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BOSTON

MULTIFAMILY MARKET REPORT | MID-YEAR

2025

SELECT MARKET

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Jobs Added / Lost

LAST 12 MONTHS
8,300

0.3% YOY

Unemployment

JUNE 2025
4.3%

60 BPS YOY

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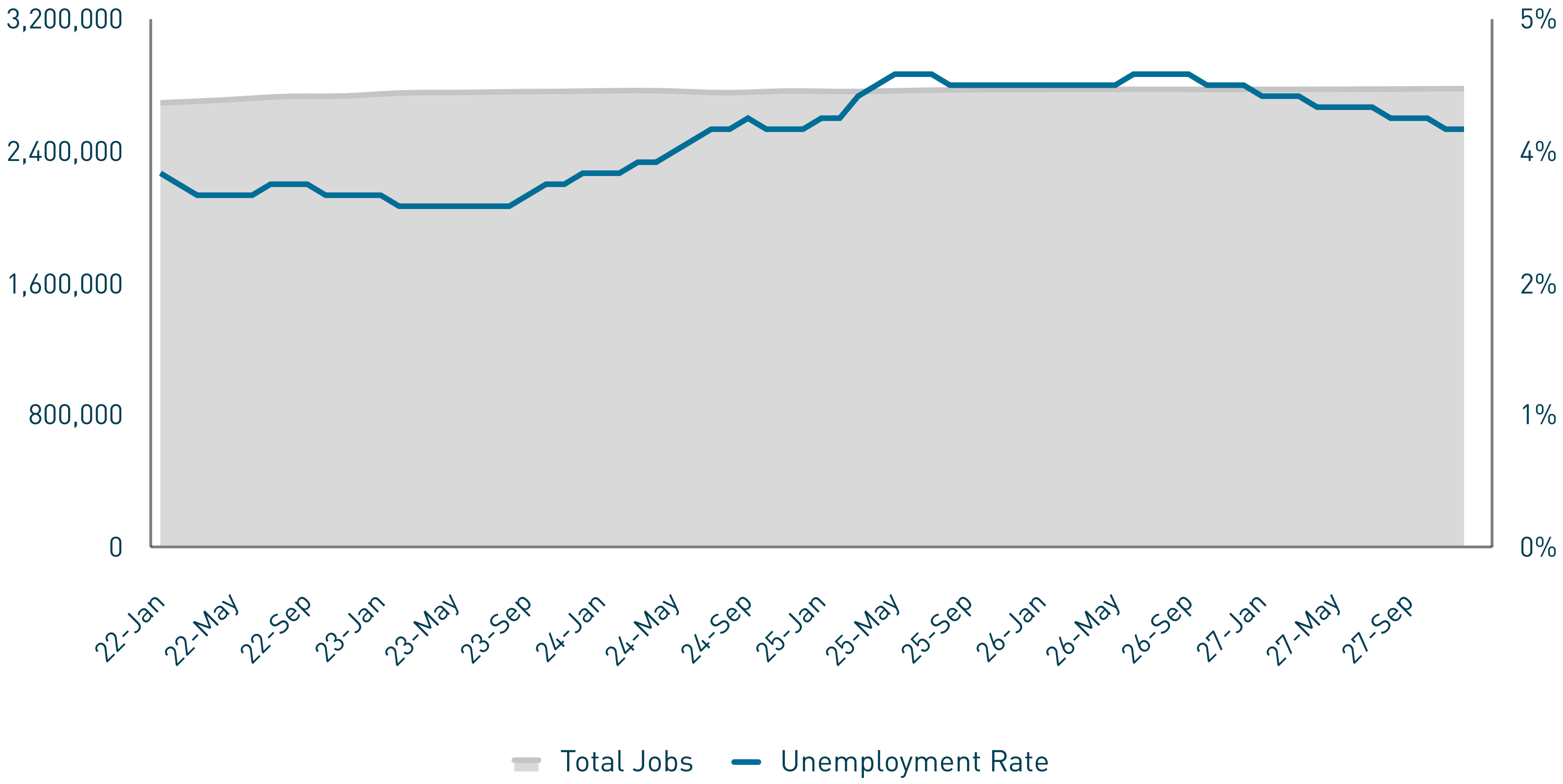
Employment

