Condominium TRENDS

A CLOSE UP REPORT- JULY 2000

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

CONDOMINIUM SUMMARY

Sales Price Per Square Foot

1997:	$202
1998:	$221
Change:	+9%

Buildings Converted to Condominiums

1997:	83
1998:	165
Change:	+50%

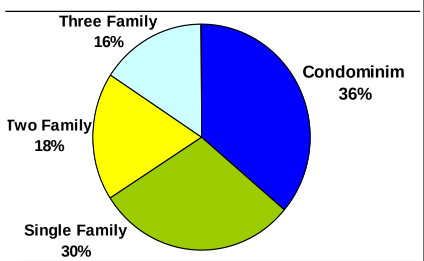
Units Converted to Condominiums

1997:	436
1998:	745
Change:	+71%

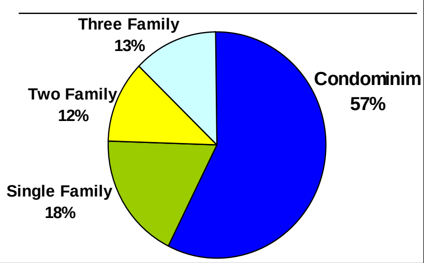
Owner Occupancy of Buildings Before Condominum Conversion

	Owner-Occupied	Investor-Owned
1997:	28%	72%
1998:	25%	75%

1999 HOUSING PROPERTY TYPE



1999 RESIDENTIAL SALES



Sales Data Source: Banker and Tradesman
Stock Data Source:Taxbill database from Assessing Department
www.ci.boston.ma.us/dnd

Property Types:

- In 1999, condominiums represent 36% of Boston's residential property types (one, two, three family homes and condominiums). 70% of Boston's condominiums are concentrated into 5 neighborhoods Allston/ Brighton, Back Bay/ Beacon Hill, Central, Fenway/ Kenmore, and the South End.

Sales:

- In 1990, 46% of all residential sales were condominiums. In 1999 condominium sales increased to 57% of all residential sales. The median sales price for condominiums in 1999 was $175,000, a 30% increase from the median sales price in 1990 of $135,000. Sales volume increased by 134% from 1990-1999 (1,997 sales compared to 4,683 sales).

- The citywide median condominium sales price was $221 per square foot in 1999, up by 9% from $202 per square foot in 1998. Back Bay/ Beacon Hill and the South End have the highest sale prices per square foot, with $364 per square foot and $323 per square foot respectively.

Conversions:

- In the mid- to late- 1980s, Boston's real estate market experienced unprecedented growth, creating 80% of Boston's current condominium stock. In 1980 there were 4,500 condominiums in Boston. By 1990 there were 34,575 condominiums.

- From 1997 to 1998, condominium conversions have increased by 71%. In 1997 there were 436 new condominium units created from the conversion of 80 residential and 3 non-residential buildings. In 1998 this number nearly doubled: 745 new condominium units were created from the conversion of 148 residential and 17 non-residential buildings.

- In 1997, 72% of the buildings that were converted into condominiums were investor-owned. This rate has remained relatively steady in 1998: 75% of conversions were investor-owned buildings.

- The majority of buildings (65%) converted into condominiums in 1998 were previously residential two and three family buildings (96). These property conversions are concentrated in four neighborhoods: Charlestown, Jamaica Plain, South Boston, and the South End.

Condominium SALES & PRICES

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Table 1. Condominium Sales as a Percentage of All Residential Sales

1990 and 1999

Neighborhood	1990 # Condo Sales	1990 % of Total Sales	1999 # Condo Sales	1999 % of Total Sales	Point Change in Condo Market Share
ALLSTON/ BRIGHTON	315	71.75%	744	77.42%	5.76
BACK BAY/ BEACON HILL	444	94.67%	881	98.66%	3.99
CENTRAL	275	98.21%	400	98.28%	.07
CHARLESTOWN	102	63.35%	352	75.86%	12.51
DORCHESTER	112	20.97%	185	18.94%	-2.04
EAST BOSTON	24	17.91%	58	14.76%	-3.15
FENWAY/ KENMORE	93	100.00%	355	98.89%	-1.11
HYDE PARK	19	8.37%	55	12.33%	3.96
JAMAICA PLAIN	130	50.00%	328	63.20%	13.20
MATTAPAN	15	8.93%	33	13.92%	5.00
ROSLINDALE	65	27.43%	125	26.26%	-1.17
ROXBURY	57	29.08%	69	18.85%	-10.23
SOUTH BOSTON	97	50.00%	341	66.09%	16.09
SOUTH END	179	87.32%	631	92.93%	5.61
WEST ROXBURY	70	24.31%	128	25.55%	1.24
CITYWIDE	1997	51.40%	4685	57.18%	5.77

