

# BOSTON MA

## INSTITUTIONAL MULTIFAMILY REPORT

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# BOSTON, MA EMPLOYMENT

## JOBS ADDED / LOST

### LAST 12 MONTHS

329,300

↑ 14.3%

### NEXT 12 MONTHS\*

143,000

↑ 5.4%

## UNEMPLOYMENT

### MID-YEAR 2021

5.5%

↓ 1,010 BPS YOY

### MID-YEAR 2022\*

3.8%

↓ 170 BPS YOY

\*PROJECTED

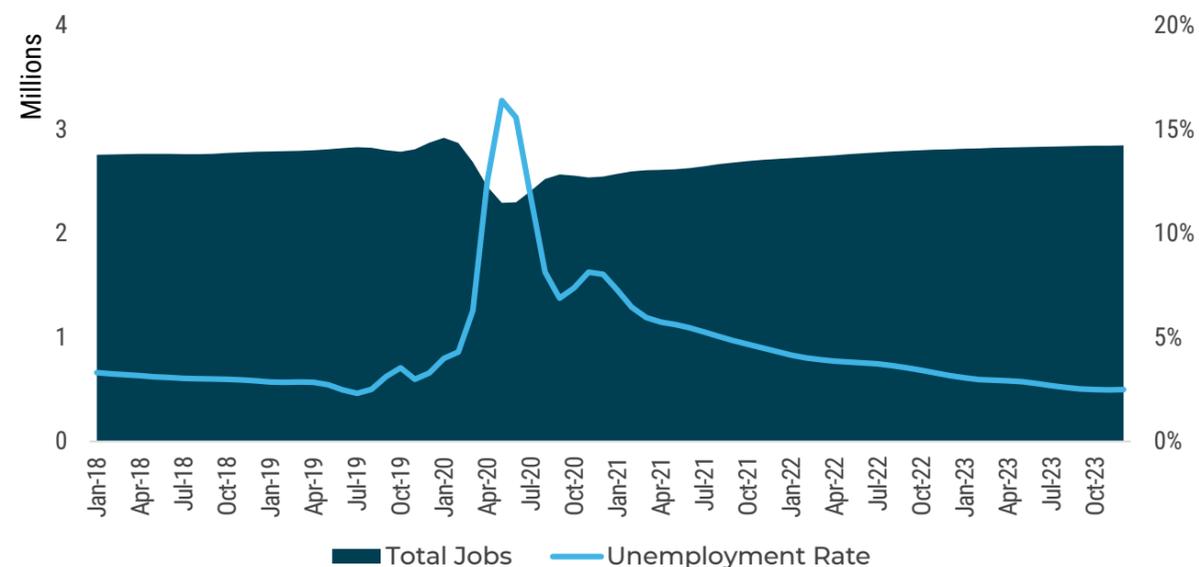
The Boston economy registered nearly 330,000 net job additions compared to one year ago, up 14.3%. Job growth was dominated by the leisure and hospitality industry, with the sector's contribution exceeding 30% of total net jobs added. Boston's alignment with Massachusetts' reopening plan, alongside the city's successful vaccination of nearly 60% of the population, has provided a foundation for the resurgence of many local industries.

The overall unemployment rate declined 1,010 basis points annually and stood at 5.5% mid-year 2021. New employer commitments to Boston include Facebook's intention to close on a 267,000-square-foot office space deal in Kendall Square. Johnson & Johnson also committed to

nearly 170,000 square feet of office space at 100 Binney Street, adding further stability to Boston's jobs market.

The outlook for Boston's workforce brings optimism as other companies, like Amazon and Google, continue to unfold plans for expansions in the near term. Over the next 12 months, employers are projected to add 143,000 net positions for 5.4% annual growth. Robust additions to the leisure and hospitality industry again will lead all sectors in that time. Simultaneously, the unemployment rate is forecast to fall an additional 170 basis points to 3.8% by mid-year 2022. The drop would move the rate close to pre-pandemic levels.