Greater Boston is among the world's most powerful economies. As a center for innovation and technology, its economy thrives on strong life sciences and technology sectors. Last year, Boston led in office development with an 8.7 million-square-foot construction pipeline, primarily driven by the life sciences sector. Prestigious universities like Harvard and MIT contribute to the area's economic strength by supplying a highly skilled workforce. Boston saw strong economic growth, with institutions in the private education and healthcare sector leading job creation, adding 7,100 new jobs in the 12 months ending June 2025. The metro's status as a biotech hub was enhanced by company expansions and available talent. Boosting future growth in the sector will be Vertex Pharmaceuticals Inc., growing its footprint by preleasing a 345,000-square-foot facility in the Seaport District, known as Leiden Center II at Innovation Square. This development is creating 700 construction jobs and is projected to add 500 permanent jobs when completed by early 2027. Job creation was also observed among businesses in the financial activities sector, which contributed 3,400 new jobs, while companies in the trade, transportation, and utilities industry added 2,100 new jobs. However, overall employment was impacted by the loss of 7,400 jobs, including 4,500 in leisure and hospitality. Despite this reduction, payrolls grew by a net 8,300 workers, marking a 0.3% annual increase through June 2025.

Employment Trends



Source: Moody's Analytics

In the News

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Deliveries & Absorption

2025 Year to Date

DELIVERIES
3,608 UNITS

ABSORPTION
