

2022 MID-YEAR

BOSTON MA

Multifamily Report

BERKADIA[®]
INSTITUTIONAL SOLUTIONS

a Berkshire Hathaway and Jefferies Financial Group company





Jobs Added / Lost

LAST 12 MONTHS

148,200

↑ 5.6%

NEXT 12 MONTHS*

46,300

↑ 1.6%

Unemployment

MID-YEAR 2022

3.4%

↓ 200 BPS YOY

MID-YEAR 2023*

2.5%

↓ 90 BPS YOY

*Projected

BOSTON, MA

EMPLOYMENT

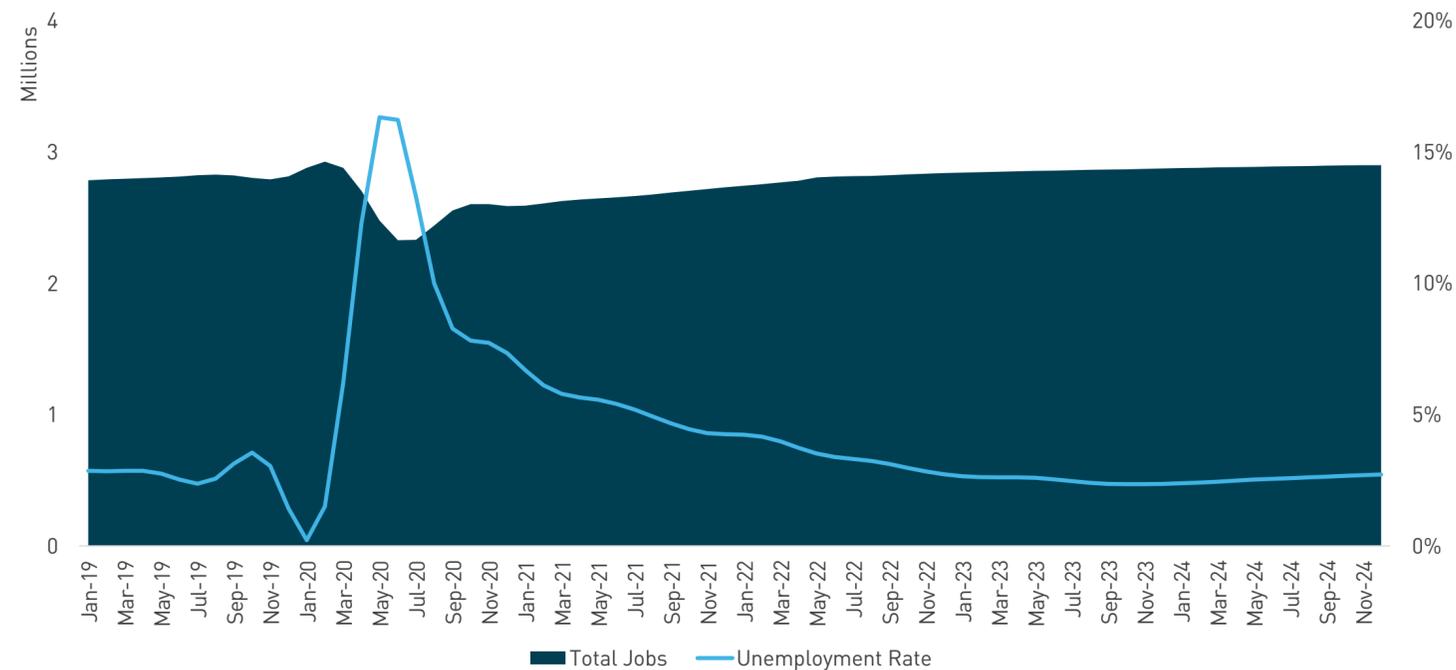
Employment expanded 5.6%, or by 148,200 jobs, in the 12 months ending in June 2022, 130 basis points higher than the U.S. rate. Job growth was dominated by the steady recovery of the leisure and hospitality sector, with its contribution of 17.9% total net jobs or 39,200 employees.

