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NY Times: Condo Market Collapse Here

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The condominium markets in major cities like Washington, D.C., Las Vegas, Miami, and Boston have collapsed, reports The New York Times.

"Since the middle of 2006, the frenzied condominium market here (in Washington, D.C.) and in several other big cities like Las Vegas, Miami and Boston has collapsed," says the Times. "Once roaring sales have slowed to a trickle, sparse inventory has mushroomed into a glut and soaring prices have flattened out and started falling."

Developers in these cities are choosing to build apartment buildings rather than condominiums or scrapping their building plans altogether. Apartments that had been converted into condos at the height of the housing bubble are now changing back, according to the Times.

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The Times reports, in the past three months, builders of nearly 6,000 condominium units in the Washington area have decided to build rental units instead. According to Delta Associates, a real estate research firm, plans to build 2,500 condominiums in the city have been canceled completely.

"They have a choice of how they want to lose it," Washington area real estate agent Thomas P. Murphy said of investors and condo developers. "Drip by drip or in one slap."

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Delta Associates says condo inventory in the Washington area has swelled to 24,200 units up from 13,000 at the start of 2005. Condo sales totaled just 663 in the fourth quarter of 2006 down from 3,520 in the first quarter of 2005. And though prices remain flat in the area, the Times points out that only the most attractive properties are selling and many sellers are throwing in incentives.

In the Boston area, real estate consultant Tom Meagher says that of the 600 condo projects – or 49,000 units – he's tracking, he expects as many as a third will never be built.

Nationally, condominium sales have fallen further than single-family home sales. Condo sales are down 13.6 percent from November 2005 to November 2006 while single-family homes fell 10.7 percent in the same period.

Condo inventories are up 38.1 percent compared to a 29.6 percent increase for individual homes, according to the National Association of Realtors. The median condo price was unchanged in November from the year before at \$224,600.

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