8,713 UNITS

2025 Total*

DELIVERIES
8,052 UNITS

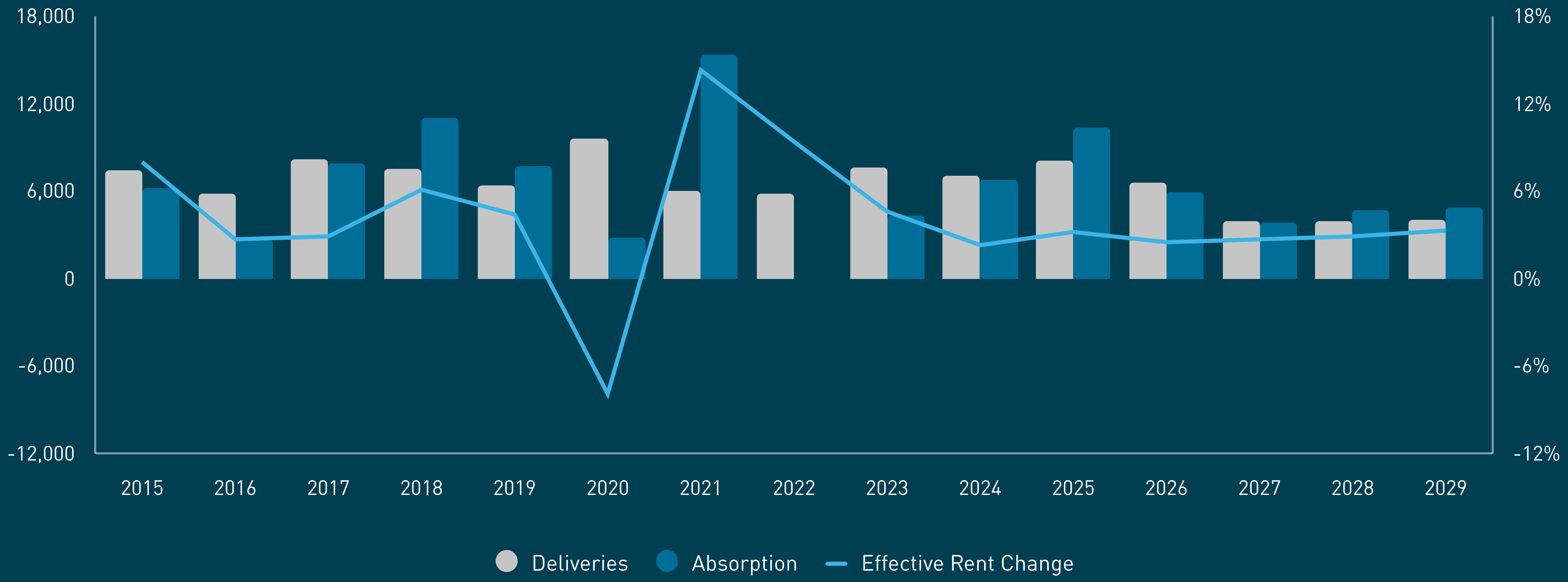
ABSORPTION
10,366 UNITS

*Projected

In the first half of 2025, builders completed 3,608 apartments in the Boston metro area, similar to the same period in 2024. As of mid-2025, builders were working on 70 projects with completion dates through 2027, and 11,600 units are currently under construction or in the construction/lease-up phase. The forecast predicts roughly 8,100 total deliveries for 2025, expanding inventory by 1.7%. New construction is beginning to soften, responding to high interest rates and rising building costs. From 2026 to 2029, apartment completions are expected to average 4,600 units annually, down from the pre-pandemic average of about 7,100 units. Two of the six largest properties in the pipeline will finish in the second half of 2025, both projects are in desirable East Middlesex County.

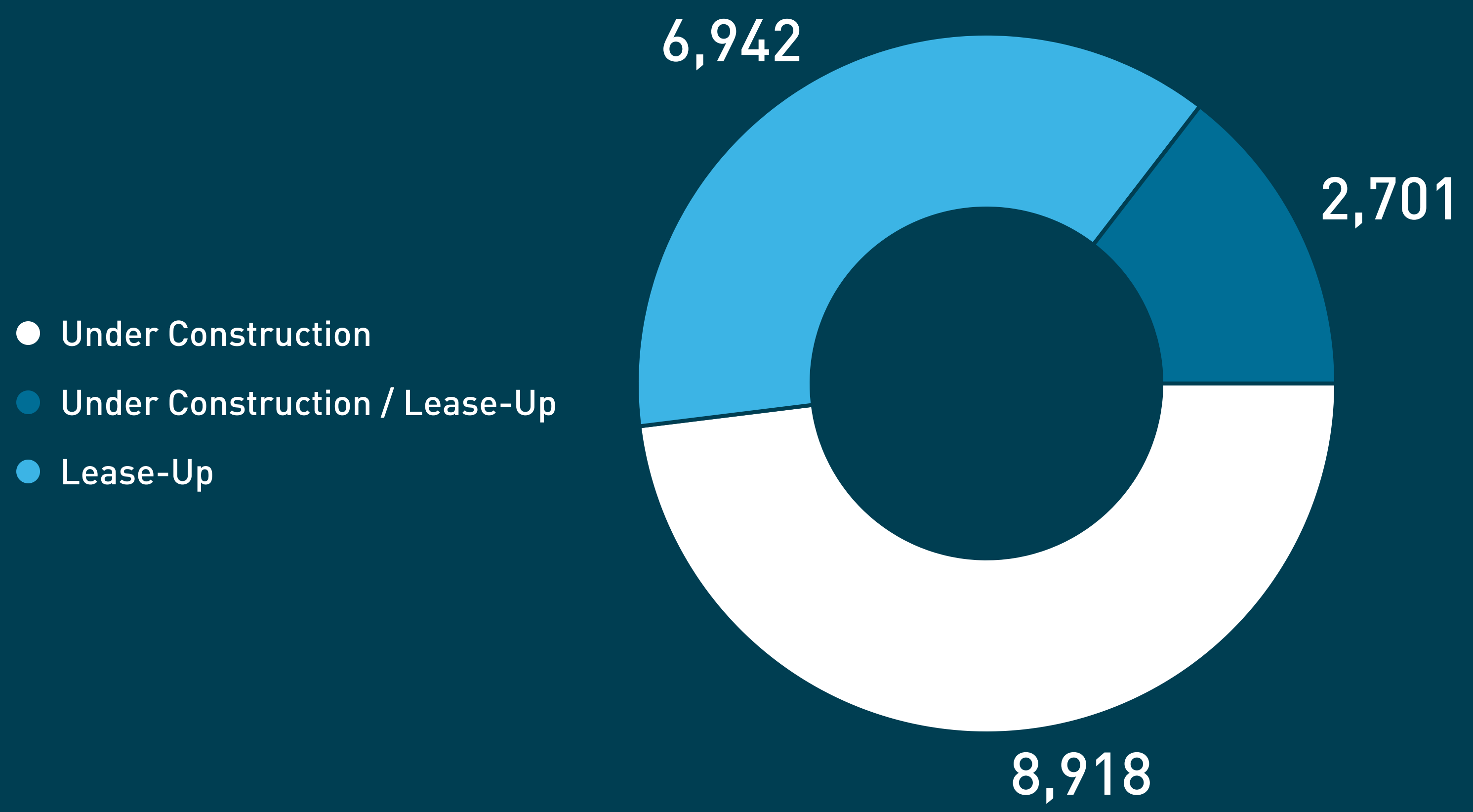
In the second quarter of 2025, 5,815 apartments were newly leased, marking the seventh consecutive quarter of net absorption over 1,000 units. All 15 submarkets experienced positive net absorption in the first half of 2025, with East Middlesex County accounting for nearly 20% of renter demand due to its proximity to Cambridge and Somerville job centers. Annual demand is projected to reach nearly 10,400 units by year-end, surpassing the new supply for the first time since 2021. Rental demand will be boosted by major office projects like Fenway Center's $1 billion second phase and South Station Tower, opening later this year with 700,000 square feet of office space, expected to create hundreds of new jobs in Boston.

