

Prices To Rise and Inventory To Decline This Year

by Jason S. Weissman

2011 will be a very strong year for the Boston condominium market. As the stock market continues to show steady gains and the local Boston economy continues to outpace the rest of the nation in job growth, both demand and pricing will remain high in the Boston condo sector.

To predict where we are going in 2011, we have to look at the past. We have prepared a study using data from MLSPIN and tax records and have reviewed historical sales and inventories (over the last 10 years) of condominiums in the Back Bay, Beacon Hill, Midtown/Leather District, South End/Bay Village, Fenway, Waterfront/North End and Seaport District.

The data shows that average prices are up a robust 13 percent from 2009, as average condo prices have gone from \$725,063 in 2009 to \$830,918 in 2010. In this same time period, the inventory of listed condos has reduced by 18 percent, from 610 condos on the market 1/1/2010 to 515 on the market as of today.

The typical time it took for a condo owner to place their property under contract last year was 114 days. However, to put this in perspective, we are not back to

the high-flying days of spring 2005, when average days on the market was only 63. In 2011, the length that properties are on the market will absolutely shorten.

The portion of the market that we predict will be the strongest will be the "high end," as defined by condominiums priced at over \$2M. It was an outstanding year for property owners who were selling their homes in this category. There was an increase in transactions of 40 percent from 55 properties sold in 2009, to 92 properties sold in 2010. The number of condos now listed for over \$2M is only 56, as compared to 90 at the same time last year. If last year's rate of sales continues, (92 sales) the high-end market will have a shortage of supply. This will equate to quickly rising prices, shortened days on market, and competition between buyers seeking high-end properties.

One of the most popular questions our firm receives from clients purchasing high-end condos is, what will be the fate of the three new condo towers in the city: The W, The Clarendon and 45 Province? We believe that as availability of high-end condos in brownstones diminishes, it will leave buyers with fewer choices, and The W, The Clarendon and 45 Province will

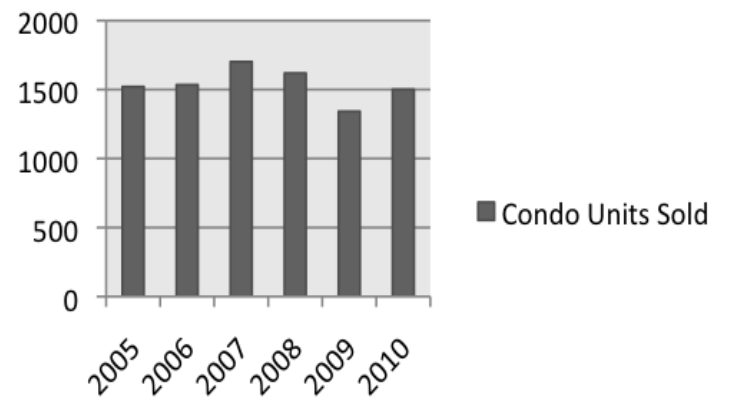
be the benefactors of this market trend. These buildings have ample inventory, and it will be easier to buy in these buildings, because they have more inventory available. Conversely, buildings such as The Heritage on the Boston Common have less availability.

People making the decision to purchase a condo will look at the low monthly cost of ownership due to the continued low interest rate environment, and a buyer considering purchasing will be more enthusiastic to make a big purchase due to better job stability, and their 401K recovering. Homeowners who have hesitated to sell their condominiums may attempt to sell as prices will continue to rise, and there will be healthy demand from buyers.

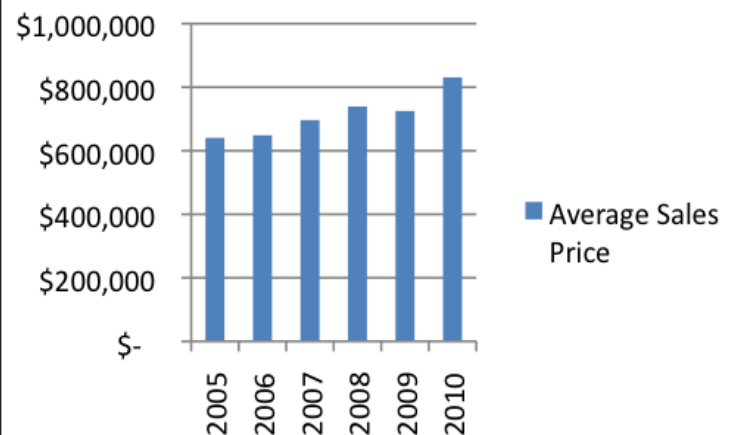
Now it's prediction time! When I write this column the first week of 2012, average condo prices will have broken \$900,000, and the amount of properties that sell at over \$5M in the city will be over 20. Prices in 2011 will again increase over 10 percent from 2010.

