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## Opinion :: Guestopinion

### Don't panic - real estate market not so bad

by John Keith  
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With all the news about sub-prime lending and foreclosures hitting the press, you might think things are "tough all over."

But, if you look at cold, hard data, you'll come to a completely different conclusion.

Although there are areas of weakness within the city of Boston, the core neighborhoods of the South End, Back Bay, and Beacon Hill are doing quite well. There have been no foreclosure deeds filed with the Suffolk County Registry of Deeds for these three neighborhoods during the past several months; sales volume in all price ranges remain steady (albeit, at a slower rate than during the past three years); and inventory levels are not inflated - owners who need to sell are able to sell, at close to full asking price.

What does this mean to the average homeowner?

Your investment seems secure.

Why are we doing better than other parts of the country? Well, if you look at the data, it ends up being quite obvious: Detroit and much of the Rust Belt are doing poorly because of a depressed job market, nothing else. Areas of Southern Florida, California, and Arizona are doing poorly, because of massive overbuilding and because of large number of investors (speculators) agreeing to purchase multiple units that they then decided not to buy (many just walked away).

But what's driving foreclosures within Boston? The city's Department of Neighborhood Development recently reported that 80 percent of homeowners never made it to their loans' first reset dates (!). This means that foreclosures, in large part, are not due to resetting rates, sub-prime loans or "predatory lending" but due to people taking out loans they could never afford - from day one, most likely. The number one, two, and three reasons why people default on their loans? Job loss of primary or secondary wage earner, sickness or death of primary or secondary wage earner, and change in familial status (i.e., divorce). Which means, as long as the local economy remains in good shape, we can count on doing quite well.

Another question on the minds of people - homeowners, and the general public - is: Are we facing a glut of units hitting the market? And you certainly might think so, with some of the high-profile construction underway in the neighborhood (have you been to the corner of Columbus Ave and Clarendon Street, lately?).

We do have a good number of buildings under construction in and near the neighborhood - but it's a whole different animal from the vast majority of the housing in the neighborhood. I think new construction should be seen as distinct and unique from resale market, in part because the style of housing is just so different between the two - Victorian-style, brick bow-front townhomes versus stark (no pun intended), glass, steel-beam constructed

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### Upcoming Events

### Quick Poll

**Boston -- and the South End -- has been the site of several movie shoots lately. How do you feel about the new Bossywood?**

- It's great -- I love celebrities!
- It's great -- I love the benefits for Boston and the neighborhood!
- We're all going to be famous!
- I just hope they put things back the way they found them
- It's an inconvenience
- I could care less

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mid-rises.

Meanwhile, condo resales inventory has stayed steady. There's limited supply - in fact, stagnant supply would be a better way to say it. We do, after all, live in a Landmarks District: A developer can't build up and a developer can't tear down. This is good news if you live here and want to sell, but not so good news if you're a first-time homebuyer looking for an "entry-level" home. They just don't exist. Nor do the stats suggest they will ever exist, at least not in our lifetimes.

You shouldn't fear all the cranes in the skyline. Those units won't appeal to everyone, so they are not in direct competition with you, Mr. or Mrs. Homeowner looking to sell. In addition, if you think back into the recent past, we've always had new construction going on, in good times and bad. Over 340 units came on the market at the same time on Washington Street alone, back in 2001 and 2002. The market absorbed them, pretty quickly, and that was during the last recession.

Based on my analysis, there are approximately 200 units available for sale in recently finished or nearly completed condo projects currently. Yes, some of the buildings just completed are having a hard time of it, based on the length of time they have been finished and the number of units they still have for sale. But, I think it's fair to see those as pockets of weakness, not a sign of any sort of general malaise. Again, the data supports the idea that sales remain strong and inventory remains flat.

The biggest threat to you, as a homeowner, and to all of us, as members of our community, is instability. Fear of the unknown feeds on itself. Uncertainty can lead to shortsighted planning and ill-conceived (and poorly-executed) initiatives. Specifically, I'm speaking of government bailouts and their like. It's open for debate whether tax rebates and interest rate freezes are "in the best interests" for our country. I'd much prefer everyone waiting six more months in order to see what happens, next. But, the odds of this happening seem slim. Just about every day you read of a new initiative aimed at pleasing (appeasing?) one group or another.

Well, what do I know - I'm not a politician, nor am I an economist. But I am a real estate agent, a homeowner, and a member of this community and based on the information I've gathered and the news I read each day, it seems as though we have it pretty good, right now. For this, we should be thankful.

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