The professional and business services sector further stabilized Boston's economy with the addition 34,900 workers to metro payrolls. Approximately 72% of Boston workers are employed in white-collar positions. Additions to the metro's white-collar workforce indicate that the ongoing economic recovery will strongly favor elevated yields in high-paying sectors by year-end.

Boston's economy sits close to full recovery, bolstered by the education and health services sector. Last year, life sciences collectively raised more than \$13.6 billion across the state. Moderna Inc. is among the companies boosting industry investment with the 462,000-square-foot research and development Moderna Science Center currently underway.

The Port of Boston is the largest port in Massachusetts and one of the main ports on the East Coast. It is most of the way through an \$850 million, multiyear overhaul. The largest ship ever to call on the port, the 160-foot Ever Fortune, docked in January. Supply chain shocks remain, but this gateway metro still drives industrial demand.

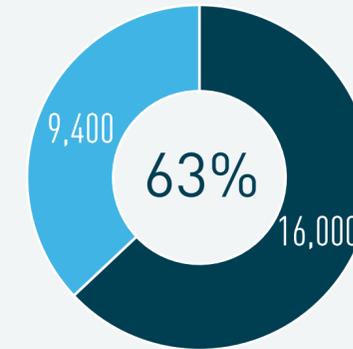
Employment Trends



SOURCE: Moody's Analytics

Who's Hiring?

LEISURE AND HOSPITALITY



■ YTD ■ 2022 Forecast

9%
OF ALL JOBS IN THE METRO

\$36,200
AVERAGE ANNUAL SALARY

Top Leisure & Hospitality Employers



2,100 JOBS



1,900 JOBS



1,500 JOBS

In The News

[Fidelity to add 618 new jobs in Boston](#)

[Amazon officially opens new tech hub in Boston](#)

[Merck to fill 100 positions at expanded Cambridge research lab](#)



BOSTON, MA

DELIVERIES & ABSORPTION

2022 Units*

DELIVERIES

7,197

ABSORPTION

6,016

2023 Units*

DELIVERIES

10,504

ABSORPTION

5,957

*Projected

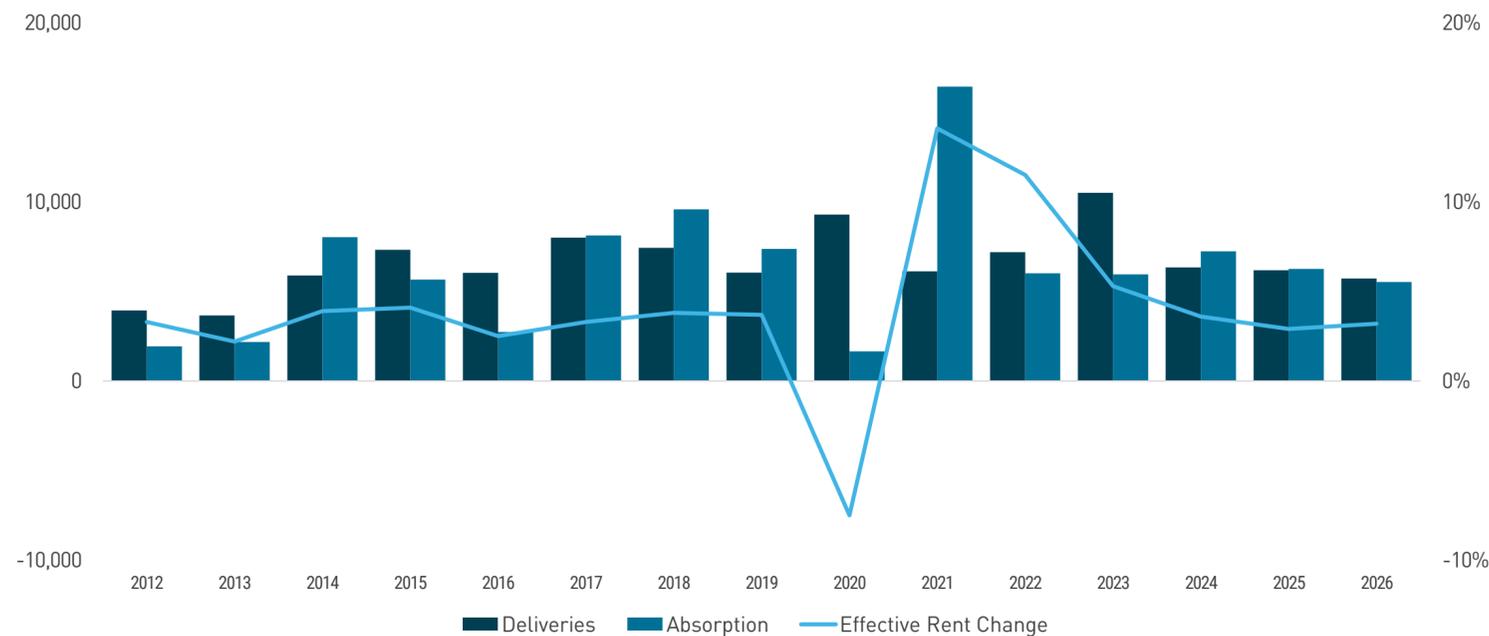
Multifamily developers added 64,016 units over the past decade in the Greater Boston apartment market, a 17.7% inventory expansion. Deliveries capped at 2,483 units in the first six months of 2022. Additions were spread throughout the metro's 15 submarkets, but most concentrated in the Chelsea/Revere/Charlestown area with 543 new units.

