



### First Half 2008 Market Report

The downtown Boston neighborhood sales numbers are in for the 1st half of 2008 and I wanted to provide them to you along with my read on market trends. This time I'll be looking at both year over year as well as 1st half 2008 vs. all of 2007. The summary information is first, with detailed numbers following at the end of the e-mail in case you want to crunch your own numbers.

First let's look at the year over year trend by comparing the 1st half of 2007 to the 1st half of 2008. Across the 3 downtown neighborhoods, the average sale price increased 2% and the average \$ per square foot increased roughly 3%. Average days on market dropped nearly 15%, inventory dropped nearly 2%, and the # of units sold dropped over 8%.

Neighborhood	% change 1 <sup>st</sup> Half 2007 vs. 1 <sup>st</sup> Half 2008				
	Average Sale Price	Average \$/Sq. Ft.	Average Days on Market	Inventory (7/7/07 vs. 7/7/08)	# Units Sold
Back Bay	+4.1	+4.5	-19.6	+12.5	-14.4
Beacon Hill	-2.8	+4.8	-8.7	-4.3	-7.5
South End	+1.9	flat	-16.3	-13.8	-3.0
Overall Downtown	2.0	3.1	-14.9	-1.9	-8.3

As you may recall 2007 started off very strong in the 1st half, but ended significantly weaker in the 2nd due to the onset of the credit crunch. To take this into account, it's helpful to look at how price & days on market compare for the 1st half of 2008 to 2007 as a whole. (Note that inventory and # of units don't change from the year over the year analysis since they represent specific points in time). Here are the numbers:

Neighborhood	% change 2007 vs. 1 <sup>st</sup> Half 2008				
	Average Sale Price	Average \$/Sq. Ft.	Average Days on Market	Inventory (7/7/07 vs. 7/7/08)	# Units Sold
Back Bay	+11.8	+4.5	-9.5	Same # as above	
Beacon Hill	+6.9	+2.7	+6.8		
South End	-1.3	-2.6	-10.9		
Overall Downtown	5.8	1.5	-4.5		

In this case, we see an even larger increase in average sale price (nearly 6% due mainly to a big jump in the Back Bay), but slightly more moderate increase in average \$ per sq. ft. (1.5%). The average number of days on market still dropped (-4.5%), but more modestly than the 1st half 07 vs. 1st half 08 number of 15%.

Either way we look at the numbers, we see a continuation of the trends presented in last quarter's report. While many parts of the country are suffering from rising inventory, falling prices, and longer sales cycles, we continue to prove the exception to the rule. The market is definitely slower in terms of volume but otherwise remains remarkably stable.

Problems continue to plague the mortgage market as evidenced by the recent stock troubles for Fannie May and Freddie Mac and the resulting work in Congress and the Treasure to create a financial "back-stop" to calm market fears and keep the mortgage market fully funded. The days of no doc, zero money down loans are certainly gone for the foreseeable future and banks continue to tighten loan requirements for both buyers and properties.

Nonetheless, mortgage money continues to be available for well qualified buyers at still historically low levels. That may soon change however with the Fed's increasing concern over inflation. We may see rates begin to rise which has a greater impact on affordability then any small change in property prices. So if you are thinking of buying or especially trading up, the fall may well be an excellent time to take advantage of limited competition on the selling side and locking in still low mortgage rates on the buying side.

Finally, keep in mind that these numbers are averages across the market as whole. As the EPA likes to say, "your mileage may vary". Always remember that specific location, condition, and property characteristics are critical. As of course, is having an experienced real estate consultant as your driver through the market twists and turns. So if you or someone you know and care about is ready for my help, let me know!

P.S. Here are all the detailed numbers:

**Average Sales Price: 1st Half 2007 to 1st Half 2008**

	Avg. Sales Price	Avg. Sales Price	% Change
	H1 2007	H1 2008	
Back Bay	\$983,841	\$1,025,105	+4.1
Beacon Hill	\$795,316	\$773,432	-2.8
South End	\$604,084	\$615,786	+1.9

**Average Sales Price: Full Year 2007 to 1st Half 2008**

	Avg. Sales Price	Avg. Sales Price	% Change
	Cumulative 2007	H1 2008	
Back Bay	\$917,262	\$1,025,105	+11.8
Beacon Hill	\$723,818	\$773,432	+6.9
South End	\$623,625	\$615,786	-1.3

**\$/Square Foot: 1st Half 2007 to 1st Half 2008**

	\$/Square Foot	\$/Square Foot	% Change
	H1 2007	H1 2008	
Back Bay	\$733	\$766	+4.5
Beacon Hill	\$714	\$748	+4.8
South End	\$572	\$570	Flat

**\$/Square Foot: Full Year 2007 to 1st Half 2008**

	\$/Square Foot	\$/Square Foot	% Change
	Cumulative 2007	H1 2008	
Back Bay	\$733	\$766	+4.5
Beacon Hill	\$729	\$748	+2.7
South End	\$585	\$570	-2.6

**Days on Market: 1st Half 2007 to 1st Half 2008**

	Days on Market	Days on Market	% Change
	H1 2007	H1 2008	
Back Bay	107	86	-19.6%

Beacon Hill	103	94	-8.7%
South End	98	82	-16.3%

**Days on Market: Full Year 2007 to 1st Half 2008**

	Days on Market	Days on Market	% Change
	Cumulative 2007	H1 2008	
Back Bay	95	86	-9.5
Beacon Hill	88	94	+6.8
South End	92	82	-10.9

**Inventory: Comparing 2007 to 2008 as of July 7**

	Inventory	Inventory	% Change
	As of 7/7/2007	As of 7/7/2008	
Back Bay	200	225	+12.5
Beacon Hill	91	87	-4.3
South End	238	205	-13.8

**Number of Sales: Comparing 1st Half 2007 to 1st Half 2008**

	Units Sold	Units Sold	% Change
	1st Half 2007	1st Half 2008	
Back Bay	300	256	-14.4
Beacon Hill	119	110	-7.5
South End	396	384	-3.0