



MULTIFAMILY REPORT

# Boston's Resilience Shines

February 2025

Investment Surpasses \$2.2B for the Year

Limited New Supply Favors Occupancy

YoY Rent Growth Double the US Rate

# BOSTON MULTIFAMILY



## Occupancy Tight, Inches Up Further

Boston proved its resilience again in 2024, with relatively limited supply growth helping occupancy and rent movement. Occupancy in stabilized properties, at 96.5% as of November, was up 10 basis points year-over-year. Rents contracted on a trailing three-month basis through December, by 0.7%, but remained in line with seasonal trends. Year-over-year, average advertised asking rents rose 1.2%, to \$2,836 in metro Boston, double the 0.6% U.S. figure.

Employment growth picked up in the second half of 2024, marking a 0.9% expansion as of November, but was still below the 1.3% national average. Four sectors, including manufacturing and information, lost a combined 8,500 net jobs. Education and health services led gains, adding 18,200 net positions, followed by leisure and hospitality, with 9,700 jobs. Meanwhile, unemployment rose to 3.7% as of November, according to preliminary data from the Bureau of Labor Statistics, but outperformed the U.S. (4.2%) and Massachusetts (4.0%).

Supply growth totaled 7,083 units in 2024. The volume was close to the previous two years but still the lowest recorded over the last decade. Another 17,752 units were under construction going into 2025. Meanwhile, investment hit \$2.2 billion, marking metro Boston's lowest total since 2020. Meanwhile, the price per unit declined 8.7% year-over-year, to \$393,195.

## Market Analysis | February 2025

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### Recent Boston Transactions

#### Residences at Stevens Pond



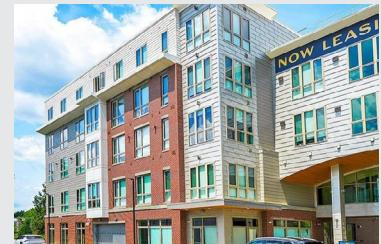
City: Saugus, Mass.  
Buyer: Waterton  
Purchase Price: \$156 MM  
Price per Unit: \$477,761

#### The Batch Yard



City: Everett, Mass.  
Buyer: LCOR  
Purchase Price: \$141 MM  
Price per Unit: \$430,183

#### Modera Newton



City: Newton, Mass.  
Buyer: Mill Creek Residential  
Purchase Price: \$114 MM  
Price per Unit: \$556,098

#### Matrix Hudson

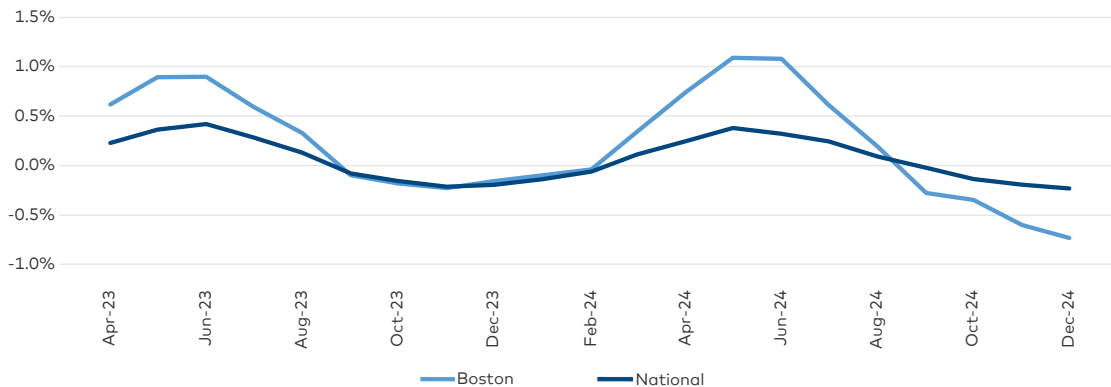


City: Hudson, Mass.  
Buyer: Zurich Alternative  
Asset Management  
Purchase Price: \$67 MM  
Price per Unit: \$379,261