Builders remain highly active in the Boston apartment market, with approximately 18,000 units under construction across 95 projects. In all, the apartments underway amount to 4.4% of the area's existing stock as of the second quarter of 2022. About 25% of the total or 23 multifamily projects broke ground in the first half of the

year. A \$192 million waterfront apartment community with 550 market-rate units along Lynn Harbor is the largest under construction development in the Greater Boston pipeline. The project situated in the South Essex County submarket is slated to begin lease up mid-2024.

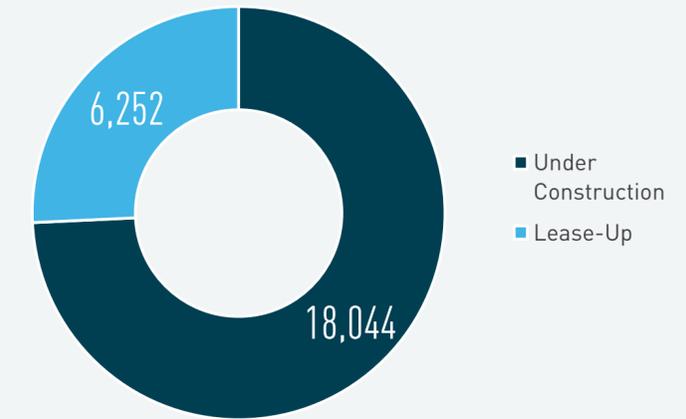
In the last year, apartment demand persisted as net absorption was positive in three of the four quarters. Renters leased 557 net units in the first six months of 2022. With a population of roughly 161,000 undergraduate students metrowide across more than 30 colleges and universities, students in need of off-campus housing will continue to buoy rental demand.

