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ANALYSIS

RATES, RECESSION AND REBOUND

BY STEVEN COHEN

It may seem that in the dynamic environment that has brought us supply chain disruptions, skyrocketing inflation, stock market volatility and rising interest rates, we are at a loss to predict the implications that these developments will have for Boston's real estate market. We naturally pay attention to the movement of the market because, in addition to providing us with shelter and a fertile canvas for design expression, our homes are storehouses for a significant portion of our net worth. Uncertain economic times cause us to question whether our investments are safe and well placed. The oft repeated adage that Boston real estate is among the safest of investment harbors in which to invest capital is one that most of us intuitively believe to be true. An analysis of the metrics which move both capital and real estate markets and to which government policymakers pay close attention confirms this perspective. It is comforting to be reminded that Boston's real estate market has fared well during past periods of weakness in the economy and that there can be advantages to owning real estate in all stages of the economic cycle.

Let's begin by acknowledging the shock to the economy and certainly to real estate that inflation and rising interest rates represent. There has been much speculation about an impending recession. That possibility is quite real and there are some indications that a recession could already be underway. We must remind ourselves that recessions occur with regularity in capitalist economies. We have, in fact, had twelve of them since World War II, which comes to one approximately every six to seven years. The most recent period of expansion was actually the longest in post war history. And so, it is not surprising that even the most solid of investments do not appreciate in completely linear fashion. Understanding what precipitates recessions, how long they typically last, and the relatively modest impact they most often have on Boston's real estate market is actually quite comforting.

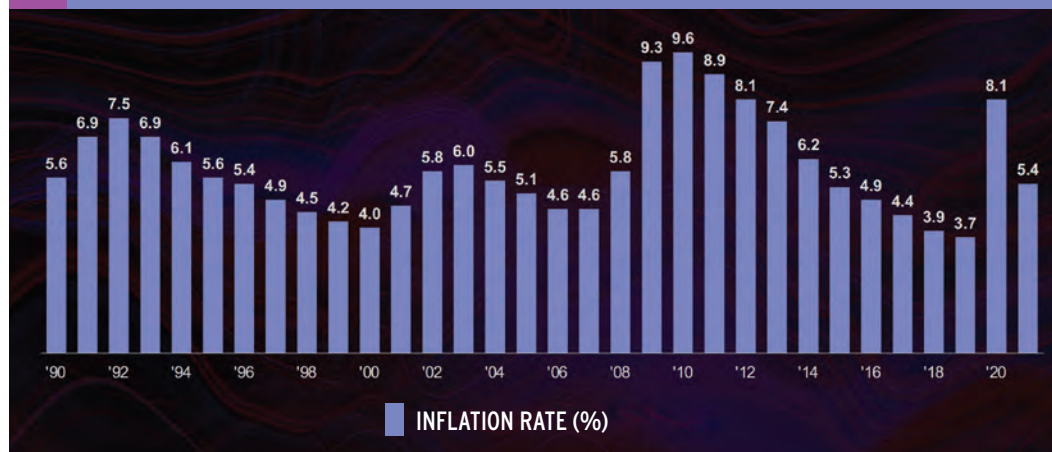
Recessions are most often triggered by an overheated economy which the government then moves to cool off by raising rates to lower demand and stave off rising inflation. They are typically either of the demand pull type, where aggregate demand increases and outstrips supply, or cost push, where there is a drop in supply due to external factors. We are in a bit of a unique situation in that our economy is facing both simultaneously. Lower U.S. energy output and massive supply chain disruptions have impacted the production side while demand has surged due to the accommodative monetary policy turbocharged

by almost \$1 trillion dollars in PPP money flowing through the economy.

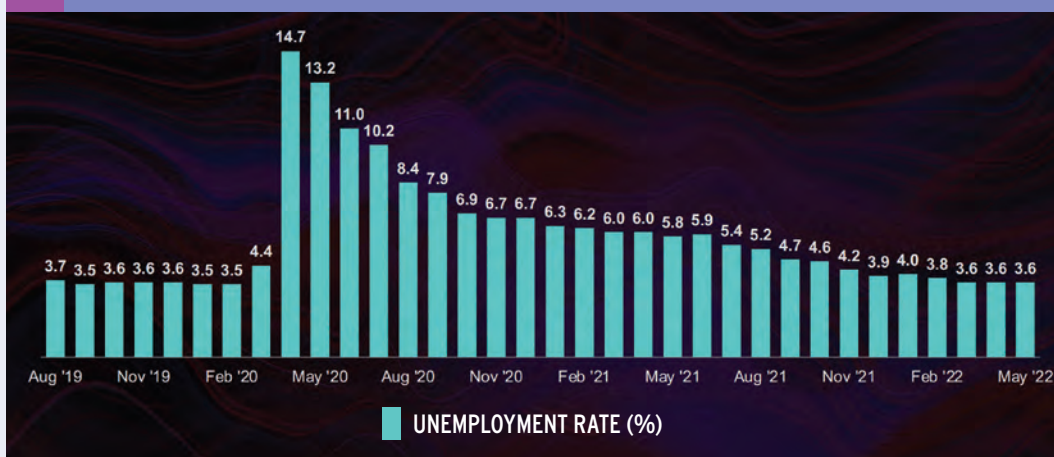
The rate of inflation that policymakers like to see is in the range of 2%. Lower than 2% is not good because that poses the risk of deflation which can be just as problematic as inflation. Chart #1 shows the rate of inflation since 1990 and underscores why, with inflation running at close to 8%, the Fed has acted to

tighten monetary policy. The reality is that the Fed will continue to raise rates until it reigns in spending and slows things down. The slowdown, when it persists for two consecutive quarters in the form of negative GDP, typically signals the onset of a recession. We have already recorded contractions in two consecutive quarters so we may well be in a recession at the present time. A recession cannot technically be declared until the Cambridge based National Bureau of Economic Research (NBER) declares such. The NBER has not officially declared a recession and with the job market showing continued strength, we may not be there yet.

1.

