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Market Update—2016 Year-End Preview

2016 will be a record year for Boston condo sale prices, in large part due to the high number of Millennium Tower closings starting to record in 2Q, in addition to the culmination of 22 Liberty closings in 1Q. New records include:

- The average sale price of \$1,156,870 is 21% higher than the record set last year
- 35% of the market was over \$1,000 per square foot and 7% of sales were over \$1,500 (versus 20% and 4%, respectively, last year)
- 35% of sales were over \$1M, breaking the 25% record set last year by a full 10%

Two significant luxury buildings had a high number of closings record in 2016, which had a large impact on the condominium market numbers: Twenty Two Liberty and Millennium Tower.

Inventory

As predicted in our 2015 Year End Market Report, the \$3M+ market is beginning to feel over burdened, with more supply than demand. Days on market are extending for the top of the market, and the months' supply of inventory is moving from a sellers' market to a buyers' market. The true number of homes available for sale in the highest segments is actually even higher than depicted below because MLS does not report all of the pre-construction homes available at One Dalton (Four Seasons), Pier 4, Pierce, 50 Liberty, and the remaining homes at Millennium Tower.

Inventory Supply Dec. 14, 2016

Price Segment	Sales in 2015	Sold Per month in 2015	Units Avail Now	Months' Supply
Under \$500,000	799	67	56	.8
\$500,000 - \$999,999	1,617	135	86	.6
\$1M - \$1.499M	350	29	36	1.2
\$1.5M - \$1.99M	186	16	19	1.2
\$2M - \$2.499M	95	8	10	1.25
\$2.5M - \$2.99M	72	6	6	1
\$3M - \$3.49M	41	3	12	4

\$3.5M - \$3.99M	29	2	13	6.5
\$4M - \$4.49M	15	1.25	7	5.6
\$4.5M - \$5M	8	.67	5	7.5
\$5M - \$5.49M	9	.75	3	4

Looking Forward

The \$3M - \$5M segment in particular has the longest days on market and has reached a point where supply is outpacing demand. Although the ultra high end appears soft for the present moment, limited new inventory in the pipeline means this inventory has a strong chance of being absorbed in the next 2 years.

Demand/Days to Offer

Price Segment	2016 Days to Offer
Under \$500,000	22
\$500,000 - \$999,999	32
\$1M - \$1.499M	31
\$1.5M - \$1.99M	43
\$2M - \$2.499M	72
\$2.5M - \$2.99M	87
\$3M - \$3.49M	105
\$3.5M - \$3.99M	110
\$4M - \$4.49M	96
\$4.5M - \$5M	47
\$5M - \$5.49M	115

The \$1M- \$3M market still has more demand than supply. In addition, the growing number of sales \$1500+ per square foot is not exclusive to brand new luxury buildings. Re-sales in older luxury buildings in a variety of locations were also achieving \$1500+ psf, including units at: Trinity Place, Rowes Wharf, Atelier 505, Battery Wharf, 45 Province, Belvedere, Burroughs Wharf, The Clarendon, Four Season, Heritage, Mandarin Oriental, and Ritz Towers.