

YARDI[®] Matrix

Boston's Power

Multifamily Spring Report 2017

Rent Growth Cools Off

Affordability Issues Deepen

Investor Interest Remains Strong

BOSTON MULTIFAMILY

YARDI® Matrix

Market Analysis

Spring 2017

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Weak Rent Growth Despite Healthy Demand

Investor and tenant demand remain healthy in Boston's multifamily market, even as rent growth decelerates after peaking in mid-2016. Rents rose 1.8% year-over-year as of February, in part because the average rent of \$2,054 is among the highest in the nation. And with developers focusing almost exclusively on delivering upscale properties, Boston faces affordability issues.

With a 2.5% unemployment rate as of December, Boston continues to be a regional powerhouse and an important global innovation hub fueled by a deep talent pool and anchored by a stable economic climate. The metro is adding jobs across most sectors and several large projects are changing the city's skyline, including the 700-foot-tall One Dalton going up in the Back Bay. Other high-rise projects, such as the \$1 billion Winthrop Square tower and Hines' 51-story South Station development, are getting closer to breaking ground. Recently, Massachusetts Institute of Technology (MIT) signed an agreement for the redevelopment of the Volpe Center, which is expected to deliver roughly 1.7 million square feet of office space and 1,400 residential units in Cambridge.

With investors concentrating more on value-add projects, \$1.7 billion worth of assets traded in Boston last year, a 30% drop from 2015. As many core submarkets are already recording rent contractions and the metro has about 62,000 units in the pipeline, Yardi Matrix forecasts a 1.8% rent growth for Boston in 2017.

Recent Boston Transactions

Windsor at Cambridge Park



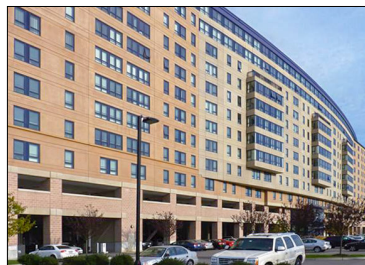
City: Cambridge, Mass.
Buyer: GID
Purchase Price: \$215 MM
Price per Unit: \$540,201

The Fairways



City: Derry, N.H.
Buyer: Chartwell Holdings
Purchase Price: \$100 MM
Price per Unit: \$117,197

Neponset Landing



City: Quincy, Mass.
Buyer: Gerding Edlen Development
Purchase Price: \$90 MM
Price per Unit: \$319,643

Jack Flats



City: Melrose, Mass.
Buyer: Mesirov Financial
Purchase Price: \$80 MM
Price per Unit: \$377,358

To Subscribe

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