

Median price of a downtown Boston condominium hits record high

By Jenifer B. McKim
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Condominium values in Boston's core reached a record high during the second quarter of this year as eager buyers drove up sales, according to data scheduled to be released Tuesday.

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The median price in a dozen downtown neighborhoods — they include Beacon Hill, the Fenway, the North End, and South Boston — climbed to \$515,000 during the three months that ended June 30, according to LINK, meaning half sold for more than that price and half for less. That topped the previous peak of \$498,500 in 2008, just prior to the nation's financial crisis. LINK, a Boston company, tracks the downtown condominium market.

The increase adds to mounting evidence that the state's housing market is on the mend, housing specialists said.

"The feeling out there is prices are not going to soften anymore," said Barry Bluestone, the director of the Dukakis Center for Urban and Regional Policy at Northeastern University. "We are seeing the real signs of a recovery in the housing market."

Even during the worst years of the real estate industry's decline, condominium prices in some of Boston's more desirable areas fell only modestly, putting the local market in a better position to rebound. Prices and sales were propped up by higher-income homeowners who were hurt less during the recession, as well as by the increasing popularity of urban living coupled with limited inventory, housing specialists said.

"The city attracts young and old by providing fun and beauty, art and restaurants, all without needing a car," said a Harvard University economist, Edward Glaeser, author of the book "Triumph of the City."

Trisha Collins McCarthy, president of the Massachusetts Association of Realtors, said many condominium buyers like the idea of trading long, congested commutes for city conveniences.

"We have more of a population that has said, 'I want to be near the train,'" she said.

After dropping for a couple of years, downtown condo prices started to climb in 2010. This year, that growth has been bolstered by continued low interest rates and improving consumer confidence, according to housing specialists.

Condominium sales volume was up sharply during the second quarter of this year, to 1,051, or nearly 36 percent more than during the same three months of last year.

The median sale price of condominiums in luxury buildings — those that offer amenities such as concierge and valet services — also climbed.

The \$779,000 median closing price for the luxury condos was 7.8 percent higher than during the second quarter of 2011, LINK said, compared with 7.5 percent higher for all of the Boston neighborhoods measured by the company.

The number of luxury condo sales during the past three months increased by 22.2 percent to 198, the company said.

Statewide, single-family home values remained essentially flat in June, at \$331,000, compared with June 2011, while the number of sales increased by 18 percent to 5,099, according to William Raveis Real Estate, Mortgage & Insurance. It is based in Shelton, Conn., but also does business in Massachusetts.

Even though more people are signaling they are ready to buy a condominium in Boston, real estate agents say they struggle to find enough units to show. Only 531 properties were available in the downtown area on the last day of June, about half the number up for sale on that day in 2011, LINK reported.

Eddy Foley, 45, said he has spent six months looking for a South End condominium priced in the \$500,000 range. He found one he wanted, but lost out when someone else bid \$34,000 over the asking price.

"It's torture out there," Foley said. "There's really nothing available."

Carmela Laurella, president of the Boston-based real estate company CL Waterfront Properties LLC, said condominiums priced reasonably are selling quickly.

Indeed, sales on the Boston waterfront jumped by 72.7 percent in the second quarter, compared with the second quarter of 2011. The median price for a waterfront condominium increased by 21.2 percent, to \$827,000, LINK found.

"We have more demand than we have property to sell," Laurella said. "We can barely list anything without it going under [a purchase agreement] within a couple of weeks."

John Ranco, a senior sales associate with Hammond Residential Real Estate in the South End, said times have changed so drastically that real estate agents are now searching to locate interested sellers rather than wary buyers.

"The supply side is really hurting," Ranco said. "There is a tremendous amount of pent-up demand."

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