



CONDOMINIUM TRENDS

A CLOSE UP REPORT, NOVEMBER 2005

DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT • POLICY DEVELOPMENT & RESEARCH DIVISION • CITY OF BOSTON • THOMAS M. MENINO, MAYOR

Condominium Summary

Median Sales Price*

| | |
|-----------------------|-----------|
| 1992: | \$115,000 |
| 1995: | \$126,000 |
| 1998: | \$164,000 |
| 2001: | \$254,000 |
| 2004: | \$349,000 |
| Change, 1992 to 1995: | 10% |
| Change, 1995 to 1998: | 30% |
| Change, 1998 to 2001: | 55% |
| Change, 2001 to 2004: | 37% |

Sales Price Per Square Foot

| | |
|-----------------------|-------|
| 1998: | \$202 |
| 2001: | \$331 |
| 2004: | \$422 |
| Change, 1998 to 2001: | 64% |
| Change, 2001 to 2004: | 27% |

Condominium Sales Volume

| | |
|-----------------------|-------|
| 1992: | 1,780 |
| 1995: | 2,653 |
| 1998: | 4,192 |
| 2001: | 3,973 |
| 2004: | 7,340 |
| Change, 1992 to 1995: | 49% |
| Change, 1995 to 1998: | 58% |
| Change, 1998 to 2001: | -5% |
| Change, 2001 to 2004: | 85% |

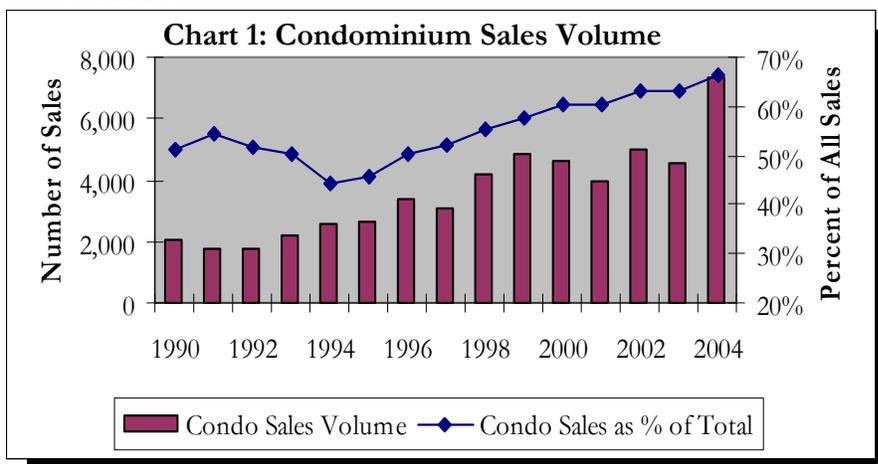
*Data Source: The Warren Group, condominium sales greater than \$25,000. Square foot data unreliable before 1998.

Median Sales Prices and Volume

- Boston experienced an 18% decrease in median condominium prices from 1990 to 1992. Since 1992, prices have increased 203% from \$115,000 to \$349,000.
- Condominium prices increased most rapidly from 1998 to 2001 (55%), though price increases continued from 2001 to 2004 (37%).
- Median sales prices per square foot of living space increased 109% from 1998 to 2004, with most of this increase between 1998 and 2001 (64%).
- From 1990 to 1992, the condominium sales volume fell 14%, followed by dramatic increases from 1992 to 1995 (49%), and from 1995 to 1998 (58%). Sales stabilized over the next three years and the 5% decrease during this period can be linked to the 2000/2001 recession. Sales quickly recovered and increased dramatically again from 2001 to 2004 (85%), with most of the increase occurring from 2003 to 2004 (61%).

Condominium Sales as a Percent of the Market

- An increasing interest in “city living” as well as rising prices in the one-, two-, and three-family markets has pushed many homebuyers into the condominium market. This rising demand has been met by the conversion of non-residential buildings, the construction of new condominiums in downtown neighborhoods, and the conversion of smaller rental properties to condominiums in neighborhoods across the city. As a result, condominiums have increased from 44% of residential sales in 1994 to 66% in 2004.



