COMPREHENSIVE HOUSING MARKET ANALYSIS

Boston, Massachusetts

U.S. Department of Housing and Urban Development,
Office of Policy Development and Research

As of May 1, 2024

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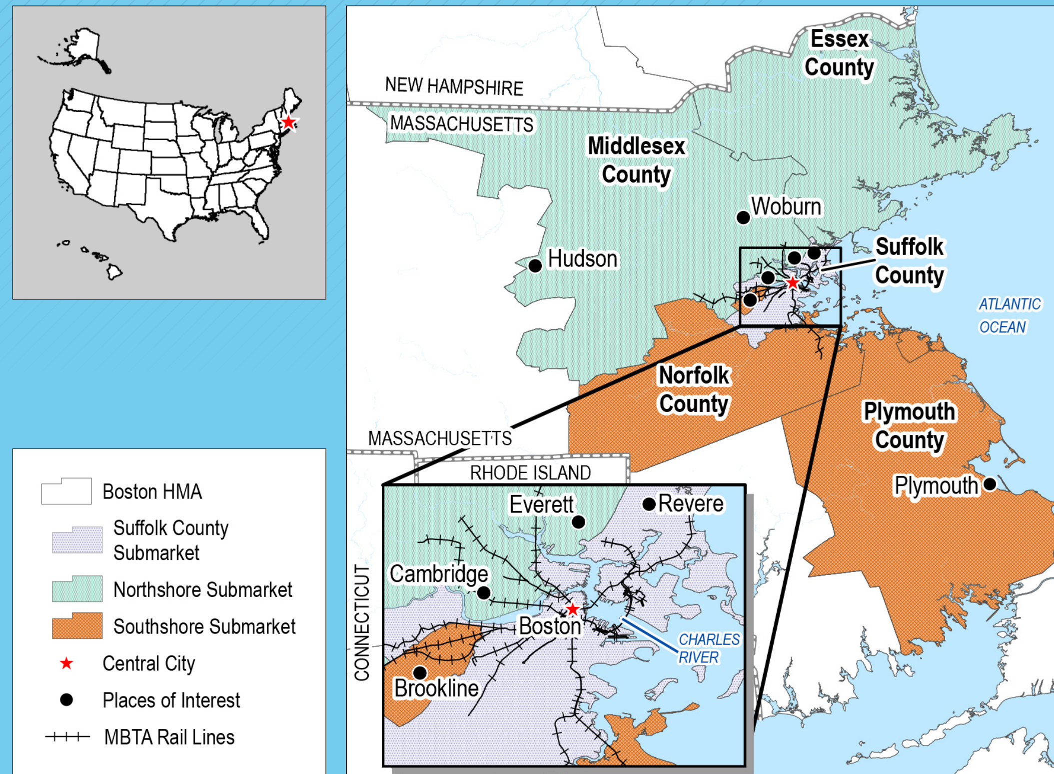
Executive Summary

Housing Market Area Description

The Boston Housing Market Area (HMA) is situated along the Atlantic Ocean and is bisected by the Charles River. For this analysis, the HMA is divided into three submarkets: the Suffolk County submarket is coterminous with Suffolk County and includes the city of Boston, the most populous city in the New England region; the North Shore submarket contains Essex and Middlesex Counties; and the South Shore submarket consists of Norfolk and Plymouth Counties. All data in this report relate to the HMA unless otherwise indicated. Please see Notes on Geography in the appendix.

The population of the HMA is estimated at 4.48 million.

This report uses the Boston-Cambridge-Nashua, MA-NH New England City and Town Area (NECTA) in the discussion of nonfarm payroll jobs.



Tools and Resources

Find interim updates for this metropolitan area, and select geographies nationally, at PD&R's Market-at-a-Glance tool.
Additional data for the HMA can be found in this report's supplemental tables.
For information on HUD-supported activity in this area, see the Community Assessment Reporting Tool.

Market Qualifiers

Economy

Weak but Improving: During the 12 months ending April 2024, the number of jobs in the NECTA was 0.6 percent below the prepandemic high during 2019.

Nonfarm payrolls in the NECTA rose 0.5 percent, or by 12,600 jobs, during the 12 months ending April 2024 compared with a 2.8-percent gain during the 12 months ending April 2023. One-half of the nonfarm payroll sectors added jobs during the recent 12 months. The largest and fastest gains were in the education and health services sector, which expanded by 16,200 jobs, or 2.7 percent. The unemployment rate in the Boston HMA was 3.1 percent during the 12 months ending April 2024, down from 3.3 percent a year ago. During the next 3 years, job growth in the NECTA is expected to average 0.7 percent annually, and jobs are expected to surpass the prepandemic high during the second year of the 3-year forecast period.

Sales Market

Tight but Easing: As of April 2024, a 1.5-month supply of homes was available for sale, up from a 1.1-month supply a year ago but down from 1.8 months in April 2020 (CoreLogic, Inc.).