Deliveries, Absorption, & Effective Rent Change

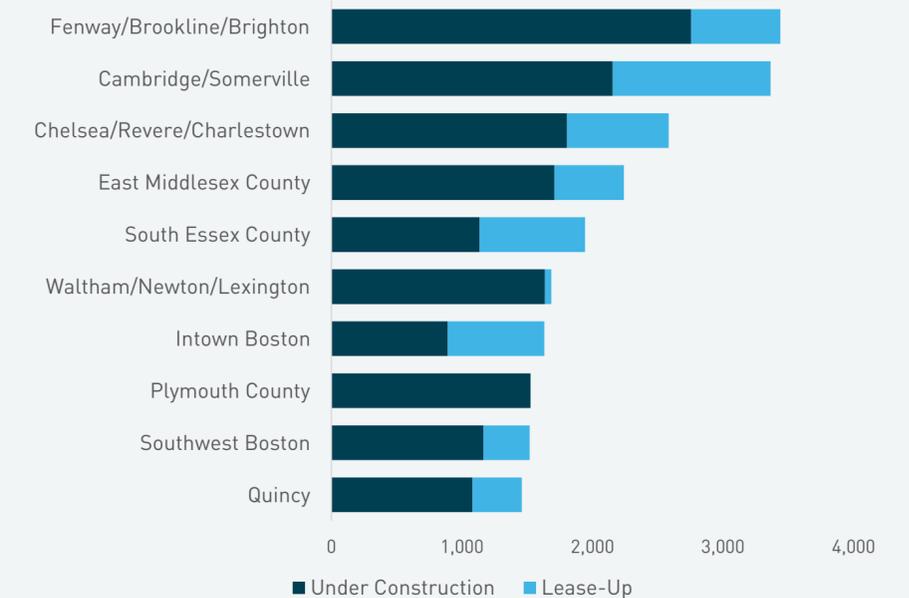


Source: RealPage

Market Pipeline



Top 10 Submarket Pipelines



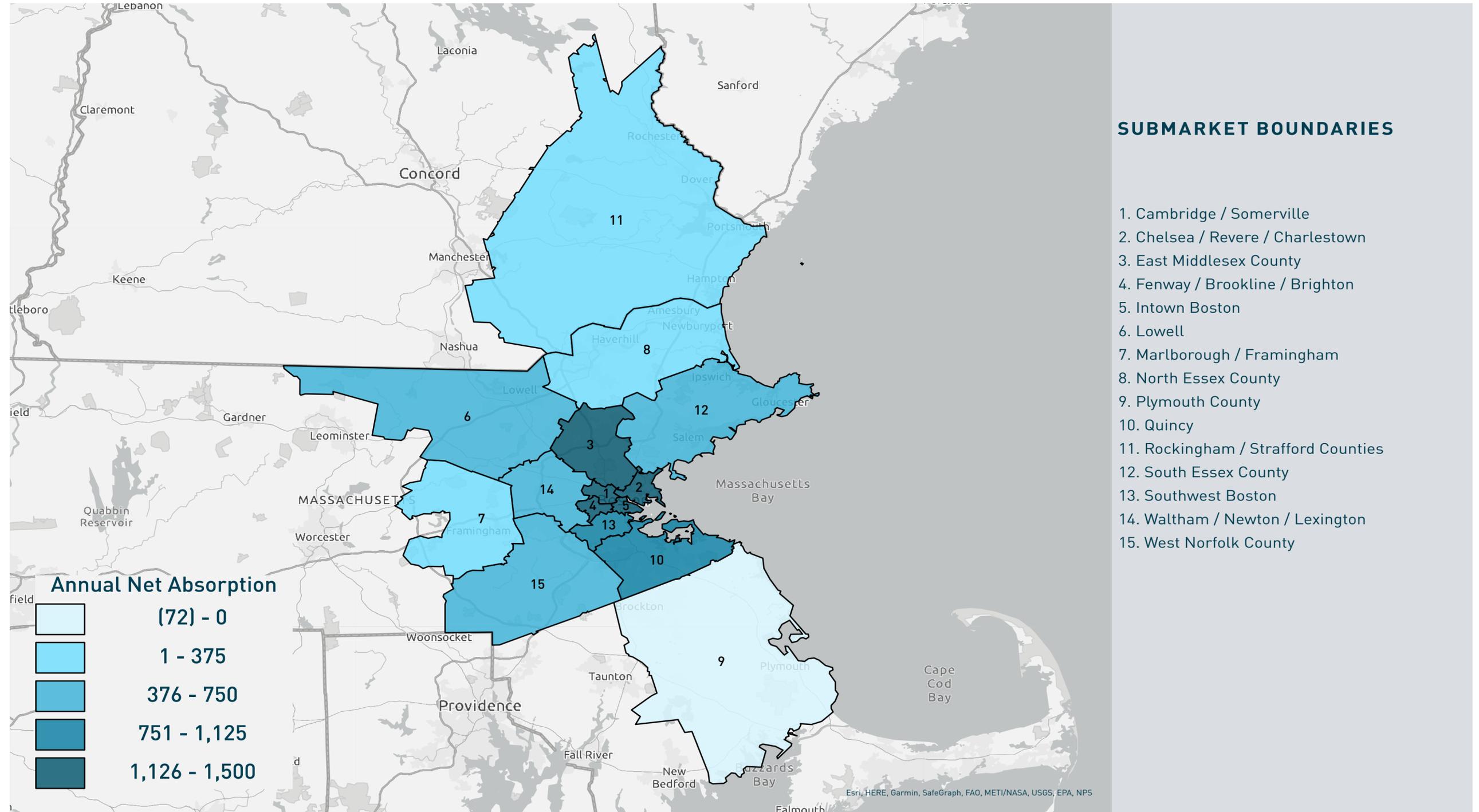


BOSTON, MA

SUBMARKET ANNUAL ABSORPTION

Occupied stock rose by 10,433 units since June 2021, a 2.7% increase over the prior period. Fourteen of the 15 apartment submarkets posted positive annual net absorption, albeit a bit uneven across the metro. There were five standout submarkets with net absorption of over 1,000 units since mid-2021. These five submarkets, including the two waterfront areas of Intown Boston and Chelsea/Revere/Charleston, represented a combined 62% of new leases.

Projections show Downtown Boston continuing to garner an outsized portion of the newly leased units, bolstered by over \$1 billion worth of planned or underway mixed-use projects. The 1 million-square-foot One Congress office tower should help entice future renters to the Intown Boston submarket. The fully leased Trophy tower, estimated for delivery by year-end, is a major cornerstone of the 2.9 million-square-foot Bulfinch Crossing mixed-use project.





BOSTON, MA

RENT & OCCUPANCY

Effective Rent

2Q 2022

\$2,786

↑ 13.9% YOY

Occupancy

2Q 2022

97.1%

↑ 120 BPS YOY

Exceptional year-to-date demand transferred leverage back to Greater Boston landlords. The apartment market entered third quarter of 2022 with the average occupancy rate at 97.1%, 30 basis points above the nationwide average.

Boston's strongest tailwind of rent development was the shortfall of available market-rate rental units, despite consistent deliveries during the pandemic. With effective rent averaging \$2,786 per month mid-year, Boston remains one of the most expensive markets in the country—the national average comes in closer to \$1,736 per month.