About the Condominium Trends Close-Up Report

Condominium Trends is a periodic Close-Up report published by the City of Boston Department of Neighborhood Development. The analysis is based on the best available data for each topic. For this reason, the available years for each data set varies. Annual data on condominium sales prices can be found in the *Annual Real Estate Trends* (www.cityofboston.gov/dnd/U1_Real_Estate_TRENDS.asp). For more information about this publication, contact Tim Davis at (617) 635-0269 or tdavis.dnd@cityofboston.gov.



Condominium Sales by Neighborhood

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Volume of Sales by Neighborhood

From 1998 to 1999, the volume of condominium sales increased with the full recovery of the real estate market from the early 1990s crash. The sales volume decreased with the onset of a national recession in 2000/2001, with sales 5% lower in 2001 than in 1998.

This citywide figure hides the fact that seven of the fifteen neighborhoods experienced *increases* in the number of sales from 1998 to 2001, with Roxbury (150%) and East Boston (123%) experiencing the largest increases. The volume of sales fell most in the Fenway/Kenmore (-44%), and Central* (-29%) neighborhoods.

Table 1: Sales Volume by Neighborhood

| Neighborhood | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | % Change 1998 to 2001 | % Change 2001 to 2004 | % Change 1998 to 2004 |
|----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------------------|--------------------------|--------------------------|
| Allston/Brighton | 633 | 745 | 639 | 577 | 583 | 602 | 878 | -8.8% | 52.2% | 38.7% |
| Back Bay/Beacon Hill | 793 | 941 | 881 | 635 | 882 | 682 | 979 | -19.9% | 54.2% | 23.5% |
| Central | 518 | 477 | 447 | 370 | 518 | 415 | 927 | -28.6% | 150.5% | 79.0% |
| Charlestown | 370 | 354 | 263 | 313 | 373 | 258 | 556 | -15.4% | 77.6% | 50.3% |
| Dorchester | 119 | 185 | 205 | 210 | 218 | 292 | 444 | 76.5% | 111.4% | 273.1% |
| East Boston | 35 | 58 | 49 | 78 | 82 | 52 | 85 | 122.9% | 9.0% | 142.9% |
| Fenway/Kenmore | 357 | 355 | 279 | 201 | 265 | 233 | 362 | -43.7% | 80.1% | 1.4% |
| Hyde Park | 35 | 55 | 36 | 35 | 43 | 64 | 60 | 0.0% | 71.4% | 71.4% |
| Jamaica Plain | 285 | 330 | 342 | 280 | 311 | 315 | 424 | -1.8% | 51.4% | 48.8% |
| Mattapan | 26 | 33 | 22 | 21 | 28 | 19 | 67 | -19.2% | 219.0% | 157.7% |
| Roslindale | 85 | 125 | 123 | 137 | 171 | 129 | 287 | 61.2% | 109.5% | 237.6% |
| Roxbury | 30 | 58 | 74 | 75 | 96 | 96 | 199 | 150.0% | 165.3% | 563.3% |
| South Boston | 245 | 342 | 441 | 341 | 466 | 442 | 920 | 39.2% | 169.8% | 275.5% |
| South End | 532 | 645 | 684 | 548 | 763 | 809 | 934 | 3.0% | 70.4% | 75.6% |
| West Roxbury | 125 | 129 | 158 | 151 | 171 | 141 | 214 | 20.8% | 41.7% | 71.2% |
| Total | 4188 | 4832 | 4643 | 3972 | 4970 | 4549 | 7336 | -5.2% | 84.7% | 75.2% |

The sales volume increased in every neighborhood between 2001 and 2002, reflecting a nationwide economic recovery led by housing and low mortgage interest rates. Building on this recovery, condominium sales boomed in 2004 (up 61% from 2003), raising speculation that there could be a “bubble” in Boston’s condominium market.

During 2001 to 2004, the sales volume increased the most in Mattapan (219%), but there were few sales in this neighborhood. Increases in South Boston (170%) and the Central neighborhood (151%) are due in large part to the construction of new condominiums, though some of the increase in South Boston is also due to conversion of smaller properties (especially three-family homes) to condominiums. Increases in sales in Roxbury (165%), Dorchester (111%), and Roslindale (110%) are also linked to the conversion of three-family homes to condominiums.

Over the entire 1998 to 2004 period, Roxbury had the highest increase in sales (563%) and Fenway/Kenmore had the lowest increase in condominium sales volume (1%).

