

Boston Real Estate Market Report

A Quarterly Survey of Boston's Prime Neighborhoods Condo Sales

Year End 2005



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Boston Market Overview

The So-Called Bubble.

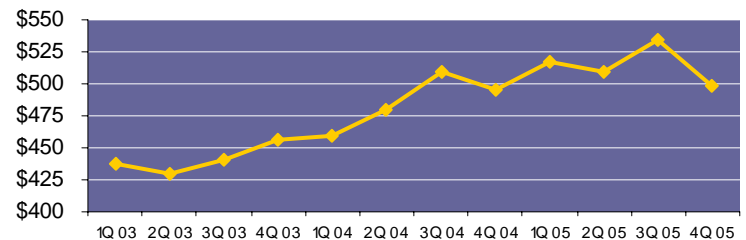
In 2005, Boston newscasters stirred their caldrons chanting “bubble, bubble, boiling trouble,” and anxiously awaited the crash of the housing market. Then the buzz began. Rumors of massive depreciations whispered their way into water-cooler conversations and dinner party chatter. But, like most gossip, this year’s rumors about the “Boston bubble bust” did not materialize.

Moderate Average Price increase with less days on the market.

In fact, the average sales price in 2005 saw a steady climb of 5% to \$538,602. And, although the median sales price marked a more modest increase of 1% from \$399,000 in 2004 to \$404,950 in 2005, no bubbles were busting. The average price per square foot saw a 7% jump to \$522 per square foot. According to LINK, a listing information network that tracks condo sales in Boston, condos actually sold 36% faster than in 2004.

Boston Market Matrix	2005	2004	%Chg	2003	% Chg
Average Sales Price	\$538,602	\$513,603	5%	\$455,876	18%
Average Price per Sq.Ft	\$522	\$490	7%	\$411	27%
Median Sales Price	\$404,950	\$399,000	1%	\$359,000	13%
Avg. Marketing Time	70	109	-36%	95	-26%
Average Condo Size	1030	1047	-2%	1115	-8%

Quarterly Average Price Per Square Foot



Outside Influences. A steady increase of interest rates in 2005 led to a slight market correction. Average sales prices increased 5% in 2005 as opposed to 13% in 2004. According to Freddie Mac, a leader in the secondary mortgage market, the average 30-year-fixed rate was 5.87% with 0.6 points, a far cry from the 10% to 17% interest rates with 2.2 points seen in the 1980s. Relatively low interest rates have allowed people to borrow and spend more, sup-

porting the rising price-tag of Boston properties. The national unemployment rate fell to 4.7% in 2005, according to the U.S. Department of Labor, providing yet another reason for optimism in the real estate market. So the red-hot market seen in recent years may slowly begin to cool; however, cooling must not be confused with freezing.

Year End 2005

Back Bay

Average Sales Price and Average Price per Square Foot Increased Dramatically.

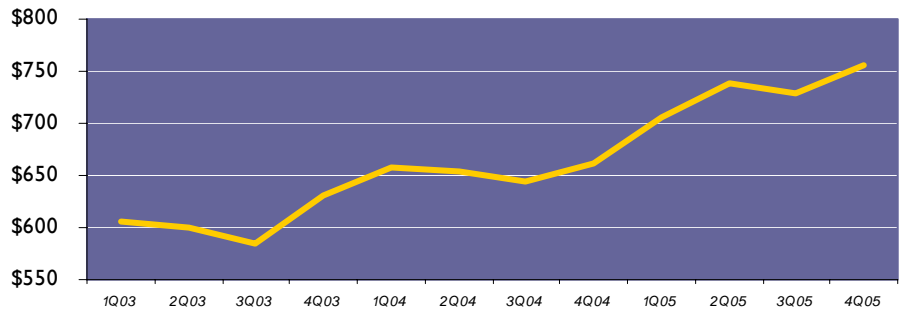
The average price per square foot in 2005 was \$731, a 12% increase from the 2004 price of \$653, and a 24% increase from the 2003 price of \$603. The average sales price was \$897,270 a 16% increase from the last year's average \$773,474 price-tag. Meanwhile, the median sales price of \$661,500 showed a 21% jump from last year, and a 35% increase from 2003. The average size of condos sold this year was 1160 square feet, a 6% increase from last year. Condos sold 17% faster than last year, averaging only 73 days on the market compared to 88 days in 2004.

Studio Market. 62 Studios sold in 2005. The average sales price was \$341,641 an increase of 6% from the average 2004 price of \$322,815. The average price per square foot increased 10% last year, ringing in at \$699. The median selling price jumped to \$316,000 in 2005, marking a 15% increase from 2004. The average days on the market fell 13% to 69 days, while condo size remained relatively stable, increasing only 5%. However, the average size of 482 square feet marked a dramatic 32% decrease since 2003.

One Bedroom Market. 235 One bedroom units sold in 2005. The average sales price increased 10% from \$451,834 in 2004 to \$497,512 in 2005. The average price per square foot hit \$678 last year, marking a 9% increase from 2004. The median selling price was \$461,000 a 12% increase from the \$410,000 price-tag the previous year. Condos sold faster than in

Back Bay Matrix	2005	2004	%Chg	2003	% Chg
Average Sales Price	\$897,270	\$773,474	16%	\$721,471	24%
Average Price per Sq.Ft	\$731	\$653	12%	\$603	21%
Median Sales Price	\$661,500	\$545,000	21%	\$490,000	35%
Avg. Marketing Time	73	88	-17%	98	-26%
Average Condo Size	1160	1099	6%	1115	4%

Average Price Per Square Foot 2003 –2005



recent years. The average marketing time was 52 days, a 10% decrease from 2004 and a 38% drop from 2003.

