



# THE PUNCH LIST

Boston Multifamily

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# Boston Multifamily THE PUNCH LIST



## The High Cost of Low Rents: Why Underpricing Your Units Can Hurt Your Bottom Line

*"I keep my rents low to avoid turnover"* is a common mantra of legacy landlords. While this sentiment might seem logical, it can lead to significant negative impact on an asset's value and future investment potential. Let's explore.

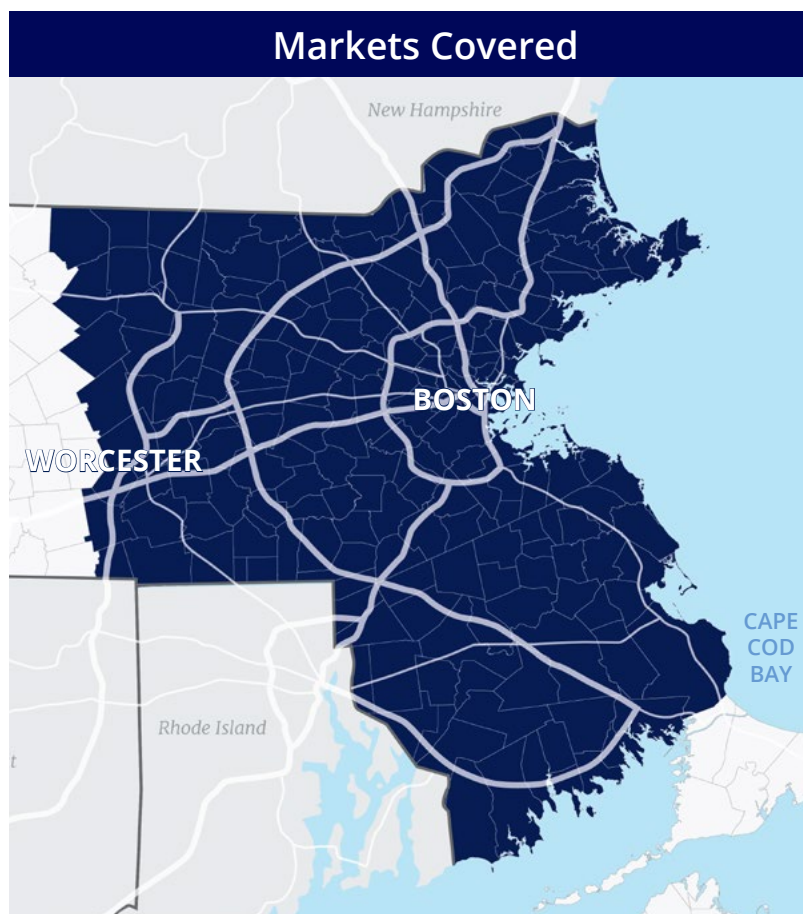
### The Hidden Costs of Low Rents

Clearly, turnover can be expensive, but the cost of underpricing units often outweighs the potential savings. Here's why:

- **Lost Revenue** | Underpriced units directly impact your monthly income.
- **Decreased Asset Value** | Lower rents can significantly reduce your property's value.
- **Limited Investment Options** | A lower-valued asset can be harder to refinance or sell at a favorable price.

### The Impact on Asset Value

**Consider this:** A rent of 10% below market value may seem like a small difference, but it can have a substantial impact on your asset's value. For example, at a 5% cap rate, each dollar of lost monthly rent equates to \$240 in lost annual asset value. Imagine the cumulative impact on a building with multiple units.



### Maximizing Rents for Optimal Returns

To maximize your property's value and future investment opportunities, it's essential to:

- **Conduct Market Research** | Regularly assess local market rents to ensure competitive pricing.
- **Offer Value-Added Amenities** | Enhance your property's appeal with desirable amenities to justify higher rents.
- **Focus on Tenant Retention** | Reduce turnover costs with strategies to retain quality tenants.

Underpricing your units to avoid turnover can be a costly mistake. By maximizing your rents instead to focus on long-term value, you can significantly improve your property's performance and achieve your investment goals.