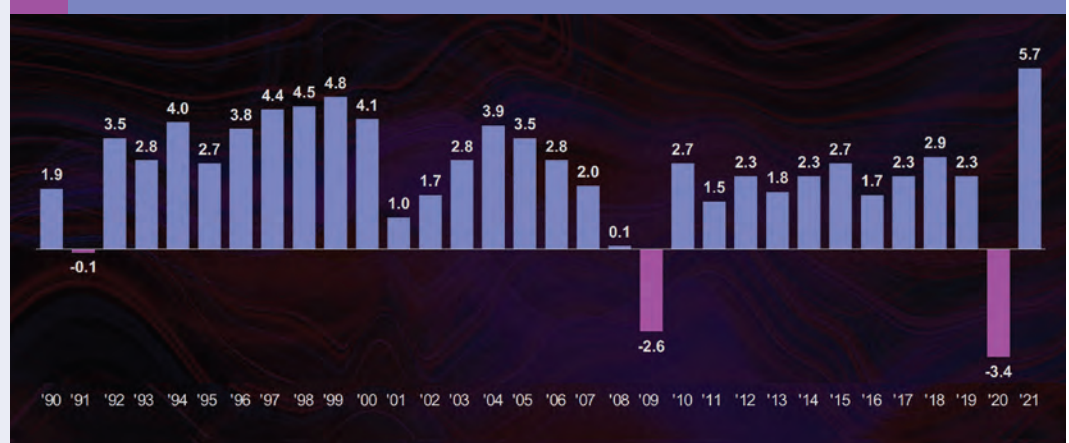
INFLATION (ANNUAL)

2.

UNEMPLOYMENT (MONTHLY)

One very good predictor of recession is an inversion of the Treasury yield curve, such that the yield on a 3 month treasury exceeds the yield on a 10 year bond. In every case where we have witnessed an inversion, a recession has followed within 6 to 24 months. The

3.

GDP (ANNUAL)

theory is that yield curves reflect both investors' expectations for growth at various points in time as well as predict the manner in which the Federal Reserve will respond to them. Charts 2 and 3 explain yield curve inversion and recession probability and chronicle past yield curve inversions relative to the timing of the recessions that have followed.

Of course, policymakers ideally want to strike the perfect balance between slowing down the economy enough to control inflation and tightening monetary policy too severely, thereby triggering a recession. This perfect balance is referred to as a soft landing. The truth is that we most often do not achieve the soft landing that we seek. Policymakers have done a notoriously poor job of adjusting monetary policy at precisely the right time or to the appropriate degree. They have also failed to predict exactly when a recession will begin, how long it will last or how severe it will be. According to NBER, between 1945 and 2009, the average recession lasted only 11-1/2 months. It is true that real estate prices on a national basis rose above the long term 4% appreciation trendline that has held for over 30 years and continued that rise in 2022 (see chart 4). This deviation from the trendline does suggest that a correction could eventuate in markets that are overvalued.

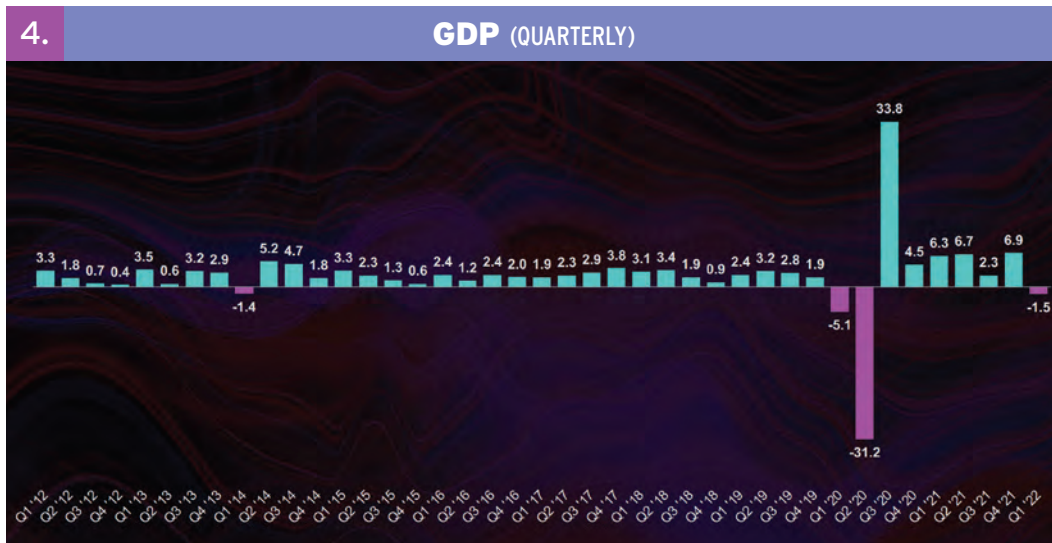
When it comes to dramatic swoons in property, Boston is delightfully unexciting and seems poised to weather the current economic turmoil relatively well as it has during past periods of weakness. The Boston Globe in its July 14th, 2022, edition offered an analysis that suggests increases in interest rates will indeed weigh on the real estate market nationally and further suggested that "Boston can only buck the trend for so long." The title of the article, "Boom Times are Over for the US Housing Market, But Don't Expect Boston to Bust", summarizes the article's high-level conclusion. Our pattern in Boston during economic soft patches is quite familiar — slightly lower transaction volume for a brief stretch accompanied by a shaky vibe in the air and then buyers come back to the table. Buyers benefit from purchasing during a period during which there is a respite from precipitous price increases. Meanwhile, existing homeowners with

low rate mortgages see both the cost of their monthly payments and the total amount of their mortgage debt decline in real dollars as the world inflates around them. Rents increase as well, which favorably influences the rent yield curve for those investors and homeowners who may one day rent out their properties.

To be clear, we aren't suggesting that down-

turns are fun or that now is the time to be unrealistic with your asking price if you are considering a sale of your property. However, we at the Steven Cohen Team are reminding our readers of a few comforting facts that they should bear in mind. First, recessions are a normal part of the economic cycle, and it is helpful and demystifying to review the metrics and mechanics of what causes them and how they typically play out. Secondly, we are not just wishful thinking to make note of Boston's real estate sector as being recession resistant. Thirdly, there are advantages to property ownership during all stages of the economic cycle. It is more often those people who do not make real estate part of their portfolio who fare less well during recessions and who are less well-positioned for the upside movement in prices when the cycle shifts again.