## RENT TRENDS

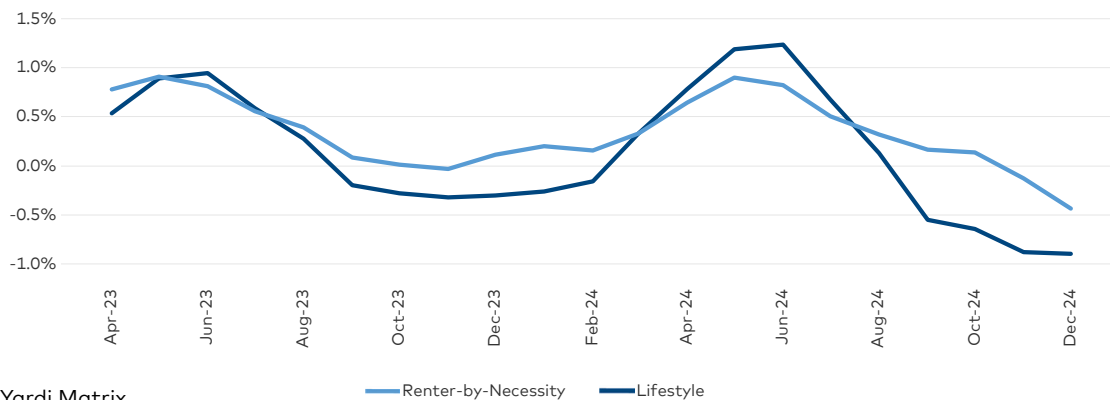
- ▶ Boston's average advertised asking rent fell 0.7%, on a trailing three-month (T3) basis through December, to \$2,836. Meanwhile, the national rate marked a 0.2% decline, to \$1,742. Yet, year-over-year, the metro's rents posted a 1.2% increase in 2024, twice the 0.6% U.S. figure, thanks to strong performance in the summer.
- ▶ Boston rent movement was negative across asset classes. There was a larger drop in the Lifestyle segment, down 0.9%, on a T3 basis through December, to \$3,214, marking the fourth consecutive month of contractions. Meanwhile, the working-class Renter-by-Necessity segment posted a 0.4% decline, to \$2,357. This winter, RBN rent movement marked its first dip since 2020.
- ▶ The occupancy rate in stabilized properties inched up 10 basis points year-over-year through November, to 96.5%, ranking third highest among Yardi Matrix's top 30 metros. Lifestyle occupancy increased 10 basis points, to 96.3%, while RBN remained unchanged, at 96.7%.
- ▶ Year-over-year, advertised asking rents declined in just nine of the 58 submarkets tracked by Yardi Matrix, including two of the most expensive ones: South Boston (-2.1% to \$4,090) and Boston-Downtown (-0.5% to 4,070). The priciest submarket was the South End, where rents rose 0.2%, to \$4,399. Another 13 submarkets had average rents in the \$3,000 to \$3,900 range. The bulk of 34 submarkets posted average rents in the \$2,000 to \$2,900 range.

### Boston vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

### Boston Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

## ECONOMIC SNAPSHOT

- ▶ Employment growth started to pick up in Boston during the second half of 2024, but still lagged the national rate. Expansion stood at 0.9% year-over-year through November, 40 basis points behind the U.S. average. During the period, the metro gained 28,000 net positions, but four sectors lost 8,500 jobs combined: manufacturing (-3,700), information (-2,900), trade, transportation and utilities (-1,500) and financial activities (-400). Meanwhile, leading sectors included education and health services (18,200 jobs), leisure and hospitality (9,700) and government (5,900).
- ▶ Boston unemployment stood at 3.7% in November, according to preliminary data from the Bureau of Labor Statistics, 50 basis points higher than it was in January 2024. It also outperformed the U.S. (4.2%) and Massachusetts (4.0%).
- ▶ Suffolk Downs, the \$9.6 billion redevelopment of a historic horse racing track built in 1935, is one of Boston's largest ongoing projects. In the last quarter of 2024, the project had a multifamily property and outdoor activity space completed. The 161-acre project is expected to turn into a 16.2 million-square-foot mixed-use development, with 10.2 million square feet of residential; 5.2 million square feet of life science and commercial spaces; 450,000 square feet of retail; 400,000 square feet of hotel and 40 acres of parks and open space.