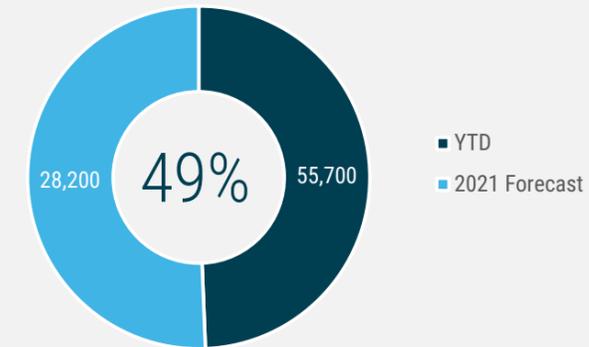
## EMPLOYMENT TRENDS



SOURCE: MOODY'S ANALYTICS

## WHO'S HIRING?

### LEISURE & HOSPITALITY INDUSTRY



9% OF ALL JOBS IN THE METRO

\$32,500

## TOP LEISURE & HOSPITALITY EMPLOYERS

	4,400 JOBS
	2,000 JOBS
	900 JOBS

## IN THE NEWS

- Facebook expanding In Cambridge
- Amazon to hire 3,000 employees in Boston
- Apple to add hundreds of jobs In Massachusetts
- Whoop expects to add hundreds of jobs in Boston
- Fidelity to hire 600 people in New England



## BOSTON, MA

# DELIVERIES & ABSORPTION

### 2021 UNITS\*

DELIVERED

6,852

ABSORBED

9,528

### 2022 UNITS\*

DELIVERED

7,144

ABSORBED

7,868

\*PROJECTED

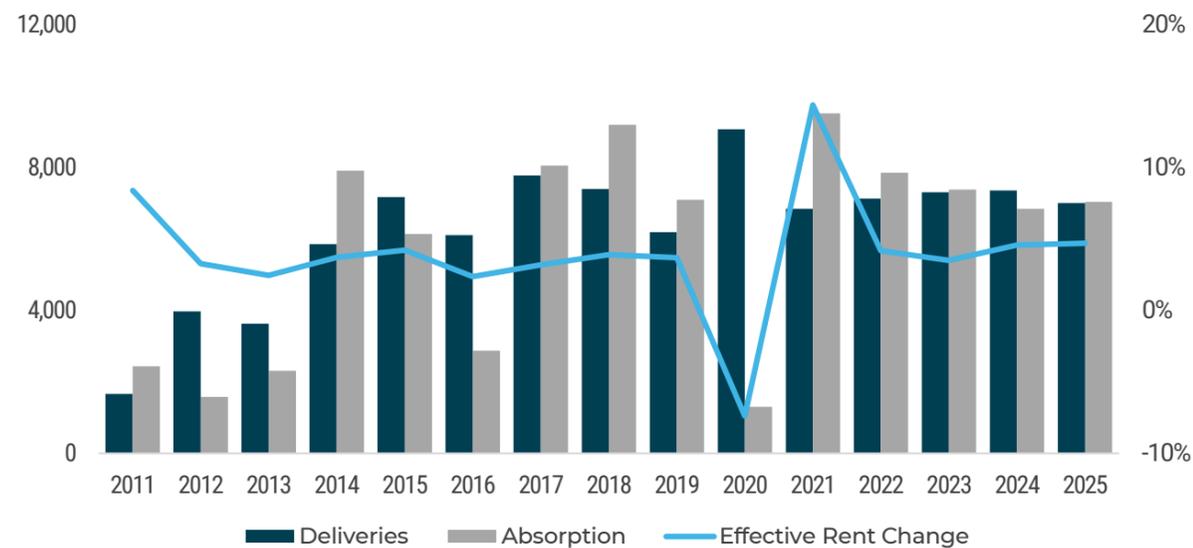
With Boston's decision to lift all COVID-related business restrictions, developer confidence and tenant demand are forecast to benefit. Apartment absorption in 2021 is forecast to hold strong at over 9,500 units, and deliveries are expected to exceed 2019 figures in 2021.

Metrowide developer confidence is shown in new starts and proposals, one of which being Somerville's 15-acre USQ - the 1,000-unit joint venture between Magellan Development, RAS Development, Cypress Equity Investments, and USAA Real Estate. The joint venture will bring 2.4 million total square feet, 140,000 square feet of retail space, 1.2 million square feet of office and life science space, and more. Additionally, breaking the status quo of waterfront development, the

proposed 426-unit Bremen & Orleans project would provide growth to the more inland side of East Boston.