*The “Central” neighborhood includes the North End/Waterfront, Downtown, West End, Chinatown, and Bay Village neighborhoods.



Median Sales Prices By Neighborhood

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Median Sales Prices by Neighborhood

From 1998 to 2001, condominium sales prices increased dramatically (55%), despite the relatively flat number of sales. In three neighborhoods, Dorchester (135%), Roxbury (132%) and East Boston (93%), prices increased strongly in areas that traditionally have not had strong condominium markets. Prices in the Central neighborhood increased 97%, reflecting the early stages of increasing interest in downtown living. Hyde Park (6%) and Mattapan (20%) trailed the rest of the city in price increases, but have few condominiums.

Table 2: Median Sales Prices by Neighborhood

| Neighborhood | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | % Change 1998 to 2001 | % Change 2001 to 2004 | % Change 1998 to 2004 |
|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------------------|-----------------------------|-----------------------------|
| Allston/Brighton | \$ 104,900 | \$ 116,000 | \$ 141,000 | \$ 182,000 | \$ 209,000 | \$ 236,000 | \$ 253,000 | 73.5% | 39.0% | 141.2% |
| Back Bay/Beacon Hill | \$ 253,000 | \$ 280,000 | \$ 420,000 | \$ 410,000 | \$ 400,000 | \$ 435,000 | \$ 480,000 | 62.1% | 17.1% | 89.7% |
| Central | \$ 225,000 | \$ 250,000 | \$ 338,000 | \$ 442,500 | \$ 409,000 | \$ 439,000 | \$ 515,000 | 96.7% | 16.4% | 128.9% |
| Charlestown | \$ 205,400 | \$ 239,950 | \$ 310,000 | \$ 375,000 | \$ 381,500 | \$ 377,400 | \$ 405,000 | 82.6% | 8.0% | 97.2% |
| Dorchester | \$ 70,000 | \$ 82,000 | \$ 125,000 | \$ 164,500 | \$ 186,375 | \$ 233,000 | \$ 250,000 | 135.0% | 52.0% | 257.1% |
| East Boston | \$ 65,000 | \$ 81,450 | \$ 95,000 | \$ 125,500 | \$ 156,000 | \$ 173,875 | \$ 219,000 | 93.1% | 74.5% | 236.9% |
| Fenway/Kenmore | \$ 135,000 | \$ 135,000 | \$ 175,000 | \$ 218,000 | \$ 250,000 | \$ 260,000 | \$ 297,750 | 61.5% | 36.6% | 120.6% |
| Hyde Park | \$ 94,000 | \$ 99,900 | \$ 94,750 | \$ 99,700 | \$ 120,000 | \$ 231,750 | \$ 256,000 | 6.1% | 156.8% | 172.3% |
| Jamaica Plain | \$ 129,000 | \$ 151,800 | \$ 189,250 | \$ 226,000 | \$ 260,000 | \$ 290,000 | \$ 323,000 | 75.2% | 42.9% | 150.4% |
| Mattapan | \$ 112,500 | \$ 150,000 | \$ 97,500 | \$ 135,000 | \$ 189,500 | \$ 266,000 | \$ 220,000 | 20.0% | 63.0% | 95.6% |
| Roslindale | \$ 104,000 | \$ 121,000 | \$ 157,500 | \$ 183,442 | \$ 230,000 | \$ 269,000 | \$ 293,000 | 76.4% | 59.7% | 181.7% |
| Roxbury | \$ 83,750 | \$ 123,750 | \$ 134,000 | \$ 194,630 | \$ 219,900 | \$ 246,750 | \$ 250,000 | 132.4% | 28.4% | 198.5% |
| South Boston | \$ 142,500 | \$ 165,000 | \$ 243,000 | \$ 235,000 | \$ 273,250 | \$ 305,000 | \$ 346,000 | 64.9% | 47.2% | 142.8% |
| South End | \$ 216,000 | \$ 260,000 | \$ 320,000 | \$ 359,500 | \$ 400,000 | \$ 395,000 | \$ 495,000 | 66.4% | 37.7% | 129.2% |
| West Roxbury | \$ 112,500 | \$ 114,000 | \$ 135,000 | \$ 168,000 | \$ 190,000 | \$ 218,000 | \$ 238,500 | 49.3% | 42.0% | 112.0% |
| Total | \$ 164,000 | \$ 179,000 | \$ 236,000 | \$ 254,000 | \$ 299,000 | \$ 312,500 | \$ 349,025 | 54.9% | 37.4% | 112.8% |