Deliveries, Absorption, & Effective Rent Change



Source: RealPage

Boston Pipeline



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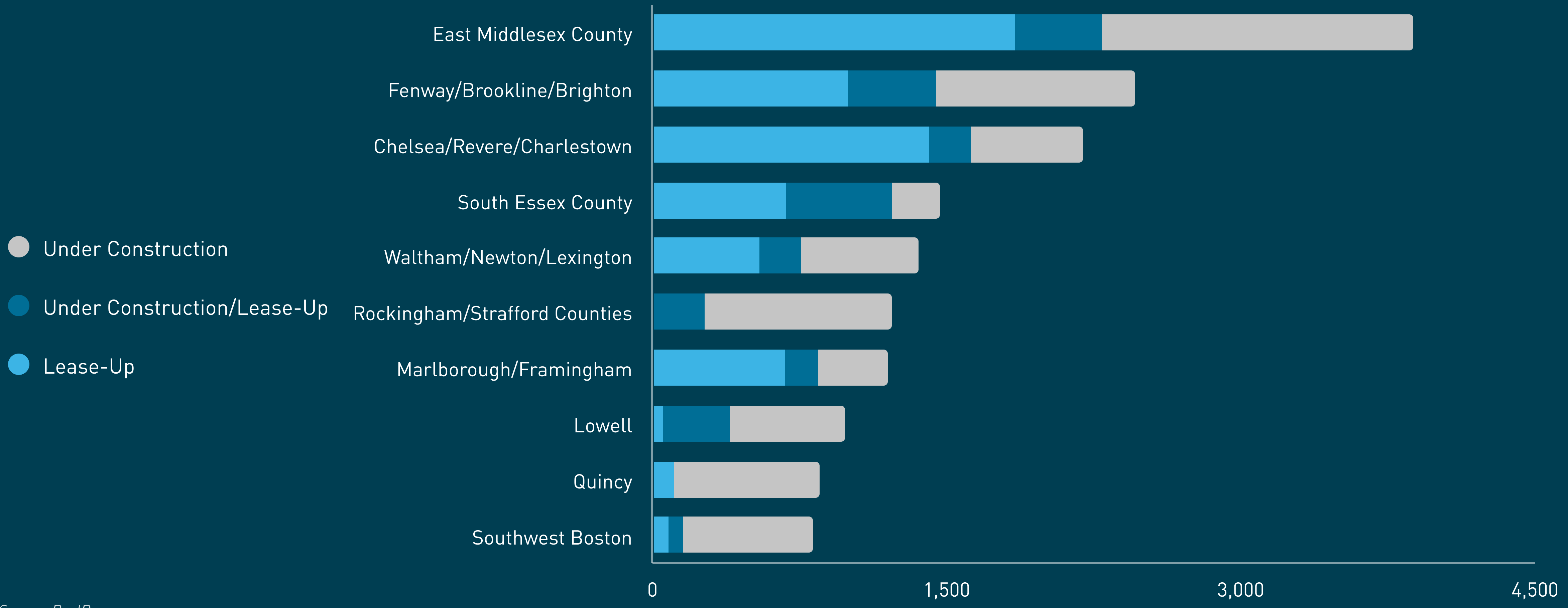
Largest Submarket Pipelines



