

# BOSTON, MA MULTIFAMILY REPORT

2024 | MID-YEAR



**BERKADIA**<sup>®</sup>



## Jobs Added / Lost\*

LAST 12 MONTHS

26,700

↑ 0.9%

## Unemployment\*

JUNE 2024

2.9%

↓ 10 BPS YOY

\*Seasonally Adjusted

# BOSTON, MA

# EMPLOYMENT

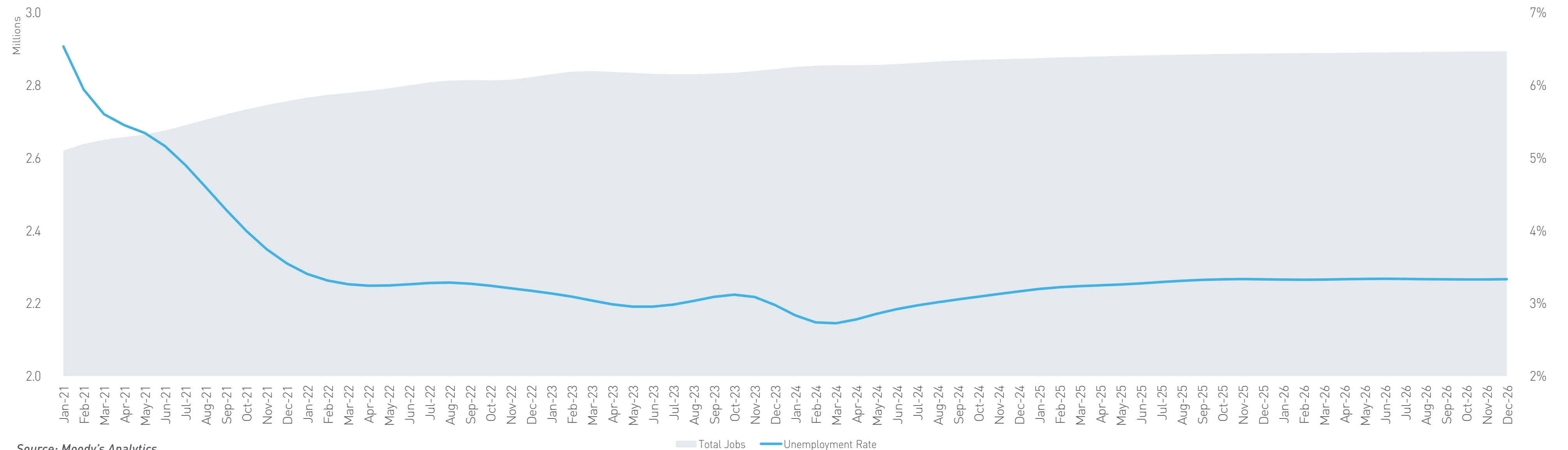
Boston is the region's economic and cultural hub and one of the world's most powerful cities, attracting new residents and investments. Overall, Boston saw another strong year of economic growth as businesses and institutions added a net 26,700 workers to payrolls, a 0.9% year-over-year gain through June 2024. Hiring in the government and the private education and healthcare sectors made up about 81% of the most recent net jobs gain. Boston's unemployment rate stood at 2.9% in June, down 10 bps compared to a year ago. The jobless rate was one of the tightest among major U.S. cities, outpacing the 4.1% national rate, as well as the 3.8% state figure. Boston's stature as a global hub for the biotech community is boosted by

company expansions and the availability of talent. Among those expanding their footprint in the metro is Vertex Pharmaceuticals Inc., which has a 345,000-square-foot facility underway in the Seaport area, referred to as Innovation Square Phase III (ISQ3). Construction on ISQ3 will be completed in 2026, generating approximately 500 permanent jobs for the city. As the largest life sciences employer in Massachusetts, Takeda leased 600,000 square feet in Cambridge's Kendall Square, providing lab and office space set for occupancy in 2026. One-in-five employees are working in the private education and healthcare sector, where businesses added 15,400 jobs since June 2023.

