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Residential Real Estate Condo Sales in Massachusetts Increase by 12 Percent in 2005

By Aglaia Pikounis

DESPITE SIGNS THAT THE sizzling-hot condo market was starting to fizzle out in the last months of 2005, condo sales in Massachusetts shot up 12 percent last year, spurred in part by continued demand from aging baby boomers and young first-time buyers.

A total of 34,672 condos were sold last year, up from 30,918 in 2004, according to The Warren Group, parent company of Banker & Tradesman. Prices were also on the rise, with the median selling price for a condo reaching \$278,379, an 8 percent increase from a year earlier.

Year-over-year condo sales climbed in most parts of the state, except Suffolk County and Barnstable County where sales slipped slightly. Condo prices and sales have risen steadily in Massachusetts since 2001, when 22,863 condos were sold and the median selling price was \$172,000.

Real estate brokers say empty nesters seeking to move out of their suburban homes and into newly built condos that require less maintenance continued to fuel demand. New age-restricted condo developments designed for people 55 and older that have been springing up throughout the state in recent years have helped boost overall sales, they say.

"There are a whole lot of new 55 and older communities in the marketplace. They're all

being built condo-style and we're seeing a bunch of people turn to those," said Bruce Taylor, president of ERA Key Re-

alty Services, a Whitinsville-based firm that has offices in several Worcester County com-

Continued on Page 14

CONDOMINIUM SALES STATISTICS

COUNTY		2005	%CHANGE VS. 2004
BARNSTABLE	Median Sales Price	\$261,500	9.00%
	Number of Sales	1,468	-1.34%
BERKSHIRE	Median Sales Price	\$230,000	13.33%
	Number of Sales	245	20.69%
BRISTOL	Median Sales Price	\$217,950	4.66%
	Number of Sales	1,470	19.51%
DUKES	Median Sales Price	\$265,000	-25.35%
	Number of Sales	49	32.43%
ESSEX	Median Sales Price	\$245,000	6.75%
	Number of Sales	4,561	5.60%
FRANKLIN	Median Sales Price	\$178,125	22.21%
	Number of Sales	88	46.67%
HAMPDEN	Median Sales Price	\$124,900	18.95%
	Number of Sales	918	30.40%
HAMPSHIRE	Median Sales Price	\$175,600	18.65%
	Number of Sales	393	11.97%
MIDDLESEX	Median Sales Price	\$299,615	16.58%
	Number of Sales	8,798	29.06%
NORFOLK	Median Sales Price	\$299,900	3.41%
	Number of Sales	3,781	0.13%
PLYMOUTH	Median Sales Price	\$267,000	5.68%
	Number of Sales	1,817	20.33%
SUFFOLK	Median Sales Price	\$340,000	2.10%
	Number of Sales	7,963	-1.35%
WORCESTER	Median Sales Price	\$205,127	15.24%
	Number of Sales	3,055	30.00%
MASSACHUSETTS	Median Sales Price	\$278,379	8.11%
	Number of Sales	34,672	12.14%

□ Source: The Warren Group

Condominium Sales in Bay State Increase by 12 Percent in 2005

Continued from Page 14

2004, according to The Warren Group.

Sales fell 10 percent in central Boston – which includes the Back Bay, Beacon Hill, South End, North End, Fenway, Financial and waterfront districts – neighborhoods where condos are plentiful. According to The Warren Group, 2,535 condos were sold in those neighborhoods last year, down from 2,828 in 2004.

But prices in those desirable neighborhoods continued their upward trend. The median price for condos sold in those central Boston neighborhoods last year exceeded \$500,000, a 10 percent increase from the prior year.

Curtis Kemeny, chief executive officer and president of Boston Residential Group, said there was a slight correction in the Boston condo market during the fourth quarter following the Gulf Coast hurricanes, spike in oil prices and the terrorist subway bombings in London.

“There were a series of events that collectively eroded consumer confidence,” said Kemeny, who noted that buyers were “circling around” to see if home prices would come down.

Fourth-quarter condo sales in Suffolk County dipped 7.5 percent. A total of 1,723 condos were sold in Suffolk County during last year’s fourth quarter, compared to 1,863 during the fourth quarter of 2004.

Statewide, condo sales in the fourth quarter were relatively flat, with 7,806 con-

dos selling during the last three months of 2005, compared to 7,726 during the same period in 2004.

The fourth-quarter “pause” in buyer activity was preceded by an overheated market when double-digit increases in prices and sales volume were common, according to Kemeny.

“It was not sustainable over the long-term,” he said.

Still, Kemeny doesn’t think the Boston condo market is headed for a bumpy road because of the healthy demand coming from empty nesters and young professionals. And even though a fresh supply of new condos has emerged in Boston and more units are under construction, Kemeny said the number of available units is still low.

“There’s always demand for unique, high-quality product even when the market slows down,” said Kemeny, whose firm purchased an office building at 285 Columbus Ave. with plans to convert it into 65 luxury condos.

Kemeny said he anticipates a return to “normalcy” this year, with sales and price increases of 3 percent to 5 percent. He added that he’s already seen a strong start to 2006.

“What we’re seeing is this significant increase in traffic, interest and commitment,” he said. ■

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