

THE PUNCH LIST

Boston Multifamily

October 2023

Contact Us:

Kendin Carr

Vice President
+1 617 678 0246
kendin.carr@colliers.com

Jeanne Pinado

Executive Vice President
+1 617 290 9133
jeanne.pinado@colliers.com

100 Federal Street
Boston, MA 02110
colliers.com

Colliers

Boston Multifamily

THE PUNCH LIST

Understanding the Impact of Interest Rates on the Real Estate Market

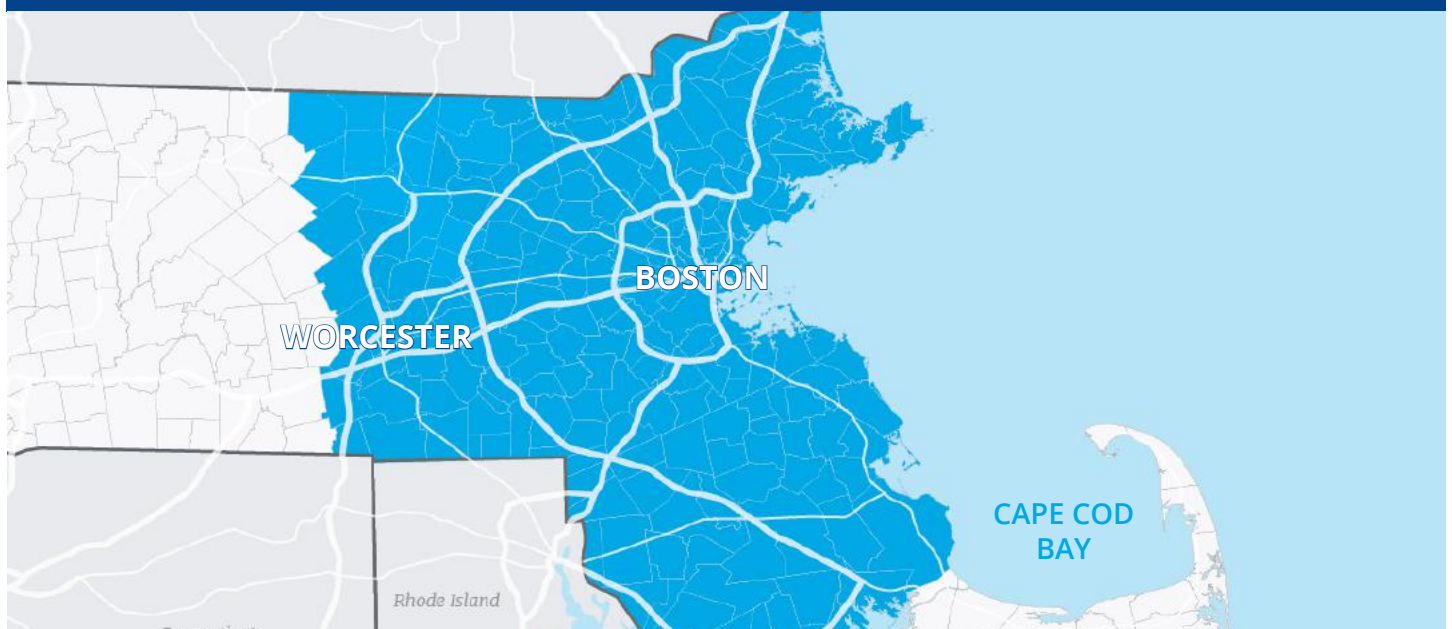
The rapid rise in interest rates has had a profound influence on the real estate market over the past eighteen months, touching every aspect from demand and affordability to investment strategies. In a time when interest rates are at their highest levels in two decades, it's crucial to grasp how these fluctuations are shaping the real estate landscape.

Despite concerns about the challenging debt environment, multifamily pricing has shown remarkable resilience, only expanding 75 to 100 basis points over the last year or so. Strong market demand and a robust Massachusetts economy has kept the asset class desirable for renters, particularly in Class C assets which have seen significant rental growth.

With cap rates expanding, multifamily investors and developers are reevaluating their strategies by optimizing operational efficiencies, minimizing operating expenses, maximizing rent on unit turnover, and liquidating non-performing assets. Additionally, for aggressive and well capitalized investors are taking advantage of liquidity constraints and a conservative lending climate which has reduced buy-side competition and offers a unique window of opportunity to buy multifamily assets at a discount.