### Boston Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	790.7	22.1%
70	Leisure and Hospitality	354	9.9%
90	Government	422.4	11.8%
60	Professional and Business Services	634.2	17.7%
80	Other Services	128.7	3.6%
15	Mining, Logging and Construction	167.9	4.7%
55	Financial Activities	233.3	6.5%
40	Trade, Transportation and Utilities	531.8	14.8%
50	Information	87.2	2.4%
30	Manufacturing	233.6	6.5%

Sources: Yardi Matrix, Bureau of Labor Statistics

### Population

- ▶ Boston gained 308,171 residents between 2013 and 2022 for a 6.7% rise, 40 basis points above the U.S. figure.
- ▶ In 2022, the metro's population growth was nearly flat, up by just 419 residents, while the U.S. rate marked a 0.4% uptick.

### Boston vs. National Population

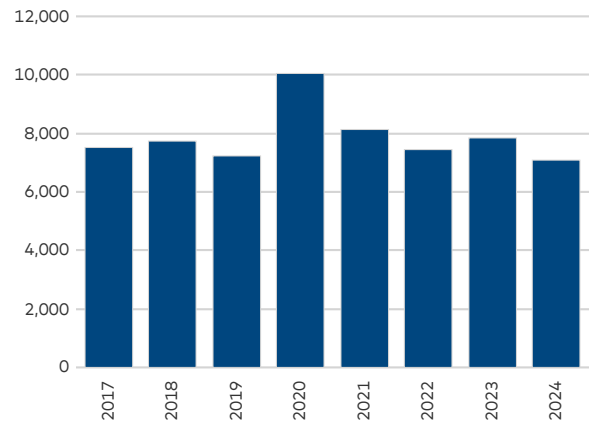
	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Boston	4,832,346	4,854,808	4,912,030	4,912,449

Source: U.S. Census

## SUPPLY

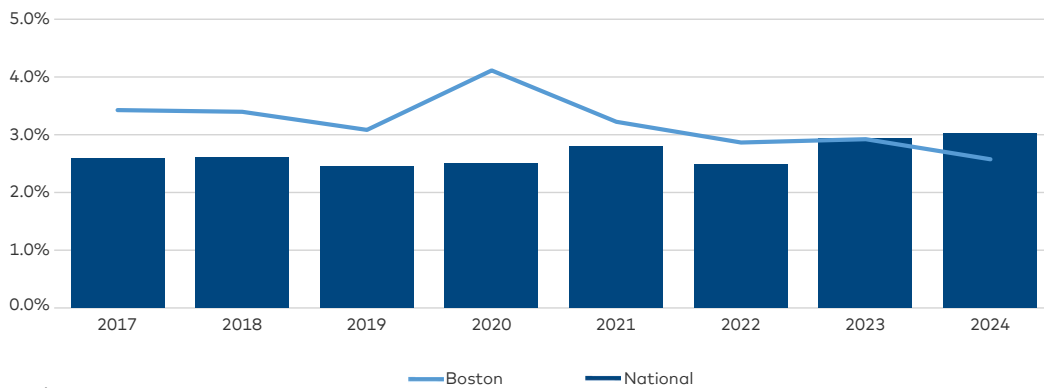
- ▶ Developers brought 7,083 units online in Boston in 2024, 2.6% of existing stock and 40 basis points below the U.S. average. While close to 2022 and 2023 figures, it still marked the lowest uptick of the last decade. Lifestyle units accounted for 86.3% of deliveries, fully affordable for 10.3% and Renter-by-Necessity units for only 3.4%.
- ▶ As of December 2024, developers had 17,752 units under construction and another 86,000 in the planning and permitting phases. The pipeline composition changed only slightly from recent deliveries, with Lifestyle still accounting for the bulk (81.7%), followed by fully affordable (12.7%) and RBN properties (5.6%).
- ▶ Starts softened in Boston, in line with national figures. Last year, developers broke ground on 6,201 units across 38 properties. That was a significant drop from the 8,888 units across 50 properties developers started work on in 2023.
- ▶ East Boston–Chelsea led activity by far, with 3,709 units underway as of December. Next in line were Brighton (1,031) and Fenway Kenmore (1,020). Average advertised asking rents in these areas fell in the \$2,900 to \$3,700 range. Overall, developers were active in 35 of the 58 submarkets tracked by Yardi Matrix.
- ▶ Notable recent completions include the 475-unit Amaya, which is part of the Suffolk Downs project. The multifamily asset is owned by a joint venture comprising The HYM Investment Group, Cathexis and National Real Estate Advisors. The property, which also includes 24,000 square feet of retail space, was built with aid from a \$150 million construction loan originated by Ullico Insurance Co.

