

THE PUNCH LIST

Boston Multifamily

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An Inflection Point for Boston Multifamily - Looking Back to 2023 and Forward to 2024

Last year was a challenging year for all asset classes, including multifamily. The heady days of easy money and explosive growth gave way to a sobering reality of rising interest rates, capital constraints, inflation, high construction costs, and economic uncertainty, driving transaction volume and deal flow to decade lows. Let's peer through the fog to what might lie ahead.

2024: Navigating the New Normal:

This year promises to be an inflection point in the Boston multifamily market. Navigating the new normal will require an eye for opportunity, prudent investment strategies, and a willingness to embrace change. Those who can ride the wave of shifting demand drivers and adapt to the evolving landscape are best positioned to succeed in 2024.

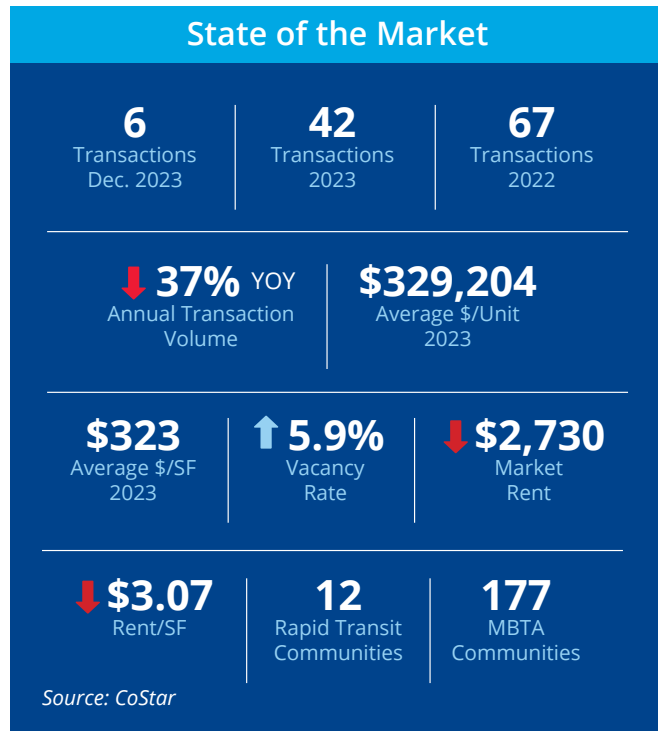
Housing Crunch Deepening: Affordability woes that impact the region's overall economic competitiveness will continue due to the shrinking multifamily development pipeline (down 20%) [and increasing rents](#) (\$3+/SF) along with home ownership out of reach for many first-time buyers.

Selective Investment: With more [rigorous financing requirements](#), especially after bank failures, investors will adopt a more discerning approach, favoring opportunistic and value-add investments which exhibit strong fundamentals. We may begin to finally see [some distress in multifamily development projects](#) approved but not started.

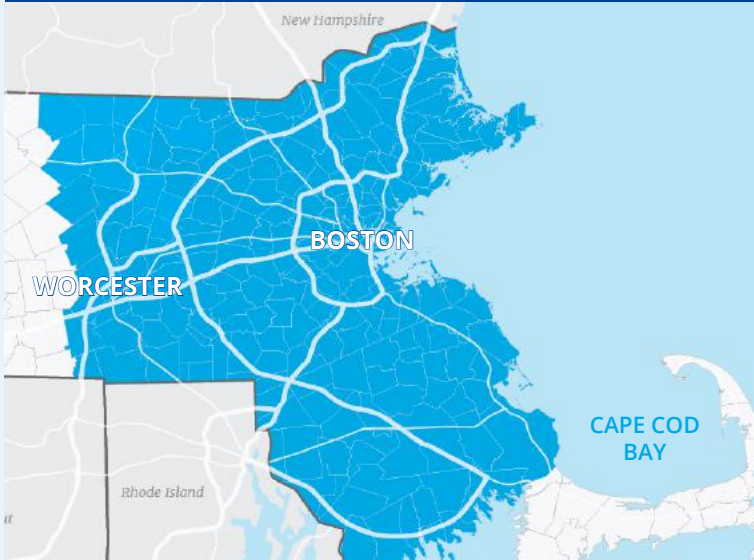
Construction Crossroads: [The construction pipeline shrunk amidst high costs and financing hurdles](#). Developers will wait for clarity around pricing and lower interest rates before resuming large-scale projects. Adapting to shifting demand drivers, like affordable and workforce housing presents an opportunity with the right policy changes and incentives. Look for [The Commonwealth Momentum Fund](#) and [Housing Development Incentive Program](#) and Boston's [Future Deckers Initiative](#) to start to have an impact.