From 2001 to 2004, prices did not increase as rapidly (37%), but remained very healthy, with prices *and* volume on the increase. Large condominium projects were constructed in the Back Bay, Central, Charlestown, South Boston, and South End neighborhoods, with conversions of smaller properties continuing in the South End, South Boston and Jamaica Plain. These new units contributed to the increase in sales volume but may have also helped to stabilize prices. At the time of writing, a number of reports suggest that prices are flattening out (and could possibly fall), but this was not a feature of the market in 2004*.

Regardless of recent changes in the market, prices increased 113% from 1998 to 2004, with Dorchester (257%) and East Boston (237%) leading the way and Back Bay/Beacon Hill (90%) trailing the pack. Median prices in the Central *and* South End neighborhoods now surpass Back Bay/Beacon Hill. Likely this does not represent a relative decline of the Back Bay/Beacon Hill market, but instead the South End and Central neighborhoods have joined Back Bay/Beacon Hill as highly desirable neighborhoods.

Maps 1 & 2 paint a picture of these prices increases, by looking at the median dollar paid per square foot of living space. In 1998, only Back Bay/Beacon Hill had prices over \$300 sq/ft. In 2004, *eight* neighborhoods had prices over \$300 sq/ft, with Back Bay/Beacon Hill topping the list at \$630 sq/ft.

*FY2005 (July 2004 to July 2005) data is available at www.cityofboston.gov/dnd/U1_Real_Estate_TRENDS.asp, though data for all of 2005 is necessary to see whether a flattening or downward trend is taking place.



Median Sales Prices

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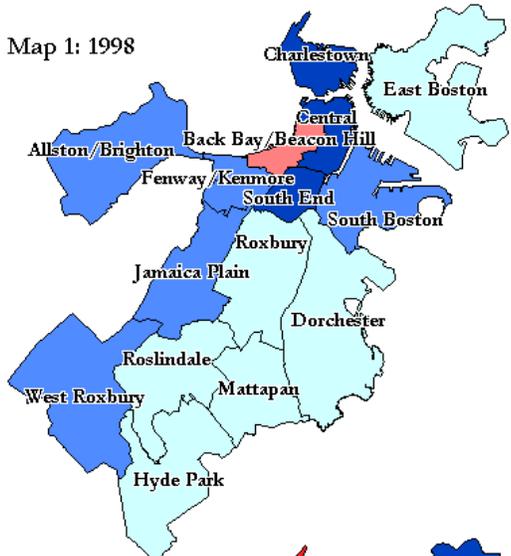
Sales Prices by Neighborhood (con't)

Citywide Median Sales Prices

Median Sales Price per Square Foot
Boston Neighborhoods, 1998 & 2004



Map 1: 1998



Map 2: 2004

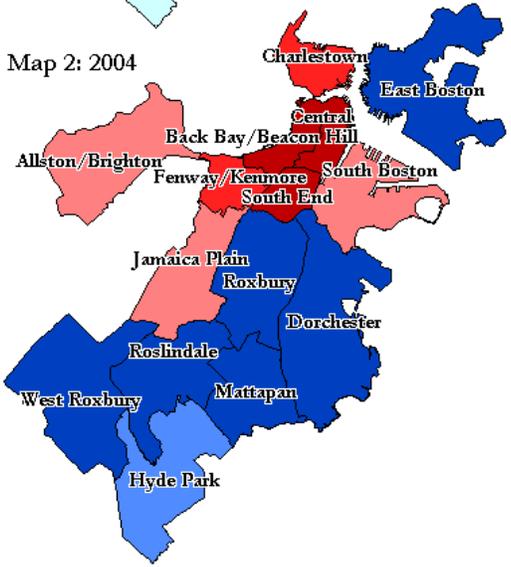


Chart 2 displays the citywide median sales prices found in Table 2, and adds data for 1990 to 1998. It is clear from this chart that the early 1990s price slump (-15%) was relatively mild when compared to the price “take off” that began in 2001. *Condominium Trends—A Close Up Report, July 2000* (available at the DND website) addresses 1990 to 1999 more.

