

Downtown's incredible shrinking condo inventory

By Jennifer Athas | Friday, June 1, 2012 | <http://www.bostonherald.com> | Real Estate

Inventory in downtown Boston's condo market has reached its lowest point in nearly a decade, with only 693 units for sale.

Difficulty securing capital, high building costs and a lack of buildable sites has slowed downtown condo development during the past five years.

The available inventory, which is now down to 3.1 months, is a primary indicator of market stability.

A healthy housing market has five to six months of available inventory, which is the ratio of the number of available homes divided by the number of closed deals in a month.

Typically, when inventory levels fall below five months, sellers have more control over price and terms, often resulting in a more significant rise in housing prices, also known as a seller's market.

Three of the largest luxury condo downtown developments are also selling at a steady pace and are well past the halfway mark if not almost completely sold out.

New York-based developer Related Cos. partnered with Boston-based Beal Cos. to build the Clarendon, which has 102 luxury condos in Back Bay.

"We are already 90 percent sold and are seeing a lot of interest in our few remaining available residences, especially our larger family-sized units," said Barbara Cusack, the Clarendon's director of sales. "While the new luxury condominium inventory is extremely limited in Boston, buyers are very savvy and conducting a high level of due diligence."

Kevin Ahearn, president of Otis and Ahearn, which is marketing the W Residences, said "the downtown luxury market inventory is at the lowest level we've seen in years and is similar to the low levels we had in 1999, when the luxury condominium high-rise Trinity, came to market."

"Trinity was the first new product the city had seen in years and it had a tremendous sell-out of its 97 units as soon as it opened," Ahearn said.

"The condominiums are 67 percent sold at the W with 75 of the 123 units sold and another seven under reservation," he said, adding that the lack of inventory in the downtown luxury market will continue to put pressure on upward pricing.

Located near the intersection of Beacon Hill and the Financial District, 45 Province, with 137 residential units, was completed in 2009 at the bottom of the economic downturn.

According to sales director Wayne Lopez, "45 Province is now 58 percent sold including closed and under-contract units."

Lopez said 45 Province recently closed on two units at more than \$1,000 per square foot.

Unit 2201 sold this week for \$1,875,000 at \$1,244 per square foot and Unit 2701 sold for \$2.2 million at a \$1,460 price per square foot. The average price per square foot, year to date, prior to those two closings was \$816.

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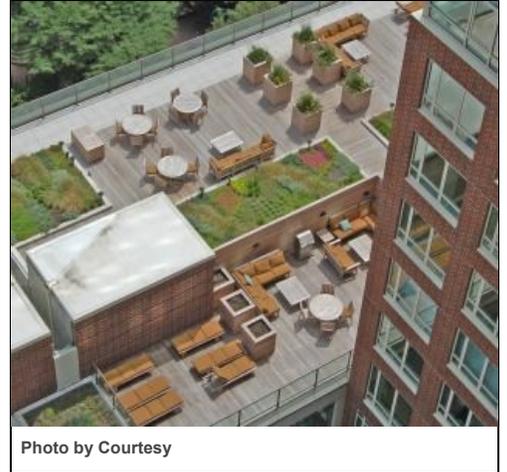


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