Public Policy Response: Potential tax breaks for residential conversion in Boston showcase efforts to address the housing crisis, but initial interest is limited to 104,000 SF of office converting to 170 apartments. Governor Healey's [\\$4.1B Bond Bill](#) will have a significant impact on affordable and mixed income production in the next few years, especially in Gateway Cities. The MBTA Communities Act, which requires all communities served by the MBTA to allow for multifamily housing as of right, made headway with the 12 rapid transit communities ([Braintree, Newton, Brookline, Quincy, Somerville, Medford, Cambridge, Everett, Milton, Chelsea, Lexington, and Revere](#)) approving by-right zoning in compliance with the new law.

Tech Takes the Helm: While life science cools, clean energy and "tough tech" emerge as potential new economic drivers for real estate, particularly with the [Inflation Reduction Act](#) fueling investment.



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Recent Multifamily Transactions

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Property Name	Property Address	Units	SF	Sale Price	Close Date	Buyer	Seller
Talia Apartments	155 Ames St Marlborough, MA	225	355,415	\$74,025,436	12/7/23	The DSF Group	Fairfield Residential
The Point at Kingston	1 Kingston Collection Way Kingston, MA	282	292,353	\$106,500,000	12/15/23	Pantzer Properties	Crow Holdings
Parkside Apartments	301 Grant St Framingham, MA	30	19,280	\$6,200,000	12/1/23	Michel Emani	VTT Management
Forest Ridge	6 Mary Anna Dr Fitchburg, MA	90	91,764	\$12,300,000	12/26/23	Shorelight Real Estate	Taymil Partners
One Upland	8 Upland Woods Cir Norwood, MA	262	252,000	\$114,300,000	12/18/23	UDR, Inc.	Cottonwood Residential

Source: CoStar, January 2024.

December BPDA Multifamily Approvals

Neighborhood	Address	Gross SF	Proposed Units	FAR	Parking	Approved Date	Property Developer Name
South Boston	270 Dorchester Ave	99,324	114	4.72	20	12/14/2023	Dinosaur Capital Partners
Dorchester	554 Columbia Rd	72,087	65	3.58	24	12/14/2023	The Michaels Organization
Back Bay	415 Newbury St	218,358	133	10.95	125	12/14/2023	Trinity Financial
Dorchester	81 Hancock St	32,309	36	2.15	14	12/14/2023	Huy Nguyen
Dorchester	1420 Dorchester Ave	45,150	46	2.3	33	12/14/2023	City North Development
Brighton	131 North Beacon St	72,890	76	3.19	48	12/14/2023	NB Development Group
Allston	25 39 Harvard Ave	149,000	170	3.04	58	12/14/2023	Eden Properties
South Boston	10 Kemp St	1,449,000	1310	1.85	509	12/14/2023	Boston Housing Authority
Brighton	15 Washington St	253,288	229	2.53	293	12/7/2023	Kimco Realty

Source: BldUp

Colliers Featured Investment Transactions

SOLD



215 Fairmount Street
Lynn | 100 Units

SOLD



570 Tremont Street #1
South End | Retail Condominium

IN CONTRACT



115 Boston Street
Dorchester | Development

ON MARKET



35-41 Laurel Street
Somerville | Apartment

SOLD



20 Charlesgate W
Fenway | Rooming House

ON MARKET



10 Railroad Street
Abington | Development

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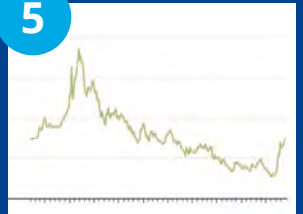
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