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Effective Rent

Q2 2025
$3,093

3.5% YOY

Occupancy

Q2 2025
96.6%

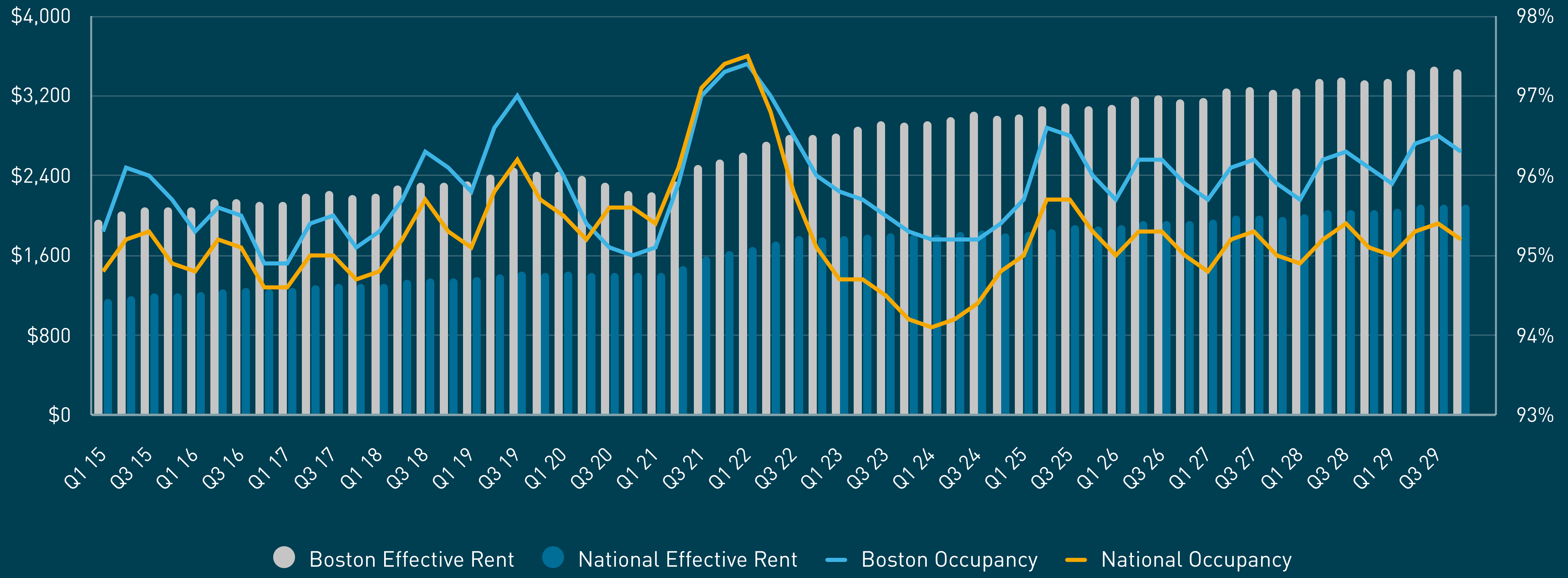
130 BPS YOY

Rent & Occupancy

Sturdy leasing activity has enabled apartment operators to continue raising rent across the market. The average effective rent in Boston was $3,093 per month at the midpoint of 2025. Year-over-year rent increased 3.5% following a 3.3% increase the year before, while the national rate inched up only 2.1% annually by the second quarter of 2025. Helping to offset increasing rent was a 4.2% rise in the median household income during the same time. As new apartment supply is set to slow over the next year and leasing remains steady, overall rent growth should continue its upward trajectory through 2026, projected to end the year at $3,169 per month, up 2.5% annually. Job growth alongside increased household formation led to a 130-basis-point rise in occupancy, reaching 96.6% in the second quarter of 2025. In the East Middlesex County submarket where rental demand led the market, robust leasing pushed up occupancy 110 basis points to 96.8%, outpacing the market average. Numerous major investments are expected to boost the local apartment market by creating thousands of new jobs over the next year. The LEGO Group opened its new U.S. headquarters in Boston in May 2025, planning to employ over 800 people. Additionally, Fenway Center, a significant mixed-use development, will expand the city's life sciences sector with two towers offering 800,000 square feet of lab and office space.

