

# BANKER & TRADESMAN

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## Healthy Condo Sales Powering Market Success So Far in 2005

By Ashley Wilkins

**E**VEN WITH A COLD WINTER AND A rain-soaked spring, during the first few months of the 2005 residential real estate season everything seems to have come up roses. With a booming condominium market and price appreciation across the board, the beginning of the year has brought continued success to Massachusetts markets, in some areas exceeding 2004 state figures and following the national trend of record-breaking sales.

"We have seen a tremendous amount of activity in the first five months of the year," said Kevin M. Sears Real Estate in Springfield, who is president of the Realtor Association of Pioneer Valley.

The metropolitan market mirrored the success in the western counties.

"The first quarter of this year was very robust compared to last year. That's clearly what the data says in various markets," according to Brian Rugg, a sales associate and team leader with Boston-based ERA Boston Real Estate Group.

Statewide, the first few months of this year have surpassed 2004 statistics for the same time period in a variety of market sectors.

Condominiums have been a particularly hot commodity in the Bay State so far this year. Through April of this year, 8,997 condo units were sold, as compared with 7,661 sold during the same period in 2004, an increase



**HENRY DIGIACOMO**  
'A very strong market'

of 17.4 percent, according to statistics compiled by The Warren Group, parent company of Banker & Tradesman. The median sales price of condominiums also rose from \$241,000 in 2004 to \$264,000 in 2005, a jump of 9.5 percent.

Certain areas seemed ripe for amplified condominium activity. Berkshire County's sales rose from 39 condo units through April 2004 to 63 through the same month in 2005, up 61.2 percent; Plymouth County's sales increased from 366 units in 2004 to 475 in 2005, a rise of 29.8 percent; and Hampden County's condo sales jumped from 198 in 2004 to 254 in 2005, up 28.3 percent, according to The Warren Group.

"In Springfield [located in Hampden County], we have seen a really good increase in the condo market. Prices are going up considerably," said Sears. The median sales price of a condo



**KEVIN M. SEARS**  
'A really good increase'

unit increased 21.6 percent from April 2004 to April 2005 in Hampden County.

Sears added, "I think the condos are outpacing single-family homes. It's a good time to sell and when [people] are moving into condos they're usually heading down to the Cape and buying second homes there, too."

### 'A Driving Force'

The second-home market is one of the reasons most often attributed to the increasing prices and steady sales along Cape Cod.

"Cape Cod and the island areas are a second-home, vacation resort destination. It's a driving force of interest in people buying homes here. Through April we've had a very strong market," said Henry DiGiacomo, chief executive of Cape Cod & Islands Association of Realtors. "Condo sales have just been

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soaring. I think there are two trends: first-time homeowners are seeking entry into the real estate market and one of the ways to get their foot in the door is to get a condo. There's a second trend of baby boomers and seniors, those people seeking low-maintenance lifestyles. The beauty of a condo is that you ... have the benefit of low to no maintenance and flexibility of travel and mobility."

"Snowbirds," or those Massachusetts residents who fly south for the winter, escaped some harsh, snowy months and a rainy spring during the beginning of this year, a factor that some believe significantly impacted first-quarter sales.

"Because of the weather we had in the winter and even in the spring, things were a little slower," said Dave Costello, a senior sales associate with ERA Boston Real Estate Group. "Most of my buyers would e-mail me and say, 'I'd love to go out this weekend, but not in a Nor'easter.' These are people who are serious, pre-qualified and needed to buy in 60 days, but just not when there's 50-mile-an-hour winds and sideways rain."

Perhaps due to Mother Nature's influence, single-family home sales were down statewide 4.8 percent in the first four months of this year, from 17,150 in 2004 to 16,334 in 2005, a drop of 4.8 percent, according to Warren Group figures.

Others seem less affected by the snow and rain.

"Our January and February statistics were surprisingly strong after a slow fall and early winter. With regards to the rain, it's tough when it comes down four to five weekends in a row, but I haven't seen a

significant impact [on sales]," said Sears.

Although statistics have yet to be calculated for second-quarter activity, many anticipate that April and May showers may just bring figurative June and July flowers.

"Since the early spring was somewhat slower, it's pushing everything back into the summer. June and July should be very good months, even though July is typically slow. I've already seen a significant uptick," said Costello.

The continued success of the condo and single-family home markets is anticipated on both local and national levels. The National Association of Realtors recently released a forecast that predicts home sales will be pushed to a fifth consecutive record during the remainder of 2005 due to lower-than-expected mortgage interest rates.

"Single-digit interest rates have been buoying the market and keeping it strong," said DiGiacomo.

The predicted strength of the market is reason for celebration, although some are approaching it with a measure of caution as well.

"I'm thinking that the second quarter is actually going to be very strong. We've all been anticipating a slowdown, a softening, a bubble bursting, but so far I haven't seen that," said Rugg. "All variables considered, though, and recognizing that the law of economics applies to all markets, I have to believe that at some point there's going to be a tapering off of price increases, a correction of some order. I don't see a bubble bursting any time soon; rather, it will likely be a soft and gradual correction." ■