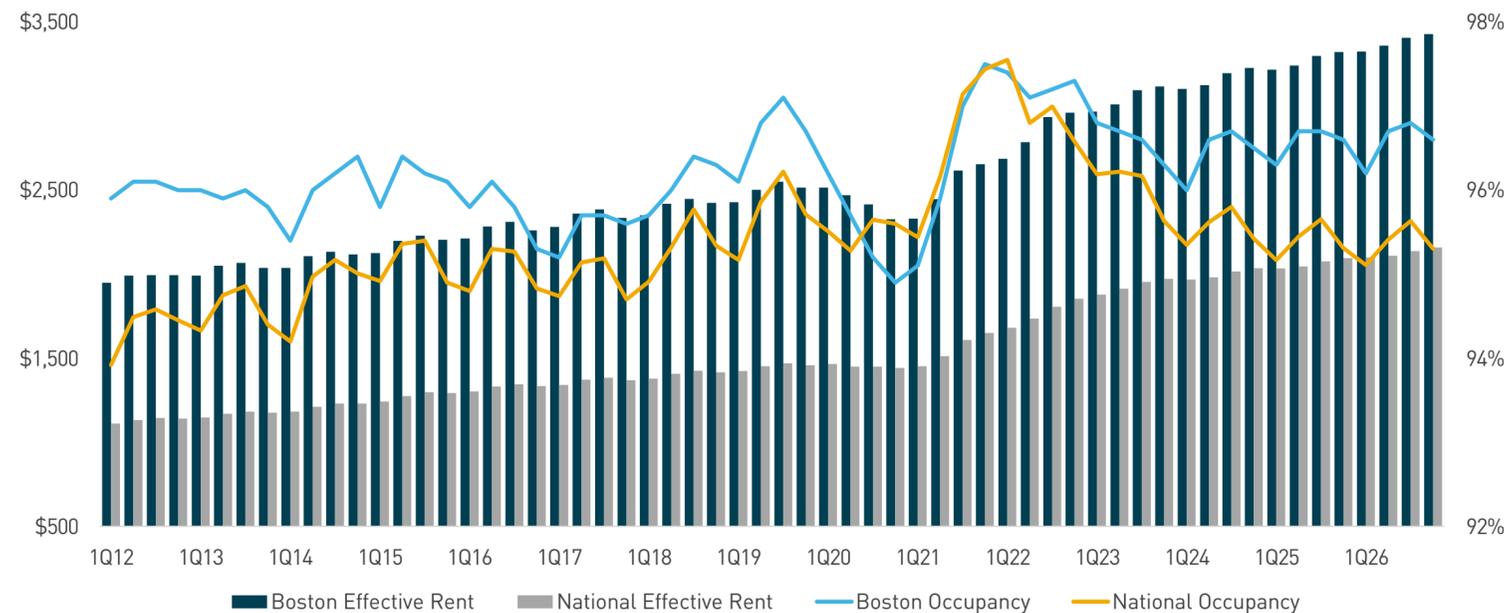
Rent growth in Boston picked up again, posting a 4.9% increase since the start of the year. The recent rise was part of a 13.9% gain since June 2021. The increase prompted Boston Mayor, Michelle Wu, to create a task force to craft a rent control policy framework for the local legislature to review next year. How operators navigate lease pricing in the near term depends heavily on Boston renter demand, given a stacked pipeline of approximately 18,000 units under construction.

Year-end forecasts favor the landlord with monthly effective rent reaching nearly \$3,000 and increased occupancy rates around 97.3%.

Submarket Performance

SUBMARKET NAME	2022 OCCUPANCY	YOY (BPS)	2022 EFFECTIVE RENT	YOY
Cambridge/Somerville	96.3%	120	\$3,403	13.8%
Chelsea/Revere/Charlestown	96.3%	150	\$2,740	12.9%
East Middlesex County	97.0%	160	\$2,596	15.9%
Fenway/Brookline/Brighton	96.7%	250	\$3,469	14.8%
Intown Boston	97.0%	140	\$3,833	16.2%
Lowell	97.7%	40	\$2,264	12.9%
Marlborough/Framingham	97.5%	170	\$2,312	18.0%
North Essex County	98.0%	50	\$2,102	9.1%
Plymouth County	97.7%	-70	\$2,288	12.8%
Quincy	96.9%	130	\$2,499	13.3%
Rockingham/Strafford Counties	98.1%	-70	\$1,828	10.6%
South Essex County	97.0%	-40	\$2,532	10.7%
Southwest Boston	96.3%	170	\$2,544	9.9%
Waltham/Newton/Lexington	97.1%	200	\$3,087	16.6%
West Norfolk County	97.7%	170	\$2,573	15.4%

