



CELEBRATING
55 YEARS

nerej

Encouraging signs for recovery in the real estate market

October 04, 2012 - Front Section

Listening to the general media and all the campaign rhetoric can be very confusing (and depressing). Spin is clearly the guiding principle in much of this news today.

There is much concern about a failing recovery from the Great Recession. Although this may be the case in some market sectors and some locations, a look at our local real estate market is much more positive. Since real estate has often led recovery from past recessions, it is important to note these signs.

The housing market presents some very positive indicators of late. The Warren Group reports a 20% increase in sales of single family homes statewide - August 2012 compared to August 2011. Condominium unit sales have increased 40% during the same period. Although prices show only a 1.6% increase for homes and a 4.3% drop for condos, the market is clearly firming up. The price trends may actually be a plus since this will help work off the inventory in some areas. In other locations the inventory is already low.

Rental housing is leading the way on the construction side. Boston, Cambridge and Somerville are the center of much of this construction demonstrating the sustained market demand for urban living. Paul McMorrow reported in the Boston Globe that there are approximately 4,400 apartments and condos under construction in these cities with another 8,000 units in the pipeline.

Although not as advanced in recovery, the commercial sector is also showing signs of life. Examples include the recent topping off of the third commercial tower at the Fan Pier by the Fallon Company. This 21-acre mixed use project is truly a bright spot on Boston's waterfront. The revival of the Northpoint Project in Cambridge is also a sign of good things to come.

The Duffy Co. has broken ground on the first speculative new office construction in this market for a number of years. A 5-story office building, this project is part of the Blanchard Woods Park in Burlington planned for 200,000 s/f.

Viewed in total, these signs are grounds for optimism. There are certainly many macroeconomic issues to be resolved by Washington, but there are clear signs of recovery in the real estate market. Maybe real estate can once again ride to the rescue - time will tell.

Jonathan Avery, MAI, CRE, is president of Avery Associates, Acton, Mass.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540