Source: Keller Williams International Resource Department



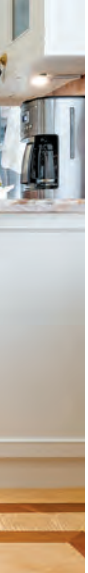
MEET A BACK BAY RENOVATION

20 FAIRFIELD STREET

When Warren and Ilana embarked upon their home search, they knew that they wanted to live in a single family. Their search ended when they entered an architecturally appealing property on Fairfield Street early in 2007. The house required significant renovation, which the couple viewed more as an opportunity than a limitation. They decided that they would move in and then renovate over time. Being an architectural purist, Warren took the lead by conceiving a vision for the house and then executing on that vision room by room. From the vintage wine cellar to the sprawling state-of-the-art roof deck, the house has been carefully restored in a historically accurate manner. Built in 1875, it originally had just four stories. A fifth floor was added in 1936 when the house was converted to a five unit apartment building.

There was really no detail incorporated into the design of the top floor at the time of the building's expansion. Warren remedied that when he redesigned the floor, with much of that level built out as a spectacular library/study. A number of period artifacts came from a house around the corner on Commonwealth Avenue that was being renovated in the early 2000s. The exquisite period fireplace mantel, the wainscoting under the windows, and six of the pilasters were all sourced from that house. The home's current owners added the rest of the woodwork when they undertook the renovation, and it is indistinguishable from what might have been placed there in 1875. The ceiling is a replica of one that Warren admired in an English castle. His plaster master, Joe Passamonte of Passamonte Plastering went to work and the results are breathtaking. The floor in that room, also designed by Warren, is a combination of a maple, walnut and cherry inlay, surrounding a verde marble hearth.





The primary bedroom suite which occupies most of the floor beneath the library level exudes a stately yet comfortable feel. Intricate moldings draw one's gaze upward toward the plaster work which was designed to match the floor beneath. The suite is illuminated by late 1800s Egyptian revival light fixtures that were converted from gas to electric. A wet bar, made of a refashioned antique Belgian dining room credenza is placed just 8 feet from the bed should one require midnight hy-

dration. The primary bathroom is nothing short of amazing with its custom vanity created out of an 1800s dining room buffet. The bathroom moldings were fabricated to match those on the main living level as well. A fully equipped workout room on this floor leaves the owners with little excuse not to get to the gym.



The kitchen-dining level of the house was the floor that has most recently been renovated and Warren and Ilana have expressed their unique style by incorporating artifacts from the period, including some that were adaptively reused. They had two 19th-century bed sets deconstructed and creatively repurposed. The head and footboards became a mantel-piece and a stove hood, and the home's stove-surround spent its first 100+ years serving as a sideboard. The dresser from that same bed set is embedded in the adjacent kitchen island and its mirror found a new home over the floor's half bath vanity. Even the handles on the refrigerator have interesting origins, having been sourced from a church in England.

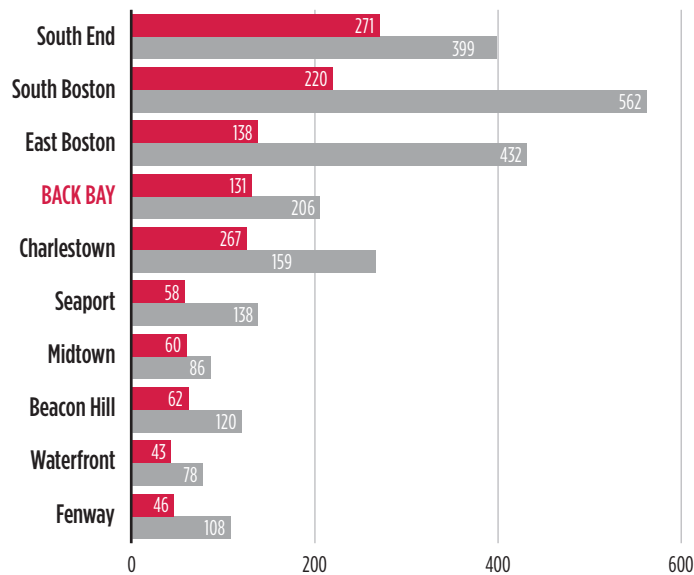
Late 19th-century piano sconces also adorn the room. "A piano player would place candles in them", Warren explains. "The two sconces would be closer together than they are now with the sheet music placed in the middle." The built-in banquette bench was made from one of the bed set's side rails and the dining room doors were salvaged from a turn of the century house in Spain. The home's formal dining room features what Warren and Ilana consider to be the most elegant original detail in the house. The fireplace mantel is a delightful focal point, its plaque dating back to the 16th century. The ceiling's ornate plaster pattern was augmented with violin shapes that were added at musician Ilana's insistence.

Almost everything in Warren and Ilana's home dates back to another period except for the couple's cat, Luther. "He's new.", Warren quipped with a wry smile.

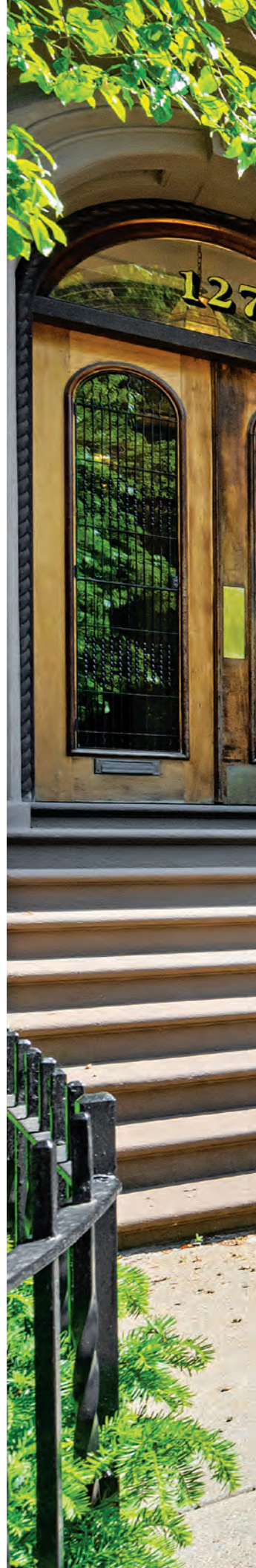
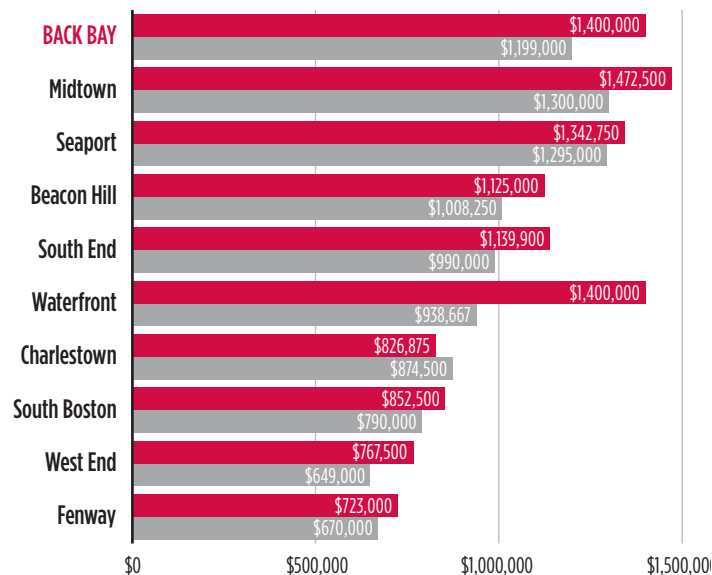
BOSTON'S TOP 10 NEIGHBORHOODS: 2022 VS. 2021