The sales vacancy rate in the HMA is estimated at 0.8 percent as of May 1, 2024, unchanged from April 2020 but below the 1.4-percent rate in April 2010, when the sales market was recovering from the housing market downturn. Relatively high mortgage interest rates contributed to a significant decline in home sales during the past 24 months, and price growth slowed. During the 12 months ending April 2024, home sales totaled 37,450, down 20 percent from a year ago, and the average home sales price rose 4 percent to $828,100 following a 7-percent increase a year earlier (Zonda). During the forecast period, demand is estimated for 15,475 new homes in the HMA. The 1,570 homes under construction will satisfy some of that demand during the first year of the forecast period.

Rental Market

Slightly Soft: Vacancy rates increased during the past 2 years because of an increase in new apartment completions without a concurrent rise in absorption.

The overall rental vacancy rate in the HMA is estimated at 6.2 percent, up from 4.9 percent in April 2020 and 5.8 percent in April 2010. Apartment market conditions are slightly soft, with a vacancy rate of 5.6 percent as of the first quarter of 2024, up from 5.4 percent a year ago and 4.2 as of the first quarter of 2022 (CoStar Group). The average monthly rent increased at a slower rate during the past year as vacancy rates rose. Year over year, the average rent in the HMA rose 3 percent to $2,879 as of the first quarter of 2024, following a 5-percent increase a year ago. During the forecast period, demand is expected for 25,000 new rental units. The 16,325 rental units under construction and an additional 1,100 units in planning are expected to satisfy most of the rental demand during the forecast period.

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3-Year Housing Demand Forecast

	Sales Units				Rental Units			
	Boston HMA Total	Suffolk County Submarket	Northshore Submarket	Southshore Submarket	Boston HMA Total	Suffolk County Submarket	Northshore Submarket	Southshore Submarket
Total Demand	15,475	1,650	7,800	6,025	25,000	7,475	12,450	5,075
Under Construction	1,570	380	550	640	16,325	6,350	8,175	1,800

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of May 1, 2024. The forecast period is May 1, 2024, to May 1, 2027.
Source: Estimates by the analyst

Economic Conditions

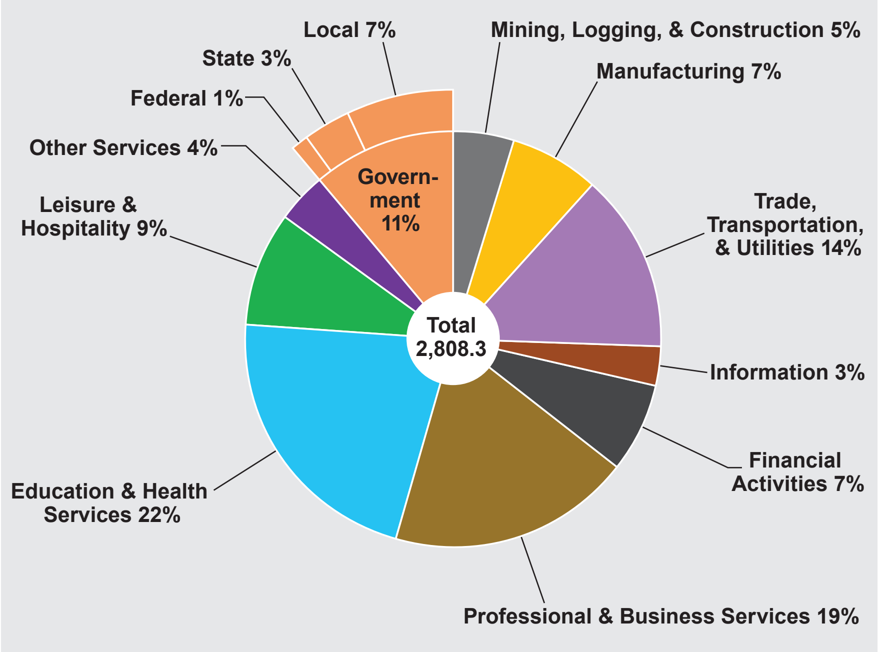
Largest Sector: Education and Health Services

Nine of the 10 largest employers in the Boston HMA are private education or healthcare providers.

Primary Local Economic Factors

The HMA is a center for higher education and healthcare and a popular location for corporate headquarters in the New England region. The education and health services sector, with 22 percent of total nonfarm payrolls, has the largest concentration of jobs in the NECTA (Figure 1).

