

September 2023 | Market Update

Greater Boston

Multifamily | Commercial Real Estate



Atlantic Commercial
Real Estate, LLC

Overview | Multifamily Leasing

- Greater Boston compares favorably to many top multifamily markets and the U.S. overall with net absorption of around 6,200 units over the past year.
- Nonetheless, the pace of new supply has only slowed a bit and, therefore, vacancy in turn is rising. At 5.3%, vacancy is comfortably below the national average in Greater Boston, but is up almost 100 bps over the past year.
- Challenges are concentrated among properties in lease-up, although stabilized properties have been impacted as well. Stabilized vacancy is now 3.7%, up about 60 bps from the early 2022 trough.

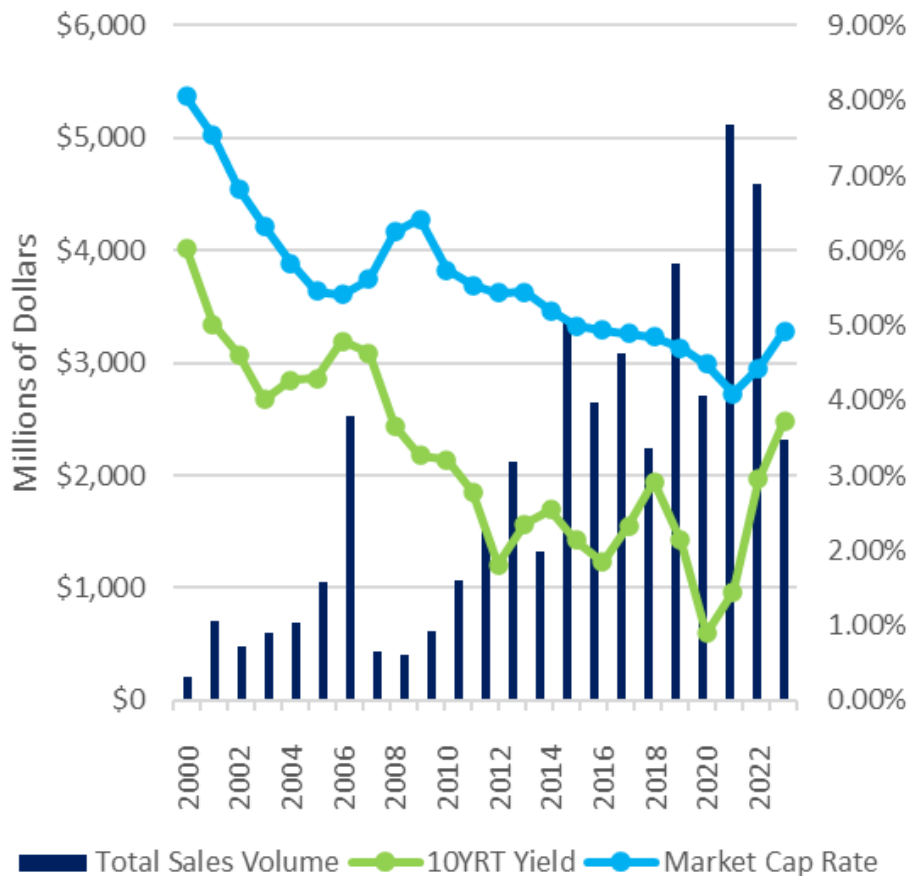
Important Figures:

Market Cap Rate	4.8%
Change from Last Quarter	+20 bps
Change from Last Year	+50 bps
Median Unit Sale Price YOY	\$242,213
Average Unit Sale Price YOY	\$378,105
Vacancy Rate	5.3%
Market Rent Unit/Mo.)	\$2,789
YOY Rent Growth	3.4%
YOY Net Absorption (Units)	6,173
YOY Delivery (Units)	8,387
Under Construction (Units)	13,927



Multifamily

Investment Sales Volume, Market Cap Rates & Ten Year Treasury Yields (Annual)



Overview | Multifamily Investment Sales

- While Boston's construction pipeline is gradually shrinking, it remains substantial, with 14,000 units under construction as of Q3 of 2023.
- With around 7,200 units expected to deliver in 2023, it is likely to be the fourth time in five years that supply will overtake units absorbed.
- As a result, a return to peak levels of sales activity is unlikely in the near-term, with interest rates expected to remain elevated, continued softening in market fundamentals, and the recent adoption of rent-control legislation by Boston's city council - all representing challenges for prospective investors.

Source: Atlantic Commercial Real Estate, LLC, Federal Reserve Bank of St. Louis & CoStar



Multifamily

Notable Sale Comparables:



39 Briarwood Lane | Marlborough

Property Type: Apartment (Portfolio Sale)
Property Size: 348 Units
Sold Price: \$252.2k/Door (August 2023)



45 Wheeler Circle | Stoughton

Property Type: Apartment (Portfolio Sale)
Property Size: 280 Units
Sold Price: \$273.1 k/Door (August 2023)



738 Plain Street | Marshfield

Property Type: Apartment (Portfolio Sale)
Property Size: 276 Units
Sold Price: \$269.4k/Door (August 2023)



Notable Sale Comparables:

158 Concord Road | Billerica

Property Type: Apartment (Portfolio Sale)
Property Size: 252 Units
Sold Price: \$271.2k/Door (August 2023)



141 Broadmeadow Street | Marlborough

Property Type: Apartment (Portfolio Sale)
Property Size: 264 Units
Sold Price: \$245.3k/Door (August 2023)





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