## In the News

- [Lilly to open 700-person Genetic Medicines Institute](#)
- [LEGO moving North American HQ, 750 new jobs in Boston](#)
- [Sublime Systems expands HQ campus, creating 400 new jobs](#)

## Employment Trends



Source: Moody's Analytics



## BOSTON, MA

# DELIVERIES & ABSORPTION

### 2024 YEAR TO DATE

**DELIVERIES**  
3,787 UNITS

**ABSORPTION**  
2,973 UNITS

### 2024 TOTAL\*

**DELIVERIES**  
8,710 UNITS

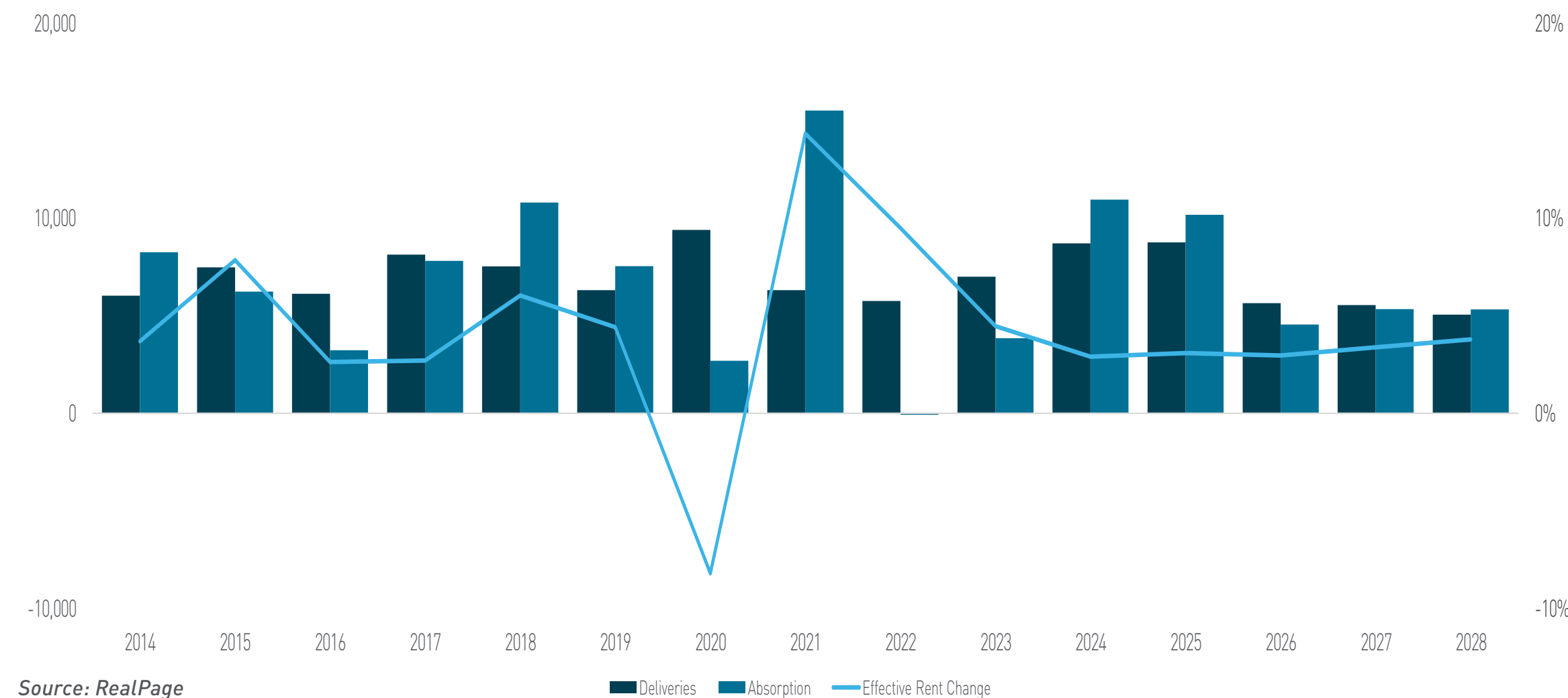
**ABSORPTION**  
10,950 UNITS

\*Projected

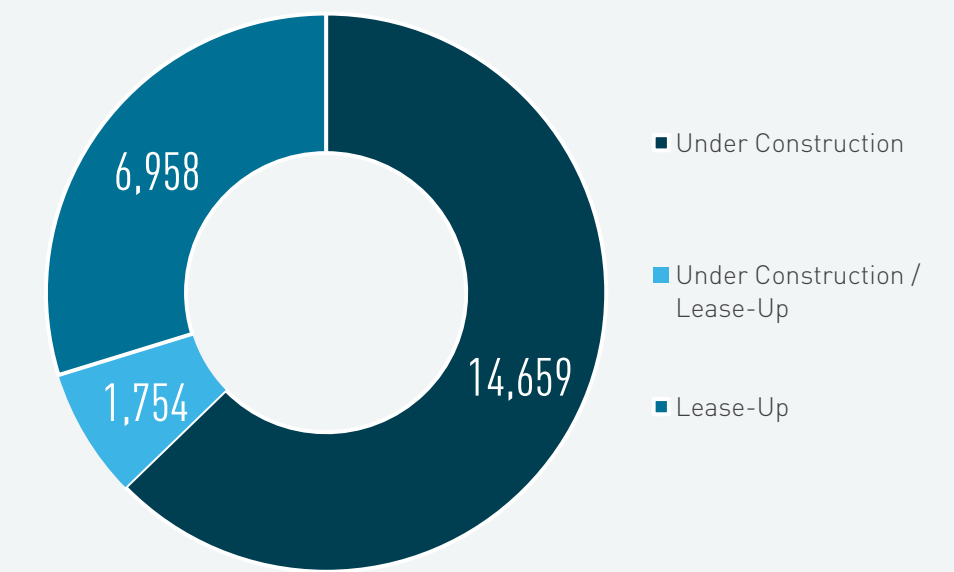
With apartment occupancy rising in recent years, multifamily developers responded by ramping up activity in the Boston market. From 