Figure 1. Share of Nonfarm Payroll Jobs in the Boston NECTA, by Sector



Notes: Total nonfarm payroll is in thousands. Percentages may not add to 100 percent due to rounding. Based on 12-month averages through April 2024.
Source: U.S. Bureau of Labor Statistics

The sector has added jobs every year since 2011 except in 2020, when losses resulted from a halt in elective services at healthcare facilities and led to furloughs among providers and difficulty filling positions during the COVID-19 pandemic. Job growth resumed quickly, and payrolls in the sector returned to the 2019 level in 2023 and have since reached record highs. The HMA is home to 56 institutions of higher education that enroll approximately 386,400 students combined (American Community Survey [ACS] 1-year data, with estimates by the analyst), including Harvard University and the Massachusetts Institute of Technology (MIT), which *U.S. News & World Report* ranked as the top one and two universities in the world, respectively, during 2024. Both universities are in the city of Cambridge in Middlesex County. The HMA has a highly educated population, with approximately 53 percent of people aged 25 or older having at least a bachelor's degree compared with 36 percent for the nation (2023 ACS 1-year data). The HMA is also home to highly regarded hospitals such as the Brigham and Women's Hospital and Massachusetts General Hospital, two of the ten largest employers in the HMA (Table 1). The hospitals were among the best hospitals in the nation and received the top one and two most federal research grants in 2023 (*U.S. News & World Report*; National Institutes of Health).

Table 1. Major Employers in the Boston HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Brigham and Women's Hospital	Education & Health Services	10,000+
Dana-Farber Cancer Institute	Education & Health Services	10,000+
Harvard University	Education & Health Services	10,000+
Massachusetts General Hospital	Education & Health Services	10,000+
Massachusetts Institute of Technology	Education & Health Services	10,000+
Mass General Brigham Incorporated	Education & Health Services	10,000+
Raytheon/RTX Corporation	Manufacturing	10,000+
Beth Israel Deaconess Medical Center	Education & Health Services	5,000–9,999
Boston Children's Hospital	Education & Health Services	5,000–9,999
Boston University Chobanian & Avedisian School of Medicine	Education & Health Services	5,000–9,999

Note: Excludes local school districts.
Sources: Data Axle; Harvard University Office of Institutional Research and Analytics as of October 31, 2023; Massachusetts Institute of Technology Institutional Research Office of the Provost as of October 31, 2023

Partly because of its renowned research universities, highly educated workforce, and esteemed healthcare systems, companies have clustered in the HMA. Sixteen Fortune 500 companies are headquartered in the HMA, including Thermo Fisher Moderna, Boston Scientific Corporation, Biogen, and Vertex Pharmaceuticals Incorporated, all of which are biotechnology companies and ranked 97, 211, 323, 386, and 427, respectively, on the list in 2023. Overall, the HMA has become known as the biotech hub of the world because it is home to approximately 1,000 biotechnology companies and startups. The concentration of corporate headquarters and biotechnology companies has the greatest effect on payrolls in the professional and business services sector, which is the second largest payroll sector, accounting for 19 percent of all jobs in the NECTA.

Current Conditions—Nonfarm Payrolls

Following considerable job loss as a result of the COVID-19 pandemic, economic conditions in the NECTA have been weak and in recovery for the past 3 years, and job growth is slowing to a rate below the national rate of growth. During the 12 months ending April 2024, nonfarm payrolls rose by 12,600 jobs, or 0.5 percent (Table 2), compared with a gain of 75,500 jobs, or 2.8 percent, during the 12 months ending April 2023. The current rate of job growth is slower than the 2.0-percent rate nationally. The average of 2.81 million jobs in the NECTA during the past 12 months is 0.6 percent below the prepandemic high of 2.82 million jobs during 2019. By comparison, nonfarm payrolls nationally as of the 12 months ending April 2024 were 4.9 percent greater than the prepandemic high.

Table 2. 12-Month Average Nonfarm Payroll Jobs (1,000s) in the Boston NECTA, by Sector

	12 Months Ending April 2023	12 Months Ending April 2024	Absolute Change	Percentage Change
Total Nonfarm Payroll Jobs	**2,795.7**	**2,808.3**	**12.6**	**0.5**
Goods-Producing Sectors	313.2	312.7	-0.5	-0.2
Mining, Logging, & Construction	128.6	129.3	0.7	0.5
Manufacturing	184.6	183.4	-1.2	-0.7
Service-Providing Sectors	2,482.5	2,495.6	13.1	0.5
Trade, Transportation, & Utilities	407.6	404.8	-2.8	-0.7
Information	84.3	79.8	-4.5	-5.3
Financial Activities	185.8	184.5	-1.3	-0.7
Professional & Business Services	537.8	530.4	-7.4	-1.4
Education & Health Services	597.2	613.4	16.2	2.7
Leisure & Hospitality	258.4	264.2	5.8	2.2
Other Services	101.5	103.8	2.3	2.3
Government	309.9	314.8	4.9	1.6

Notes: Based on 12-month averages through April 2023 and April 2024. Numbers may not add to totals due to rounding. Data are in thousands.
Source: U.S. Bureau of Labor Statistics

