

Ken Snyder

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Sent: Wednesday, October 15, 2008 2:12 PM
Subject: Q3 08 Boston Market Update



Ken

Boston Q3 2008 Market Update

As you no doubt have witnessed, the past 12 months have been wild. We have seen everything from credit crunches (August 2007) to Bear markets (Spring 2008) to \$800 billion dollar government bailouts. Volatility, hostility and most recently irrationality have been the hottest themes on both Wall Street and Main Street alike. While I cannot predict how the current economic turmoil will affect our market in Q4, I can tell you what I've seen so far this year. And in an effort to give you a broader perspective, I will now include Dorchester, South Boston, Charlestown, and the Waterfront in these reports.

Let's start first with **Available Inventory** – Unlike many of the larger metro areas across the country, many neighborhoods throughout Boston continue to see significant decreases in the number of listed homes (condominiums) for sale.

Across the city, inventory is down nearly 20% on average.

Available Inventory(Condominiums)			
	As of 10/3/2007	As of 10/3/2008	% Change
Back Bay	187	201	+7.5%
Beacon Hill	86	71	-17.4%
Charlestown	164	122	-25.6%
Dorchester	362	268	-30.0%
South Boston	263	215	-18.3%
South End	229	191	-16.6%
Waterfront	81	83	Flat
Boston - Citywide	2466	1989	-19.3%

Days on Market (Current Inventory) - Days on market for condos listed but not yet sold in Boston is generally increasing, with the notable exceptions of the Waterfront and the South End Citywide, the increase averaged between 3-5% with the largest increase seen in the peripheral neighborhoods likes Dorchester and South Boston.

Days on Market (Current Inventory)			
	As of 10/3/2007	As of 10/3/2008	% Change
Back Bay	146	156	+6.85%
Beacon Hill	149	162	+8.7%
Charlestown	125	134	+7.2%
Dorchester	111	124	+11.7%
South Boston	122	132	+8.2%
South End	121	122	Flat
Waterfront	157	150	-4.5%
Boston - Citywide	124	128	+3.2%

Days on Market (Sold) – While DOM increased across the board with actively listed inventory; DOM is down on average for units sold. Here we see broader volatility depending on neighborhood, with South Boston down 25%, Beacon Hill up 35%, and the rest somewhere in between.

Days on Market(Sold)			
	Q1, Q2, Q3 2007	Q1, Q2, Q3 2008	% Change
Back Bay	107	101	-5.61%
Beacon Hill	88	119	+35.2%
Charlestown	120	120	Flat
Dorchester	132	112	-15.2%
South Boston	129	96	-25.6%
South End	103	93	-9.71%
Waterfront	129	146	+13.2%
Boston - Citywide	108	104	-3.70%

It's important to note that DOM for *sold property* is lower than DOM for *existing inventory* in every neighborhood. This tells us that the more desirable properties tend to sell faster than the market as a whole. This is a critical point to keep in mind when you decide to sell. **Now more than ever, properties that are priced right and show at their best sell faster than their competition.**

Units Sold- Comparing the Q1-Q3 in 2007 to the same period in 2008, we see a significant decrease in the number of units sold, outside of Beacon Hill which given the smaller sample size often acts as an outlier. Given our reduced inventory, it's not surprising that the # of units sold has declined. Tougher lending standards have no doubt taken a toll as well.

Units Sold			
	Q1, Q2, Q3 2007	Q1, Q2, Q3 2008	% Change
Back Bay	363	339	-7.1%
Beacon Hill	124	150	+21.0%

Charlestown	244	189	-29.1%
Dorchester	301	249	-17.3%
South Boston	473	332	-29.8%
South End	492	485	-1.4%
Waterfront	74	92	+24.3%
Boston - Citywide	3739	3119	-16.6%

Average Selling Price – While the figures vary by neighborhood, the statistics show us that the overall contraction of the market place (less sales) works to increase demand in core downtown neighborhoods (A+ location). Additionally, buying opportunities are prevalent in the peripheral neighborhoods as prices continue to fall.

Average Selling Price			
	Q1, Q2, Q3 2007	Q1, Q2, Q3 2008	% Change
Back Bay	\$860,464	\$937,417	+8.94%
Beacon Hill	\$698,256	\$667,773	-4.37%
Charlestown	\$486,982	\$474,078	-2.65%
Dorchester	\$269,215	\$217,965	-19.0%
South Boston	\$424,444	\$386,142	-9.02%
South End	\$607,238	\$649,649	+6.98%
Waterfront	\$966,717	\$1,097,284	+13.5%
Boston - Citywide	\$488,639	\$509,910	+4.4%

Conclusions:

We cannot deny the economic impact a slowing economy and tightening credit standards have had on the Massachusetts Real Estate market. The trends I have identified in previous reports continue to hold true. At the city-wide level, inventory is down, number of sales is down, days on market for unsold properties are up, but days on market for sold properties are down. In uncertain times, buyers will pay a premium for reduced risk. We see that clearly when we compare positive price movement in the Back Bay, South End, etc. vs. negative in Dorchester, South Boston, etc.

For sellers, Boston overall has fared better than most of the country. Lower inventory levels have served to insulate against price declines and protected home owner equity. Even in the face of reduced demand, low inventory allows well priced homes in desirable locations to continue to sell and sell well.

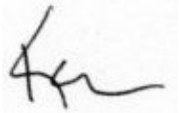
Buyer's can benefit in today's market as well given investing in real estate has proven to be a worthwhile and safe investment over the moderate to long term. While your 401k or IRA may be down drastically, your home has probably not faced the same fate. **In fact this quarter I sold 4 Back Bay, South End, and Beacon Hill properties for approximately 10% more than their purchase price in 2005 and**

2006.

Despite what you are hearing on the national level, I can assure you that well qualified buyers are able to acquire mortgages with rates near 6%. There are various (legitimate) mortgage programs that enable purchasers to put less than 20% down. And lower prices in Dorchester and South Boston, etc. present more affordable options that we have seen in recent years.

Now more than ever, having a trusted skilled real estate advisor on your side can make all the difference. So if you, a friend, or a colleague is looking to buy or sell a home in Boston, please let me know the best way to get in touch. And as always, please feel free to pass the report on to anyone you think would find it helpful.

All my best,



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P.S. If you know of someone who is looking to buy or sell a home, in Boston or elsewhere, please don't hesitate to call me. I promise I will follow up and provide a level of service that makes you proud to have referred them to me!

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