2019 to 2023, roughly 34,780 units came online, representing an 8.9% inventory expansion. Elevated deliveries continued into 2024, with 3,787 units in the first half of 2024. The most recent deliveries are part of a projected 8,710 new apartments slated to be completed by year-end 2024. Developers had 16,413 units across 91 projects under construction as of the second quarter and another 34,600 apartments in the planning and permitting stages. New supply is projected to taper after next year as demand is expected to keep pace amid continued housing interest. Developers continued

to focus additions in the submarkets of East Middlesex County and Quincy, where a combined 1,149 units were added through the second quarter of 2024. Renters were drawn to the new inventory in these submarkets. Among the 15 submarkets in the Boston market, rental demand in the East Middlesex County submarket at 746 units and the Quincy submarket at 550 units led net absorption so far this year. The two submarkets combined to represent 44% of total leasing activity. Middlesex County is home to numerous Fortune 500 companies, three universities, and world-class healthcare and research facilities. During the first half of the year, renters newly leased a total of 2,973 apartments.

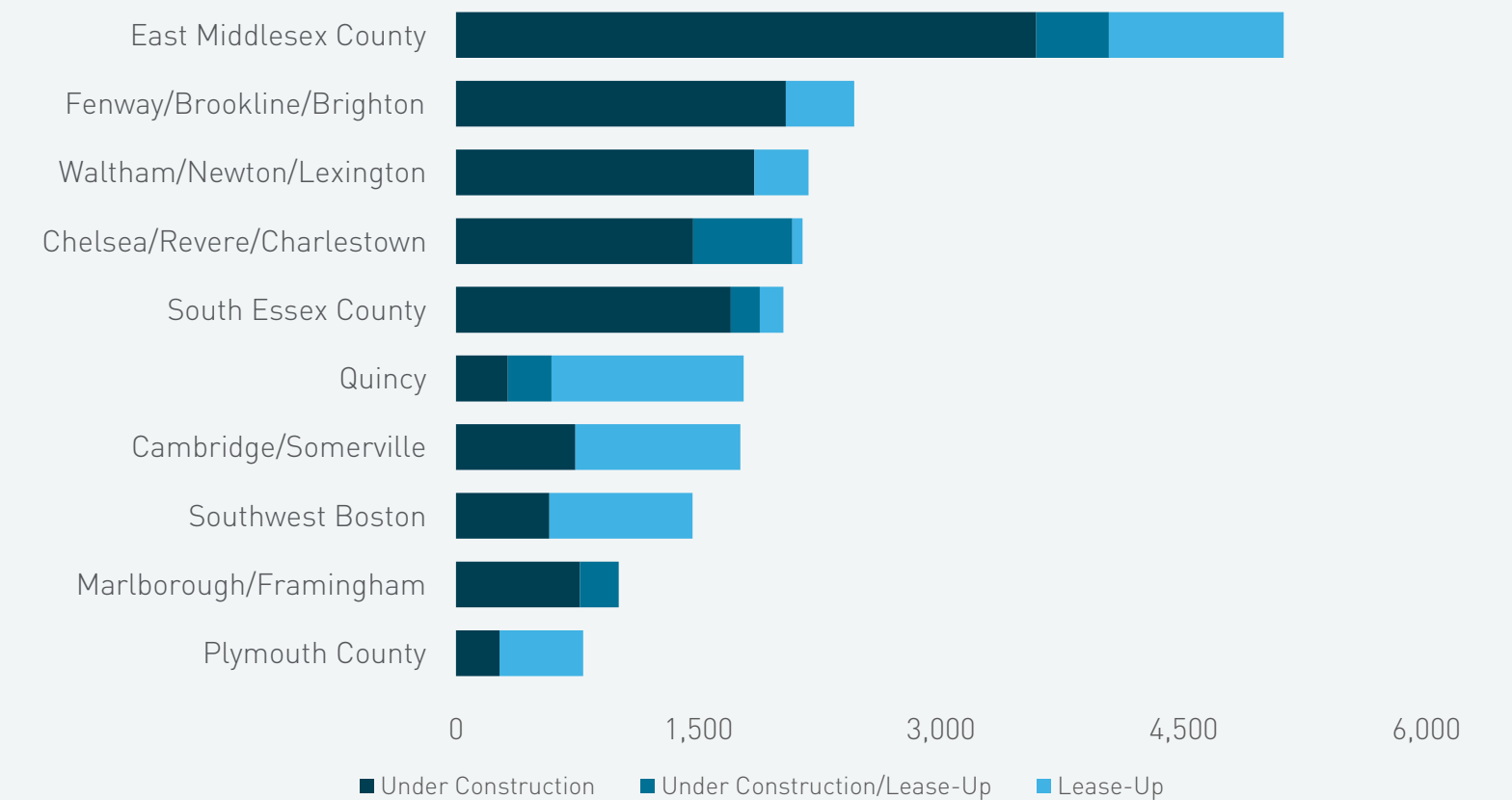
## Deliveries, Absorption, & Effective Rent Change