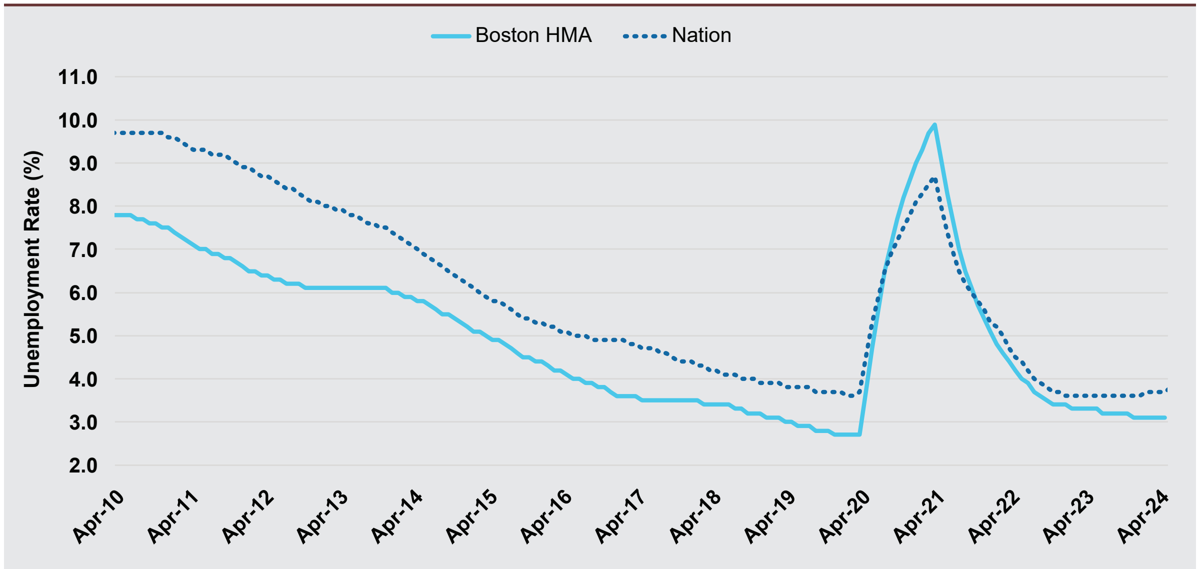
Five of the 10 nonfarm payroll sectors in the NECTA added jobs during the 12 months ending April 2024, with the largest and fastest gains in the education and health services sector. The number of jobs in the sector rose by 16,200, or 2.7 percent, during the past 12 months to 613,400, following a gain of 10,700 jobs, or 1.8 percent, during the 12 months ending April 2023. The second largest increase in nonfarm payrolls was in the leisure and hospitality sector, up by 5,800 jobs, or 2.2 percent, during the 12 months ending April 2024. Despite the growth, the leisure and hospitality sector is 6.2 percent below the prepandemic high at 264,200 jobs. The government sector grew by 4,900 jobs, or 1.6 percent, compared with a 1.9-percent gain the previous year. Within that sector, job gains in the state and local government subsectors accounted for 84 percent of the growth, and the federal government subsector accounted for the remainder. Overall, four sectors had more jobs than during the 2019 prepandemic high, including the education and health services, the government, the mining, logging, and construction, and the professional and business services sectors, despite a recent 7,400-job loss in the latter sector.

Rising office vacancies reflect the job losses in the professional and business services sector. As of the first quarter of 2024, the office space vacancy rate rose to 11.6 percent, up from 9.8 percent during the same quarter 1 year earlier (CoStar Group). In September 2023, One Congress, a 1 million-square-foot office tower in downtown Boston, opened fully leased. The property includes two of the largest office leases in the city of Boston within the past 20 years—State Street Corporation, a Fortune 500 financial firm that occupies 510,000 square feet, and InterSystems Corporation, a technology firm that occupies 420,000 square feet, both of which vacated other office buildings in the HMA when they moved to the new building.

Current Conditions—Unemployment

The labor market in the HMA is currently tight. During the 12 months ending April 2024, the unemployment rate averaged 3.1 percent, down from 3.3 percent during the previous 12 months (Figure 2). The decline in the unemployment rate during the past year is due to employment growth outpacing a rise in the labor force, albeit slightly. The unemployment rate in the HMA has been historically below the national average except during the period that included the start of the COVID-19 pandemic, when a large exodus from the HMA occurred. The unemployment rate has been low compared with the nation partly because highly skilled, high-paying industries, such as education and healthcare, employ highly skilled workers who graduate from top universities in the HMA.