Chart 3 compliments Maps 1 and 2 with citywide median sales prices per square foot. These median prices increased 109% from 1998 to 2004.

Chart 2: Median Sales Price
Boston Condominiums, 1990 to 2004

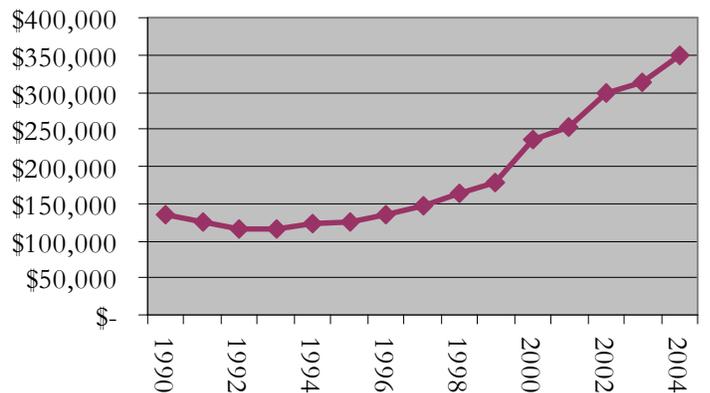


Chart 3: Median Sales Price/Sq Ft
Boston Condominiums, 1998 to 2004



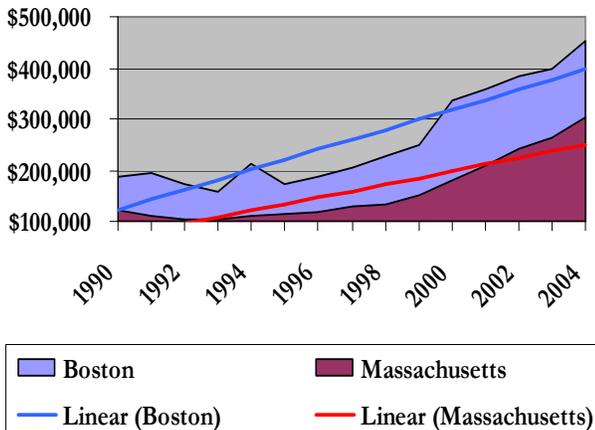


Sales Prices Trends & Owner Occupancy

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Chart 4: Boston & Massachusetts Average Sales Prices

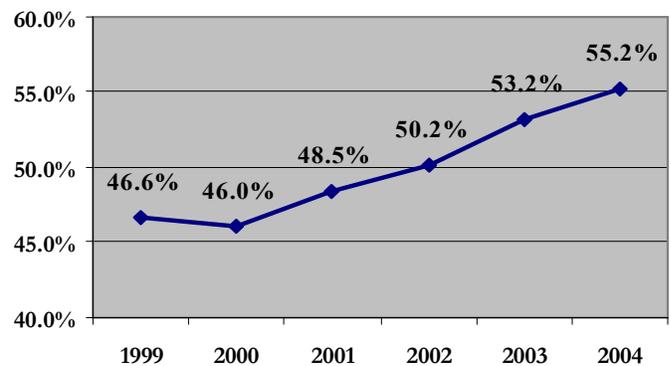


*Data Sources: Massachusetts data from Massachusetts Association of Realtors (<http://marealtor.com/content/trends.asp>). Boston data based on DND analysis of Warren Group sales data. MAR only provided statewide data until 2003 as average prices, rather than as median prices.

Boston v. Massachusetts Prices

Chart 4 shows the long trend average Boston sales price compared to Massachusetts as a whole*. The trend lines highlight a growing divergence between Boston and Massachusetts prices. In 1990, Boston's average price exceeded the state average by \$68,500. In 2004, this price differential had grown to \$147,800. Even though this price differential has grown, average prices grew faster across the state (152%) than in Boston (139%) between 1990 and 2004.

