to 5.66% from 5.79% in July.</p>	June 6.68 July 6.76 Aug 6.55	↑	Up, but only modestly
<p>Inflation The consumer price index (CPI) rose 0.4% in July. The core index (excluding food and energy) increased 0.2%, lower than expected and below June's core index figure. The CPI will continue to grow at a projected average monthly rate of 0.4% for the next three months.</p>	May 0.4% June 0.2% July 0.4%	↓	Prices at the pump are finally declining, while "core" prices are mostly under control

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