**Boston Completions** (as of December 2024)



Source: Yardi Matrix

**Boston vs. National Completions as a Percentage of Total Stock** (as of December 2024)

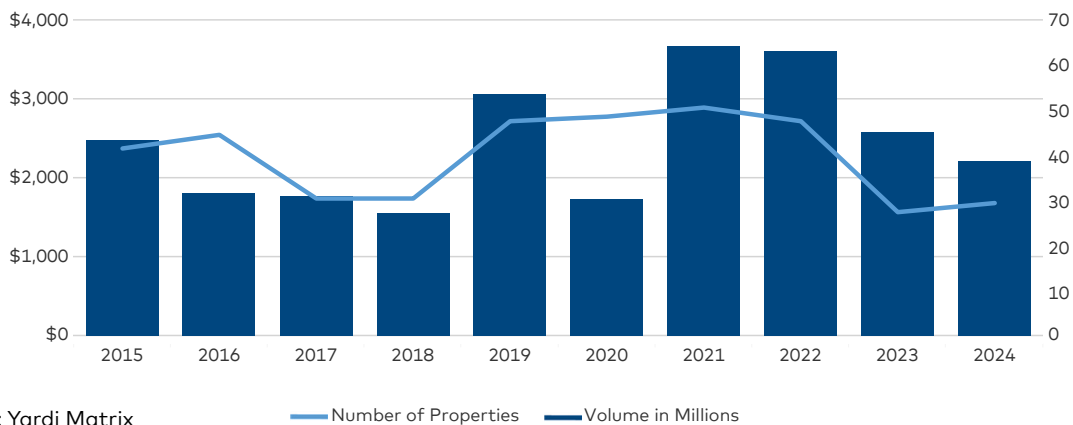


Source: Yardi Matrix

## TRANSACTIONS

- ▶ Investment activity in Boston totaled \$2.2 billion in 2024, marking one of the slowest years of the past decade, by both dollar and property volume.
- ▶ Investor appeal was considerably higher for up-scale properties, as 24 of the 30 deals recorded in 2024 involved Lifestyle assets. Despite the sales composition, the average per-unit price posted an 8.7% year-over-year decrease, to \$393,195. Yet, it was still double the \$193,187 national average, which marked a 3.3% increase from 2023. Boston's per-unit figure registered a 37.5% increase since 2019.
- ▶ Notable recent sales include Waterton's acquisition of The Residences at Stevens Pond, a 326-unit Lifestyle asset located in Reading. The seller was Two Coast Living, which received \$156 million for the asset, or \$477,761 per unit. The highest per-unit price recorded in the metro in 2024 was \$645,833, paid by Synergy Investment & Development for the 96-unit One India Street.

