



MULTIFAMILY REPORT

Boston Economy Perseveres

February 2023

Rate Gains Trail Nation

Construction Activity Moderates

Transactions Hot Off Another Solid Year

BOSTON MULTIFAMILY



Rental Sector Stable Despite Slow Growth

Boston's multifamily fundamentals moderated in 2022, especially during the fourth quarter. Rents marked the second consecutive month of negative growth on a trailing three-month basis in December, down 0.6% to \$2,655, while the U.S. rate declined 0.2% to \$1,715. Still, the metro's rental market remains among the tightest in the country, with the occupancy rate in stabilized properties at 96.4%, following a 40-basis-point decline year-over-year as of November.

The unemployment rate in Boston was 2.7% in November, a significant improvement from the 4.4% rate registered in January, but still above pre-pandemic values, according to data from the Bureau of Labor Statistics. The state's unemployment clocked in at 3.4% in November and the U.S. rate stood at 3.6%. The job market posted a 4.2% expansion year-over-year as of October, leading the national rate by 10 basis points. Growth moderated in 2022, but remained steady in the 4% to 5% band, and despite the sustained performance, Boston has yet to recover all jobs lost during the pandemic.

Deliveries totaled 5,468 units in 2022, declining to the lowest volume since 2015, heavily favoring the Lifestyle segment. Some 15,400 units were underway, posting a sharp drop in the number of construction starts. Meanwhile, investment volume amounted to \$3.3 billion, and the price per unit decreased 2.3%, to \$382,575.

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Contacts

Jeff Adler

Vice President & General
Manager of Yardi Matrix
Jeff.Adler@Yardi.com
(303) 615-3676

Ron Brock, Jr.

Industry Principal, Matrix
JR.Brock@Yardi.com
(480) 663-1149 x2404

Doug Ressler

Media Contact
Doug.Ressler@Yardi.com
(480) 695-3365

Author

Anca Gagiuc

Senior Associate Editor

Recent Boston Transactions

Bay Ridge at Nashua



City: Nashua, Mass.
Buyer: Eagle Rock Properties
Purchase Price: \$159 MM
Price per Unit: \$384,058

Eagle Rock Apartments at MetroWest



City: Framingham, Mass.
Buyer: Eagle Rock Properties
Purchase Price: \$154 MM
Price per Unit: \$363,208

The Avens at Dedham Station



City: Dedham, Mass.
Buyer: Rockwood Capital
Purchase Price: \$142 MM
Price per Unit: \$499,123

Mosaic



City: Lynn, Mass.
Buyer: Groma
Purchase Price: \$67 MM
Price per Unit: \$460,616