



MULTIFAMILY REPORT

Boston's Rental Market Slips

Summer 2020

Job Performance Below Nation

Construction Powers Through

Transactions Trickle in Q2

BOSTON MULTIFAMILY



Uncertainty & Optimism Across the Metro

Just weeks after reopening its economy, Boston's hitting the pause button. The multifamily market is struggling to adjust to the conditions of the pandemic. Rents had been on a cold streak of 11 consecutive months of contraction, culminating in a 0.4% decline on a trailing three-month basis through July. That's worse than the U.S. average that saw a 0.1% decrease during the same period. The metro's \$2,257 average remained well above the \$1,460 national figure.

Unemployment numbers showcased the magnitude of the damage inflicted by the COVID-19 pandemic. The metro's rate—which in March stood at 2.7%—ballooned to 16.2% in May, while preliminary June data pointed to a new 70-basis-point rise. Leisure and hospitality shrunk by 58.7% in the 12 months ending in May, but Boston's main economic drivers—education and health services and professional and business services—held on and marked contractions of 10.7% and 7.7%, respectively. Overall job gains declined 5.3%, underperforming the 3.3% U.S. rate.

Sales crashed in the second quarter, amounting to just \$482 million in the first half of 2020, for a per-unit price that still rose 28.9% to \$379,284. Meanwhile, developers delivered 3,605 units and had 20,584 underway, despite the early measures taken by local officials that halted construction at the onset of the outbreak. We expect rents to slide 1.2% in 2020.

Market Analysis | Summer 2020

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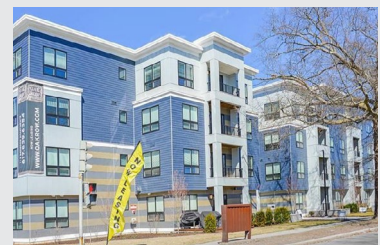
Recent Boston Transactions

Avana Marlborough



City: Marlborough, Mass.
 Buyer: Greystar
 Purchase Price: \$53 MM
 Price per Unit: \$320,122

Oak Row



City: West Roxbury, Mass.
 Buyer: National Development
 Purchase Price: \$42 MM
 Price per Unit: \$522,023

J Highlands at Hudson



City: Hudson, Mass.
 Buyer: Jefferson Apartment Group
 Purchase Price: \$34 MM
 Price per Unit: \$212,025

1943 DOT Ave.



City: Dorchester Center, Mass.
 Buyer: Corcoran Cos.
 Purchase Price: \$21 MM
 Price per Unit: \$334,199