While the number of Back Bay Sales in the first half of 2022 decreased by 36% compared to the number of sales in the first half of 2021, the neighborhood's median sale price increased by over 14%. Back Bay remains one of Boston's top performing areas.

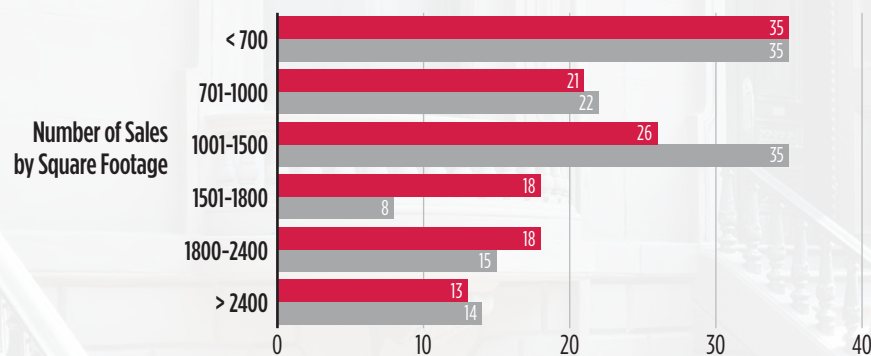
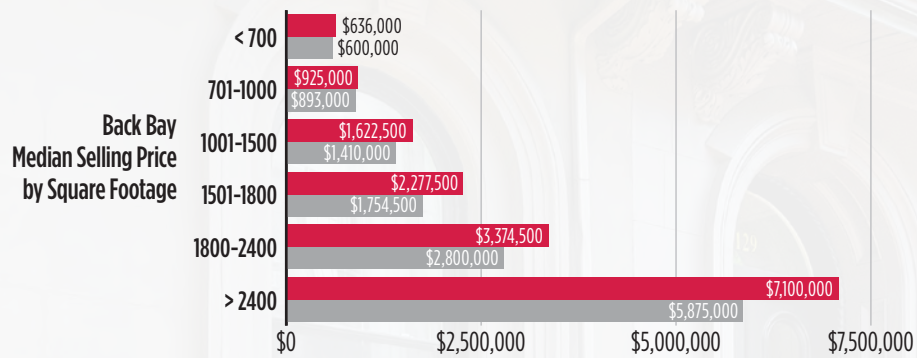
Top 10 Boston Neighborhoods by Number of Sales



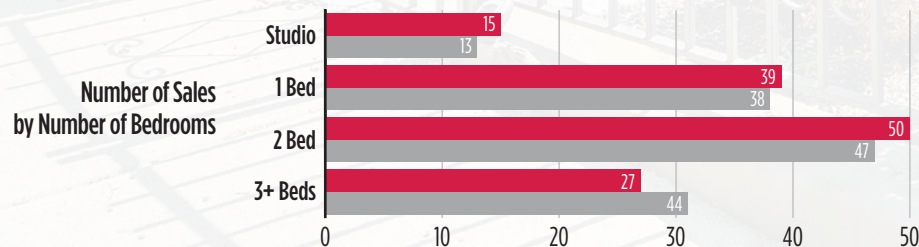
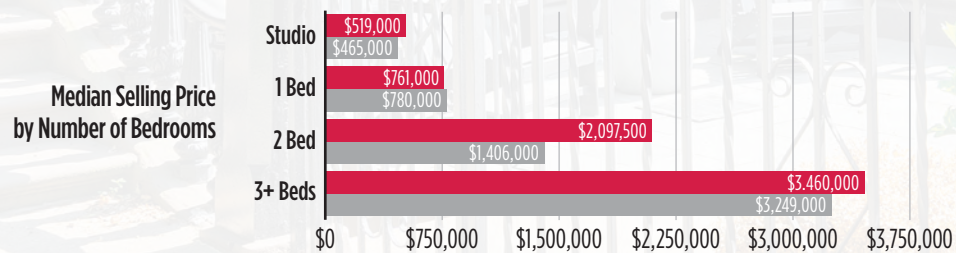
Top 10 Boston Neighborhoods by Median Sales Price



FOCUS ON BACK BAY: Q2 2022 VS. Q2 2021



2022, Q2
2021, Q2



20 MOST EXPENSIVE BACK BAY SALES IN 2022

	ADDRESS	SALE PRICE	PRICE /SF	TYPE
1	25-27 Commonwealth Avenue #27	\$12,000,000	\$2,723	CONDO
2	1 Dalton Street #3901	\$11,530,000	\$3,582	CONDO
3	361 Beacon Street #3	\$8,499,000	\$2,020	CONDO
4	1 Dalton Street #5404	\$8,150,000	\$3,165	CONDO
5	128 Beacon Street #D	\$7,990,000	\$1,550	CONDO
6	1 Dalton Street #4704	\$7,850,000	\$3,069	CONDO
7	17 Commonwealth Avenue #1	\$7,250,000	\$1,850	CONDO
8	1 Dalton Street #3408	\$7,100,000	\$2,700	CONDO
9	29 Marlborough Street #6	\$6,900,000	\$2,487	CONDO
10	220 Boylston Street #1415	\$6,700,000	\$3,434	CONDO
11	1 Dalton Street #4305	\$6,250,000	\$2,856	CONDO
12	1 Huntington Avenue #1401	\$5,800,000	\$1,866	CONDO
13	1 Dalton Street #3005	\$5,650,000	\$2,589	CONDO
14	220 Boylston Street #4002	\$5,500,000	\$2,988	CONDO
15	283 Commonwealth Avenue #4	\$5,048,000	\$2,147	CONDO
16	1 Dalton Street #2703	\$4,700,000	\$2,111	CONDO
17	48 Commonwealth Avenue #2	\$4,450,000	\$2,168	CONDO
18	220 Marlborough Street #6	\$4,390,000	\$2,153	CONDO
19	206 Beacon Street PH	\$4,200,000	\$1,367	CONDO
20	1 Dalton Street #4903	\$3,800,000	\$2,701	CONDO