Chart 1. Condominium Sales Median and Volume

1990-1999

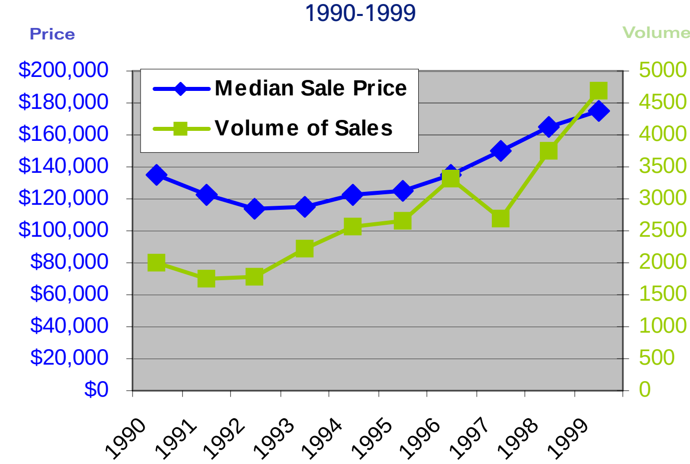
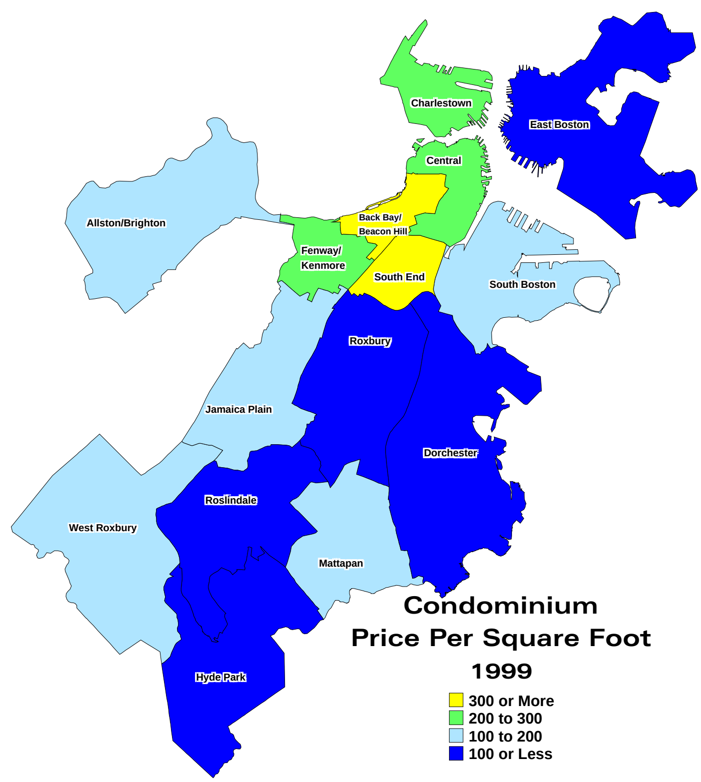


Table 2. Condominium Median Sales Price per Square Foot

1997-1999

Neighborhood	1997	1998	1999	%Change 98-99
ALLSTON/BRIGHTON	$117	$137	$163	19%
BACK BAY/BEACON HILL	$291	$331	$364	10%
CENTRAL	$203	$262	$282	8%
CHARLESTOWN	$196	$230	$255	11%
DORCHESTER	$69	$82	$90	10%
EAST BOSTON	$51	$69	$93	35%
FENWAY/KENMORE	$167	$191	$223	17%
HYDE PARK	$100	$73	$70	-4%
JAMAICA PLAIN	$110	$124	$143	15%
MATTAPAN	**	$58	$137	136%
ROSLINDALE	$66	$68	$98	44%
ROXBURY	**	$98	$97	-1%
SOUTH BOSTON	$138	$146	$170	16%
SOUTH END	$210	$268	$323	21%
WEST ROXBURY	$109	$120	$132	10%
CITYWIDE	$177	$202	$221	9%