## Market Pipeline



## Top Submarket Pipelines

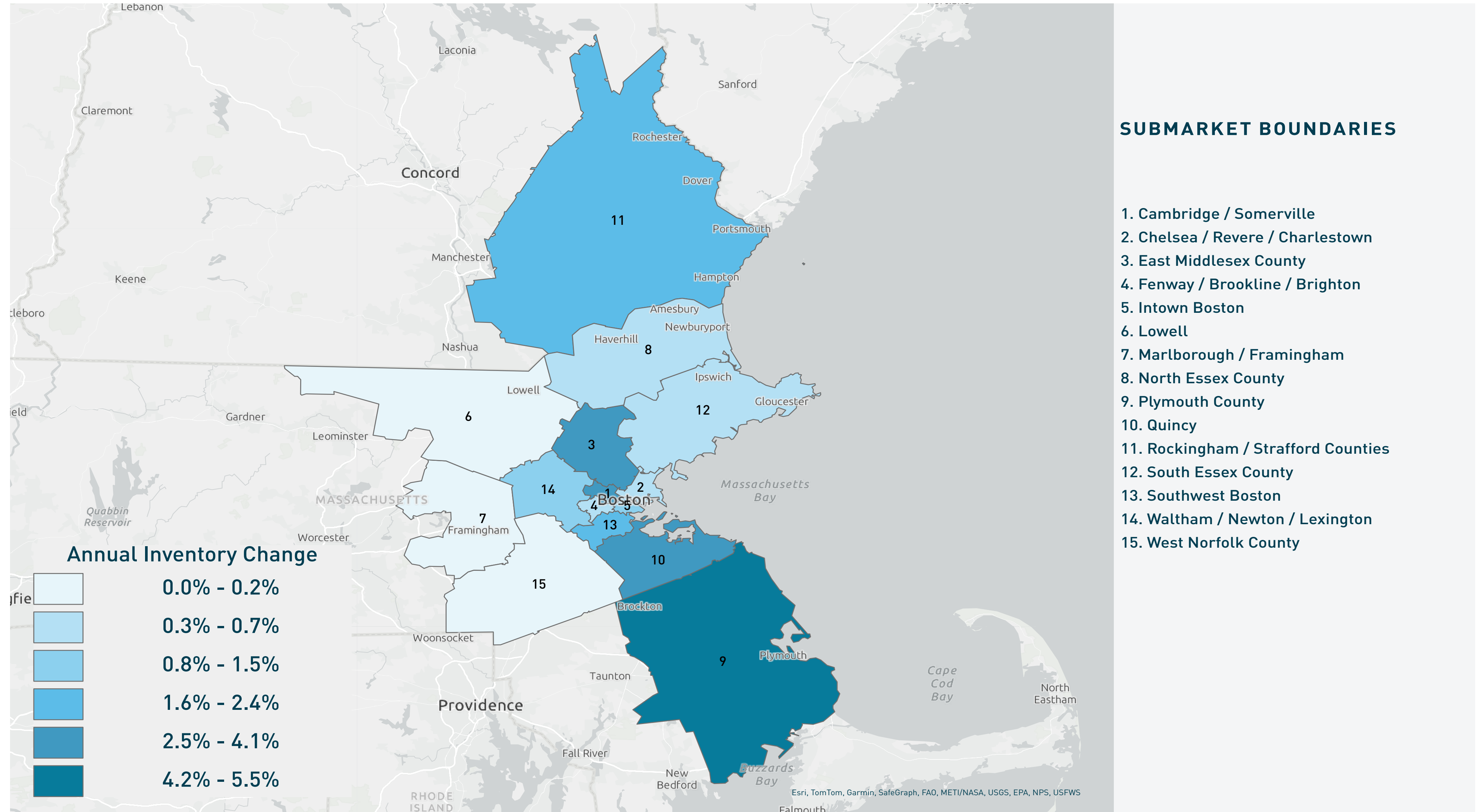




## BOSTON, MA

# SUBMARKET MID-YEAR 2024 ANNUAL INVENTORY CHANGE

Developers were active in 13 of the 15 apartment submarkets. There were four standout submarkets with more than 1,000 units underway for the year. The Quincy submarket led with 695 units under construction in the first half of 2024, followed by Cambridge/Somerville, home to Harvard and MIT, with 558 units, Plymouth with 458 units, and East Middlesex County with 454 units. The largest project to complete in the first six months of the year was the 526-unit The Laurent, a transit-oriented community located in the city of Cambridge. Helping to absorb the new units in the Cambridge/Somerville submarket will be the 400 new jobs at Sublime Systems headquarters campus, creating 400 new jobs. Long-term projects proposed in the area that will benefit multifamily housing include the \$1.2 billion redevelopment by MIT for Kendall Square, and a proposed 1.6 million-square-foot expansion at Somernova's innovation campus off Somerville Avenue.