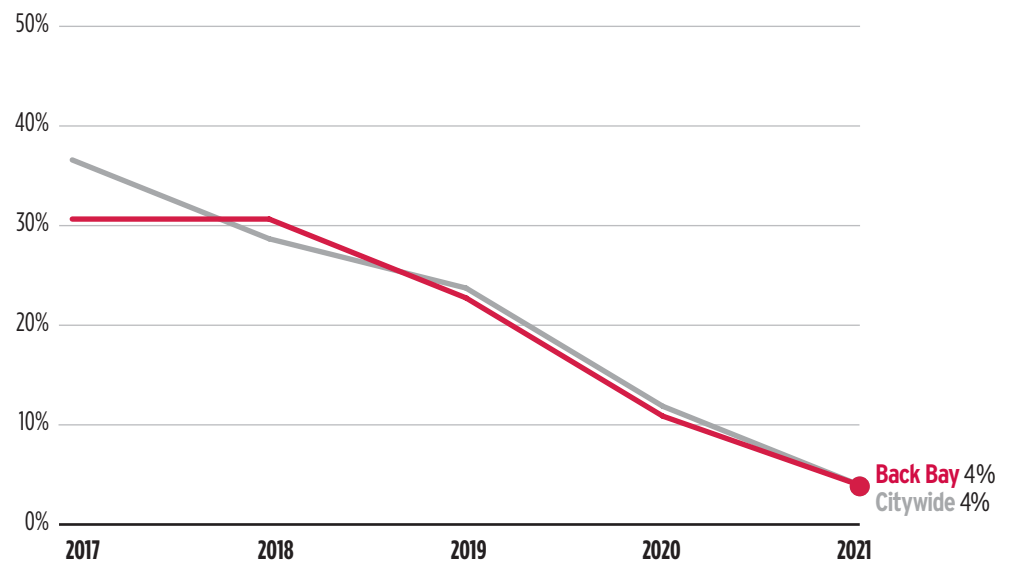
*Average price per square foot among the
20 most expensive Back Bay Sales for 2022: **\$2,476***

BACK BAY V. BOSTON CITYWIDE

Five Year Price Index: Back Bay v. Citywide



Sales Over Asking Price for Past Five Years: Back Bay v. Citywide





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The Steven Cohen Team provides expert insight, guidance and representation for discerning residential property buyers and sellers in Boston's Back Bay and adjacent neighborhoods. Our unmatched experience in the local real estate market, long-term approach to customer service, and coordinated teamwork make us an industry leader in Back Bay and beyond.

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BUYER SPECIALIST



Kate Wood
BUYER SPECIALIST



Nicole Spencer
BUYER SPECIALIST



Mei Salas
SHOWING SPECIALIST



Joe Maiorana
RENTAL SPECIALIST

SUPPORT



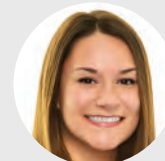
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DIRECTOR OF OPERATIONS



Cam Dean
LISTING & TRANSACTION MANAGER



Bruce Withey
MARKETING DIRECTOR



Bethany Haynes
MARKETING &
COMMUNICATION SPECIALIST



Natasha Nelson
ADMINISTRATIVE SUPPORT

WHAT OUR CLIENTS SAY ABOUT US

"Steven Cohen and his team were *incredibly helpful* in the sale of our condo. They were *professional, responsive, and thoughtful* throughout the process, and were able to guide us. We enjoyed working with them and *would recommend* to others buying or selling in the city." —A. PANDYA

Steven's *guidance was invaluable*. The entire team was *remarkably responsive* and helped with every aspect of the process. We *felt wonderfully represented* and supported and recommended SCT to anyone selling in Boston. —J. BAER

The Steven Cohen team has helped me with four real estate purchase or sale transactions. They also rented my property to an excellent tenant. *They're timely, professional, and knowledgeable*. They strive to provide a *white glove service*, while also taking a *calm, friendly, and positive* approach to what can be really stressful situations. —NEWTON

The entire team is *truly world-class*, and they were able to generate multiple offers, all over asking, within days of listing. —L. SEGALL

Because of Cohen's quarterly South End stockholders magazine, I felt *this agency knew the South End better than anyone else*. The entire team, from beginning to end, *far outperformed my expectations*. —M. ELDER

THANK YOU TO OUR CLIENTS

KW New England Region Group Award Winner

#2 on the **Large Teams by Volume** for **Massachusetts** list in **America's Best Real Estate Professionals**, as published in the *Wall Street Journal*

#1 Boston's top REALTOR® and Real Estate Agents in *HomeLights*

#1 Producing Team — *Boston Magazine*

Top 250 Real Estate Teams — *Wall Street Journal*

Top 5 Residential Real Estate Agents — *Leaderboard*

DURING 2022

Among 6,000+ New England Keller Williams Associates

- ▶ **#1** Closed Volume
- ▶ **#1** Listings Sold volume
- ▶ **#1** Listings Sold Units
- ▶ **#1** Listing Taken Volume

DOING WHAT SHE LOVES

INTERIOR DESIGNER PAULA DAHER TRANSFORMS SOUTH END TOWNHOUSE

The single family townhouse at 160 West Canton Street had not seen its last major renovation in more than 70 years when renowned interior designer Paula Daher of Daher Interior Design was hired to make it the dream home of the property's new owners,



Peter and Lena McLoughlin. The existing finishes and decor were largely frozen in time as exemplified by the metal kitchen that had been turning out meals for the home's residents since 1947. Peter, whose company, Boston Property Development, and builder, Boston Property Contractors, led by Taylor Harrington had together built hundreds of residential units throughout greater Boston. Having thought about precisely the floor plan that would offer their family the lifestyle they were seeking, Peter and Lena continued to assemble their team, which included architectural firm Embarc. Their choice of designer was an easy one, according to Peter. "Paula's work speaks for itself and her passion for interior design makes her an absolute pleasure

to work with." Daher occupies an enviable niche as one of the top designers in the field and is actively sought after by her many clients for projects across the city as well as in second home enclaves from Maine to Florida and on various islands. Her work has been featured in virtually every design publication imaginable and she is the recipient of numerous industry accolades.