### Boston Sales Volume and Number of Properties Sold (as of December 2024)



Source: Yardi Matrix

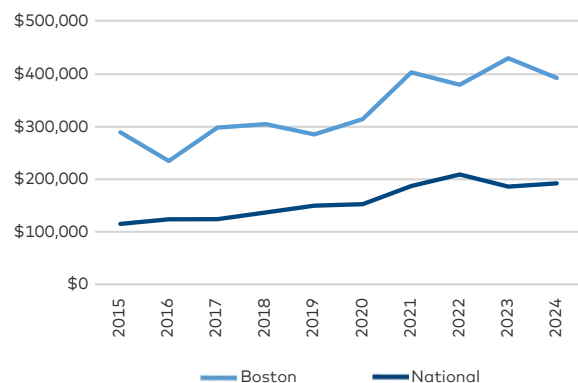
### Top Submarkets for Transaction Volume<sup>1</sup>

Submarket	Volume (\$MM)
Boston-Downtown	335
Waltham	335
East Boston-Chelsea	249
Marlborough	162
Reading	156
Merrimack	148
Tewksbury	115

Source: Yardi Matrix

<sup>1</sup> From January 2024 to December 2024

### Boston vs. National Sales Price per Unit



Source: Yardi Matrix



## Solutions for BIPOC Developers to Overcome Challenges in Boston

By Diana Firtea

In an industry where access to capital, land and networks of partners often determines success, the Builders of Color Coalition in Boston is working to bridge the gap between the needs of the industry and the wealth of talent and expertise that exists within minority-led development firms. Dave Madan, the founder & chair of BCC, talks about what it takes to break down barriers and create a more inclusive multifamily industry.

*What are the biggest barriers to growth that BIPOC developers face in Massachusetts today?*

The primary barriers to growth for any developer are access to capital, access to land and projects, and access to knowledge and networks, all of which are exacerbated for developers of color. These barriers can be overcome with the help of intentional real estate firms and institutions that are willing to expand their networks and adapt their practices to reach a new set of partners, employees, contractors and clients.

*How does your work in Massachusetts serve as a model for other regions looking to increase minority participation across the industry?*

BCC's primary success has been two-fold: mobilizing a large network of diverse developers and real estate professionals—and working to better connect them with development opportunities—and inspiring and inviting industry leaders to the table with



us to help open up their practices. We built this off the hard work that has been done by generations of developers before us, who created structural opportunities for wider participation in the real estate sector.

As we move into our next phase of growth, BCC is looking to share local successes more broadly, and to establish ourselves as the central convener and knowledge hub for these innovative practices that are happening nationwide.

