

YARDI® Matrix

Boston Surge

Multifamily Spring Report 2016

**Rents Outperform
Northeast Region**

**Job Influx Drives
Development**

**Institutional Interest
To Remain High**

BOSTON MULTIFAMILY

YARDI® Matrix

Market Analysis

Spring 2016

Contacts

Paul Fiorilla

Associate Director of Research
Paul.Fiorilla@Yardi.com
(800) 866-1124 x5764

Jack Kern

Director of Research and Publications
Jack.Kern@Yardi.com
(800) 866-1124 x2444

Author

Alex Girda

Senior Editor

Tech, Healthcare Drive Market Surge

Although the Northeast is lagging behind the growth of other U.S. regions, Boston does not seem to have gotten the memo. Boosted by the city's robust science, research and healthcare sectors, the multifamily market is experiencing some of the strongest rent and price appreciation seen there to date, while inventory is expanding rapidly. Vacancies continue to dwindle, and the volume of multifamily investment grew an explosive 165% year-over-year.

Boston's economic profile is sustained by its roster of major universities that provide a young, highly skilled labor pool for its blossoming business segment. The city is one of the nation's biggest recipients of venture capital funding; however, it is challenged to accommodate those who wish to live in the metro, as home prices are shooting up because new supply cannot keep up with demand, particularly in the suburbs.

Significant investments in Boston's transit network such as the Big Dig and the expansion of the Green Line have stalled due to ballooning costs, restricting the number of submarkets where developers can focus, driving up the already high prices. This has prompted more serious discussions about affordability, leading the governor to announce a five-year plan that would provide \$1.1 billion for the production and preservation of housing for working families. Despite the economic momentum, the 50,000-unit development pipeline and current high prices will keep rent gains to a moderate 3% in 2016.

Recent Boston Transactions

Windsor at Cambridge Park



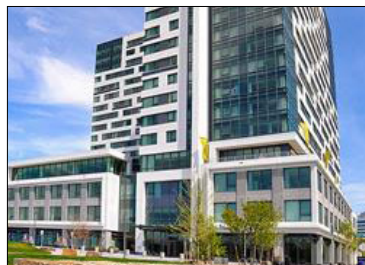
City: Cambridge, Mass.
Buyer: GID
Purchase Price: \$215 MM
Price per Unit: \$540,201

Jefferson Hills



City: Framingham, Mass.
Buyer: The Blackstone Group
Purchase Price: \$203 MM
Price per Unit: \$198,997

Twenty20



City: Cambridge, Mass.
Buyer: PGIM Real Estate
Purchase Price: \$197 MM
Price per Unit: \$554,930

West Square



City: Boston
Buyer: Akelius Real Estate Management
Purchase Price: \$153 MM
Price per Unit: \$598,039