The project required a couple of pivots on Daher's part as the best laid plans can sometimes change quickly. "The new owners were seeking a design that could allow their three young boys to play basketball indoors during inclement weather.", noted Paula. She was therefore set to design around a floor plan calling for the removal of a good portion of the floor on the lower level that would allow the requisite ceiling height necessary for an 8 year old to make a three point shot. Fast forward to the onset of Covid and the sudden availability of a house just outside the city that prompted Peter and Lena to shift gears and set their sights on a new dream home. Paula was hired to create the design for the couple's new acquisition simultaneously with the execution of a revised plan for 160 West Canton, now to be built for an as yet unidentified new owner. The Steven Cohen Team was hired to market the property with the potential for the new buyer to engage in some customization. When a new set of future owners contracted to purchase the house, they naturally wanted to refine the floor plan, design aesthetic and color palette to meet their own tastes and needs. And to do so, Paula was selected once again as the designer who could best achieve the desired result.

160 West Canton Street, take 3, required that the property, which had evolved from its original design to an interim concept, to morph once more to the final plan that was ultimately implemented for the property. "The new owners have two small children and naturally wanted the house to work for their lifestyle." Paula said. They loved





Paula's idea of reiterating the curve of the cut out between the lower two floors with an inverse of that curve in the banquette seating area on the parlor level as well as in the primary suite on the level above. The three floors of glass that draw abundant light into the home are complemented by the many sources of illumination that were incorporated into the lighting plan. The home's deep, west facing garden, generous deck off of the kitchen and roof deck with panoramic views, allow for seamless enjoyment of the outdoors. Other modern design enhancements were also interspersed with the traditional elements of the 19th century townhouse. The result is spectacular. Paula, who is responsible for

the design of many interiors throughout the city, found it a pleasure to work with the home's owners in creating something particularly special. "160 West Canton Street is a signature property", she said.

Of course, the execution of a design plan for 160 West Canton unfolded in context with and as a reflection of both design's current evolution and the constraints under which Paula and the new owners were operating. We asked Paula to comment on some of the design trends and challenges that informed the manner in which she approached 160



West Canton Street as well as other projects on which she is working. "During Covid, people spent so much time in their homes that they really wanted to make changes and those changes are still very important. People want work and flex spaces. Colors have also begun to change — gray was huge before. Now we are beginning to see greens, terra cottas and vibrant yellows," Paula observed. "People are also more open to textiles with patterns that have a more traditional flavor. We are now infusing cultural elements from different parts of the world and from different eras," she continued. There are also many challenges designers face in the post-Covid world. "We have to think about things that have the longest lead time. And then there is always the surprise that comes around when visioning a beautiful space and then having to design around mechanical, HVAC or windows." According to Paula, other considerations include budgetary imperatives and being mindful of which improvements will prove to be investment worthy. "We want to think about what will stand the test of time and be a value add so that when our clients eventually sell their homes, their investment will have appreciated."

For the fortunate among us, our work is also our passion, and such is certainly the case for Paula Daher. "Some of my best ideas come to me while I'm walking down the street. We never know what will spark that next inspiration. It is my clients that I am so grateful for, in many cases, multiple times. It's terrific. I do what I love and love what I do." When both left and right brain skill sets are brought to the fore, the result can be inspiring and satisfying for both the designer and home's end users alike. The conception and execution of the design for 160 West Canton Street is a fine example of how spectacular homes are created. Paula Daher is clearly as gratified to have been involved with this exciting project as its new owners are undoubtedly thrilled to be living there now and for many years to come.

OTHER PAULA DAHER CREATIONS



MEET A BACK BAY COUPLE



WARREN & ILANA

Warren and Ilana first moved to Back Bay in 2007 from Cambridge where they had lived for many years. Warren admits to always having fantasized about living in Back Bay when he occasionally wandered across the river. As he wryly observed, "Fortune favors the foolish." Upon first viewing the single family residence they now call home, they instantly decided to make the move. Now they can't imagine living anywhere else.

While Back Bay is clearly a large city neighborhood, Ilana has gotten in touch with its intimate side. "For those who don't live in Back Bay, they may be surprised to know that for its residents, it actually has a small town feel. You walk out your front door and the park is right there. The greenspace, the people and the pets are what make it special." Ilana speaks as a proud parent of the couple's two cats, Luther and Lois.

For Warren, it is the architectural significance that holds particular appeal. "Back Bay is an architectural masterpiece. An unusual confluence of events between 1860 and 1900 allowed for this distinctive and architecturally consistent neighborhood to be constructed," Warren commented. He was referring, of course, to the public works project that filled in what had been a tidal basin until the middle of the 19th century just at

the time when the demand for luxury housing in Boston greatly exceeded the supply. "A walk through this neighborhood is like touring a living museum of one beautiful architectural gem after another," he continued.

Both Warren and Ilana agree that one of the big appeals of the neighborhood is the restaurants. Their favorites include Ramsey's Kitchen, and the new Mediterranean restaurant, Krasi. The classics they frequent the most are Abe and Louie's and Atlantic Fish Company. "A real neighborhood jewel for us at the moment is Select Oyster," says Warren.

Warren and Ilana are as interesting individually as they find their neighborhood to be. Ilana is an Appalachian blues singer and accomplished fiddler. She plays regularly on the streets of the city and in the subway. She is also a novelist, screenwriter and visual artist. Warren is an investor and mentor to start-up companies in the aerospace sector in which he has a great deal of experience. "The start-up community in Boston is very vibrant," said Warren. "It feels good to give back."



