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High-end sales push city's condo prices up 10.2%

\$487,000 median near peak; luxury sector at \$735,000

July 26, 2011 | By Jenifer B. McKim, Globe Staff

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Boston's downtown condo market enjoyed a double-digit price increase this spring as buyers snapped up homes in luxury buildings, pushing prices to near-peak levels, new data show.

Citywide, the median price swelled by 10.2 percent to \$487,000 in the second quarter of 2011, compared to the same period last year, according to Listing Information Network, a Boston company that tracks the downtown condo market. The city's peak was \$499,000 in 2008, before the national financial crisis stalled sales and frightened away buyers, according to data provided by the information network.

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Median prices headed upward partly because of increased sales in high-end buildings like 45 Province, the Clarendon, and the Residences at W Boston. Two properties at the Mandarin Oriental each sold for more than \$12 million in June.

"Confidence has resumed in the market," said Wayne Lopez, director of sales and marketing for 45 Province, which has sold or put under agreement 32 homes over the last year.

The Clarendon has sold nearly 75 percent of its 102 units, which went on the market starting in December 2009. Kim Sherman, an official with the Clarendon, said sales have been strong because of the building's benefits as well as the change in the market. "There's a shift in the mood," she said.

The median price for luxury buildings, those with a valet, concierge, and other services, jumped 13.1 percent in the quarter to \$735,000, just \$15,000 lower than the 2008 peak, according to the information network.

Sales in the luxury condo market increased by 26.8 percent compared to the same time last year, while overall sales dropped by almost 10 percent, new data show. Luxury sales represented about 17 percent of all sales in the second quarter.

In general, Boston's downtown condo market has fared better than housing markets statewide, which have suffered price decreases since 2005.

Although the condo market began to decline in 2008, it started heading up again in 2009, according to the information network.

The network defines Boston's downtown market as 12 core neighborhoods, including the Back Bay, Beacon Hill, Charlestown, the Fenway, and South Boston.

Debra Taylor Blair, the network's president, said the city's housing market has largely done better because it has less inventory and sellers are more reluctant to reduce their prices.

"Sellers can rent their properties out and more than cover their mortgage," she said.

Joshua Golden, a real estate broker at Luxury Residential Group LLC in downtown Boston, said sales have been increasing in luxury buildings partly due to empty nesters - couples whose

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children have left the house - who want to return to the city. In some luxury buildings, he said, sellers have dropped their prices, while others have been able to stick close to asking prices. "We are doing much better than we did last year," he said.

John Ranco, a broker with Hammond Residential Real Estate in the South End, said last year's sales were driven by the federal home buyer tax credit, which targeted first-time buyers, who generally pay lower prices.

Now, he said, people with more to spend are looking to buy and finding sellers more willing to work with them.

"It's been a busy summer," Ranco said. "We've seen prices more negotiable."

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