



THE PUNCH LIST

Boston Multifamily

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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, Floor 13
Boston, MA 02110
colliers.com

Colliers

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Looking Back at 2024: A Year of Contradictions

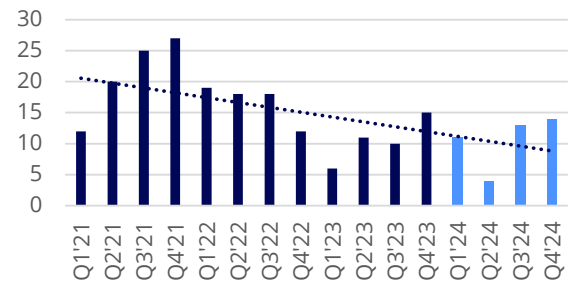
2024 was a year of contradictions in the Greater Boston multifamily market. While the broader economic landscape presented its challenges, the fundamentals of the Boston market remained resilient, showcasing its enduring appeal.

Unwavering Demand: Despite the national economic headwinds, demand for Boston apartments has remained robust. With virtually no new multifamily construction starts in the region, limited supply has kept vacancy rates low, driving strong rent growth of 3.7%. This performance stands in stark contrast to similar sized markets like Austin, TX, where rent growth has turned negative due to a surge in new supply.

| | Boston | Austin |
|--------------------------|-----------|-----------|
| Population | 4,941,631 | 2,473,275 |
| Housing Inventory | 390,560 | 375,653 |
| Units Under Construction | 16,602 | 25,807 |
| Rent Growth | +3.70% | -4.00% |

Transaction Activity: Transaction volume in 2024 was a tale of two halves. The first half of the year witnessed a significant slowdown, mirroring broader market uncertainty as interest rates remained at decade highs. However, as the Federal Reserve began to cut interest rates in Q3 of the year, institutional capital re-entered the market, buoyed by long-term prospects of the Boston market compared to other regions. While overall volume remained dramatically below peak levels seen in 2021 and 2022, the multifamily market normalized as the year came to an end.

Transactions x Quarter



Pricing Power Prevails: Despite the challenges, pricing for executed transactions continued to increase on both a per-square-foot and per-unit basis, up **10.9%** and **9.1%** respectively. This trend, coupled with compressing cap rates in the face of rising interest rates, demonstrates a strong vote of confidence in the long-term prospects of the Boston multifamily market.

Fed Funds x 10 Year Treasury



Interest Rates and Inflation: The 10-year Treasury rate experienced a perplexing trajectory in 2024. Despite the Fed's rate cuts, it increased, signaling a potential "higher for longer" inflation scenario. This unexpected trend underscores the complexities of the current economic environment.

Office-to-Residential Conversions: Limited Impact: While widely discussed, office-to-residential conversion is not likely to play a key role in solving the city's housing shortage. High construction costs and limited pool of buildings that are conducive to a residential conversion has limited executive despite tax incentives. Eighteen months after the incentive program launch, the City of Boston received applications for only **690 rental units** including **139 affordable ones**.

Conclusion: The 2024 Boston multifamily market has demonstrated its resilience in the face of economic headwinds. Strong fundamentals, driven by limited supply and consistent demand, continue to attract investors. While challenges remain, the long-term outlook for the Boston market remains positive, positioning it as a stable and attractive investment destination.

