

# Boston 2024 Market Forecast

## MARKET SNAPSHOT



\* Please note that these employment figures have been adjusted for seasonal variations and are based on Moody's Analytics forecast as of January 1, 2024.

\*\* Please note that these unemployment rates are estimates that have not been adjusted for seasonal variations, and they are derived from Moody's Analytics forecast as of January 1, 2024.

## KEY TAKEAWAYS

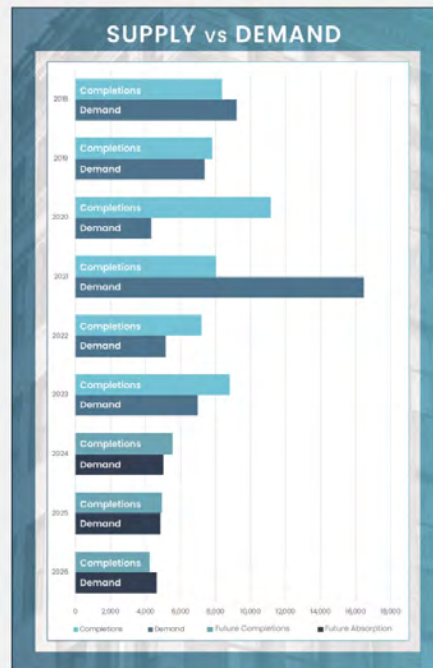
- Boston's apartment market rebounded strongly by the end of 2023, with a net absorption of roughly 7,000 units. High occupancy rates above 94% are expected to continue over the coming year.
- Boston added 8,797 new units and has 12,222 under construction in 2023. Looking ahead into 2024, the balance of new supply with strong demand is anticipated to maintain high occupancy and stable rent levels.
- The market's rent growth is forecasted to increase 4.3% over the next year, outpacing the national average. This improvement will be felt across all submarkets.
- Closing out 2023 with a firm \$2.6 billion in sales, Boston's robust investment climate continues to be underpinned by unwavering investor interest, solid fundamentals and a strong job market.

## Supply & Demand

### 2024 FULL YEAR FORECAST



## Annual Demand Vs Completions



### Demand / Occupancy Outlook

By the end of 2023, Boston's apartment market witnessed a significant recovery, marking a net absorption of 6,966 units, the highest since 2021 and in line with historical patterns. The one-year forecast predicts positive net absorption in 24 out of 31 submarkets by the end of 2024. Key demand areas such as Fenway/Mission Hill, South

### New Supply Outlook

Boston has demonstrated impressive resilience during the pandemic, outperforming many other coastal gateway markets. By the end of 2023, the city's apartment market saw the addition of 8,797 units, a figure in line with historical norms. A significant portion of the new apartment inventory over the past year was contributed by developments in

Plymouth County, and Roxbury/Dorchester are expected to contribute 30% of the total absorption across these submarkets. The upcoming four quarters look promising for Boston's multifamily market, with an anticipated absorption of 5,030 net units, matching the estimated number of new units becoming available during this period.

The multifamily market in Boston maintained a strong occupancy rate of 96.1% by the final quarter of 2023, despite a slight year-over-year decrease of 30 basis points. Occupancy rates remained high across various property classes, with all but one of Boston's submarkets having rates above 94%. Notably, Back Bay/South End and New Hampshire Beaches led with over 97% occupancy. Moving into 2024, the market is expected to experience a minor dip in occupancy, settling around 95.8% by Q4 due to supply and demand dynamics. However, the majority of submarkets are projected to maintain solid occupancy rates above 94%.

South Plymouth County.

Currently, there are 12,222 apartment units under construction in Boston, with 5,559 of these expected to be completed within the next year. A large share of these upcoming units will be delivered in Fenway/Mission Hill. Despite new inventory being concentrated in 19 out of Boston's 31 submarkets, the combination of strong demand in the market and ongoing economic growth is likely to support high occupancy rates and maintain stable rent levels. This trend underscores the solid fundamentals of Boston's apartment market, reinforcing its resilience and ensuring its continued stability in the face of challenges.