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.

Boston vs. National Effective Rent & Occupancy



Source: RealPage

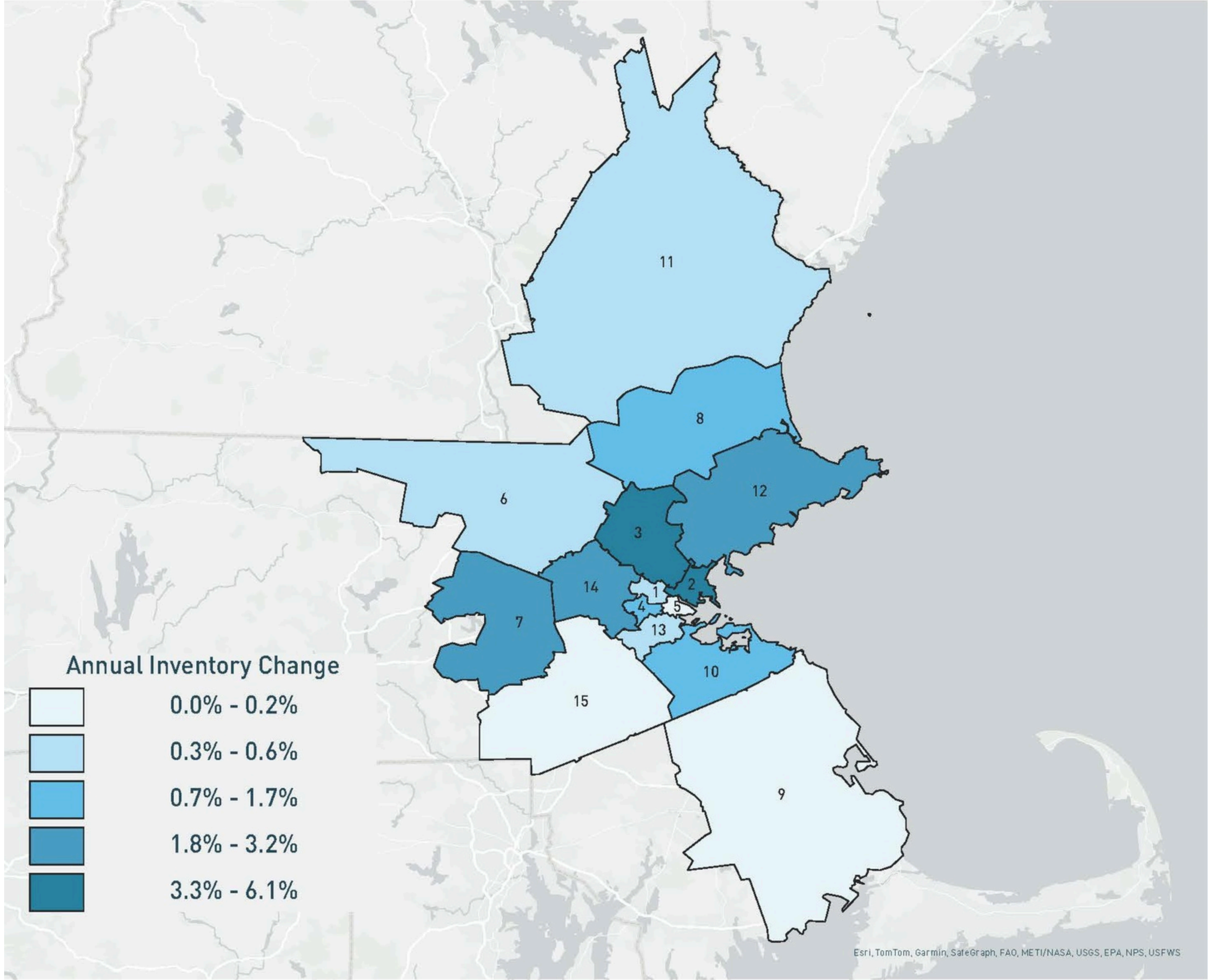
Rent & Occupancy

Submarket Performance

Submarket Name	Q2 25 Occupancy	YOY (BPS)	Q2 25 Effective Rent	YOY
Cambridge/Somerville	96.1%	140	$3,797	2.0%
Chelsea/Revere/Charlestown	95.9%	190	$2,941	2.7%
East Middlesex County	96.8%	120	$2,930	3.6%
Fenway/Brookline/Brighton	94.8%	200	$3,793	4.2%
Intown Boston	97.1%	80	$4,280	3.4%
Lowell	97.5%	180	$2,644	6.2%
Marlborough/Framingham	97.0%	160	$2,637	5.0%
North Essex County	97.0%	30	$2,475	3.3%
Plymouth County	96.9%	120	$2,619	6.7%
Quincy	96.7%	180	$2,735	4.7%
Rockingham/Strafford Counties	96.9%	10	$2,435	9.8%
South Essex County	97.1%	150	$2,805	3.8%
Southwest Boston	96.1%	220	$2,868	1.9%
Waltham/Newton/Lexington	96.3%	60	$3,257	0.6%
West Norfolk County	96.4%	140	$2,874	2.5%