Sources: CoStar, U.S. Census & Federal Reserve Bank of St. Louis

State of the Market

Source: CoStar

24
2024
Transactions

↓ 50%
Transaction Change
from 2021 Peak

\$359
Average
\$/SF
↑ 10.9%

5.36%
Average
Cap Rate

\$3.19
Rent/SF
↑ 3.9%

\$2,808,612,195
Total Transaction
Volume
↓ -1.2%

\$359,109
Average
\$/Unit
↓ 9.1%

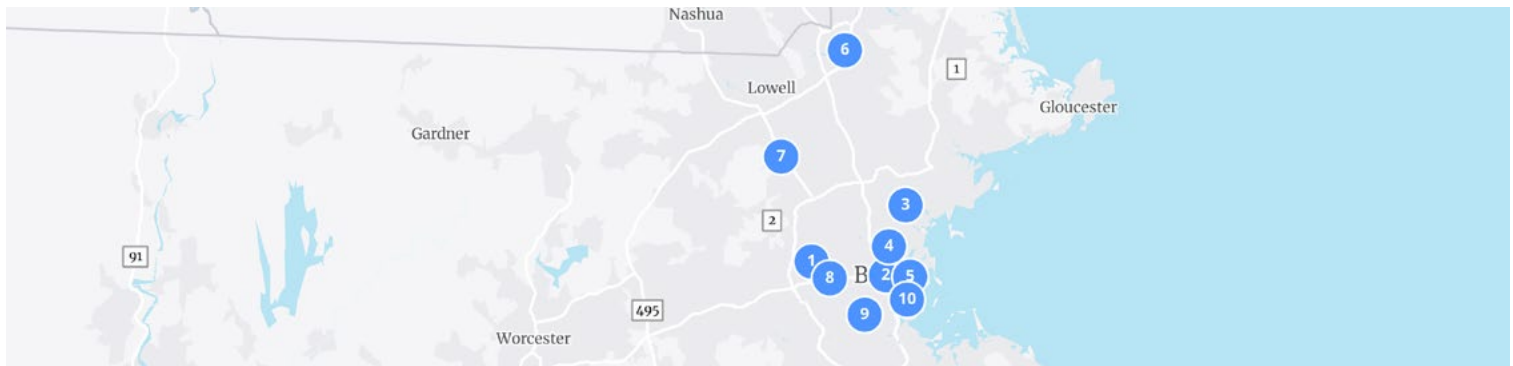
\$2,833
Market
Rent
↑ 3.7%

5.70%
Vacancy
↑ 3.3%

10 Largest Deals 2024 (as of 12/15/2024)

[Click here for additional transactions.](#)

| | Property Name | Property Address | Units | SF | \$/SF | \$/Unit | Sale Price | Close Date | Buyer | Seller |
|----|--------------------------------|-------------------------------|-------|---------|-------|-----------|---------------|------------|------------------------|----------------------------|
| 1 | ReNew Waltham | 20 Middlesex Cir Waltham, MA | 696 | 656,847 | \$336 | \$317,529 | \$221,000,000 | 09/12/24 | FPA Multifamily | Harbor Group International |
| 2 | LUKA on the Commons | 45 Stuart St Boston, MA | 398 | 384,000 | \$552 | \$532,663 | \$212,000,000 | 07/17/24 | Carmel Partners | AvalonBay |
| 3 | The Residences at Stevens Pond | 1 Founders Way Saugus, MA | 326 | 390,486 | \$399 | \$477,761 | \$155,750,000 | 10/30/24 | Waterton | JRK |
| 4 | The Batch Yard | 25 Charlton St Everett, MA | 328 | 279,203 | \$505 | \$430,183 | \$141,100,000 | 10/28/24 | LCOR | Post Road Residential |
| 5 | One Greenway | 99 Kneeland St Boston, MA | 217 | 181,442 | \$680 | \$568,777 | \$123,424,698 | 10/10/24 | AIR Communities | PGIM |
| 6 | Washington Mill 240 | 240-270 Canal St Lawrence, MA | 435 | 335,954 | \$362 | \$279,885 | \$121,750,000 | 10/17/24 | Osso Capital LLC | Berkeley Investments |
| 7 | 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 |
| 8 | Modera Newton | 2 Los Angeles St Newton, MA | 205 | 194,191 | \$587 | \$556,098 | \$114,000,000 | 11/08/24 | Mill Creek Residential | Criterion Development |
| 9 | Velo Forest Hills | 3686 Washington St Boston, MA | 250 | 235,000 | \$436 | \$410,000 | \$102,500,000 | 09/25/24 | Nuveen | Criterion Development |
| 10 | Flats on D | 407-415 D St Boston, MA | 197 | 196,110 | \$518 | \$515,228 | \$101,500,000 | 01/05/24 | Eaton Vance | Clarion Partners |



Colliers Featured Investment Transactions

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

In Contract

379 Somerville Avenue
Somerville | 11 Units

Sold

20 Charlesgate W
Fenway | Rooming House



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Top 10 News Stories That Shaped the Year

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1



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2



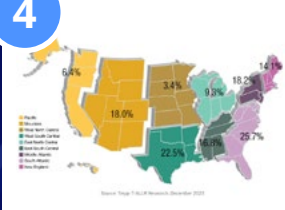
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“Champions do daily what everyone else does occasionally.”

- [Kenny Smith](#)