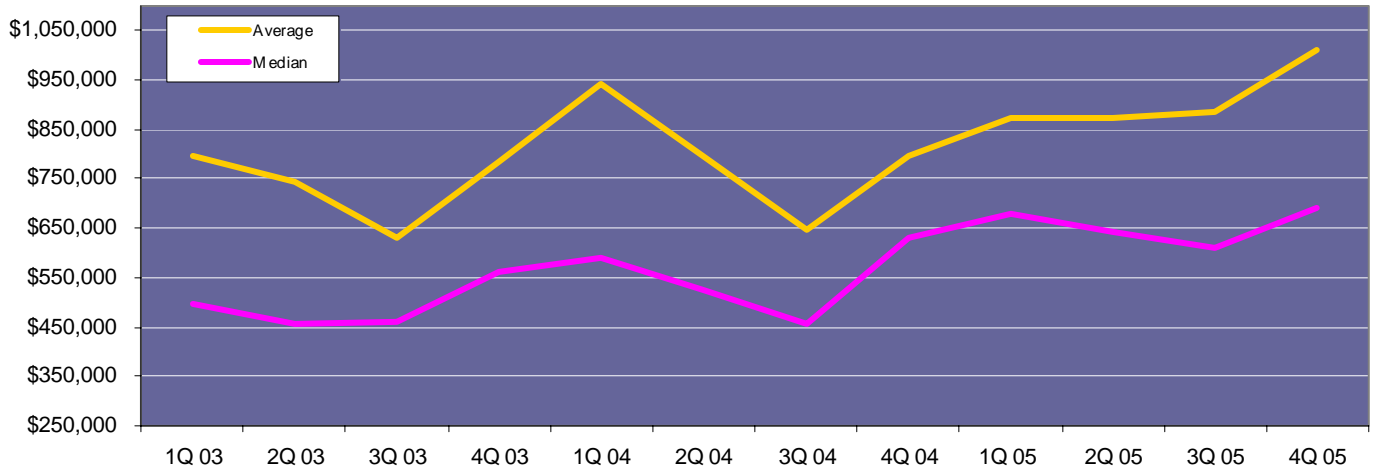
Two Bedroom Market. 270 Two bedroom units sold in 2005. The average sales price broke the one-million-dollar mark, ringing in at \$1,001,529 a 11% increase from 2004. The average price per square foot hit \$736 marking a 13% increase. The median selling price in 2005 was \$863,250. This price showed a 14% jump from 2004, and a 35% spike from 2003. Condos sold 25% faster than in 2004, averaging only 70 days on the market.

Three + Bedroom Market. 87 Three + bedroom units sold in 2005. The average selling price was \$2,049,479 a 9% decrease from the 2004 average price of \$2,261,282. Despite this, the average price per square foot increased 7% to

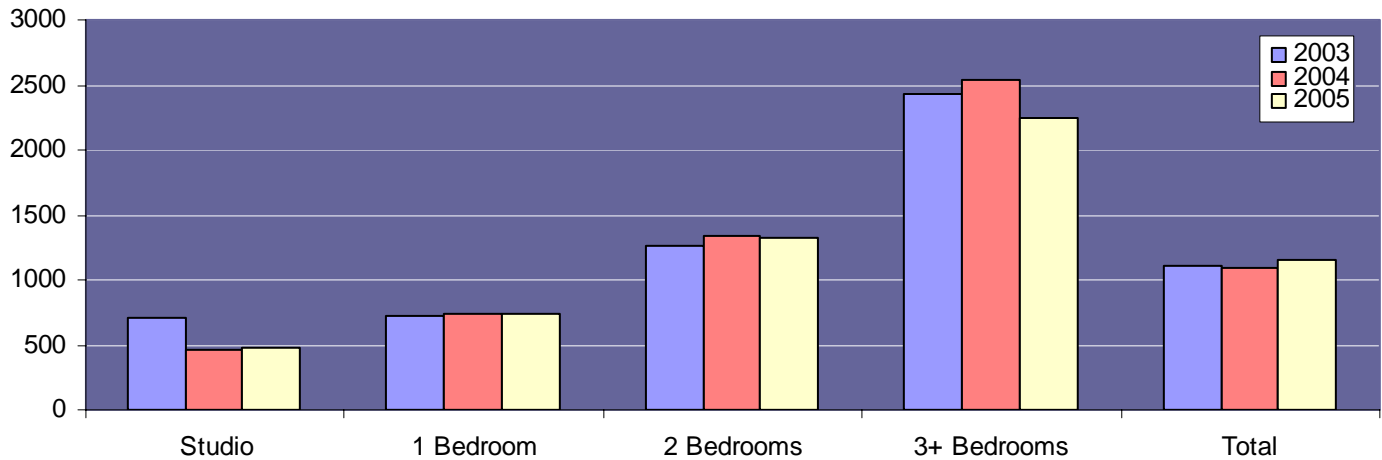
\$881. The decrease in average sales price resulted despite the increase in price per square foot because the average condo size dropped 12% from last year. The median selling price remained steady at \$1,800,000. Condos sold 18% faster than in 2004, averaging 145 days on the market.