Jason S. Weissman is the principal and founder of Boston Realty Advisors.

Condo Units Sold



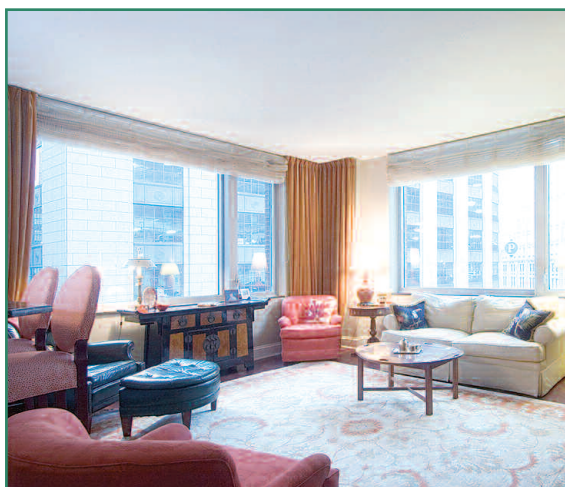
Average Sales Price



DANIEL A. MULLIN
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Jim Keough, Suzanne Iannella, Dan Mullin
73 Newbury Street (617) 267-3300
www.mullinrealstate.com

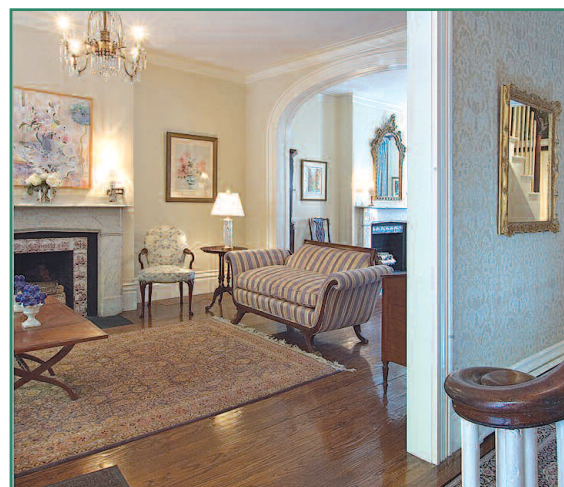


Back Bay

One Charles

This perfect oversized 1-bedroom in a premier doorman building with garage parking and free on-site fitness center offers a gracious reception hall with a guest half bath, a lovely corner living room with views of the petite park, an excellent kitchen with imported cabinets, gas cooking, etc., and a spacious bedroom with en suite marble bath.

\$825,000 Exclusive



Beacon Hill

On the Prestigious South Slope

This classic 5-bedroom town house features a beautiful living room, formal dining room and eat-in family kitchen all on the same parlor floor, a handsome library, media or child's playroom, many fireplaces, period detail, a/c, large landscaped garden, a true family home loving cared for.

\$2,995,000 Exclusive



Back Bay

For Sale or Rent

This stunning 3-bedroom contemporary penthouse with spectacular views of the Charles River offers a spacious living room with walls of glass, two-story ceilings and fireplace, dream chef's kitchen with all the bells and whistles plus complete separate wet bar area, great closet and storage space, one parking space, a/c, hardwood floors, perfect home for the young at heart who love to entertain.

\$1,595,000 or \$6,000 for Rent Exclusive



Back Bay

Four Seasons Penthouse

With over 4,000 sq. ft. and a private 3-car garage within the hotel, this dramatic duplex offers sensational views of the Park from every room, an absolutely breathtaking two-story living room with 19-ft. ceilings, separate dining room and eat-in kitchen, handsome study with fireplace, master bedroom with private office and two dressing rooms and two generous size guest suites. Enjoy the health club with pool, international hotel services and perfect location.

\$7,950,000 Exclusive