

# THE PUNCH LIST

Boston Multifamily

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## News & Trends

Boston's multifamily capital markets landscape continues to face headwinds from inflation, [increasing interest rates](#), and [local government policies](#) resulting in the lowest transaction volume since the Global Financial Crisis despite solid fundamentals including rising rental rates and historically low vacancy.

Despite a severe shortage of multifamily housing, we're experiencing a decline in multifamily development due to inflationary pressures, anti-density zoning, slow permitting processes, high construction costs, and rising borrowing costs.

These negative factors create a "risk-off" environment for multifamily investors and developers despite Greater Boston's historically resilient housing market. They seek more clarity around resetting asset values and increased liquidity in the debt markets. As a result, we have a bifurcated market, with trades occurring either in quality assets in core markets or deeply discounted value-add or opportunistic assets in distress. There seems to be no middle ground.

Well-performing assets, regardless of location or class, have experienced [significant increases in rent roll and a return to pre-pandemic vacancy rates](#). Investors look to enhance yield and add value through unit renovations and property upgrades, addressing under-rented units and focusing on tenant retention of strong tenants.

## What's Next

As we look forward, the following trends may heavily impact the Greater Boston multifamily market. Stay tuned...

[BERDO](#) - Requirements for large buildings to reduce their greenhouse gas emissions to address climate change.

[MBTA Communities](#) - A new law requiring multi-family districts throughout the Commonwealth.

[Office to Residential Conversions](#) - Are tax abatements enough? We'll see...

## State of the Market

**246,060**

Units  
Inventory Covered

**75%**

Tax Abatement  
Office to Resi Conversions

**<5%**

Real Time  
Availability Rate

**10%** ↓

New Residential  
Permits YTD

**5.85%-6.35%**

Fannie Mae Pricing for 80% LTV  
and 1.25x DSCR

**20**

Transactions  
YTD 2023

**39**

Transactions  
YTD 2022

**49%** ↓

Transaction  
Volume

**\$2,766**

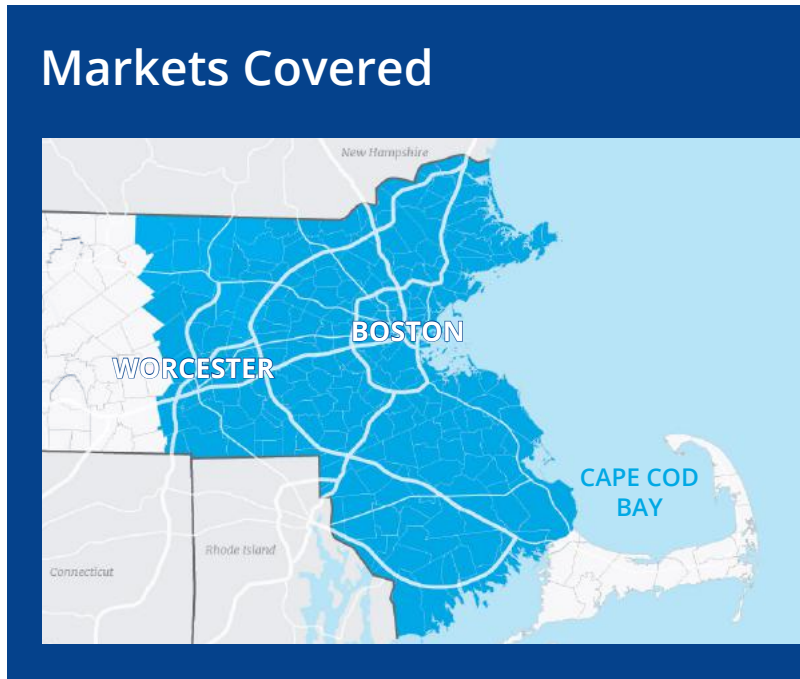
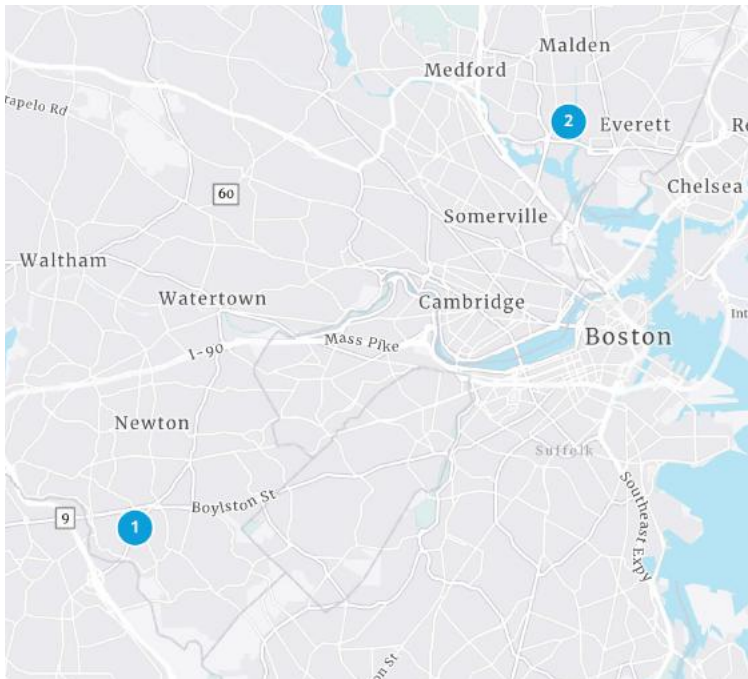
Market Rent