The Boston economy is returning to a pre-COVID environment - people are returning to work, the local economy is now open, and apartment demand is expected to remain strong. While next year's leasing activity is forecast to slow from 2021's blistering pace, the nearly 7,900 net units absorbed during 2022 will still exceed annual deliveries. Apartment development and demand are expected to be focused in the Cambridge/Somerville submarket as the area continues to gentrify.

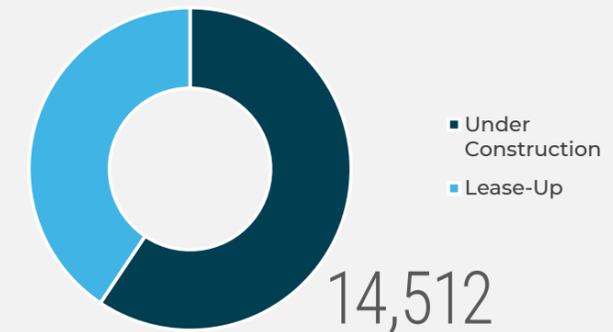
### DELIVERIES, ABSORPTION, & EFFECTIVE RENT CHANGE



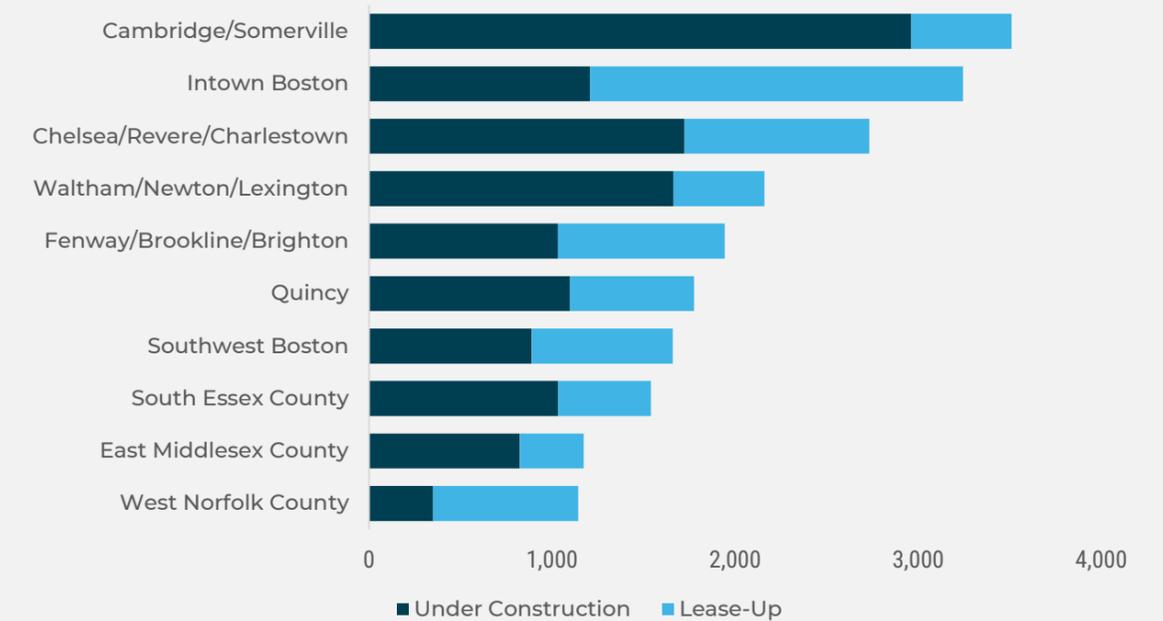
SOURCE: REALPAGE

### MARKET PIPELINE

9,919



### TOP 10 SUBMARKET PIPELINES



For a complete list of properties in the pipeline, [CLICK HERE](#)



## BOSTON, MA

# RENT & OCCUPANCY

### EFFECTIVE RENT

2Q 2021

\$2,393

↓ 1.2% YOY

### OCCUPANCY

2Q 2021

95.7%

↓ 10 BPS YOY

A resurging jobs market coupled with an open Boston is helping to drive occupancy and overall stability in the Boston apartment market. Eight of Boston's fifteen submarkets experienced year-over-year rent growth.