LEFT FOOT FALMOUTH

URBANITES PLAY REAL ESTATE TWISTER

BY STEVEN COHEN

The cover of this issue of the Stakeholders' Report was created to satirize a genuine and observable phenomenon that has taken root in many of America's largest cities; a select but growing number of urbanites are playing a metaphorical game of "housing twister" and splitting their time among multiple homes. The trend is blurring long-established living patterns and reshaping the housing landscape. Ever increasing wealth concentration, advancing communications technology and remote work options are prompting many well-heeled city dwellers to seamlessly rotate among their residences, living part time in the mountains or by the beach while they continue to retain their city pads. Choice urban centers have held their value while the prices of second home and vacation markets have soared. Interestingly, this retention of property values in many of America's largest cities is taking place, even as the population of these cities has declined.

Recently released census data show that during the pandemic, the U.S registered its lowest rate of population growth in well over a century, with population increasing a meager .1%. In the 56 largest metropolitan areas whose number of residents exceeds one million, an unprecedented absolute decline in population was recorded. In contrast, smaller metropolitan areas grew at a faster rate than the previous two years and non-metropolitan areas grew at the fastest rate in more than a decade. The decline in major metro-area population is attributable to a number of factors, including the changed ratio of births to natural deaths from Covid and the slowed influx of new residents from abroad due to Trump administration immigration policies.

The net migration out of large cities that is taking place across the United States is largely attributable to younger millennials and Gen Xers turning away from the larger cities where costs are higher, effective governance has become problematic and public safety concerns have grown. This trend is discernible to anyone who has attempted to purchase a home in virtually any suburb or rural town anywhere and in particular, one that has a highly-rated school system. The suburbs have performed well during and post-Covid and it makes sense to us that this surge in activity would come at the expense of something else, namely that of the larger metropolitan areas. Boston is among the places that have lost population during the pandemic, though not at as high a rate as some other metropolitan areas.

Choice urban centers
have held their value while
the prices of the second
home and vacation markets
have soared.



“They (sellers) don't even have to bother pricing accurately because there are just so many buyers out there who will compete in a bidding war.”

What are the implications of this net migration-out trend for Boston's real estate market? How can we interpret the data from a real estate perspective and reconcile it with what we have witnessed in Boston? After all, though slowed somewhat by the Fed's move to raise interest rates, our local market has performed well in 2022 and has until recently been characterized by chronically low levels of inventory, strong buyer interest and Silicon Valley/Bay Area style bidding wars. It is true that the suburbs have been relatively hotter still, but the exodus that the data suggests is taking place does not square with the reality that not much has been for sale in Boston, and what has been available for purchase has often elicited multiple sources of interest.

A similarly incongruous situation has been observable in certain other American cities. In downtown Seattle, for example, the market performed very well over the past couple of years, despite the overall decline in population. Referring to Seattle's real estate spring 2022 real estate market, Redfin's Chief Economist, Daryl Fairweather observed that, “They (sellers) don't even have to bother pricing accurately because there are just so many buyers out there who will compete in a bidding war.” Austin's market, even with the census bureau's reporting of a 2.32% loss in population during the pandemic has been extremely strong, with stories rife of sellers making 50% or more in profit during 2022 from real estate purchases that were made as recently as a year ago. Devan McGuinness of Fatherly, reports that during the spring market of 2022, San Francisco had the 5th highest rate of bidding wars in the country, with 79.9% of properties attracting more than one offer. This impressive performance was turned in during a period when the census bureau reports a net loss in the Bay Area's population of 2.46%.

So how can we explain the net loss in population suffered by many of America's largest cities with the tight conditions that characterize their local real estate markets? First, it is noteworthy that the performance of real estate markets in elite upper income neighborhoods within many of these cities has outpaced the performance of the cities overall. According to the New York Times, “The places that are getting richer aren't getting bigger.” The largest increases in property values, tightest market conditions and majority of population increases are therefore observed disproportionately within the wealthiest sections of these cities. This trend is a reflection of an increasingly skewed wealth distribution curve throughout the country. Also, a pattern has emerged of wealthier residents relocating from higher tax states to other states for just the 183 days that one must live out of state in order not to be considered a resident of their home base. This tactic has the effect of undercounting the number of people who truly reside in and are occupying housing stock in the higher tax state from which they originally came.

The largest two demographics, the Baby Boomers and the Millennials are both accumulating and hoarding their real estate. Many Boomers have elected to adapt and retrofit their homes rather than sell them (See Spring 2022 Stakeholders' Report article on Aging in Place). The New York Times reports that, “Aging in place has found renewed interest among Baby Boomers, some of whom are now wary of nursing homes.” These boomers have at the

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same time, however, demonstrated a healthy appetite for second and even third homes. This trend prompted Kristen Darch, a frequent Mail and Globe contributor to satirically admonish the Boomers. Darch writes, "OK, so you have won the intergenerational housing lottery. The very least you could do is not brag about your second and third homes to the people who will probably never own one."

The Millennials, who had been slower in coming to the real estate party than their Boomer parents, are making up for lost time. This demographic has for a number of reasons fared considerably less well overall than their Boomer parents in accumulating wealth and real estate. Within the wealthy enclaves of America's large inner cities such as Boston, however, there is a large concentration of extremely successful, overachieving Millennials who are among the drivers behind value increases in these local real estate markets. Like the Boomers, many of these Millennials in Boston are keeping their city homes, even as they purchase second and third homes in Northern New England, the Cape and Islands, the Berkshires and in Florida. According to the Millennial Wealth Report by Coldwell Banker, "The average Millennial millionaire owns three properties and is set to inherit even more in the coming years."

There is no question that pandemic related remote work scenarios, which have persisted past the pandemic, have been a primary driver of interest in second and third homes. Technologies allowing for greater remote connectivity, which until recently were considered nascent, have quickly been more widely adopted. According to National Association of Realtors chief economist Lawrence Yun, "The enduring opportunity for remote work will continue to raise the demand for properties in counties where second

homes are located." Many people who are able to do so, are now living in both the city and in a second location. Bloomberg recently produced a piece profiling a woman named Terri Cibelli and her family. Terri is an environmental consultant, who together with her husband, packed the family up during the pandemic and moved to upstate New York from Manhattan, enrolling their kids in school and in extracurricular activities there. They now split their time between two locations, living in their West Village apartment and going upstate on the weekends. In other words, what wealthy Boomers and Millennials share in common with respect to real estate is that the magic word is "and" rather than "or".