Boston vs. National Effective Rent & Occupancy



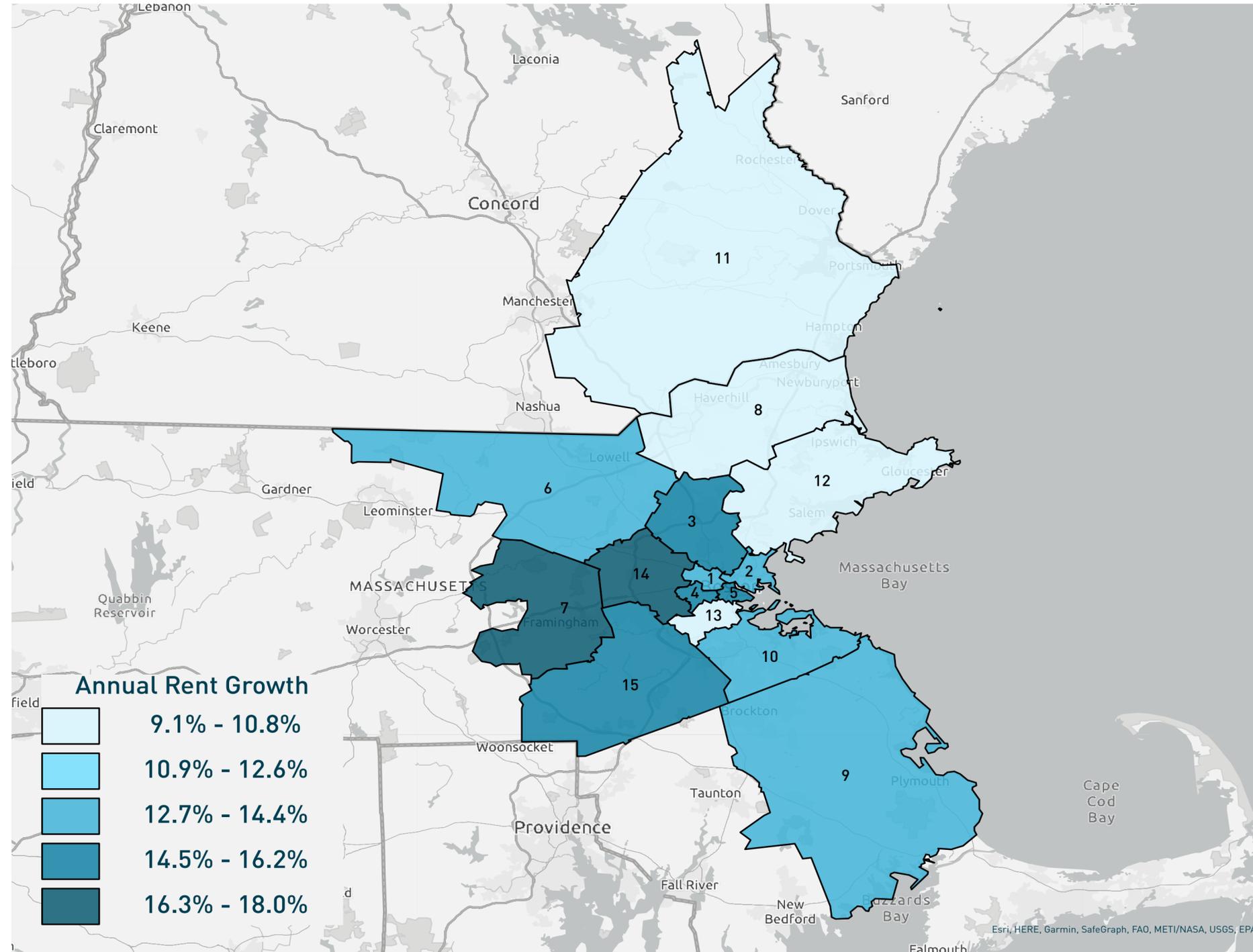
Source: RealPage



BOSTON, MA

SUBMARKET ANNUAL RENT CHANGE

A continued flight to the suburbs spurred sharp inclines in effective rent compared to one year prior in Marlborough/Framingham, up 18.0% to \$2,312 per month; Waltham/Newton/Lexington, up 16.6% to \$3,087 per month; and East Middlesex County, up 15.9% to \$2,596 per month. The pandemic crushed the AirBnB and short-term furnished rental market last year and caused apartment availability to swell above 25% in several of Boston's most active rental markets. Downtown areas have since absorbed the excess apartment inventory with mostly traditional long-term unfurnished one-year leases. Operators in the Intown Boston submarket were successful in expanding effective rent 16.1% to \$3,833 annually, proving the call to city living was not entirely snuffed out. This is due to the growing population of high-salaried professionals willing to pay greater rents for smart apartment buildings loaded with advanced features.