Chart 5: Percent Owner Occupied**



Owner Occupancy

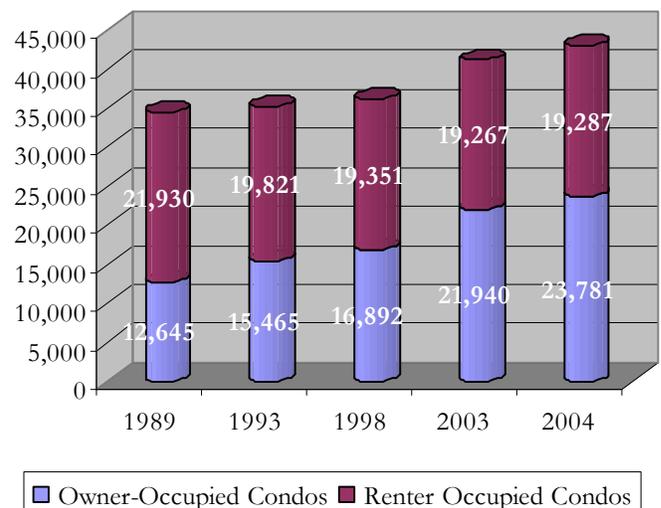
In 1990, only 36.6% of Boston's condominiums were owner occupied**. This presented problems in terms of unstable and/or underfinanced condominium associations and limitations on the financing available to buyers. With the exception of the 2000 recessionary dip in the owner occupancy rate, the percent of condominium units that are owner occupied has increased to from 47% in 1999 to 55% in 2004.

This increase in owner-occupants has not reduced the *number* of rented condominium units during the last five years, as the increase in owner-occupants has been absorbed by the creation of new condominium units.

While the increase in owner-occupants can be good for the long-term stability of condominium associations and neighborhoods, in as much as these new owners are buying former rental units, it reduces the number of available rental properties.

**Owner-occupants are defined as those homeowners who have taken the owner-occupant exemption with the City of Boston Assessing Department. All figures are as of January 1 of the given year.

Chart 6: Condominium Owner Occupancy**





New Condominiums/ Conversions

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New Condominiums Created

From 1999 to 2003, 7,130 condominium units were created through construction on vacant parcels or conversion of existing buildings. In 1999, 905 units were created, and in 2003 1,985 units were created, an increase of 119%.

As reported in *Condominium Trends—A Close Up Report, July 2000*, only 436 condominiums were created in 1997 and 745 in 1998. While the rate of condominium creation has increased dramatically since the late 1990s, the current level does not compare with the period from 1986 to 1988, when more than 4,000 condominiums were created in Boston *each year*.

By neighborhood, the South End has had the most new condominiums (1,493), attributable to a number of large new construction projects. South Boston has kept pace with the South End through some new construction, but smaller projects, including 175 three-family conversions have contributed to this number. With only 46 new units, Mattapan remains relatively untouched by the condominium market.

Chart 7: New Condominium Units 1999 to 2003

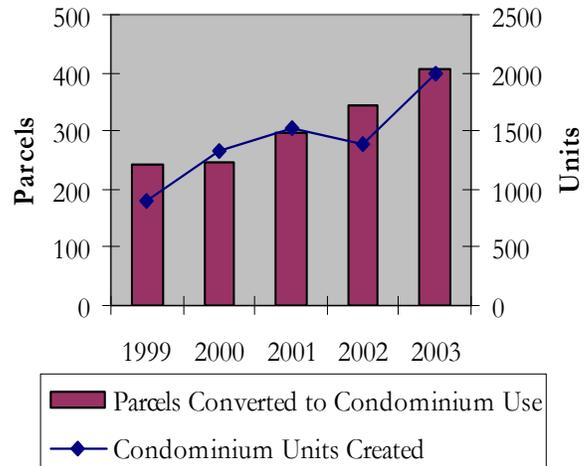
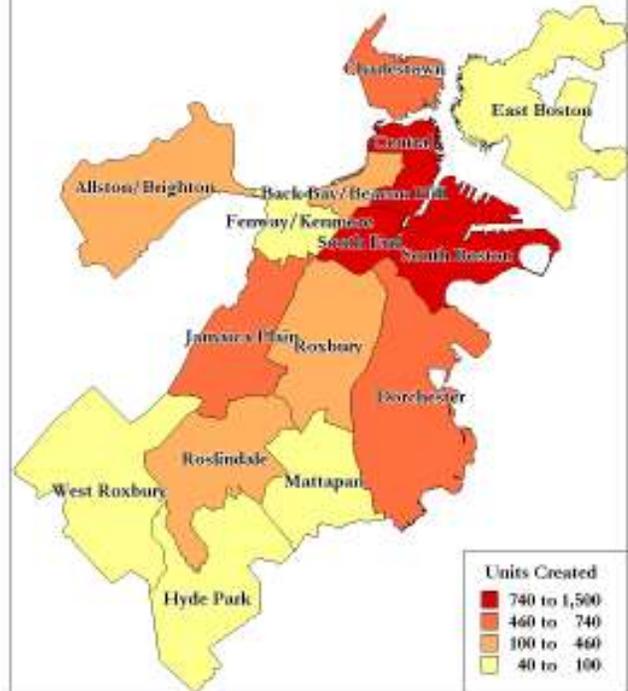