Figure 2. 12-Month Average Unemployment Rate in the Boston HMA and the Nation



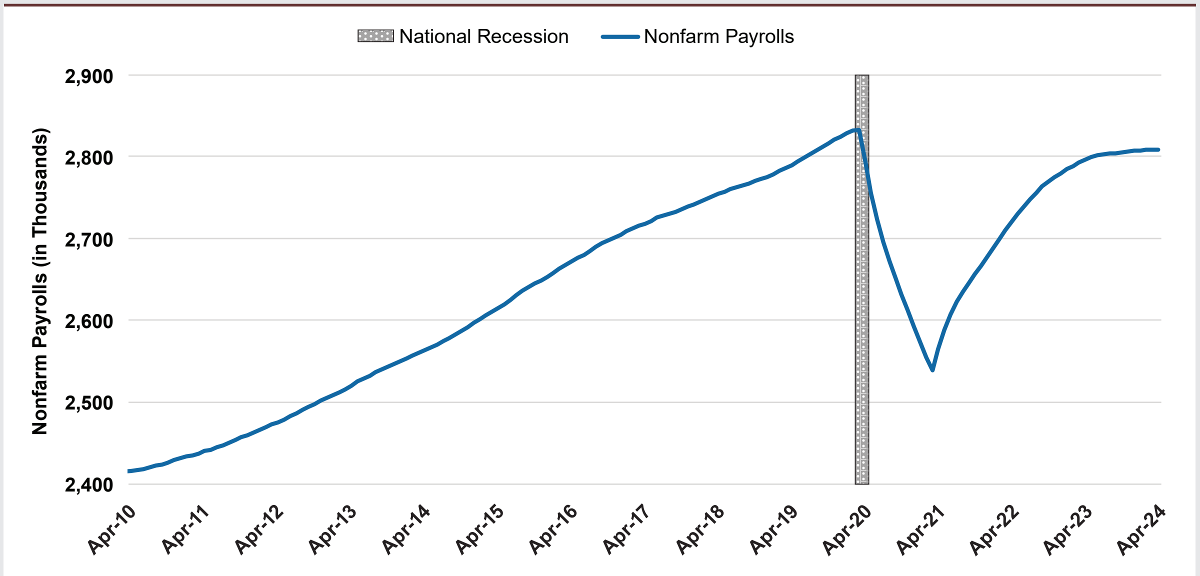
Note: Based on the 12-month moving average.
Source: U.S. Bureau of Labor Statistics

Economic Periods of Significance

2011 Through 2019: Economic Recovery and Expansion

From 2011 through 2019, the NECTA added jobs every year and, in 2013, recovered all jobs lost during the economic contraction caused by the Great Recession (Figure 3). From 2011 through 2019, the NECTA added an average of 43,600 jobs, or 1.7 percent, annually. The rate of job growth in the NECTA was slightly above the rate for the nation, which averaged 1.6 percent annually during the period. Nine of the 10 sectors in the NECTA added jobs during the period, led by the professional and business services sector, which has added more jobs than any other sector in the NECTA since 2011. The sector added an average of 12,900 jobs, or 2.9 percent, annually from 2011 through 2019. During the period, employers moved to the HMA to take advantage of the large pool of highly educated residents from the high concentration of local universities. Significant job growth also occurred in the education and health services sector. The sector expanded by an average of 11,400 jobs, or 2.1 percent, annually. The leisure and hospitality sector gained an average of 6,700 jobs, or 2.7 percent, annually. From 2011 through 2019, nearly 70 new hotels, with approximately 9,900 rooms, opened throughout the HMA, including the 671-room Encore Boston Harbor hotel resort and casino by Wynn Resorts Holdings, LLC, which opened in June 2019, adding 5,800 new jobs. The average annual rate of job growth of 5.2 percent, or 5,000 jobs, in the mining, logging, and construction sector from 2011 through 2019 was the fastest rate of any sector in the NECTA. The increase occurred partly because of increased commercial and residential construction in response to continued job growth and net in-migration. Partially offsetting the gains, jobs in the manufacturing sector were down an average of 0.2 percent, or 400 jobs, annually.

Figure 3. 12-Month Average Nonfarm Payrolls in the Boston NECTA



Note: 12-month moving average.
Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research

2020—Job Losses During the Onset of the COVID-19 Pandemic

Job losses in the NECTA during 2020 were more severe than in the nation. Nonfarm payrolls in the NECTA decreased by 231,800 jobs, or 8.2 percent, during 2020 compared with a 5.8-percent decline nationally. Measures implemented to limit the effects of the pandemic contributed to job losses in all nonfarm payroll sectors in the NECTA, with the largest and fastest decline in the leisure and hospitality sector, which fell by 89,600 jobs, or 31.8 percent. Job losses in the sector were largely due to significant limitations on travel and in-person contact during the year. During 2020, the average occupancy rate at hotels was 34.9, the lowest rate in more than 30 years (CoStar Group).

2021 Through 2023—Economic Recovery

The subsequent easing of restrictions to slow the spread of COVID-19 contributed to a shift from job loss to job recovery in the NECTA from 2021 through 2023. However, job growth lagged the nation. During the 3-year period, nonfarm payrolls in the NECTA increased by an average of 71,500 jobs, or 2.7 percent, annually compared with an average annual rise of 3.2 percent nationwide. Within the NECTA, gains were largest in the leisure and hospitality, the education and health services, and the professional and business services sectors, which increased annually by averages of 23,900, 14,600, and 10,700 jobs, or 11.1, 2.5, and 2.1 percent, respectively. Partly due to increased tourism to the HMA, the average occupancy rate at hotels rose to 72.2 percent during 2023, up from 51.2 percent in 2021 (CoStar Group). In addition, the period from 2021 to 2023 included the completion of 16 new hotels, with a combined 3,850 rooms. In the education and health services sector, job gains resulted from resumed elective healthcare services and in-person classes reopening at colleges and universities, which had moved to remote learning or closed during the 2020 spring and fall semesters. The resumption of in-person work and the expansion and opening of companies contributed to significant job gains in the professional and business services sector. During 2022, Paperless Parts, Inc., which develops software that helps manufacturers quickly generate quotes and cost estimates, moved its headquarters to downtown Boston from another neighborhood in the city, tripling the size of its previous office and increasing its workforce from 83 to 154 employees.