## BOSTON, MA

# RENT & OCCUPANCY

### Effective Rent

Q2 2024

\$2,983

↑ 3.2% YOY

### Occupancy

Q2 2024

95.3%

↓ 50 BPS YOY

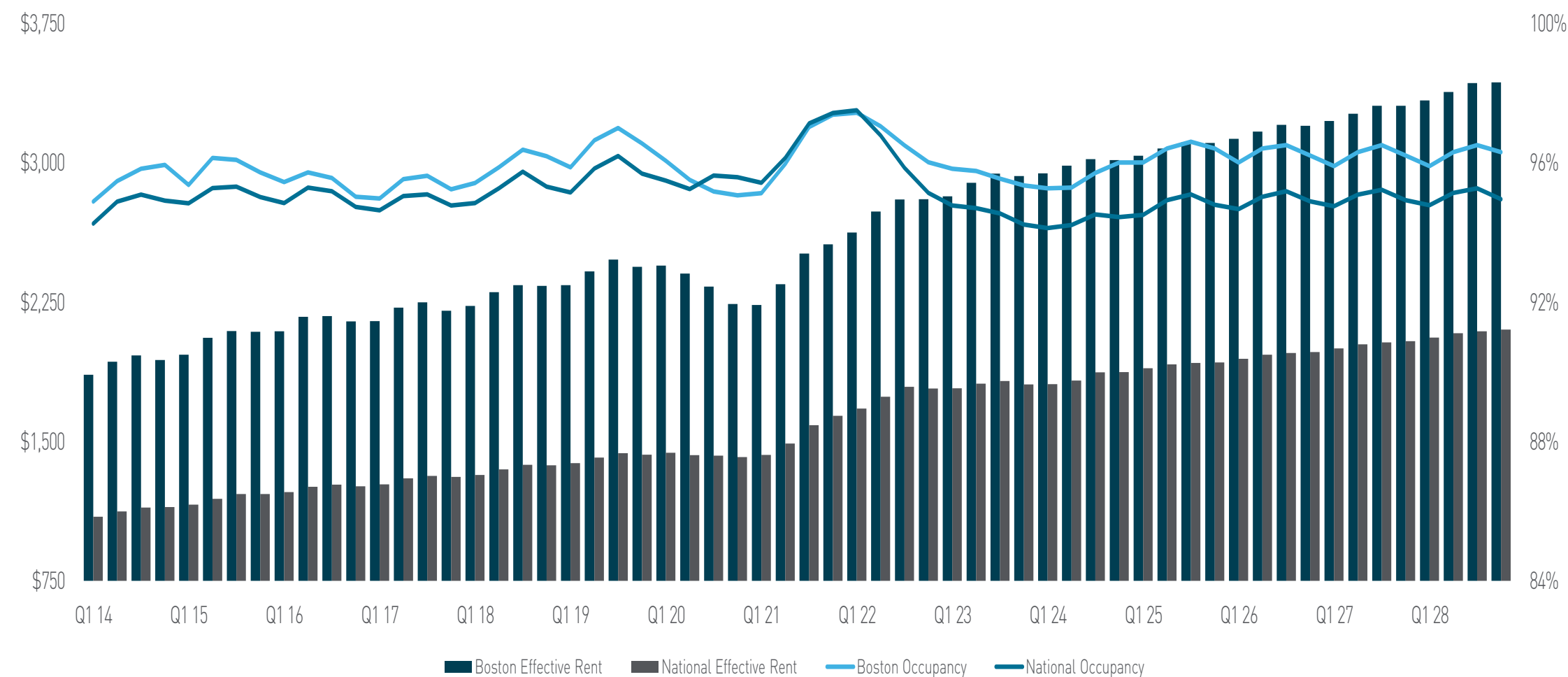
Steady leasing activity has enabled apartment operators to continue raising rent across the market. The average effective rent in Boston was \$2,983 per month at the midpoint of 2024. Year-over-year rent growth increased 3.2%, while the national rate inched up only 0.9%, to \$1,828 per month. Local rent growth should continue its upward trajectory through 2024, projected to end the year at \$3,013 per month. Effective rent ranged from \$3,934 per month for Class A properties to \$2,294 per month for Class C communities. The average occupancy rate settled at 95.3% in the second quarter of 2024, as demand for multifamily remained positive. Due to strong in-migration and job growth, leasing activity is expected to heighten

this year and lift the occupancy rate to 96.0% by the fourth quarter, a projected 70-basis-point annual increase. Helping to keep the occupancy rate elevated are numerous major investments expected to create thousands of new jobs that will benefit the local apartment market in the next couple of years. Eli Lilly & Co plans for a \$700 million institute for genetic medicine in Boston's Seaport District. The opening is slated for 2024 with around 700 employees. The LEGO Group is moving its North American headquarters to Boston, which will start in mid-2025 and is expected to relocate approximately 740 employees.

## Submarket Performance

SUBMARKET NAME	Q2 2024 OCCUPANCY	YOY (BPS)	Q2 2024 EFFECTIVE RENT	YOY
Cambridge/Somerville	94.8%	-40	\$3,710	2.3%
Chelsea/Revere/Charlestown	94.2%	-80	\$2,875	0.3%
East Middlesex County	95.7%	40	\$2,821	2.6%
Fenway/Brookline/Brighton	92.9%	-140	\$3,638	1.9%
Intown Boston	96.3%	0	\$4,124	2.6%
Lowell	95.8%	-10	\$2,472	4.3%
Marlborough/Framingham	95.4%	-60	\$2,515	3.7%
North Essex County	96.7%	-20	\$2,394	5.5%
Plymouth County	95.7%	-50	\$2,442	6.5%
Quincy	94.7%	-120	\$2,618	0.7%
Rockingham/Strafford Counties	96.8%	-70	\$2,243	11.8%
South Essex County	95.6%	-100	\$2,708	3.4%
Southwest Boston	93.9%	-120	\$2,804	2.0%
Waltham/Newton/Lexington	95.8%	-30	\$3,239	2.1%
West Norfolk County	95.1%	-20	\$2,783	4.4%