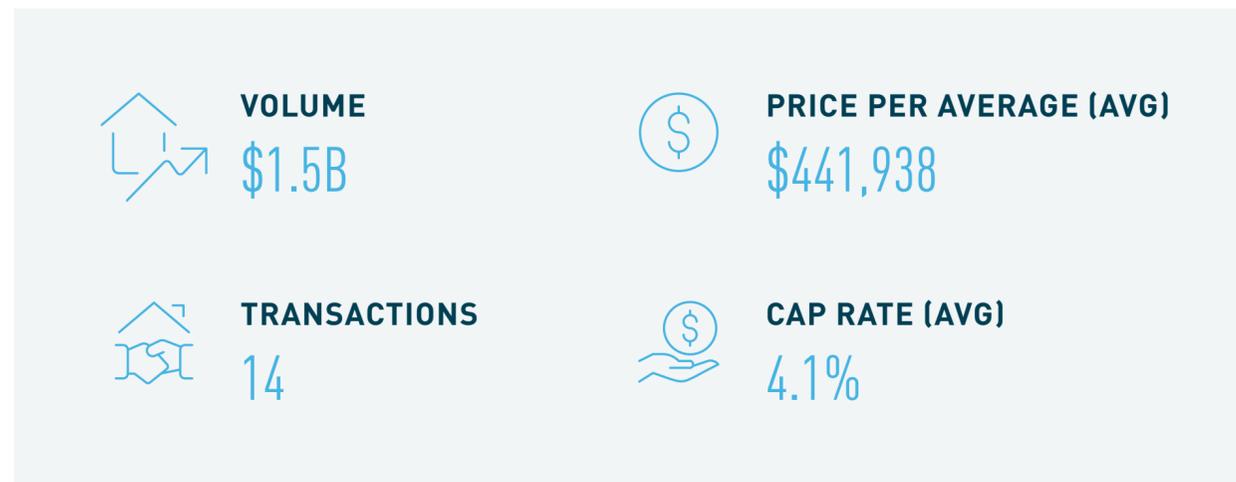
SUBMARKET BOUNDARIES

1. Cambridge / Somerville
2. Chelsea / Revere / Charlestown
3. East Middlesex County
4. Fenway / Brookline / Brighton
5. Intown Boston
6. Lowell
7. Marlborough / Framingham
8. North Essex County
9. Plymouth County
10. Quincy
11. Rockingham / Strafford Counties
12. South Essex County
13. Southwest Boston
14. Waltham / Newton / Lexington
15. West Norfolk County



BOSTON, MA SALES

2022 Year to Date*



What's Trading?*



Source: Real Capital Analytics
*\$50m+

Top Buyers**

BUYER	LOCATION
Blackstone	New York, NY
Kohlberg Kravis Roberts & Co.	New York, NY
The DSF Group	Waltham, MA
Eaton Vance	Boston, MA
GID	Boston, MA

Top Sellers**

SELLER	LOCATION
Rockpoint Group	Boston, MA
AvalonBay Communities Inc.	Arlington, VA
Crescent Heights Inc.	Miami, FL
Hanover Company	Houston, TX
National Development	Newton, MA

**Past 24 Months



Sources: RealPage; Moody's Analytics; Real Capital Analytics

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