Forecast

Nonfarm payroll growth in the NECTA is expected to average 0.7 percent annually during the 3-year forecast period, and jobs are expected to surpass the prepandemic high during the second year. Notable growth in the education and health services sector is expected to continue during the forecast period because Massachusetts General Hospital broke ground on a multiphase building with two towers in the city of Boston that will be complete between 2027 and 2030. When complete, the property will include the Massachusetts General Hospital Cancer Center, the Corrigan Minehan Heart Center, and 482 single-bed inpatient rooms. In the professional and business services sector, job growth is expected to resume during the next 3 years, partly because several companies are opening new headquarters in the city of Boston, including the LEGO Group, a toy manufacturer. The new headquarters is expected to open by 2026. Leisure and hospitality sector jobs also are expected to increase, and a full job recovery in the sector is imminent by the end of the forecast period. Meet Boston, the city's visitor bureau, expects nearly 2.62 million international visitors in 2024, slightly fewer than the 2.67 million people that visited in 2019, but that figure is expected to increase to more than 3.12 million by the end of 2026.

Population and Households

Current Population: 4.48 Million

> Population growth in the Boston HMA has resumed since 2022, following population loss from 2019 to 2022, but the rate of growth is at a relatively low level compared with 2010 to 2019.

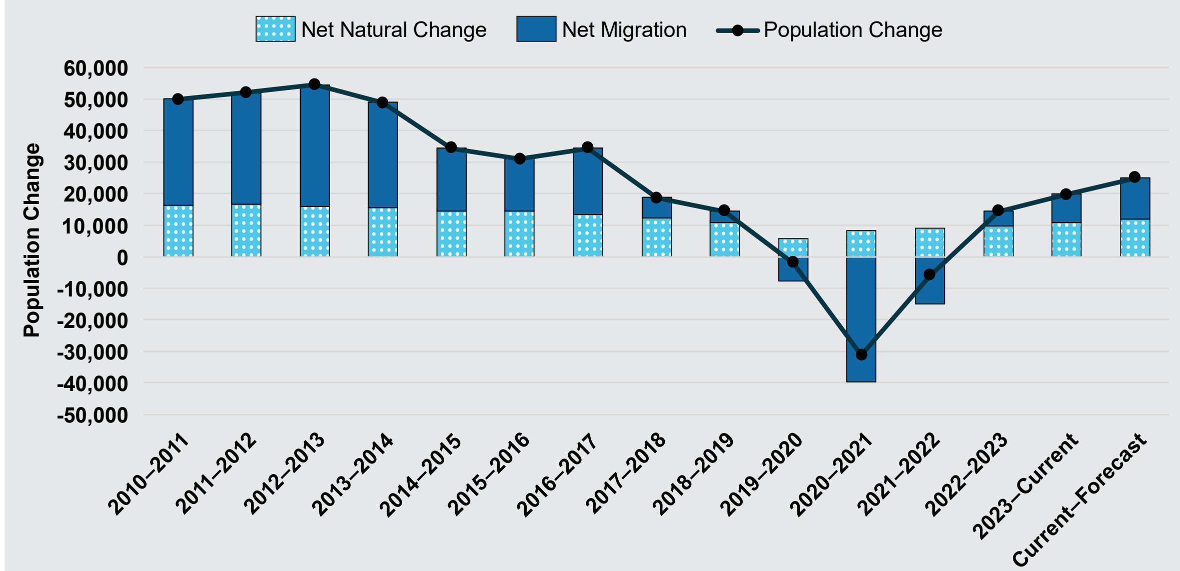
Population Trends in the HMA and Submarkets

2010 to 2019

Population growth in the HMA from 2010 to 2019 was generally strong, when the rate of local job growth outpaced the rate of growth nationally. From 2010 to 2014, the population in the HMA rose an average of 52,350, or 1.2 percent, annually (U.S. Census Bureau decennial census count and population estimates as of July 1). During the period, net in-migration averaged 35,850 people a year, and net natural increase averaged 16,500 people annually (Figure 4). Population growth slowed to an average of 26,650 people, or 0.6 percent, annually from 2014 to 2019 because net in-migration and net natural increase slowed to averages of 13,550 and 13,100 people annually, respectively.