*What are your longer-term goals?*

We are looking to build market capacity for greater opportunity

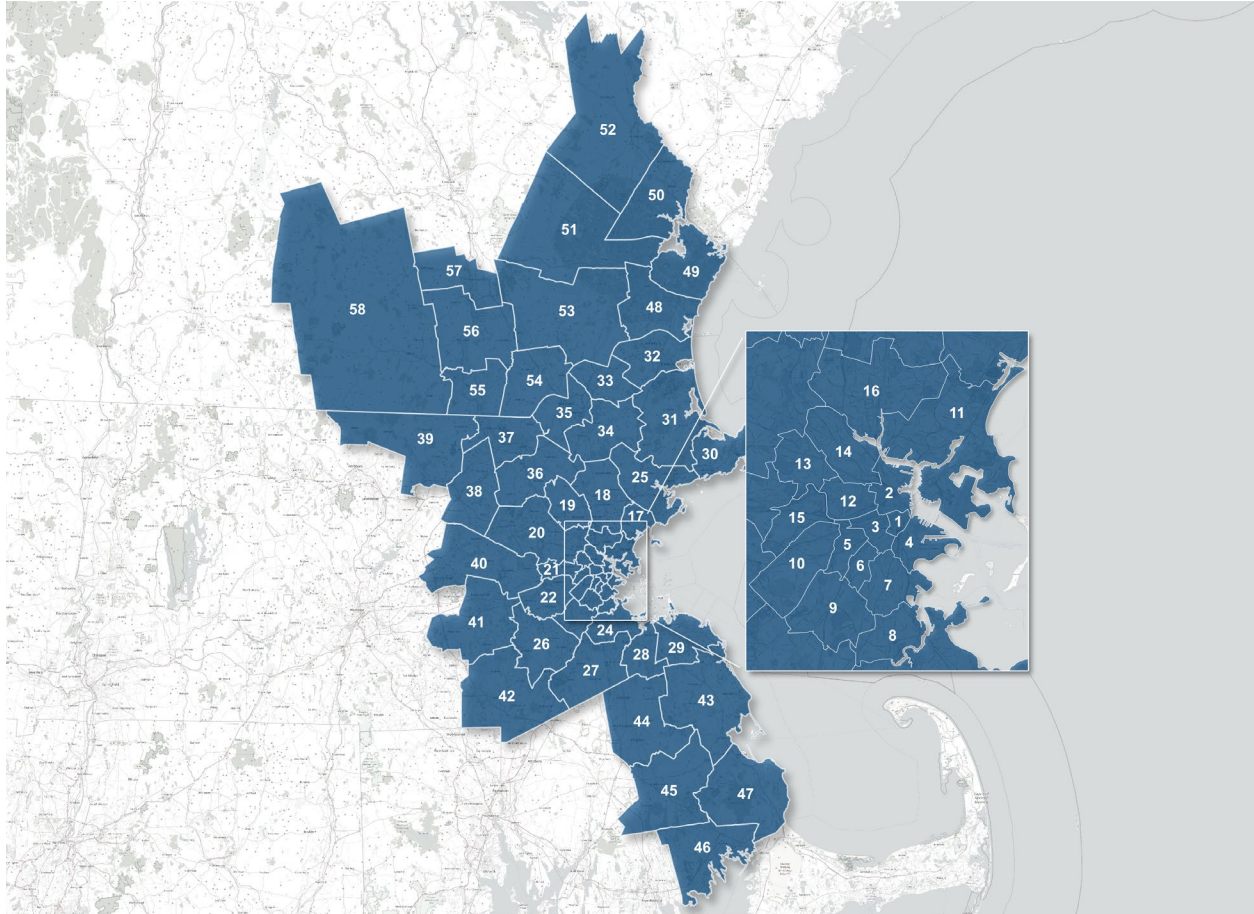
within the multifamily development field by mobilizing a large network of established and emerging professionals of color and offering them opportunities to increase their skills and networks, and by working with firms and institutions across the industry to engage diverse, new audiences by improving their business practices and helping connect the dots between their needs and the wealth of talent that exists.

*What advice would you give to young BIPOC professionals who are interested in pursuing a career in multifamily development?*

Seek out great mentorship opportunities, particularly as an entry-level associate in a development or contracting firm. Be willing to hear plenty of 'no's' until you start getting to 'yes'.

*(Read the complete interview on [multihousingnews.com](https://multihousingnews.com).)*

# BOSTON SUBMARKETS



Area No.	Submarket
1	Boston–Downtown
2	North End–Charlestown
3	South End
4	South Boston
5	Fenway Kenmore
6	Roxbury
7	Mid Dorchester
8	Dorchester
9	Roslindale
10	Brookline
11	East Boston–Chelsea
12	Cambridge–South
13	Cambridge–North
14	Somerville
15	Brighton
16	Malden
17	Lynn
18	Reading
19	Woburn
20	Lakeview

Area No.	Submarket
21	Waltham
22	Newton
23	Dedham
24	Quincy
25	Peabody
26	Westwood
27	Stoughton
28	Weymouth
29	Cohasset
30	Gloucester
31	Ipswich
32	Amesbury
33	Haverhill
34	Andover
35	Lawrence
36	Tewksbury
37	Lowell
38	West Concord
39	Townsend
40	Marlborough

Area No.	Submarket
41	Framingham
42	Foxborough
43	Marshfield–Pembroke
44	Brockton
45	Middleborough
46	Wareham
47	Plymouth
48	Hampton
49	Portsmouth
50	Dover
51	Raymond–Newmarket
52	Rochester
53	Derry
54	Salem
55	Nashua
56	Merrimack
57	Manchester
58	Milford

## DEFINITIONS

**Lifestyle households (renters by choice)** have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

**Renter-by-Necessity households** span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

To learn more about Yardi® Matrix and subscribing, please visit [www.yardimatrix.com](http://www.yardimatrix.com) or call Ron Brock, Jr., at 480-663-1149 x14006.



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