# State of the Market

Source: CoStar

**7**  
Oct '24  
Transactions

**28**  
24' Transactions  
YTD

**↓66%**  
Transaction  
Change from  
Peak

**↓\$2,856**  
Market  
Rent

**↑\$342**  
Average \$/SF  
T-12 Months

**0**  
Oct '23  
Transactions

**63**  
'22 Transactions  
YTD

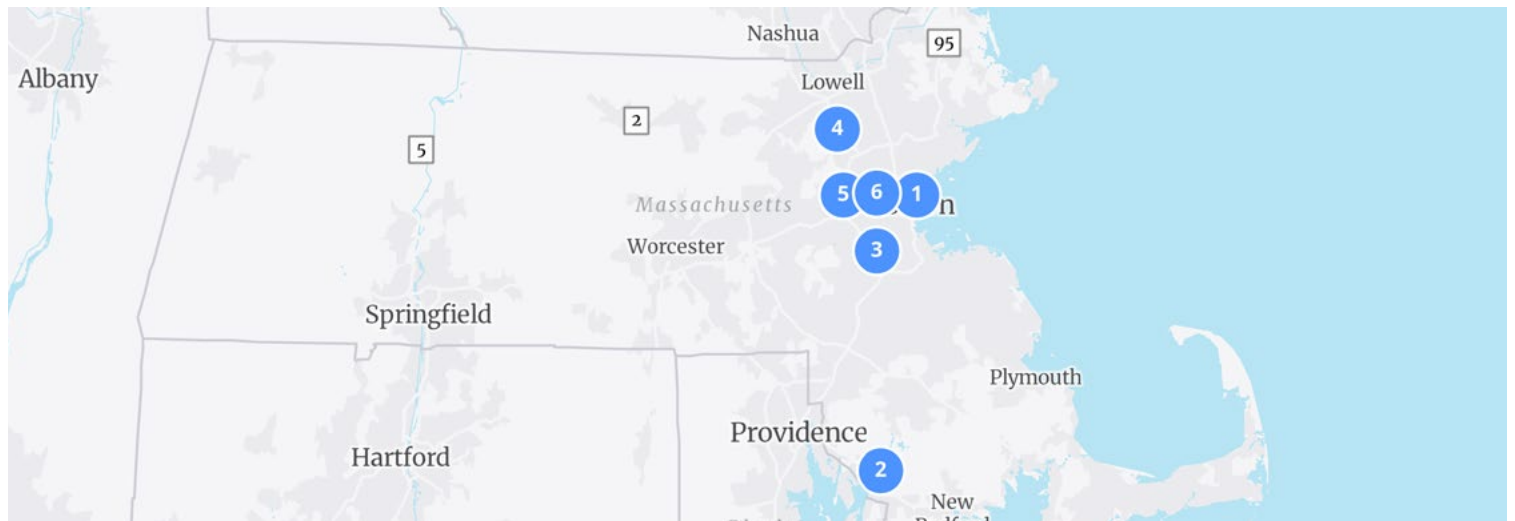
**↑5.20%**  
Vacancy  
Rate

**↑\$339,625**  
Average Sale/Unit  
T-12 Months

## Recent Multifamily Transactions

[Click here for additional transactions.](#)

	Property Name	Property Address	Units	SF	\$/SF	\$/Unit	Sale Price	Close Date	Buyer	Seller
1	One Greenway	99 Kneeland St Boston, MA	217	181,442	\$680	\$568,777	\$123,424,698	10/10/24	AIR Communities	PGIM
2	Shawomet Gardens	102 Shawomet Ave Somerset, MA	240	249,273	\$143	\$148,333	\$35,600,000	09/13/24	SMG	Eastern Property Group
3	Velo Forest Hills	3686 Washington St Boston, MA	250	235,000	\$436	\$410,000	\$102,500,000	09/25/24	Nuveen	Criterion Development
4	The Villas at Old Concord	4 Riverhurst Rd Billerica, MA	324	440,376	\$260	\$353,395	\$114,500,000	09/24/24	TruAmerica Multifamily	The Hanover Company
5	The Point at Waltham	341 2nd Ave Waltham, MA	191	238,065	\$382	\$476,440	\$91,000,000	09/17/24	Pantzer Properties	Alliance Residential
6	ReNew Waltham	20 Middlesex Cir Waltham, MA	696	656,847	\$336	\$317,529	\$221,000,000	09/12/24	FPA Multifamily	Harbor Group International



**In Contract**

**1590 Blue Hill Avenue**  
Boston | Development

**In Contract**

**115 Boston Street**  
Dorchester | Development

**Sold**

**35-41 Laurel Street**  
Somerville | 12 Units

**Sold**

**215 Fairmount Street**  
Lynn | 100 Units

**On Market**

**379 Somerville Avenue**  
Somerville | 11 Units

**Sold**

**20 Charlesgate W**  
Fenway | Rooming House



# THE PUNCH LIST

*News Stories That Shaped the Month*

[More News](#)

1



Boston mayor names MIT prof as the city's new planning czar

[Read More in Contrarian Boston](#)

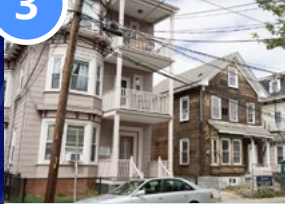
2



Wu Pledges \$100M 'Housing Accelerator' Fund

[Read More in Banker & Tradesman](#)

3



In Somerville, triple-deckers are mounting a comeback

[Read More in Boston Business Journal](#)

4



Petruzzello Breaks Ground for 160-Units in Westwood

[Read More in Boston Real Estate Times](#)

5



Will Lab Slump Translate into Housing Gains?

[Read More in Banker & Tradesman](#)

## 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

“Never sacrifice execution for value.”

- Frank Petz  
Managing Director, Colliers