Back Bay Graphs

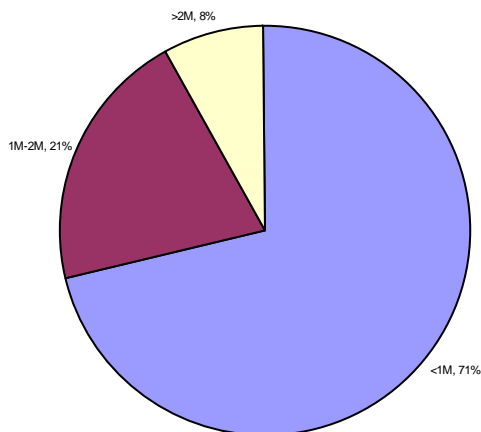
Average Sale Price vs. Median Sales Price 2003-2005



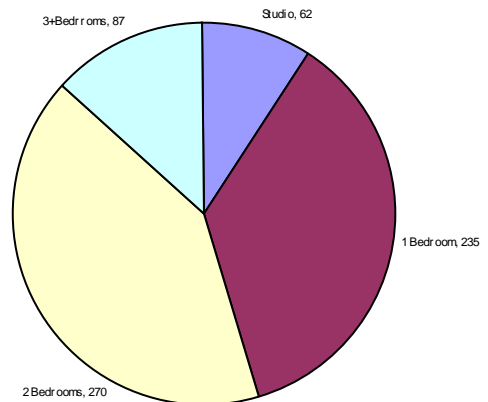
Average Square Footage by Bedrooms 2003-2005



Number of Units Sold by Price 2005



Number of Units Sold by Bedrooms 2005



Year End 2005

Beacon Hill

Beacon Hill Market Sees Slowdown.

The average sales price dropped to \$647,667 a 2% decrease from last year. The average price reduction came in light of the 35% increase Beacon Hill experienced in 2004. The median sales price saw a drop of 3% to \$469,000 in 2005, a far cry from the 47% increase seen the previous year. The price per square foot remained stable, increasing an average of 6%. Time on the market also decreased, shrinking 17%, from 95 days in 2004 to 79 days in 2005.

Studio Market. 35 Studios sold in 2005.

The average sales price was \$403,914 a 13% increase from 2004 and a 70% increase from 2003. The average price per square foot was \$728, marking a 15% increase from last year. The median selling price increased 11% to \$325,000. Condos sold 29% slower than in 2004, spending an average of 54 days on the market. The average unit size was 441 square feet.

One Bedroom Market. 123 One bedroom units sold in 2005.

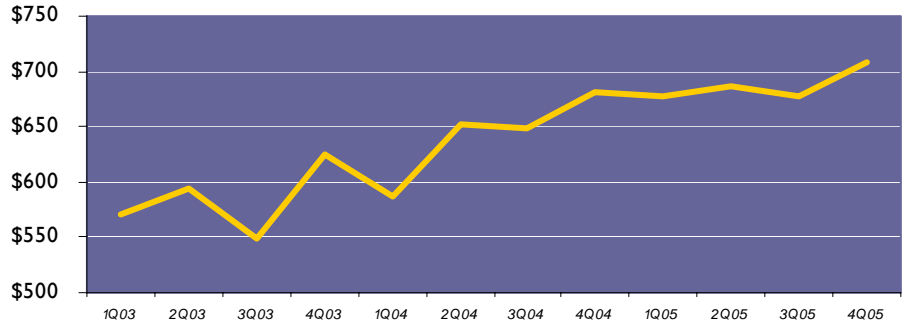
The average sales price increased 1% to \$412,732. The average price per square foot was \$693 last year, marking an 11% increase from 2004. The median selling price increased 1% to \$377,500. Condos sold 37% faster than last year, averaging 49 days on the market. The average condo size was 597 square feet.

Two Bedroom Market. 107 Two bedroom units sold in 2005.

The average sales price was \$724,100 a 9% decrease from 2004, but a 25% increase from 2003. The average price per square foot

Beacon Hill Matrix	2005	2004	%Chg	2003	% Chg
Average Sales Price	\$647,667	\$663,305	-2%	\$485,623	33%
Average Price per Sq.Ft	\$686	\$647	6%	\$576	19%
Median Sales Price	\$469,000	\$485,000	-3%	\$325,000	44%
Avg. Marketing Time	79	95	-17%	77	3%
Average Condo Size	924	795	16%	803	15%