Table 3: Total Condo Units Created By Neighborhood, 1999 to 2003*

| Neighborhood | Condo Associations | Units |
|----------------------|--------------------|-------------|
| Allston/Brighton | 35 | 173 |
| Back Bay/Beacon Hill | 77 | 455 |
| Central | 60 | 741 |
| Charlestown | 130 | 487 |
| Dorchester | 177 | 565 |
| East Boston | 17 | 57 |
| Fenway/Kenmore | 10 | 99 |
| Hyde Park | 21 | 74 |
| Jamaica Plain | 230 | 671 |
| Mattapan | 13 | 46 |
| Roslindale | 144 | 388 |
| Roxbury | 80 | 319 |
| South Boston | 320 | 1416 |
| South End | 199 | 1493 |
| West Roxbury | 21 | 85 |
| Unknown | N/A | 61 |
| Citywide | 1534 | 7130 |

Map 3: New Condominiums, 1999 to 2003, by Neighborhood



*Data Source: FY2001 to FY2005 Assessing Data



New Condominiums/ Conversions

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Table 4: New Condominium Units, by Previous Property Type, 1999 to 2003

| Property Type | Units | Percent |
|------------------------------------|--------------|---------------|
| 1-family homes | 49 | 0.7% |
| 2-family homes | 742 | 10.4% |
| 3-family homes | 1,763 | 24.7% |
| 4 to 6 Unit Apartments | 638 | 8.9% |
| Apartments | 417 | 5.8% |
| Commercial | 20 | 0.3% |
| Existing Condominium Associations* | 264 | 3.7% |
| Industrial Properties | 156 | 2.2% |
| Land (commercial) | 95 | 1.3% |
| Land (residential) | 482 | 6.8% |
| Mixed-Use Properties | 310 | 4.3% |
| New Properties** | 2,188 | 30.7% |
| Other Tax Exempt Uses | 6 | 0.1% |
| Total | 7,130 | 100.0% |

Previous Property Use

New construction, as represented by “new properties”** and “land”, constituted 38.8% of new condominium units, but only 15.7% of the parcels converted to condominium use. The size of new construction projects can vary from a three-unit on an in-fill lot in South Boston to the Residences at the Ritz in Central Boston. These projects average 11.5 units/project., larger than the overall average of 4.6 units/project.

Conversion of non-residential properties accounted for 6.9% of new condominium units and 2.5% of the properties converted to condominium use.