## Occupancy & Rent Trends

### RENT VS OWN MONTHLY PAYMENT



**\$3,971**

Average Monthly Mortgage Payment



**\$2,728**

Average Monthly Rent

### RENT vs OCCUPANCY



### 2024 RENT TRENDS OUTLOOK

In 2023, the Boston apartment market experienced a modest rent growth of 2.4%, with average multifamily rents reaching \$2,728 per month. This rate, though below the city's long-term historical average, still surpasses the national benchmark. The recent slowdown in rent growth is attributed to the influx of new supply alongside a demand that is still normalizing after its decline in 2020 and subsequent rapid recovery in 2021.

Looking forward, Boston's multifamily rent growth is projected to accelerate, 4.3% over the next year, a rate that significantly will exceed the national average. All submarkets across Boston are expected to show strong performance in this period above 3.6%. The high-end Back Bay/South End neighborhood is anticipated to lead with an estimated 4.7% year-over-year rent growth for 2024. Even more affordable areas, such as Stratford County, are predicted to witness a similar uptick in rents, at around 4.6%. Overall, these trends indicate that Boston is likely to continue its steady performance as a major market, maintaining its standing among the nation's top markets for apartment rentals.

### Submarket Rent & Occupancy

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Submarket	Q4 2023 Stabilized Occupancy	Q4 2024 Stabilized Occupancy (f)	Annual Occupancy Change (2024/2023)	Q4 2023 Average Monthly Rent	Q4 2024 Average Monthly Rent (f)	Annual Rent Change (2024/2023)
495	95.7%	95.3%	-0.4%	\$2,305	\$2,409	4.5%
93 North	96.6%	96.4%	-0.3%	\$2,600	\$2,708	4.2%
Alewife	95.6%	95.2%	-0.4%	\$3,125	\$3,244	3.8%
Aliston/Brighton	96.1%	95.8%	-0.3%	\$2,850	\$2,972	4.2%
Back Bay/South End	97.8%	97.6%	-0.2%	\$3,832	\$4,011	4.7%
Brookline/Newton/Watertown	97.1%	96.8%	-0.3%	\$3,147	\$3,290	4.5%
Burlington/Woburn	96.6%	96.3%	-0.3%	\$2,787	\$2,889	3.6%
Chelmsford/Tyngsborough/Townsend	94.4%	94.0%	-0.4%	\$2,380	\$2,477	4.1%
Downtown Boston	96.8%	96.6%	-0.2%	\$3,874	\$4,051	4.6%

East Boston/Chelsea	95.9%	95.0%	-0.4%	\$2,760	\$2,876	4.2%
Everett/Malden/Medford/Melrose	95.2%	94.9%	-0.4%	\$2,653	\$2,762	4.1%
Fenway/Mission Hill	96.2%	95.9%	-0.3%	\$3,392	\$3,525	3.9%
Harvard MIT	95.4%	95.1%	-0.3%	\$3,658	\$3,819	4.4%
JP/Roslindale/West Roxbury	96.8%	96.5%	-0.3%	\$2,457	\$2,557	4.1%
Lawrence/Haverhill	96.4%	96.1%	-0.3%	\$2,005	\$2,093	4.4%
Lowell/Dracut	97.2%	96.9%	-0.3%	\$1,936	\$2,025	4.6%
Metro West	96.8%	96.5%	-0.3%	\$2,476	\$2,588	4.5%
New Hampshire Beaches	97.8%	97.5%	-0.3%	\$2,079	\$2,174	4.6%
North Shore	97.1%	96.8%	-0.3%	\$2,375	\$2,478	4.3%
Quincy/Milton/Randolph	94.7%	94.3%	-0.5%	\$2,525	\$2,624	3.9%
Route 1 North	96.5%	96.1%	-0.4%	\$2,359	\$2,462	4.4%
Route 1 South	95.5%	95.2%	-0.4%	\$2,468	\$2,576	4.4%
Route 2	97.1%	96.8%	-0.3%	\$2,711	\$2,834	4.6%
Roxbury/Dorchester	89.1%	88.5%	-0.7%	\$2,642	\$2,739	3.7%
Somerville/Charlestown	94.9%	94.5%	-0.4%	\$3,140	\$3,266	4.0%
South Boston/Seaport	96.4%	96.2%	-0.2%	\$4,125	\$4,286	3.9%
South Plymouth County	97.1%	96.8%	-0.3%	\$2,248	\$2,333	3.8%
South Shore	95.5%	95.1%	-0.4%	\$2,442	\$2,548	4.3%
Stafford County	97.3%	96.9%	-0.3%	\$1,737	\$1,817	4.6%
Suburban/Rockingham County	97.6%	97.3%	-0.3%	\$1,909	\$1,993	4.4%
Waltham/Arlington/Belmont	96.1%	95.8%	-0.3%	\$2,844	\$2,974	4.6%
<b>Market</b>	<b>96.1%</b>	<b>95.8%</b>	<b>-0.3%</b>	<b>\$2,728</b>	<b>\$2,845</b>	<b>4.3%</b>