Average Price Per Square Foot 2003 –2005



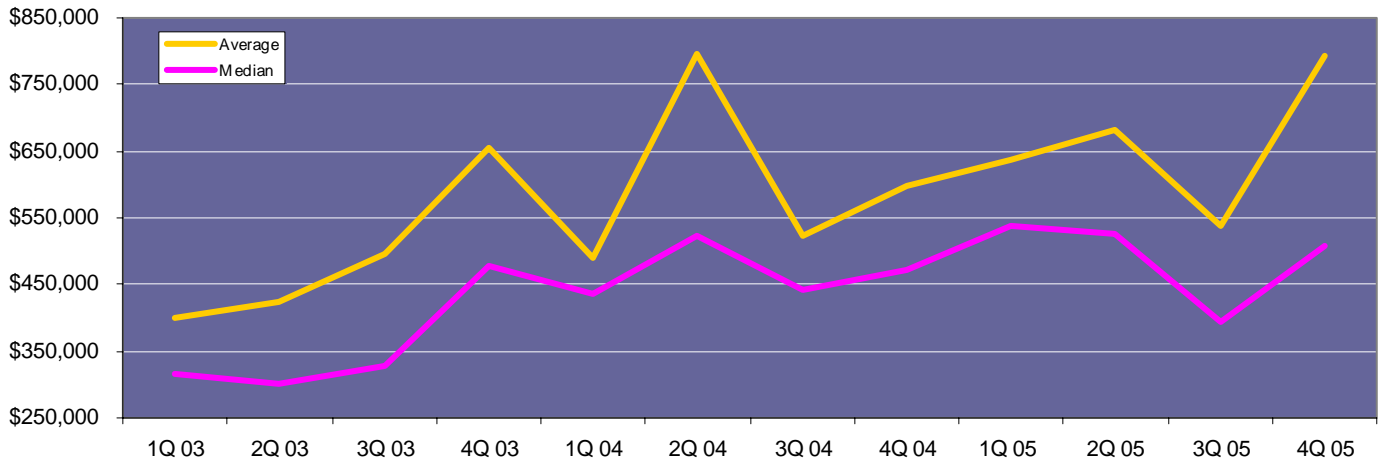
was \$657 marking a 1% increase. The median selling price was \$665,000. This price showed a 3% drop from 2004, but a 23% increase from 2003. Condos sold 2% faster than in 2004, averaging 102 days on the market. The average condo size was 1087 square feet.

Three + Bedroom Market. 29 Three + bedroom units sold in 2005.

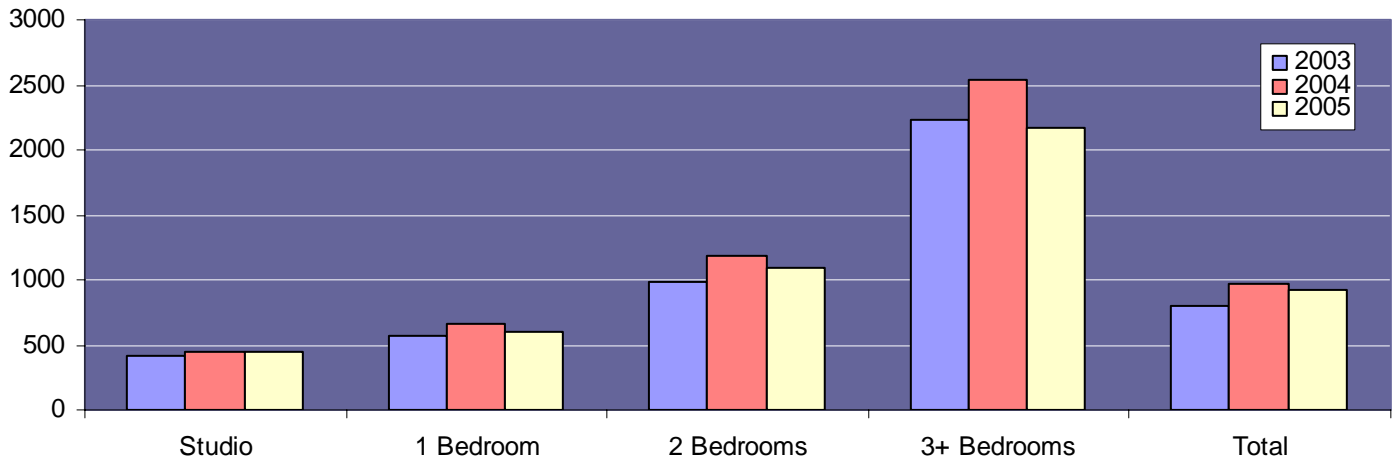
The average selling price was \$1,664,383 a 21% decrease from the 2004 average price of \$2,098,471 and a 2% decrease from 2003. The average price per square foot fell 6% to \$738. The median selling price decreased 27% to \$1,300,000 returning to 2003 prices. Units sold 36% faster, averaging 125 days. The average condo size was 2176 square feet.

Beacon Hill Graphs

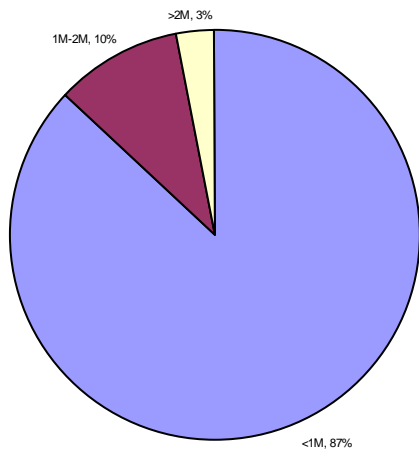
Average Sale Price vs. Median Sales Price 2003-2005



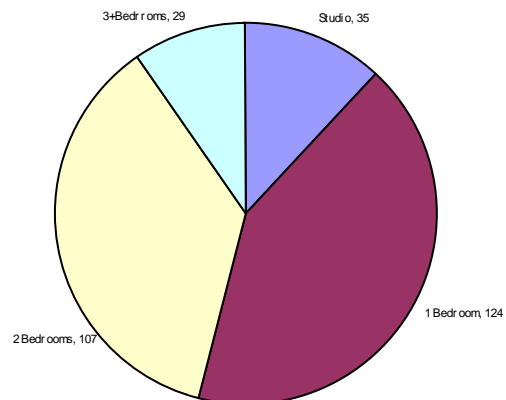
Average Square Footage by Bedrooms 2003-2005



Number of Units Sold by Price 2005



Number of Units Sold by Bedrooms 2005



Year End 2005

South End

The South End Saw a Moderate Decrease in Average Sales Price, but an Increase in Price Per Square Foot.