A flight to the suburbs continued, with occupancy rising sharply compared to one year prior in Essex, Plymouth, and Rockingham/Strafford Counties. The largest annual growth in effective rent was witnessed in Plymouth County at 7.6% to \$2,001 per month in the second quarter of 2021, with submarket occupancy rising 80 basis points to 98.3%.

Metrowide monthly effective rent is forecast to rise to over \$2,700 by the end of 2022, coupled

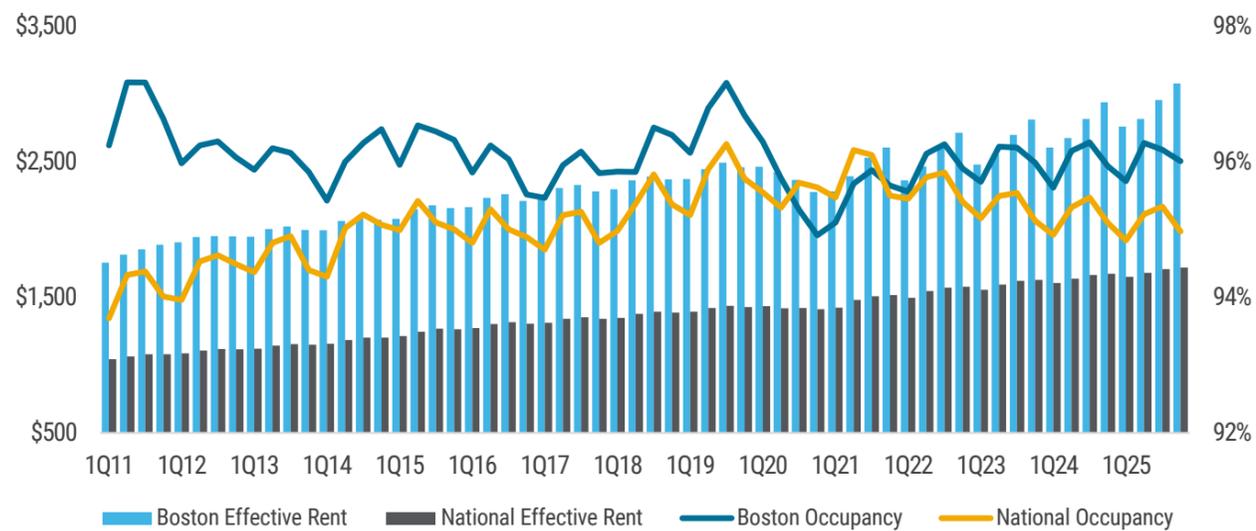
with higher occupancy. Effective rent is expected to exceed pre-pandemic levels by late 2021, indicating Boston's recovery is moving forward.

Renter affinity for suburban submarkets is not without an interest in more central regions. Occupancy in Intown Boston increased by 70 basis points compared to one year prior to 95.3% in the second quarter of 2021, rivaling increases witnessed in suburban submarkets. Apartment operators facilitated leasing activity in the Intown Boston submarket by offering increased concessions for new leases, as average effective rent dropped to an average of \$3,262 in the second quarter of 2021.

### SUBMARKET PERFORMANCE

SUBMARKET NAME	2Q21 OCCUPANCY	YOY (BPS)	2Q21 EFFECTIVE RENT	YOY
Cambridge/Somerville	94.8%	-30	\$2,943	-3.8%
Chelsea/Revere/Charlestown	94.5%	-100	\$2,281	-4.5%
East Middlesex County	95.0%	-10	\$2,264	-2.2%
Fenway/Brookline/Brighton	94.0%	-250	\$2,983	-5.7%
Intown Boston	95.3%	70	\$3,262	-7.1%
Lowell	97.1%	40	\$1,923	3.6%
Marlborough/Framingham	95.6%	40	\$1,938	1.1%
North Essex County	97.5%	110	\$1,908	6.7%
Plymouth County	98.3%	80	\$2,001	7.6%
Quincy	95.5%	-40	\$2,177	3.4%
Rockingham/Strafford Counties	98.6%	80	\$1,585	6.1%
South Essex County	97.2%	90	\$2,231	5.6%
Southwest Boston	94.2%	-10	\$2,093	-4.1%
Waltham/Newton/Lexington	94.9%	-30	\$2,642	-0.3%
West Norfolk County	95.8%	50	\$2,206	2.5%

