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## Cambridge Area Real Estate News\*

January 2012

Dear Friends and Neighbors,

Happy New Year! I hope you enjoyed the unseasonably warm fall weather! They say 75% of the time that means a mild winter. As long as it's not from human caused global warming and climate change, it's fine by me!!

Speaking of which, I've been reading a great book by visionary economist Jeremy Rifkin, called "The Third Industrial Revolution." He says in 30 years, every house and every building will be its own power plant, with wind or solar energy, and there will be an intelligent grid like the internet to distribute the power. In the process, 1000s of jobs will be created and carbon emissions drastically reduced. And 'power,' will become less vertical 'top down' and more horizontal/community/collaborative.

Rifkin has met with every head of state in the Europe Union, which has already put in place many of these plans. As usual, the US is far behind, but there is surprisingly a lot more going on in the US with renewable energy than we hear about in the media, which tends to focus on the negatives. Every page of Rifkin's book has another interesting anecdote or solution. I highly recommend reading this book, which is the most optimistic view I've read on the subject in years. Rifkin has written 19 books translated into 30 languages!

Last year's real estate market, though still down in the number of sales, continued to stabilize pricewise. Cambridge median prices are actually higher now than they were at the peak in 2005! This stability applies to some surrounding towns as well.

Cambridge new or renovated condos sold last year at vigorous prices in all price ranges. \$1 million sales of renovated townhouses in good locations were 'commonplace.' Renovated 2 BR condos in a triple-decker near Porter Square sold in the \$500ks and townhouse style renovated condos on Prince and Decatur in Cambridgeport sold from \$650k - \$805k for 2-3 BRs. With careful searching there are still values to be found, especially with today's absurdly low interest rates.

Apprx. 50% of Cambridge sales in 2011 were 'cash' sales, with no mortgage, and investors were active buying condos or multi-family houses to rent out. This suggests that buyers may have been taking funds out of the stock market for what they saw as a more stable or productive investment in Cambridge real estate. A triple-decker in North Cambridge asking \$875k had 11 offers, from a mix of rental investors and condo converters. A 3 family near the Charles River, with a 1990s renovation, asking \$1.195 million had 6 offers, 5 of them cash, from a mixture of end users and investor/developers.

Meanwhile, a shortage of desirable inventory, job shortages and possibly consumer confidence means fewer buyers bought and rented instead. This caused rents to increase and a shortage of rental

apartments available. This has led to a 200++ unit rental being built on Route #2 near Faces about to be built and in Boston, 5 luxury rental buildings are going up.

The 4<sup>th</sup> Annual *Home Sweet Home*, a Dessert & Wine Tasting to Open Doors for the Homeless on October 22d was a big success. By year end, The Cambridge Housing Assistance Fund (CHAF), which I co-founded and have volunteer directed since 1999, exceeded its \$150,000 goal, raising \$172,500 to help more than 120 homeless and near homeless families and individuals to avoid or escape life in a shelter, or on the street. For more info, or if you want to help a family by making a donation, just visit: [www.CHAFund.org](http://www.CHAFund.org).

Mortgage rates are amazingly low: right around 4% or even a little less with no points for a 30 year fixed conforming loan with 20% down. For low down payment buyers, FHA loans are running sometimes as low as 3.5%, although closing and PMI costs can be high. If you are a buyer, this is a great time to lock in historically low interest rates. And if you are a homeowner, this may be a good time for you to refinance at a lower rate or, to consider selling.

If you are considering selling, and you want the best advice on how to market and position your home in today's real estate market, let me know. And if you are buying, and want experienced advice on what house or condo to buy and how much to pay, give me a call. The spring market starts early, sometimes in late January, and there will be more inventory coming on market! Or, if you're just getting started and want to explore on the internet, I'd be happy to register you for WebHunter, which emails you daily alerts of new listings.

I'm celebrating my 25<sup>th</sup> successful year in Cambridge area real estate sales! If anyone you know is considering buying or selling, most of my business comes from word of mouth and referrals by satisfied clients. I hope you will consider giving my name to your friends and associates. My greatest pleasure and honor, is thanking you for a referral. Thank you for your many referrals and for contributing to my success!

I look forward to hearing from you, whether to simply catch up, or to assist you with real estate.

Have a Happy New Year!



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**\*While this newsletter is mostly about Cambridge, I cover Somerville and many surrounding communities from Arlington & Belmont to Brookline & Newton as well. Every town is different, so call me if you have questions about the value of your home or what to buy.**



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