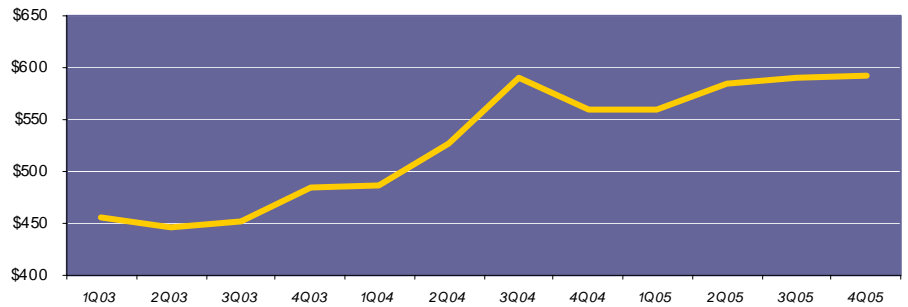
The average sales price was \$575,652 a 4% decrease from last year; however the median sales price of \$497,000 showed a 6% increase from the 2004 median price of \$492,500. The price per square foot remained steady, increasing 6% from last year. Though promising, this 6% increase is far less than the 22% spike in price per square foot between 2003 and 2004. On average, condos sold in 2005 were 1000 square feet, 8% smaller than the previous year. The average marketing time fell 28%, from 79 days in 2004 to only 57 days in 2005.

Studio Market. 70 Studios sold in 2005. The average sales price was \$467,362 an increase of 17% from the average 2004 price and a 28% jump from 2003. The average price per square foot climbed only 1% to \$580. The median selling price increased by 21% to \$330,500 in 2005. The average days on the market fell 12% to 52 days, and the average condo size was 482 square feet.

One Bedroom Market. 270 One bedroom units sold in 2005. The average sales price decreased 1% to \$404,012. The average price per square foot hit \$601 last year, marking a 9% increase from 2004. The median selling price was \$390,250 a 1% increase. Condos sold 22% faster than in 2004 and a whopping 49% faster than in 2003. The average marketing time was 50 days, and the average condo size was 687 square feet.

South End Matrix	2005	2004	%Chg	2003	% Chg
Average Sales Price	\$575,652	\$600,047	-4%	\$441,945	30%
Average Price per Sq.Ft	\$584	\$551	6%	\$458	28%
Median Sales Price	\$497,000	\$492,500	1%	\$410,000	21%
Avg. Marketing Time	57	79	-28%	98	-42%
Average Condo Size	1000	1084	-8%	1018	-2%

Average Price Per Square Foot 2003 –2005

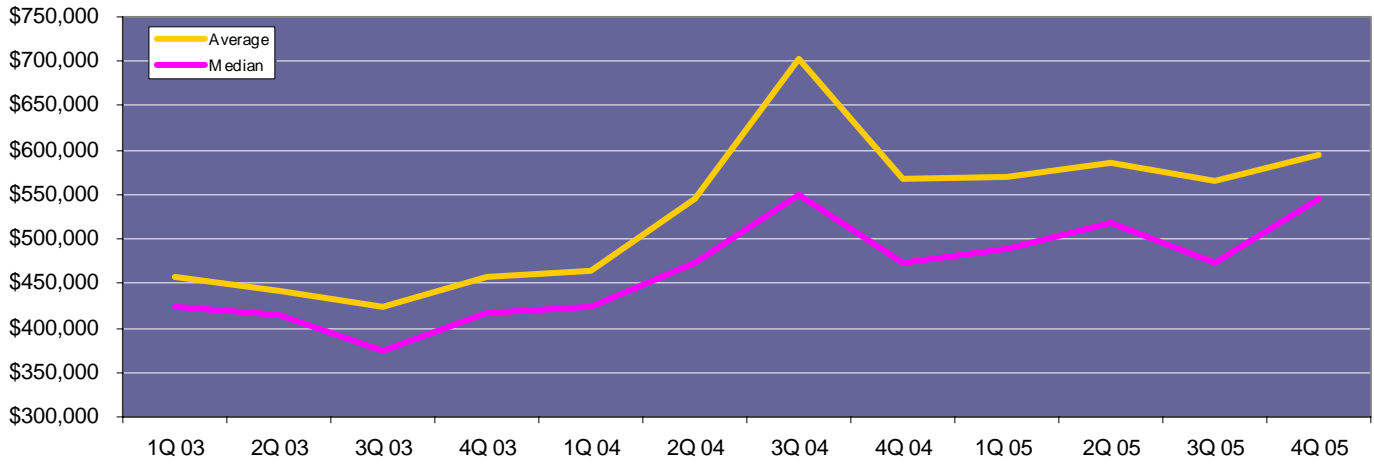


Two Bedroom Market. 392 Two bedroom units sold in 2005. The average sales price \$633,186 a 4% drop from 2004. The average price per square foot was \$577 marking a 5% increase. The median selling price in 2005 was \$607,500 showing a 7% increase. Condos sold 27% faster than in 2004, averaging 61 days on the market.

