

Downtown condo market tightens up

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Downtown Boston has not seen any large-scale residential condominium projects since 2007 because funding has been non-existent for the past several years.

That lack of capital coupled with high building costs and a lack of buildable sites has limited Boston's supply of luxury condominium developments.

Construction in the downtown market has recently begun on several large-scale buildings, presently slated as "luxury rental buildings."

Even if any of these projects switch to condominiums, they will still take an average of two years to build, and it will be at least 36 months until this new supply of condos hits the market. In the past year, city officials have allowed developers of several buildings slated to break ground to decrease or eliminate condos in favor of additional rental buildings.

Debra Taylor, president of LINK (Listing Information Network), a Hub company that provides property listing and downtown market information said there's "six month supply of inventory in the over \$1 million downtown Boston condominium market."

The unsold inventory is a primary indicator of market stability and a healthy housing market has five-and-a-half to six months of available inventory.

Three of the largest luxury condo developments in Boston are seeing a steady pace of traffic and sales as their inventory levels continue to decline.

Kevin Ahearn, president of Otis and Ahearn, which company is marketing the "W" residences said, "The downtown luxury market inventory is already starting to tighten and putting pressure on upward pricing."

The "W" residences have 123 units and Ahearn said there are "52 units closed and he anticipates being 50 percent sold by year end."

Ahearn said buyers at the upscale, full service building are a mix of young professionals, empty-nesters and international clients. He said he's pleased with the sales velocity and "expects a complete sellout in 18 to 24 months." Prices for the "W" residences range from the mid \$400,000s to \$3.7 million.

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

According to the sales director Wayne Lopez, "45 Province is now over 40 percent sold and in the past year alone we have closed and reserved 34 homes."

In contrast to 2010, when "12 sales occurred," he said.

"The uptick in activity at 45 Province and other new construction developments in Boston, is evidence that available inventory continues to diminish with no new condominium product in the pipeline," Lopez said.

Prices at 45 Province range from one-bedroom homes in the \$700,000s to large penthouse units in the \$4 million range.

New York-based developer the Related Cos. partnered with Boston-based Beal Cos. to build the Clarendon with 102 luxury condos in Back Bay. Kim Sherman, vice president at the Related Cos., said the building is "75 percent sold and is expected to be 80 percent sold by year end."

Buyers who have been on the sidelines are coming into a full-service property they can see and experience. "We are seeing many buyers, who visit the sales office, view the property and close in two months," she said.

Given the fundamentals in the Boston downtown luxury market, Sherman said "the Related Companies are certainly seeking new deals in Boston."

Prices for homes at the Clarendon range just below \$800,000 and to \$7 million.

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