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## Submarket Construction Pipeline



150,422

4Q 2023 Unit Inventory



12,222

Number of Units Under Construction



5,559

Number of Units UC Delivering in the Next 4 Quarters

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Submarket	Unit Inventory: 4Q 2023	Units Under Construction	% of Existing Inventory UC	% of Total UC	Units UC Delivering in the Next 4 Quarters
495	5,428	0	0%	0.0%	0
93 North	8,134	503	6%	12.2%	279
Alewife	5,357	49	1%	1.2%	0
Allston/Brighton	10,486	1,194	11%	28.9%	264
Back Bay/South End	11,377	0	0%	0.0%	0
Brookline/Newton/Watertown	10,418	781	7%	18.9%	281
Burlington/Woburn	6,717	98	1%	2.3%	95
Chelmsford/Tyngsborough/Townsend	5,164	200	4%	4.8%	199
Downtown Boston	11,500	0	0%	0.0%	0
East Boston/Chelsea	6,083	1,077	18%	26.1%	474
Everett/Malden/Medford/Melrose	11,947	1,587	13%	38.4%	449
Fenway/Mission Hill	10,826	881	8%	21.3%	880
Harvard MIT	10,782	38	0%	0.9%	0
JP/Roslindale/West Roxbury	7,170	380	5%	9.2%	201
Lawrence/Haverhill	10,128	305	3%	7.4%	23
Lowell/Dracut	6,929	0	0%	0.0%	0
Metro West	14,182	636	4%	15.4%	275
New Hampshire Beaches	3,169	0	0%	0.0%	0
North Shore	13,853	313	2%	7.6%	179
Quincy/Milton/Randolph	12,741	305	2%	7.4%	0
Route 1 North	12,802	898	7%	21.7%	453
Route 1 South	9,218	0	0%	0.0%	0
Route 2	4,768	0	0%	0.0%	0
Roxbury/Dorchester	8,094	793	10%	19.2%	245
Somerville/Charlestown	6,403	253	4%	6.1%	24
South Boston/Seaport	6,748	11	1%	1.9%	0

South Plymouth County	9,758	269	3%	6.5%	0
South Shore	10,920	270	2%	6.5%	269
Strafford County	6,066	418	7%	10.1%	417
Suburban Rockingham County	6,021	230	4%	5.6%	229
Waltham/Arlington/Belmont	8,822	669	8%	16.2%	313
<b>Market</b>	<b>150,422</b>	<b>12,222</b>	<b>8.1%</b>	<b>100.0%</b>	<b>5,599</b>

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## Sales Activity

In 2023, Boston's multifamily real estate market demonstrated resilience, maintaining robust sales activity amidst a nationwide dip in transaction volumes. The market witnessed a total of \$2.6 billion in apartment asset sales last year, marking a modest 11.2% decrease from the 2022 figures. Despite this drop, the annual deal volume closely mirrored the pre-pandemic levels. Notably, the fourth quarter alone saw a significant increase in activity, with sales reaching approximately \$647 million, a 22% rise from the same period in the previous year, distinguishing Boston from other markets.

Furthermore, the market remained strong in terms of per-unit pricing, which averaged \$426,500 by the end of the year, up 6.8% annually. In terms of property types, mid/high-rise deals constituted 76% of all transactions last year, with garden-style properties making up a smaller portion. Additionally, the composition of buyers in Boston's multifamily market evolved in 2023. While public and institutional buyers seemed to pull back a little, there was heightened interest from private and international investors. Historically, private investors have predominated in acquisitions within the Boston market, often alternating with institutional investors. This trend suggests that sustained focus on similar properties could keep the transactional momentum in Boston's market buoyant in the foreseeable future.