Few sympathy points go to those who must now manage the stresses and logistical complexities associated with simultaneously maintaining multiple residences. These challenges are at the top of the list of "first world" problems that most Bostonians would love to have. Perhaps the efficiencies promised by the sharing economy will find their way into the equation and the rest of us can learn to suffer under the burden of moving from the beach or ski slope back to the city for a Monday meeting. Twister, after all, is a game meant to be played by everyone.

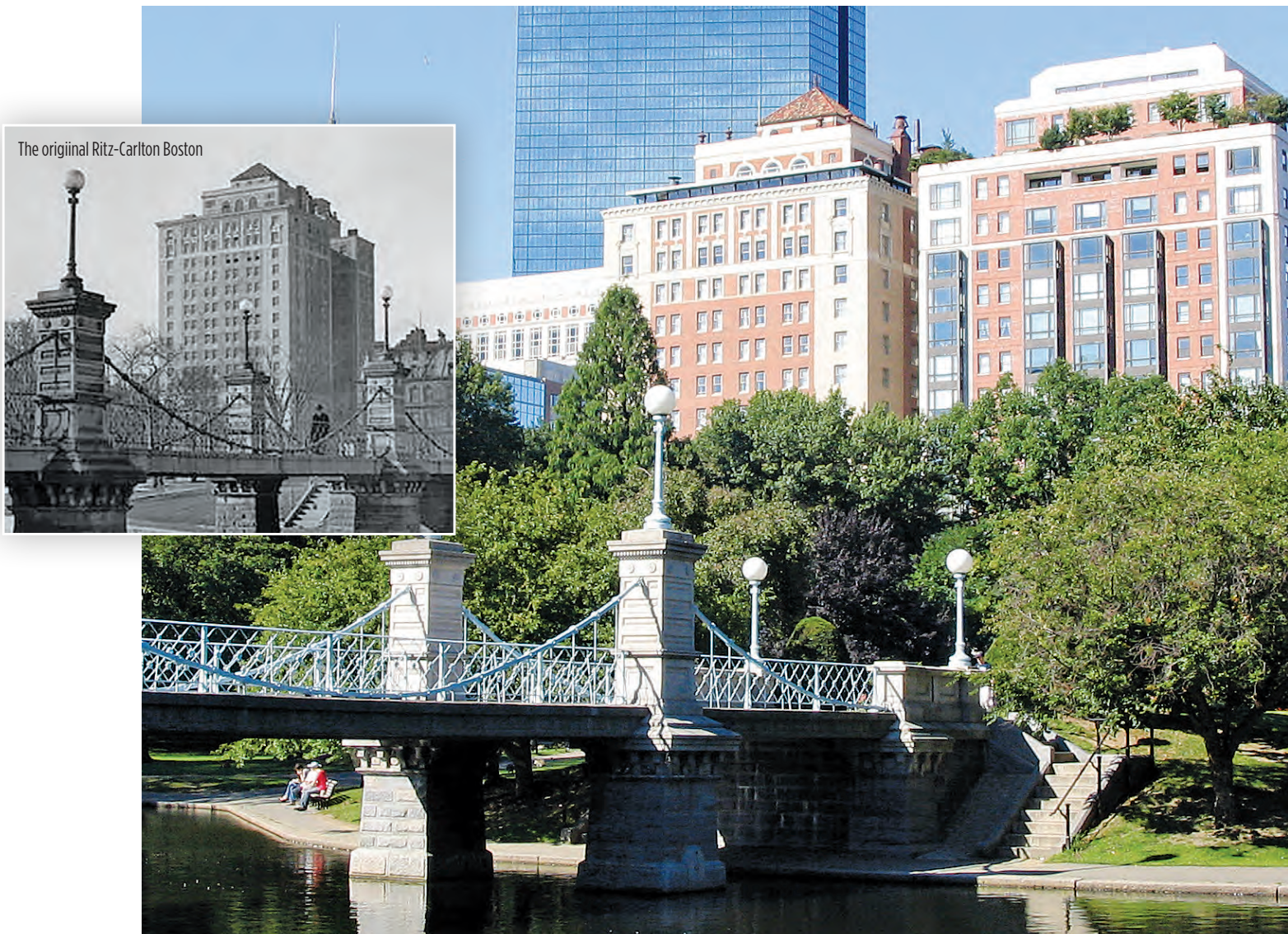


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MEET A BACK BAY BUILDING

THE NEWBURY AT 1 NEWBURY STREET

Some may remember when the grand building at the corner of Arlington and Newbury Streets in Back Bay was known as the Ritz-Carlton Boston. Known for its social scene, generous hospitality, and rooftop waltzes; the hotel was iconic. Famous guests such as Winston Churchill, Shirley Temple, Amelia Earhart, Lucille Ball, and the Duke and Duchess of Windsor all stayed there. In 1931, it opened a high-end garden on the rooftop where guests could enjoy dinner and dance under the stars. But like many businesses in the 1900's, the Ritz-Carlton suffered during the Depression.





After opening in 1927, the Ritz-Carlton remained open for 80 years, but came to an end in 2007 when it was sold to a new management group and renamed the Taj Boston. The hotel remained successful, but lost its charm as the furnishings and decor became outdated. In 2016, the building sold again and was taken under the wing of an investment group that had the means and funds to restore it back to its grand stature. It underwent a major interior renovation, designed by Alexandra Champalimaud, and re-opened its doors in May 2021.

Today, the iconic hotel has a new name, the Newbury. The exterior remains well maintained, but unchanged from its original look. The biggest difference guests will find is that the main entrance is now at 1 Newbury Street instead of on Arlington. The major changes were made inside where the hotel was beautifully renovated to match today's standards of modern luxury.

At the old Arlington Street entrance, step back in time at the Street Bar, a vintage glamour lounge overlooking the Public Garden. Any visitor can cozy up in a leather chair next to the fireplace or if you're a hotel guest, unwind in the adjacent library lounge with a curated selection by the Boston Public Library. Heading upstairs, crowning the Newbury, make a reservation at Contessa. This art-deco restaurant features Northern Italian cuisine on a four season roof deck with stunning views of Back Bay and the Boston Public Garden.

All three parts of the Newbury were successfully redesigned to maintain its iconic image. Bostonians and visitors have been flocking to reserve seats at Contessa, grab drinks at the Street Bar, or host weddings and banquets in the hotel. It's a magnificent spot to reminisce about the past and embrace the present.





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