Trailing 12 months. Source: CoStar

# Recent Multifamily Transactions

	Property Name	Property Address	Units	SF	\$/Unit	Sale Price	Close Date	Buyer	Seller
1	The Aven at Newton Highlands	99 Needham St Newton, MA	294	387,550	\$576,095	\$169,371,878	6/30/2023	Abacus Capital Group	GID
2	Arcadia at Rivers Edge	100 Rivers Edge Dr Medford, MA	222	254,060	\$466,216	\$103,500,000	7/7/2023	Pacific Urban Investors	Manulife

Source: CoStar, August 2023.



# Colliers Featured Investment Transactions

**ON MARKET**

115 Hampshire St  
Cambridge | Mixed-Use

**SOLD**

639 Warren St  
Roxbury | Land

**SOLD**

10 Sunnyside Ave  
Arlington | Development

**SOLD**

136 Newbury St  
Back Bay | Specialty

**UNDER AGREEMENT**

20 Charlesgate W  
Fenway | Rooming House

**UNDER AGREEMENT**

115 Boston St  
Dorchester | Land



# THE PUNCH LIST

1



Huge Dorchester Bay project wins key approval

Read More in [The Boston Globe](#)

2



In Boston's brutal rental market, the final insult has arrived: bidding wars

Read More in [Boston.com](#)

3



Hearing on Boston rent control bill could come in October, early November, staffer says

Read More in [Boston Herald](#)

4



Federal Reserve Raises Interest Rates to 22-Year High

Read More in [The Wall Street Journal](#)

5



BPDA | Mayor Wu announces Residential Conversion Program for downtown offices

Read More in [bostonplans.org](#)

## Our Services

Colliers has one of the largest and most experienced teams of multifamily advisors in the industry, strategically located in key markets around the globe. Our combination of market dominance, expertise and singular focus make us uniquely successful in helping our clients achieve their acquisition and/or disposition objectives. Whether selling a single asset or a national portfolio, our clients rely on combined resources to obtain the best market information and achieve the highest price. If expanding your portfolio is the objective, our local market relationships can help you identify and acquire properties that meet or exceed your investment goals.

- Market Analysis & Research
- Investment Sales
- Site Identification
- Structure & Negotiation of Land Purchase
- Zoning Analysis
- Development Pro Forma Analysis
- Debt Financing
- Rent Studies
- Broker's Opinion of Value
- Equity Placement

“Scared, isn't a great investment strategy.”