## Boston vs. National Effective Rent & Occupancy



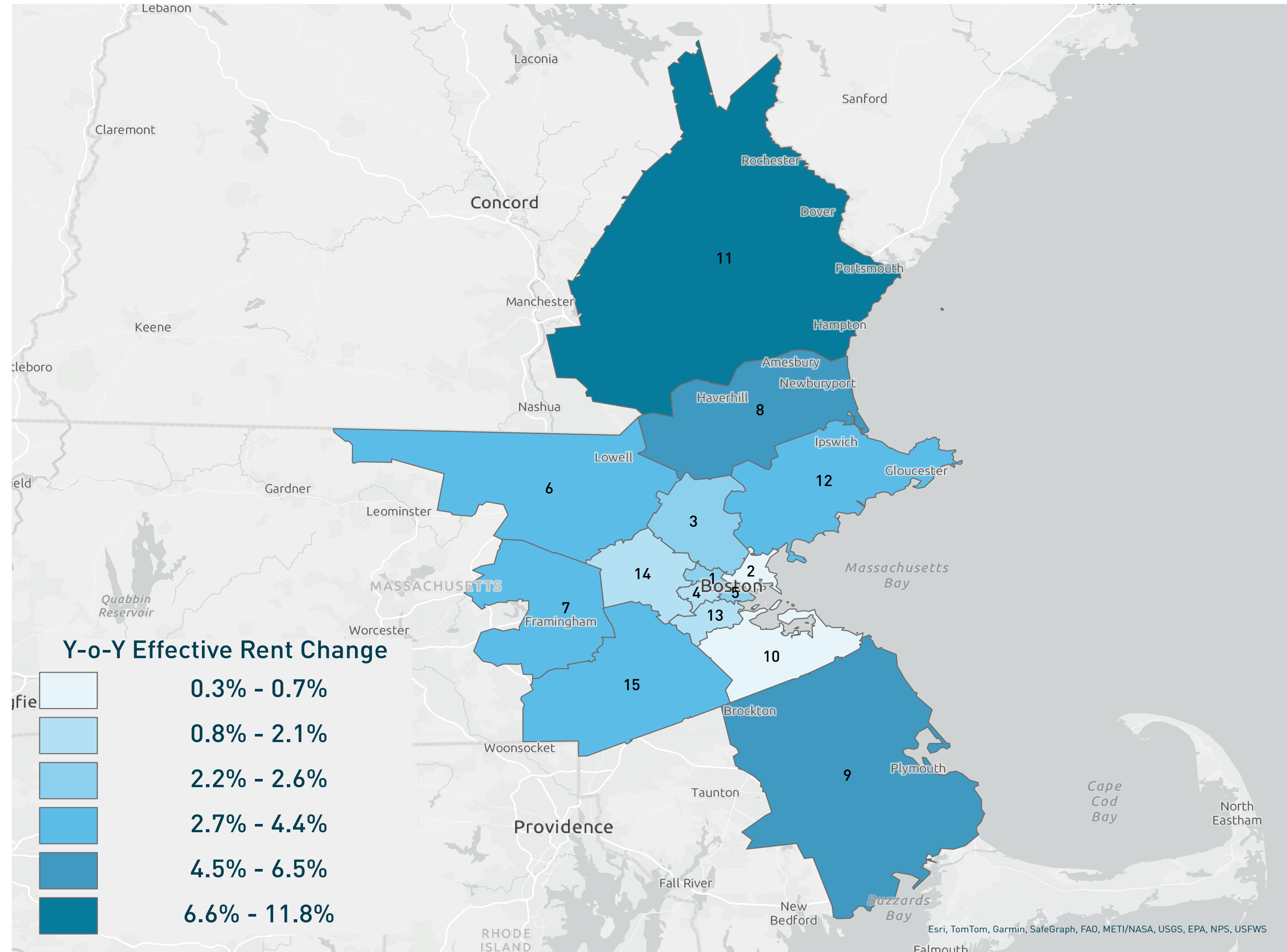
Source: RealPage Note: Effective rent and occupancy reflect stabilized properties and does not include preleased units or properties in lease-up. A newly constructed property is considered stabilized once it becomes 85% occupied.



Healthy occupancy amid robust inventory growth underpinned a 3.2% annual advancement in monthly effective rent to an average of \$2,983 in the second quarter of 2024. All of Boston's 15 multifamily submarkets reported rent growth over the past year. Of these, three submarkets had year-over-year effective rent change above or near 5.0%: Rockingham/Strafford Counties, up 11.8%; Plymouth County, up 6.5%; and North Essex County, up 5.5%. The submarkets with the greatest annual rent increases were also the most affordable rental options in the area. Over 25% of Boston's apartment submarkets now post average effective rents of \$3,000 per month or higher, and all the metro area's 15 submarkets posted rents over \$2,000 per month as of the second quarter of 2024. Only the Intown Boston submarket had an average monthly rate above \$4,000, up 2.6% annually to \$4,124 per month. The suburbs are taking advantage of deep and growing demand.