From 2010 to 2019, population trends in the submarkets followed HMA-wide trends, exhibiting faster growth rates during the first 4 years of

Figure 4. Components of Population Change in the Boston HMA, 2010 Through the Forecast Period



Notes: Data displayed are average annual totals. The forecast period is from the current date (May 1, 2024) to May 1, 2027.
Sources: U.S. Census Bureau; current to forecast—estimates by the analyst

the period because of higher levels of net in-migration and net natural increase. From 2010 to 2014, the Suffolk County, Northshore, and Southshore submarket populations grew respective averages of 1.6, 1.3, and 0.9 percent annually and slowed to averages of 0.7, 0.5, and 0.6 percent annually from 2014 to 2019.

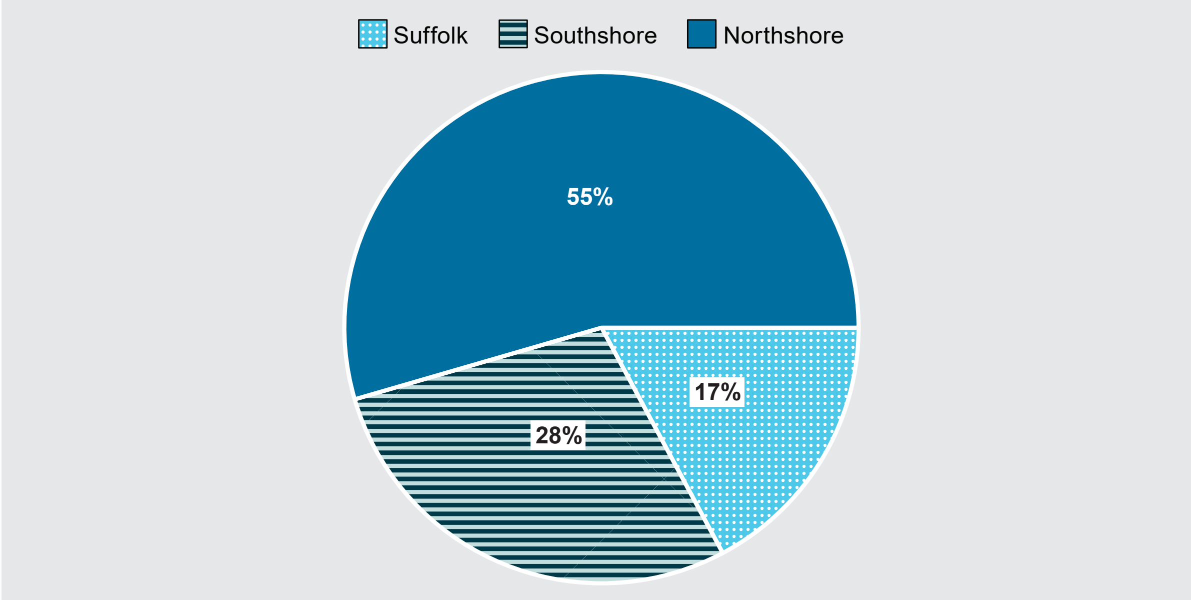
2019 to Current

When economic conditions deteriorated nationwide because of the COVID-19 pandemic, the population trend shifted to net out-migration from the HMA, which averaged 20,700 people a year from 2019 to 2022. During the period, an increased number of employers allowed full-time telework, resulting in workers moving away from the more densely populated and more expensive HMA to less populated and more affordable areas. At the same time, net natural increase slowed to an average of 7,700 people a year, partly related to an increase in deaths and a continued decline in births exacerbated by COVID-19, resulting in an average population loss of 0.3 percent, or 13,000 people, annually. Since 2022, net in-migration to the HMA has resumed, averaging 6,550 people annually, and net natural increase averaged 10,350 people a year, which resulted in a 0.4-percent average annual population growth rate, or 16,900 people per year, to reach an estimated 4.48 million as of May 1, 2024. The return of net in-migration is due to job growth and partly because of return-to-office policies by many of the largest employers in the HMA.

Since 2019, population growth trends have varied by submarket. From 2019 to 2023, the population in the Suffolk County submarket declined an average of 1.0 percent a year because of a shift to net out-migration and significantly lower net natural increase, respectively averaging 11,200 and 3,125 people annually. Since 2023, population growth has resumed, averaging 0.3 percent because net out-migration slowed to 1,550 people, and net natural increase rose to 3,600 people. With an estimated population of 770,100 as of May 1, 2024, the submarket is the most urbanized in the HMA, accounting for 17 percent of the population (Figure 5) and only 3 percent of the land area.

The Northshore submarket is more suburban but provides convenient access to universities and jobs in the city of Boston. The submarket is the most populous and the largest in terms of land area, accounting for 55 percent of the population of the HMA and 63 percent of the land. As of May 1, 2024, the population is estimated at 2.44 million, reflecting an average gain of 0.5 percent annually since 2022. A rise in net natural increase and the resumption of net in-migration, to averages of 5,550 people annually each, contributed to population growth. From 2019 to 2022, the population declined an average of 0.2 percent annually because net out-migration averaged 9,625 people a year, and net natural increase averaged 4,175 people annually.