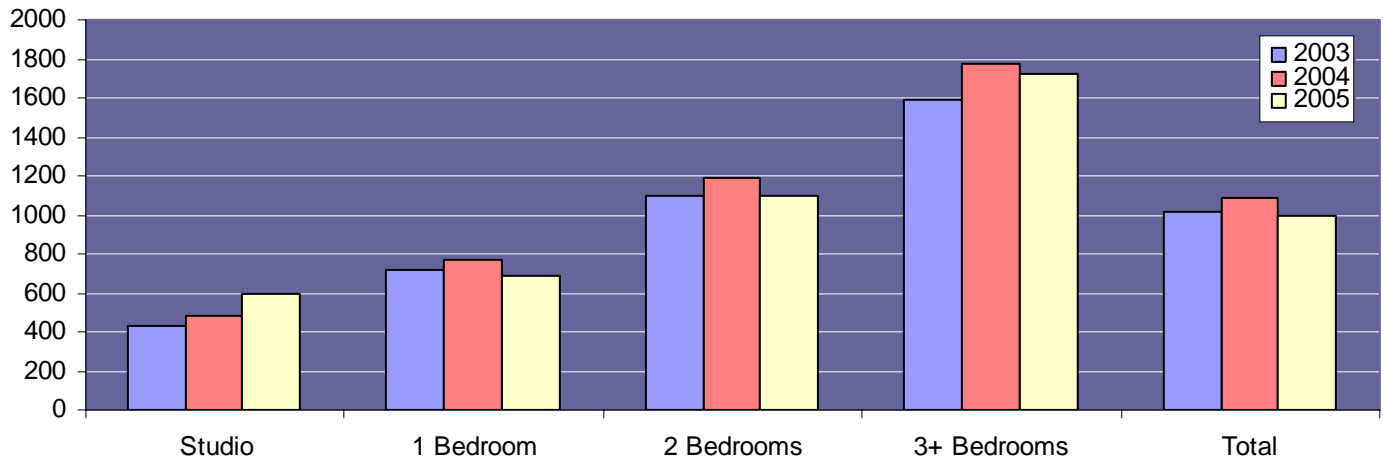
Three + Bedroom Market. 81 Three + bedroom units sold in 2005. The average selling price was \$962,934 a 7% decrease from the 2004 but a 50% increase from the 2003 price of \$640,396. The average price per square foot increased 2% to \$559. The median selling price increased 7% to \$937,500. Condos sold 37% faster than in 2004, averaging 64 days on the market. The average condo size was 1722 square feet.

South End Graphs

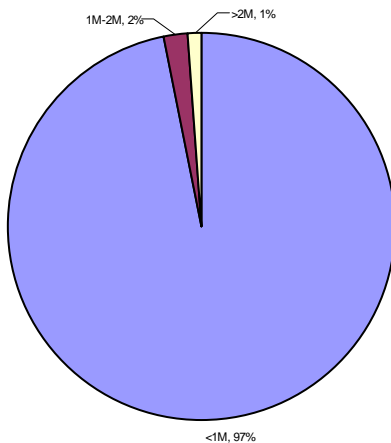
Average Sale Price vs. Median Sales Price 2003-2005



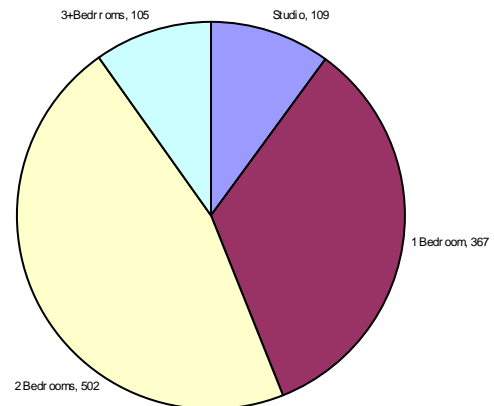
Average Square Footage by Bedrooms 2003-2005



Number of Units Sold by Price 2005



Number of Units Sold by Bedrooms 2005



Year End 2005

Down Town

Downtown is Even Hotter than Last Year, Showing Large Average Sales Price Increases.

The average sales price jumped 18% from \$731,138 in 2004 to \$865,336 in 2005. The climb greatly surpassed the 3% average price increases seen in 2004. The median sales price increased 17% from \$572,000 to \$671,250, almost double the 9% increase seen the previous year. The average price per square foot also saw a 17% boost, settling at \$674 in 2005. Time on the market plummeted 68% from 214 days in 2004 to 89 days in 2005.

Studio Market. 45 Studios sold in 2005.

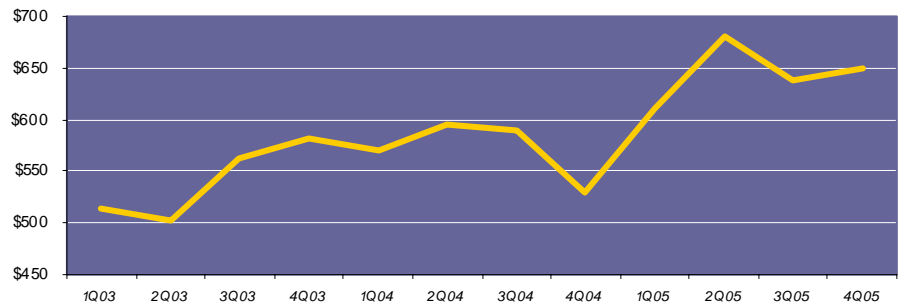
The average sales price was \$625,085 a 10% from 2004 and a 20% decrease from 2003. The average price per square foot increased 11% last year, ringing in at \$602. The median selling price jumped to \$545,000 in 2005, marking a 38% increase from 2004. The average days on the market fell 59% to 65 days, while condo size decreased 34% to 846 square feet.