### BOSTON VS. NATIONAL EFFECTIVE RENT & OCCUPANCY



SOURCE: REALPAGE



## BOSTON, MA

# POPULATION & MIGRATION

### 2021 RESIDENTS\*

4,919,400

↑ 0.3% YOY

### 2022 RESIDENTS\*

4,935,300

↑ 0.3% YOY

\*PROJECTED

Like many other markets in the United States, Boston residents have been primarily moving to the suburbs. Second in preference are mid-sized and high-cost metros, but most residents are choosing to stay within the metro region. Notwithstanding large flows of residents into the Boston suburbs, developer confidence remains strong in more central submarkets.

The growing presence of biotechnology and information technology companies in Boston will further support Boston's central submarkets. Additionally, it is suspected that remote work is in part responsible for renter's suburban affinity. If Boston workers choose to return to the office, central submarkets could expect population inflows and greater demand for office space.

As Boston reopens and more people enter the workforce, the apartment sector will continue its path toward stronger fundamentals: rising occupancy, stronger rent growth, and more construction.

The appeal of Boston combined with the economic recovery will also contribute to a positive adjustment in net migration. After more people moved out of the metro than moved in during 2020, net migration is forecast to total 9,600 people. The additional people will contribute to the forecast 0.3% annual population growth in 2021. The positive shift in net migration is a part of nearly 56,000 new residents projected over the next five years.