### Most Active Buyers (Previous 24 Months)

1. Brookfield AM
2. UDR
3. DSF Group
4. Lincoln Property Co

### Most Active Sellers (Previous 24 Months)

1. Nicol Investment Co
2. Boston Residential
3. AvalonBay
4. Brookfield AM

\*Most Active Buyers and Sellers are based on the sale volume of apartment units.

TRANSACTION VOLUME  
**\$2.6B (p)**

2023 Transaction Volume

**-11.2%**

Y-O-Y Change

**71 YTD**

Individual Transaction Count

**\$426.5K\***

Price Per Unit

**6.8%**

Annual PPU Price Change

\*Trailing 4Q average PPU

\* Preliminary Data from RCA - Individual transaction \$2.5M +

P=Preliminary

## Employment Forecast

### EMPLOYMENT SECTOR FORECAST



## Forecasted 2024 Employment Sector Growth

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Sector	Employment Change 2023 to 2024	Percent Change
<b>Overall Employment</b>	<b>26,200</b>	<b>0.9%</b>
Manufacturing	100	0.1%
Construction	2,100	1.7%
Trade, Transport, & Utilities	4,800	1.1%
Information	200	0.2%
Financial Activities	1,600	0.8%
Professional & Business Services	1,800	0.3%
Education & Health Services	10,300	1.7%
Government	2,100	0.7%
Leisure & Hospitality	2,600	1.0%

Natural Resources & Mining	100	20.0%
Other Services	600	0.6%

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# Economic Outlook

The Greater Boston area has exhibited remarkable job growth, with a 3.5% increase in employment by the end of 2023, achieving a low unemployment rate of 2.7%, well below the national average. The region is expected to add around 26,200 new jobs in the upcoming year. The Education & Health Services sector, bolstered by a highly educated workforce, leads regional employment and is set to grow significantly, contributing 39% of Boston's new jobs. The Trade, Transport, & Utilities sector also promises notable job additions. Boston's short-term economic outlook is optimistic, benefiting from lower outmigration and fewer pandemic-related social issues compared to other major markets. The city's economic strength is underpinned by its role as a major hub for prestigious educational and research institutions including Harvard and MIT, alongside thriving sectors like biotech research, healthcare, information services, professional and business services, and finance. Companies like AstraZeneca, Moderna, and financial giants such as Fidelity and John Hancock highlight the diverse economic base. Looking ahead, Boston's vital industries and skilled labor force position it for strong economic performance relative to the nation and its peer markets.

Sources: Costar; Yard Matrix; BLS; MSCI; Moody's Analytics

TO GAIN FURTHER INSIGHTS INTO THE BOSTON MARKET PLEASE REACH OUT TO OUR NATIONAL TEAM



**Alex Blagojevich**  
Executive Managing Director & Founding Partner  
[alex.blagojevich@mimgrea.com](mailto:alex.blagojevich@mimgrea.com)



**Michael Sullivan**  
Executive Managing Director & Founding Partner  
[michael.sullivan@mimgrea.com](mailto:michael.sullivan@mimgrea.com)



**Nate Ulepich**  
National Director of Sales  
[nate.ulepich@mimgrea.com](mailto:nate.ulepich@mimgrea.com)



**Brett Meinzer**  
Managing Director  
[brett.meinzer@mimgrea.com](mailto:brett.meinzer@mimgrea.com)



**David Huey**  
Senior Director  
[david.huey@mimgrea.com](mailto:david.huey@mimgrea.com)



**Kendall Adams**  
Senior Advisor  
[kendall.adams@mimgrea.com](mailto:kendall.adams@mimgrea.com)



**Ryan Carter**  
Associate Advisor  
[ryan.carter@mimgrea.com](mailto:ryan.carter@mimgrea.com)



**William Costello**  
Associate Advisor  
[william.costello@mimgrea.com](mailto:william.costello@mimgrea.com)



**Thomas Skevington**  
Senior Advisor  
[thomas.skevington@mimgrea.com](mailto:thomas.skevington@mimgrea.com)



**Kyle Winston**  
Senior Advisor  
[kyle.winston@mimgrea.com](mailto:kyle.winston@mimgrea.com)



**Chris Wilson**  
Associate Advisor  
[chris.wilson@mimgrea.com](mailto:chris.wilson@mimgrea.com)



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