One Bedroom Market. 181 One bedroom units sold in 2005. The average sales price increased 21% from \$476,854 in 2004 to \$575,113 in 2005. The average price per square foot hit \$617 last year, marking a 11% increase from 2004. The median selling price was \$540,000 a 24% increase from the previous year. Condos sold 57% faster than last year, averaging 72 days on the market. The average condo size was 955 square feet.

Two Bedroom Market. 188 Two bedroom units sold in 2005. The average sales price was \$918,803 an increase of

Down Town Matrix	2005	2004	%Chg	2003	% Chg
Average Sales Price	\$865,336	\$731,138	18%	\$714,392	21%
Average Price per Sq.Ft	\$674	\$575	17%	\$540	25%
Median Sales Price	\$671,250	\$572,000	17%	\$531,000	26%
Avg. Marketing Time	89	214	-58%	190	-53%
Average Condo Size	1285	1232	4%	1226	5%

Average Price Per Square Foot 2003 –2005

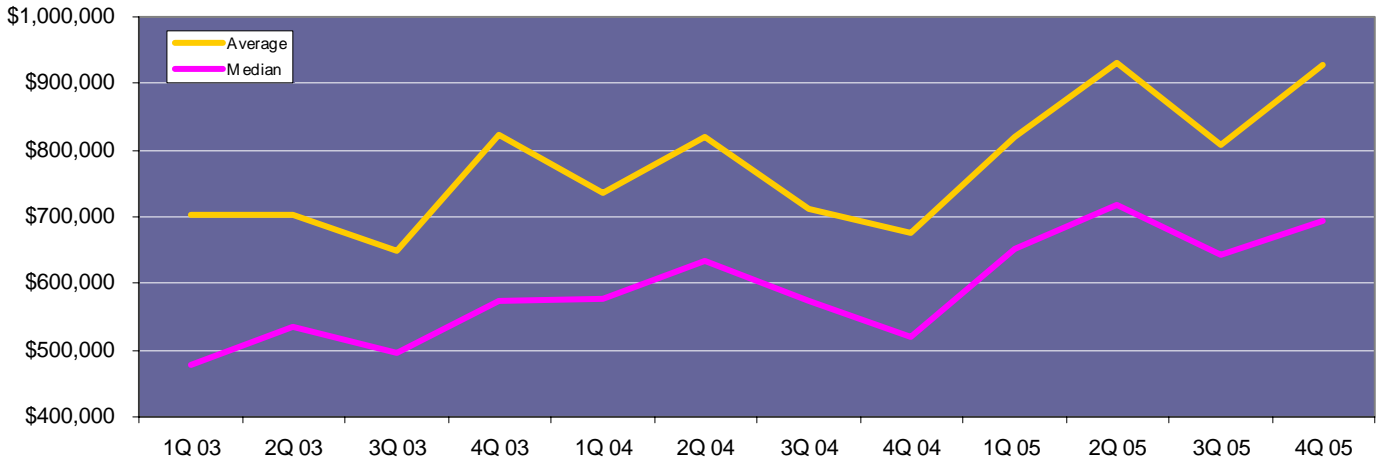


17% from 2004. The average price per square foot was \$648 marking a 10% increase. The median selling price was \$805,000. This price showed a 22% jump from 2004, but only a 15% increase from 2003. Condos sold 61% faster than in 2004, averaging 99 days on the market. The average condo size was 1375 square feet.

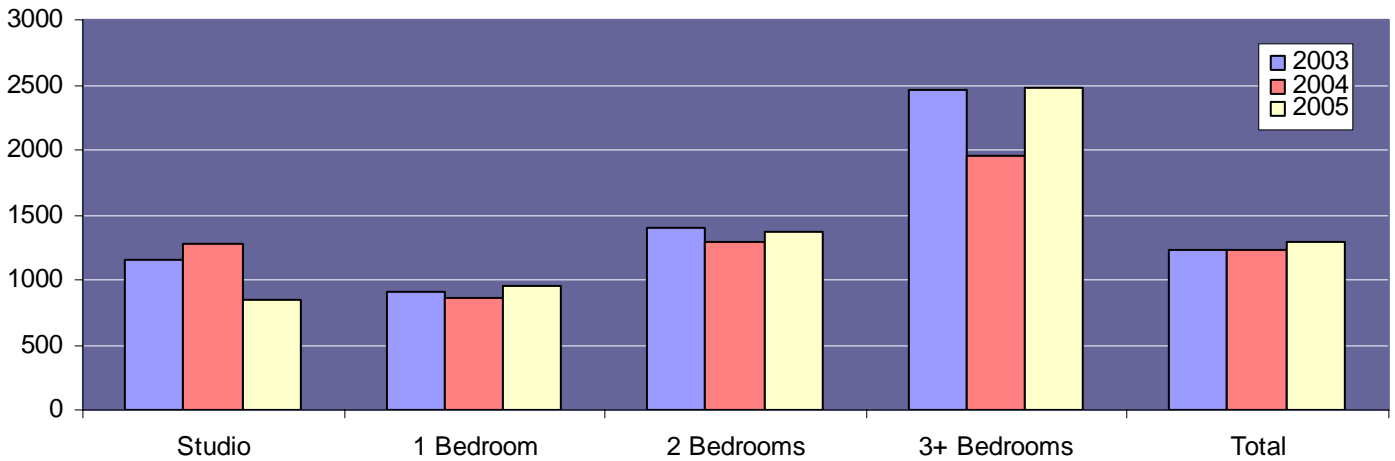
Three + Bedroom Market. 44 Three + bedroom units sold in 2005. The average selling price was \$2,076,466 an amazing 68% increase from the 2004 average price of \$1,236,743. The average price per square foot jumped 36% to \$787. The median selling price increased 67% to \$1,823,750. Condos sold 37% faster than in 2004, averaging 127 days on the market.