Data Source: Banker & Tradesman
Data includes residential sales, which have a sales price between $25,000 and $1,000,000.
*** Insufficient Data (less than 10) to calculate reliable median*

Table 3. New Unit Condominium Conversions by Neighborhood

Neighborhood	1997	1998
Allston/Brighton	2	6
Back Bay/Beacon Hill	71	136
Central	136	80
Charlestown	27	112
Dorchester	0	4
East Boston	0	6
Fenway/Kenmore	1	8
Jamaica Plain	24	87
Roslindale	2	29
Roxbury	0	5
South Boston	48	87
South End	123	179
West Roxbury	2	0
unknown	0	6
Total	436	745

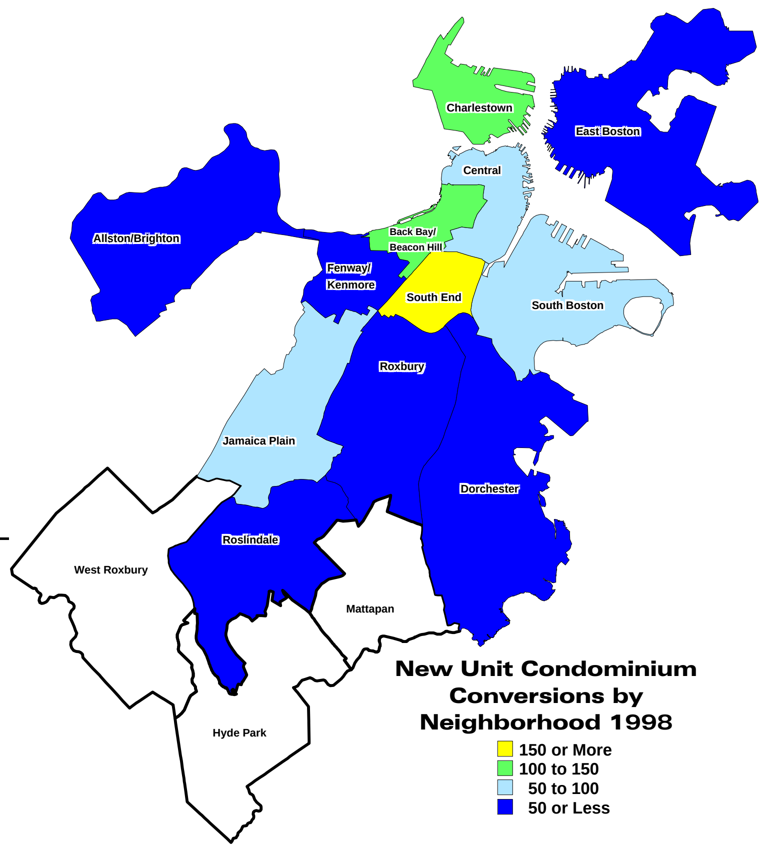


Table 4. Ownership of Existing Buildings Before Condominium Conversion

	1997	%	1998	%
Investor-Owned	60	72%	124	75%
Owner-Occupied	23	28%	41	25%
Total Conversions	83	100%	165	100%

Table 5. Existing Residential Buildings Converted to Condominiums

Property Type	1997	1998
RES/COMMERCIAL USE	12	4
SINGLE FAM DWELLING	9	6
TWO-FAM DWELLING	18	41
THREE-FAM DWELLING	19	55
RES ANCILL IMPROVEMT	1	1
APT 4-6 UNITS	18	30
APT 7-30 UNITS	2	7
APT 31-99 UNITS	0	1
ROOMING HOUSE	1	3
Total Residential Conversions	80	148

Data Source: Taxbill Database FY 1999 and FY 2000 from City of Boston's Assessing Department