## BOSTON, MA

# SUBMARKET MID-YEAR 2024 ANNUAL RENT CHANGE



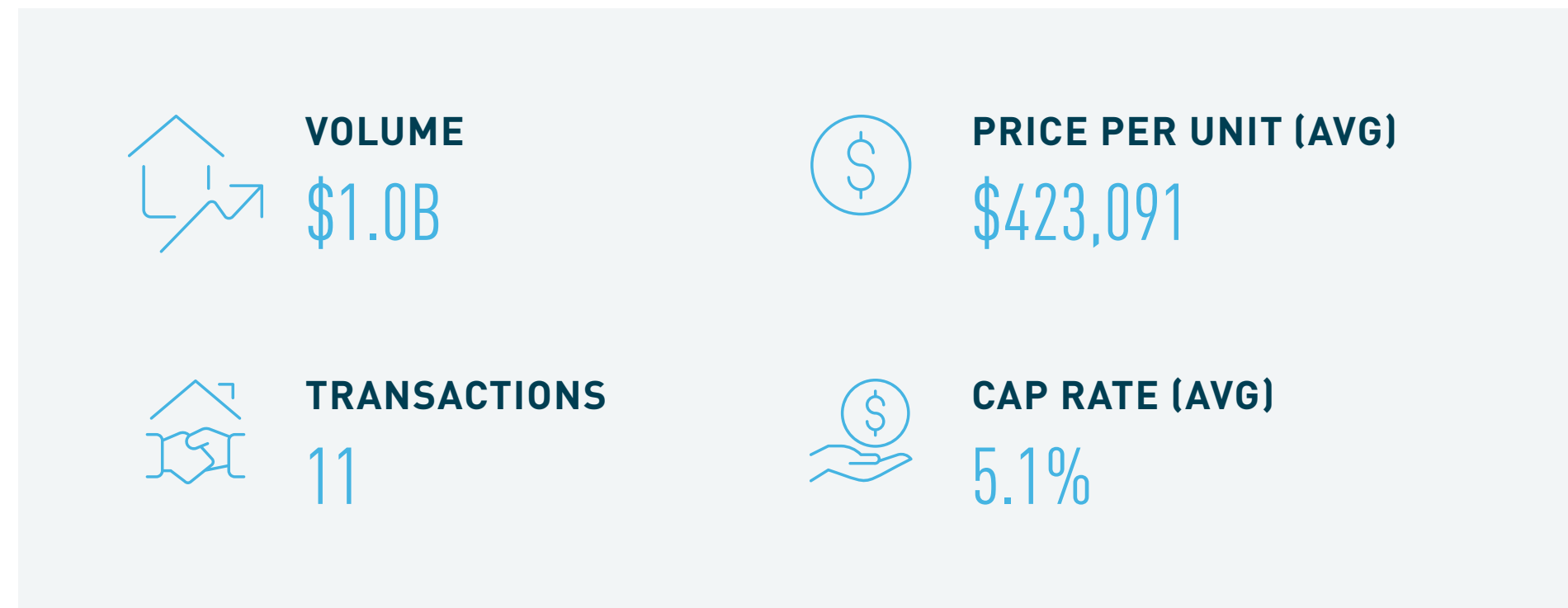
### SUBMARKET BOUNDARIES

1. Cambridge / Somerville
2. Chelsea / Revere / Charlestown
3. East Middlesex County
4. Fenway / Brookline / Brighton
5. Intown Boston
6. Lowell
7. Marlborough / Framingham
8. North Essex County
9. Plymouth County
10. Quincy
11. Rockingham / Strafford Counties
12. South Essex County
13. Southwest Boston
14. Waltham / Newton / Lexington
15. West Norfolk County



# BOSTON, MA SALES

2024 Year to Date\*



What's Trading?\*



Source: MSCI Real Capital Analytics  
\*\$50m+

Top Buyers\*

BUYER	LOCATION
Carmel Partners	San Francisco, CA
Pantzer Properties	New York, NY
Nuveen	Boston, MA
Abacus Capital Group	New York, NY
Eaton Vance Real Estate	Boston, MA

Top Sellers\*

SELLER	LOCATION
Clarion Partners	New York, NY
AvalonBay	Arlington, VA
Post Road Residential	Weston, CT
DSF Group	Waltham, MA
American Realty Advisors	Los Angeles, CA

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Sources: RealPage; Moody's Analytics; Real Capital Analytics

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