Down Town Graphs

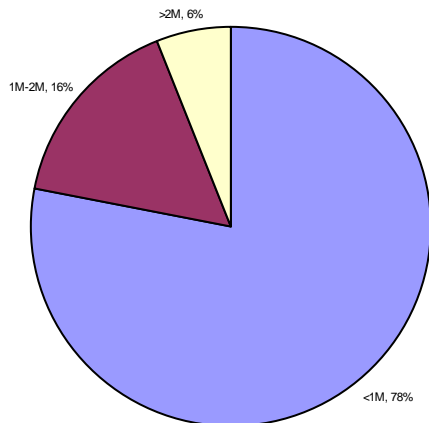
Average Sale Price vs. Median Sales Price 2003-2005



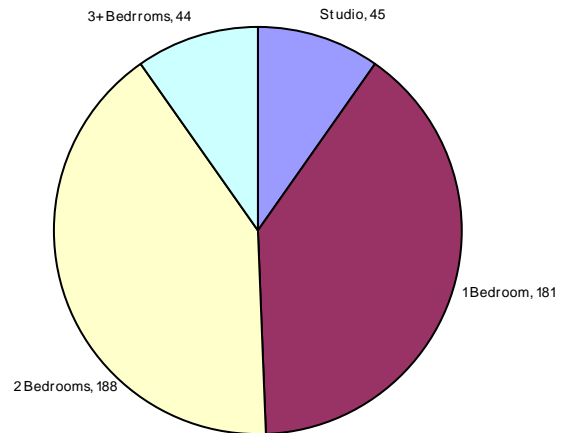
Average Square Footage by Bedrooms 2003-2005



Number of Units Sold by Price 2005



Number of Units Sold by Bedrooms 2005



Luxury Market (Full Service Developments)

The Luxury Market Showed Large Growth and Price Increases. 855 luxury units sold in 2005. The average sales price was \$876,160 a 16% increase from 2004, and a 34% increase from 2003. The average price per square foot was \$658 marking a 15% increase. The median selling price was \$640,000. This price showed a 11% jump from 2004. Condos sold 57% faster than in 2004, averaging 106 days on the market. The average condo size was 1233 square feet.

Studio Market. 57 Studios sold in 2005. The average sales price was \$544,455 a decrease of 17% from 2004 and a 28% decrease from 2003. The average price per square foot increased 17% last year, ringing in at \$637. The median selling price was \$400,000 in 2005, marking a 1% increase from 2004. The average days on the market fell 62% to 86 days, while condo size decreased 20% to 696 square feet.

One Bedroom Market. 326 One bedroom units sold in 2005. The average sales price

Luxury Market Matrix	2005	2004	%Chg	2003	% Chg
Average Sales Price	\$876,160	\$758,289	16%	\$651,980	34%
Average Price per Sq.Ft	\$658	\$570	15%	\$485	36%
Median Sales Price	\$640,000	\$576,500	11%	\$483,000	33%
Avg. Marketing Time	106	249	-57%	202	-48%
Average Condo Size	1,233	1,242	-1%	1,259	-2%

increased 12% from \$463,403 in 2004 to \$525,687 in 2005. The average price per square foot hit \$618 last year, marking a 17% increase from 2004. The median selling price was \$470,000 an 8% increase from the previous year. Condos sold 67% faster than last year, averaging 80 days on the market. The average condo size was 850 square feet.

Two Bedroom Market. 390 Two bedroom units sold in 2005. The average sales price was \$918,207 an increase of 11% from 2004. The average price per square foot was \$651 marking a 11% increase. The median selling price was \$815,000. This price showed a 10%

jump from 2004, but a 57% increase from 2003. Condos sold 55% faster than in 2004, averaging 115 days on the market. The average condo size was 1334 square feet.

Three + Bedroom Market. 82 Three + bedroom units sold in 2005. The average selling price was \$2,101,994 a 30% increase from 2004 and an amazing 87% increase from 2003. The average price per square foot jumped 29% to \$869. The median selling price increased 42% to \$1,823,750. This price was a whopping 180% more than the 2003 average. Condos sold 24% faster than in 2004, averaging 182 days on the market. The

About the Author.

In summer 2005, when the 'real estate bubble' rumors began to expand, frightening sellers, buyers and real estate agents alike, Elad decided to put his statistics and analysis on paper.

Elad was born and raised in Israel, joined the Israeli Defense Forces in 1998 and served in a special operations unit for five years, completing his service as a Captain with honors. During his service, Elad attended the Open University in Tel-Aviv to learn math and computer science. Today Elad is a real estate consultant working with ERA Boston Real Estate Group specializing in residential real estate, luxury real estate and real estate investments.

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