Table 6. Creation of Condominiums from Existing Non-residential Buildings/Land

Property Type	1997	1998
RESIDENTIAL LAND	0	1
RES LAND (SECONDARY)	0	4
RES LAND (UNUSABLE)	1	1
WAREHOUSE	0	1
STORAGE/GARAGE	0	1
STRIP CENTER/STORES	1	0
PARKING LOT	0	1
OFFICE 1-2 STORY	0	1
OFFICE 3-9 STORY	0	3
COMMERCIAL LAND	0	3
COM LAND (SECONDARY)	0	1
OTHER EXEMPT BLDG	1	0
Total Non-Residential Conversions	3	17

Condominium CONVERSIONS

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Condominium conversions can occur in two stages. First, there is the legal conversion of the property title from a multifamily property to a condominium form of ownership (shown in Chart 2). The second stage is the occupancy conversion from rental to homeownership (shown in Chart 3). It is this second stage where the issues of tenant displacement can occur. This second stage in the conversion process was postponed for 21,930 units at the beginning of the 1990s as depressed prices forced investor owners to hold onto their units as rental properties. During most of the 1990s, legal conversions were almost non-existent, but occupancy conversions did continue — 2,579 condominium rental units were lost through the occupancy conversion process between 1990 and 1999. Boston continues to feel the impact of the condo conversion craze of the 1980s more than 10 years after it ended.

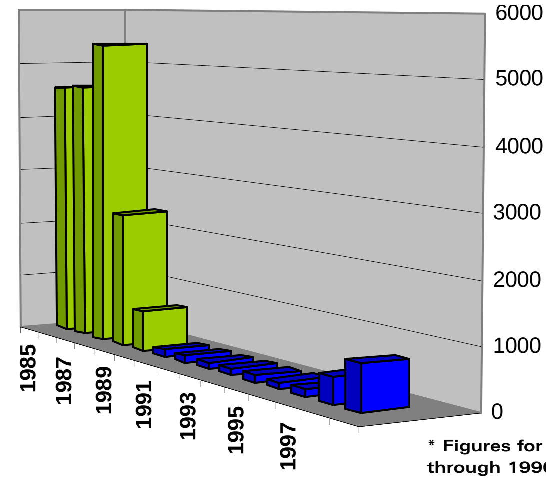
Chart 4 further documents this process, showing a significant drop in investor-owned condos. In 1990, 43% of Boston's condo stock was held by investors with 2 or more units. By 1999, that number had dropped to 11%.

This ongoing occupancy conversion process has both benefits and drawbacks. When tenants can afford to buy their units, they enjoy the benefits of homeownership. The condominium association is made stronger, and neighborhoods are made more stable. When tenants cannot afford or do not want to buy their units, they are faced with displacement into a steadily shrinking rental housing market.

It is unknown how many of the remaining 19,351 rental condo units could face the occupancy conversion process in the next few years. It can be safely assumed that a number of these investor-owned units will always remain rental, since they provide a good return to their owners. It can also be expected that the rate of occupancy conversion will increase as record-high prices in condo-concentrated neighborhoods provide these owners with their first opportunity to make a significant capital gain in over 12 years.

Data Source: Chart 2-1980 conversion numbers from "House of Cards: Absentee-Owned Condominiums and Neighborhood Instability," BRA, March 1991. 1998 and 1999 numbers from Taxbill database FY2000 from Assessing Department.
Chart 2 & 3-1999 figures from Taxbill database FY2000 from Assessing Department; 1990 figures from "House of Cards: Absentee-Owned Condominiums and Neighborhood Instability," BRA, March 1991.

Chart 2. Condominium Conversions 1985-1999*



* Figures for 1991 through 1996 are estimated

Chart 3. Ownership Versus Rental Trends

1990s Condominium Stock

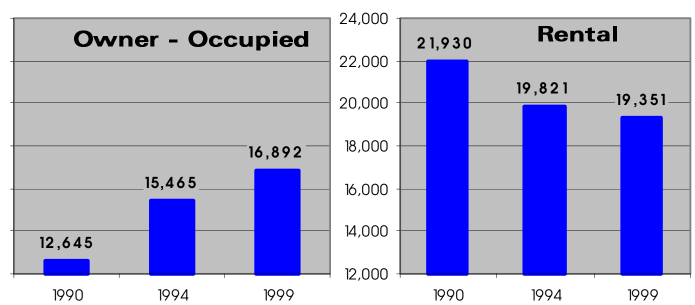


Chart 4. Ownership of Boston Condominiums

(by number of units owned by individuals)

1990 and 1999