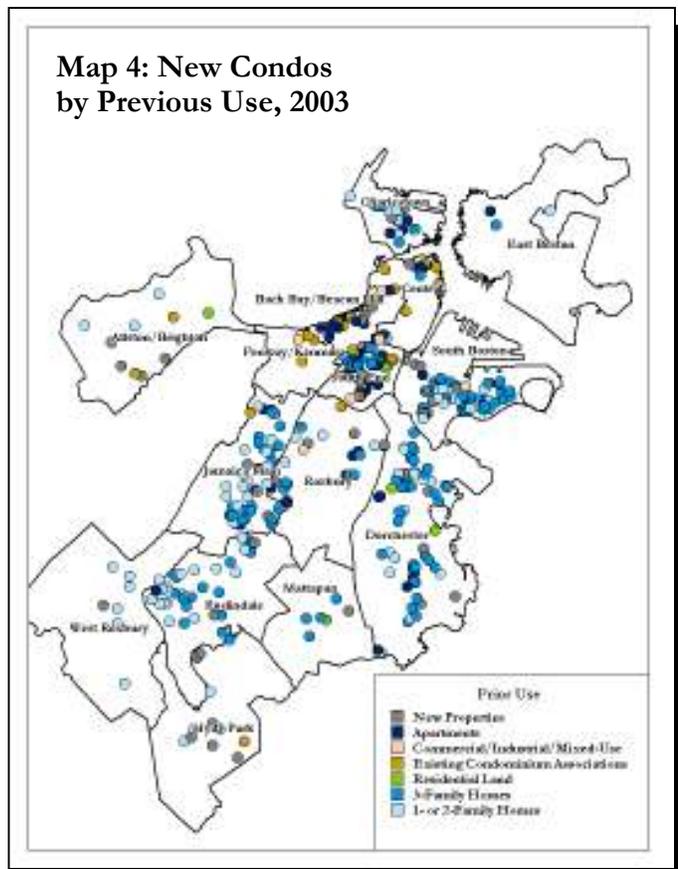
54.2% of new condominiums were created from existing residential uses. These properties made up 81.8% of the properties converted to condominium use. Of residential uses, former three-family properties made up 24.7% of the new units and 38.5% of properties converted.

Map 4 is a snapshot of property conversions in 2003. Central neighborhoods have seen the construction of new condominiums, while outer neighborhoods have been dominated by three-family conversions.

Table 5: New Condominium Buildings, by Previous Property Type, 1999 to 2003

| Property Type | Parcels | Percent |
|------------------------------------|--------------|---------------|
| 1-family homes | 20 | 1.3% |
| 2-family homes | 359 | 23.4% |
| 3-family homes | 591 | 38.5% |
| 4 to 6 Unit Apartments | 146 | 9.5% |
| Apartments | 38 | 2.5% |
| Commercial | 3 | 0.2% |
| Existing Condominium Associations* | 102 | 6.6% |
| Industrial Properties | 6 | 0.4% |
| Land (commercial) | 11 | 0.7% |
| Land (residential) | 30 | 2.0% |
| Mixed-Use Properties | 27 | 1.8% |
| New Properties** | 200 | 13.0% |
| Other Tax Exempt Uses | 1 | 0.1% |
| Total | 1,534 | 100.0% |

Map 4: New Condos by Previous Use, 2003



*Previous property type is based on the use as determined by Assessing for the previous year. Due to the lag between the creation of the condominium association and the “creation” of the units, these units appear to have been created from existing associations when they were not.

**“New properties” are generally new construction on vacant lots where existing parcels are combined and/or Assessing has assigned a new Parcel ID.



Condominiums & Property Type

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Condominium Associations

Map 5 puts the number of condominium associations into the context of all residential property types. In Back Bay/Beacon Hill and the South End, condominium associations make up 40% of all residential properties, while such properties only make up 1% of residential properties in Hyde Park, Mattapan, and West Roxbury.

Table 6 addresses the increase in the number of associations. Roslindale had the largest increase (283%), but condominium associations still only represent 4% of the neighborhood's properties. The most dramatic change has been in South Boston, where a 176% increase in condominium associations has led to an increase of condominiums from 5% of residential properties in 1998 to 14% in 2004. The Fenway/Kenmore area had the smallest increase in the

number of condominium associations (4%). Student driven demand for rentals has likely suppressed the conversion of apartment buildings to condominiums. The Back Bay/Beacon Hill also saw a small increase (10%), but the neighborhood was already dominated by condos.

Table 6: Change in Number of Condo Associations, by Neighborhood*

| Neighborhood | % Change 1/1/1998 to 1/1/2004 |
|----------------------|-------------------------------|
| Allston/Brighton | 19.0% |
| Back Bay/Beacon Hill | 10.4% |
| Central | 26.8% |
| Charlestown | 60.8% |
| Dorchester | 128.3% |
| East Boston | 29.1% |
| Fenway/Kenmore | 3.5% |
| Hyde Park | 96.6% |
| Jamaica Plain | 107.9% |
| Mattapan | 43.3% |
| Roslindale | 283.3% |
| Roxbury | 118.1% |
| South Boston | 175.6% |
| South End | 39.0% |
| West Roxbury | 73.9% |
| Total | 59.2% |