Source: RealPage

Submarket Mid-Year 2025 Annual Inventory Change

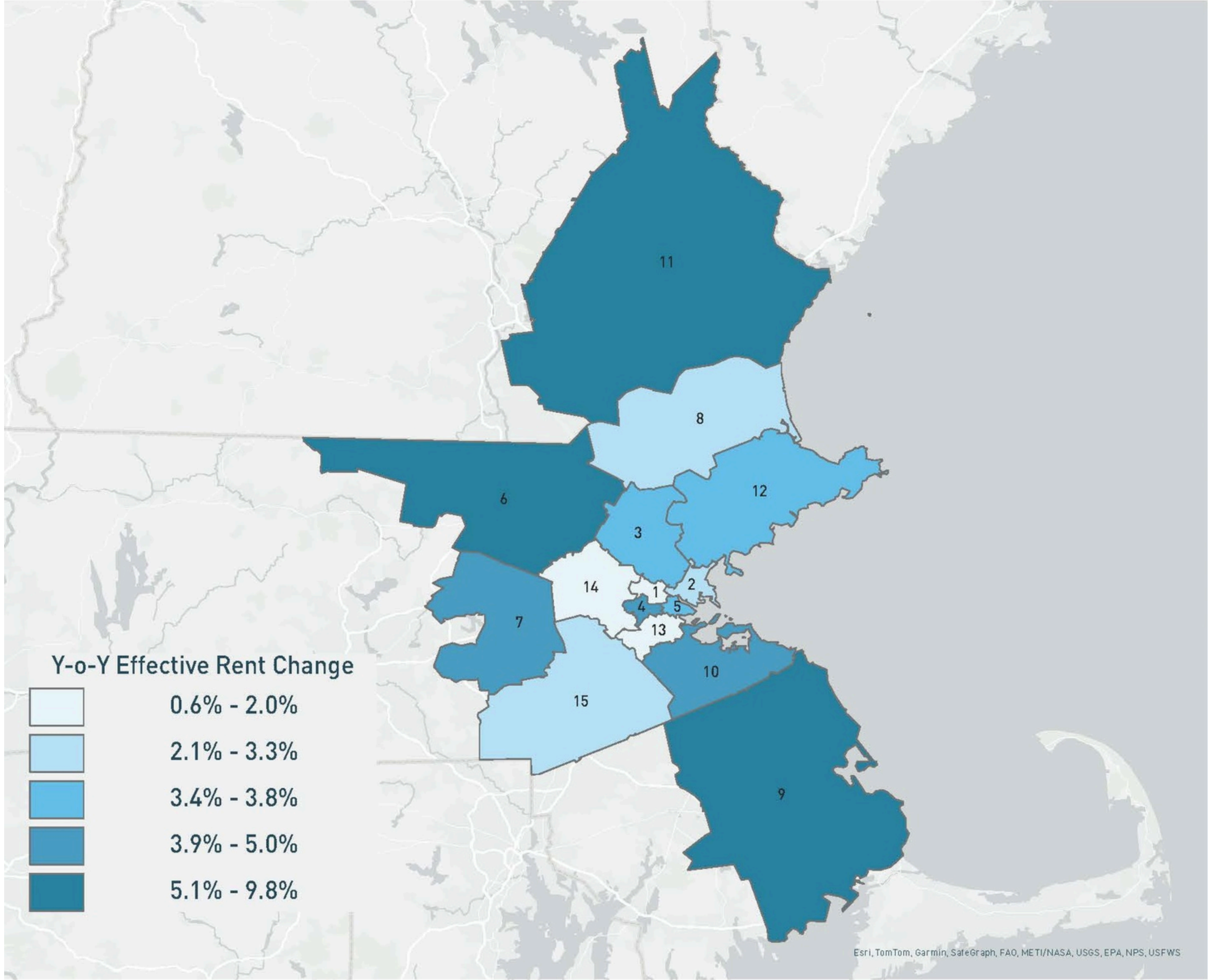


SUBMARKET BOUNDARIES

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

Source: RealPage

Submarket Mid-Year 2025 Annual Effective Rent Change



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Source: RealPage

Sales

2025 Year to Date*		What's Trading?*	
Volume $1.8B	**Price Per Unit (Avg)** $380,209	**Units (Avg)** 341	**Year Built (Avg)** 2000s
Transactions 14	**Cap Rate (Avg)** 4.8%	**Buildings (Avg)** 5	**Acres (Avg)** 12.08

$50M+ Transactions