As the market adapts to these changes, understanding the role of interest rates is essential for making informed decisions in the real estate world.

Markets Covered

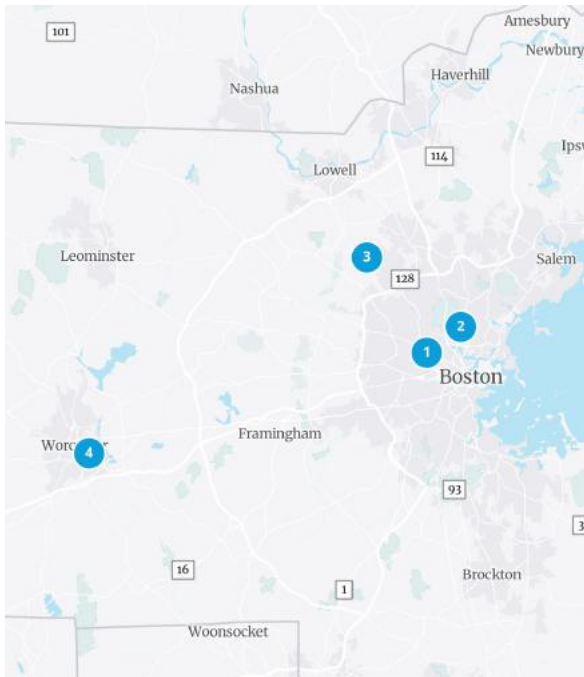


Recent Multifamily Transactions

[Click here for additional transactions.](#)

	Property Name	Property Address	Units	SF	\$/SF	\$/Unit	Sale Price	Close Date	Buyer
1	Hanover North Cambridge	50 Cambridgepark Dr Cambridge, MA	294	374,177	\$486	\$619,048	\$182,000,000	09/27/23	The Goldman Sachs Group, Inc
2	The Fellsgate	525 Highland Ave Malden, MA	31	31,680	\$220	\$225,000	\$6,975,000	09/15/23	Coolidge Properties
3	The Val	164 Lexington Rd Billerica, MA	211	249,200	\$371	\$438,626	\$92,550,000	09/14/23	Stars REI
4	31 Caroline St	31 Caroline St Worcester, MA	30	29,544	213	\$210,000	\$6,300,000	09/13/23	Maria Long

Source: CoStar, October 2023.



State of the Market

4
Transactions
Sept. 2023

10
Transactions
2023 Q3

18
Transactions
2022 Q3

↓44% YOY
Transaction
Volume

27
Transactions
YTD 2023

55
Transactions
YTD 2022

↓51% YOY
Transactions
YTD

\$312,000
Average \$/Unit
T - 12

\$311
Average \$/SF
T - 12

↑5.3%
Vacancy
Rate

↓\$2,745
Market
Rent

↓\$3.08
Rent/SF

Trailing 12 months. Source: CoStar

Colliers Featured Investment Transactions

[Click for more information.](#)

UNDER AGREEMENT



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

SOLD



20 Charlesgate W
Fenway | Rooming House

UNDER AGREEMENT



115 Boston St
Dorchester | Land



THE PUNCH LIST

1



Massive Dorchester Bay City project gets green light from BPDA

Read More in [boston.com](#)

2



Boston apartment construction's steady decline

Read More in [AXIOS Boston](#)

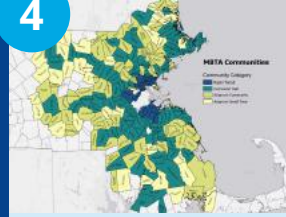
3



Apartment rents are now 1.2% cheaper than a year ago

Read More in [Globe Street](#)

4



12 Mass. communities face looming deadline for MBTA multifamily plans. Here's where they all stand

Read More in [Bisnow](#)

5



Current 30-year mortgage rate is highest in over two decades

Read More in [Yahoo Finance](#)

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

“Real estate cannot be lost or stolen, nor can it be carried away. Purchased with common sense, paid for in full, and managed with reasonable care, it is about the safest investment in the world.”

- Franklin D. Roosevelt