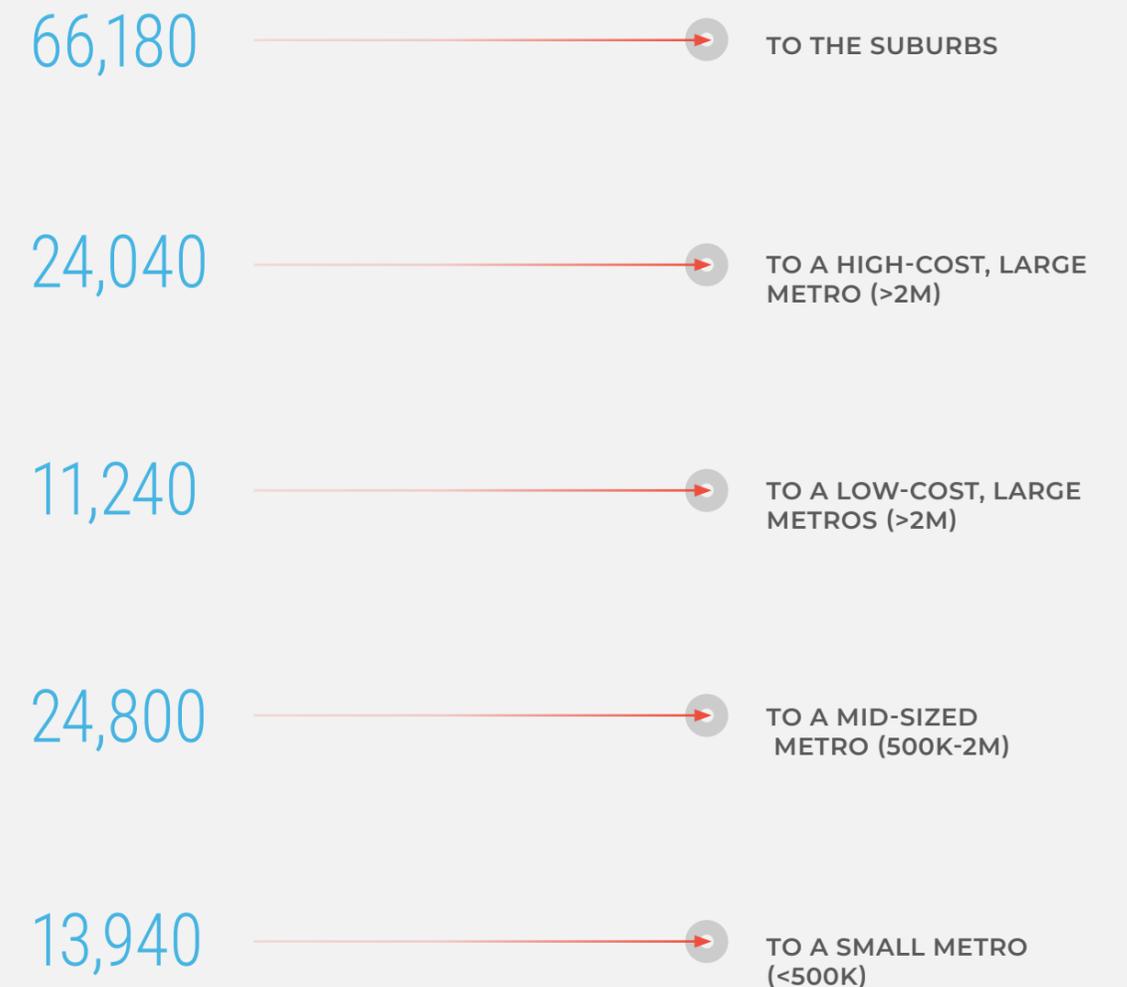
### BOSTON POPULATION



SOURCE: MOODY'S ANALYTICS

### URBAN MIGRATION DURING THE PANDEMIC

2Q 2020 - 1Q 2021



SOURCE: FEDERAL RESERVE BANK OF CLEVELAND



# BOSTON, MA SALES

2021 YEAR TO DATE\*



VOLUME

\$718.3M



PRICE PER AVERAGE (AVG)

\$356,780



TRANSACTIONS

9



CAP RATE (AVG)

3.8%

WHAT'S TRADING?\*



UNITS (AVG)

226



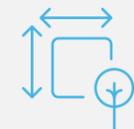
YEAR BUILT (AVG)

1990's



BUILDINGS (AVG)

6



ACRES (AVG)

12.08

TOP BUYERS\*\*

BUYER	LOCATION
GID	Boston, MA
UDR	Highlands Ranch, CO
Rockpoint Group	Boston, MA
Pantzer Properties	New York, NY
Guardian Life Insurance	New York, NY

TOP SELLERS\*\*

SELLER	LOCATION
The Hanover Co.	Houston, TX
Mack-Cali	Edison, NJ
John M Corcoran and Co.	Braintree, MA
Prospect Ridge	New York, NY
Taurus	Boston, MA

\*\*Past 24 Months

\*\$50M+  
SOURCE: REAL CAPITAL ANALYTICS



## BOSTON, MA

# SALES

\$50+ MILLION TRANSACTIONS



### THE PIONEER

Everett, MA

UNITS	YEAR BUILT
286	2019
PRICE / UNIT	SALES PRICE
\$461,538	\$132,000,000



### CLIFFSIDE COMMONS

Malden, MA

UNITS	YEAR BUILT
295	2000
PRICE / UNIT	SALES PRICE
\$323,729	\$95,500,000



### THE AMELIA

Quincy, MA

UNITS	YEAR BUILT
200	2004
PRICE / UNIT	SALES PRICE
\$420,000	\$84,000,000



### UNION PLACE

Franklin, MA

UNITS	YEAR BUILT
300	2006
PRICE / UNIT	SALES PRICE
\$258,000	\$77,400,000



### PRINCETON N. ANDOVER

North Andover, MA

UNITS	YEAR BUILT
192	2020
PRICE / UNIT	SALES PRICE
\$377,604	\$72,500,000



### THE VUE AT MAYNARD

Maynard, MA

UNITS	YEAR BUILT
180	2019
PRICE / UNIT	SALES PRICE
\$374,780	\$67,500,000



### AVANA ABINGTON

Abington, MA

UNITS	YEAR BUILT
180	2008
PRICE / UNIT	SALES PRICE
\$358,333	\$64,500,000



### MILL240\*

Lawrence, MA

UNITS	YEAR BUILT
217	1880
PRICE / UNIT	SALES PRICE
\$294,816	\$64,000,000



### DECO

Quincy, MA

UNITS	YEAR BUILT
180	2016
PRICE / UNIT	SALES PRICE
\$342,222	\$61,600,000

\*BERKADIA TRANSACTION

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Sources: RealPage; Moody's Analytics; Real Capital Analytics; Federal Reserve Bank of Cleveland

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