Sources: MSCI Real Capital Analytics; CoStar Group; Berkadia Research

Sales

Top Buyers*

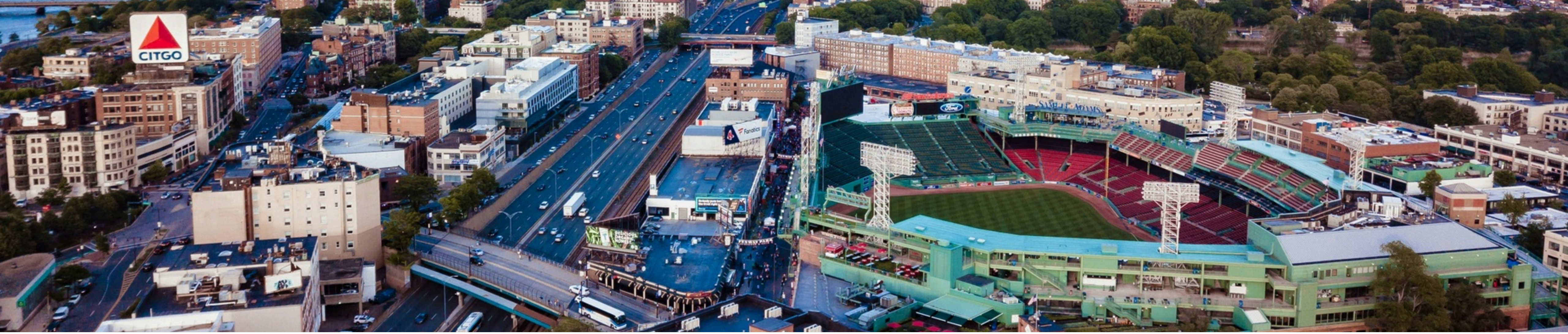
Buyer	Location
Rockpoint Group	Boston, MA
Hamilton Company	Boston, MA
Praedium Group	New York, NY
TA Realty	Boston, MA
Greystar	Charleston, SC

Top Sellers*

Seller	Location
Metropolitan Prop America	Boston, MA
DiGiovanni	Boston, MA
John M Corcoran and Co.	Braintree, MA
Beverly Crossing	Beverly, MA
Windover Development	Beverly, MA

$50M+ Transactions

Sources: MSCI Real Capital Analytics; CoStar Group; Berkadia Research



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