Figure 5. Current Population in the Boston HMA, by Submarket



Source: Estimates by the analyst

The Southshore submarket population is estimated at 1.27 million, up an average of 0.3 percent annually since 2019 because annual net in-migration and net natural increase averaged 3,000 and 820 people, respectively. Greater availability of remote work and a desire to live in more affordable, less urbanized areas with more space for social distancing during the onset of the pandemic resulted in continued net in-migration to the submarket but at a reduced rate compared with prepandemic trends.

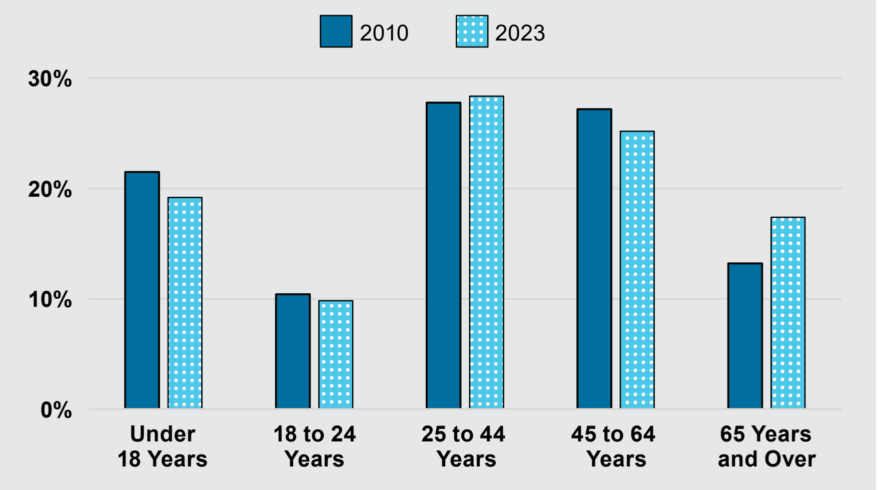
Additional Migration Trends

Domestic net out-migration and international net in-migration marked periods of net migration in the HMA from 2010 to 2022. The Northshore submarket had the largest share of international migrants, accounting for 40 percent. The submarket is home to Harvard University and MIT, which attract international students who may choose to stay and work after graduation. The Suffolk County and Southshore submarkets had equal shares of international migrants at 30 percent. The most common countries of origin are China (including Hong Kong and Taiwan), the Dominican Republic, and India, accounting for 11, 9, and 7 percent, respectively (2018–2022 ACS 5-year data).

Age Cohorts

Most residents in the HMA are ages 25 to 44 and 45 to 64 years old, accounting for 28 and 25 percent, respectively, of the population as of 2023—proportions that shifted in opposite directions since 2010 (Figure 6; ACS 1-year data). Those age cohorts include residents seeking graduate or professional degrees and those in early- to late-career stages. By comparison, the number of residents in the cohort aged 18 to 24, including university students, and the number of people at or older than retirement age—generally defined as residents aged 65 and older—increased from 2010 to 2023, up annual averages of 0.1 and 2.7 percent, respectively. Those cohorts accounted for 10 and 17 percent of the population in 2023, the former down slightly as the cohort growth rate lagged overall population growth and the latter up from 13 percent in 2010. During 2023, the proportion of residents aged 17 and younger was 19 percent, down from 22 percent in 2010, partly because of declining births.

Figure 6. Population by Age Range in the Boston HMA



Source: 2010 and 2023 American Community Survey 1-year data

Student Populations

Student enrollment in the HMA declined an average of 0.6 percent a year from 2011 to 2024 (2011 ACS 1-year data and estimates by the analyst). Of the combined 386,400 students enrolled in higher education institutions in the HMA in 2024, approximately 91,200 were housed in college or university dormitories (Census Bureau, with estimates by the analyst). Of the remaining 295,200 students living off campus, one-half reside in the Northshore submarket, 28 percent reside in the Suffolk County submarket, and 22 percent reside in the Southshore submarket.

Household Trends

Because of population loss, the rate of household growth in the HMA since 2020 has decelerated to an average of 0.7 percent annually compared with the average annual rate of 0.8 percent from 2010 to 2020 (Table 3). The number of households in the HMA is estimated at 1.78 million. Household growth in the Suffolk County submarket has been faster than in the other submarkets since 2010 and has accelerated since 2020 because it is estimated that household sizes have declined since 2020.

Table 3. Boston HMA Population and Household Quick Facts

		2020	Current	Forecast
Population Quick Facts	**Population**	4,496,567	4,482,100	4,557,200
	Average Annual Change	36,250	-3,585	25,000
	Percentage Change	0.8	-0.1	0.6
		2020	**Current**	**Forecast**
Household Quick Facts	**Households**	1,735,215	1,782,200	1,819,000
	Average Annual Change	13,675	11,525	12,425
	Percentage Change	0.8	0.7	0.7

Notes: Average annual changes and percentage changes are based on averages from 2010 to 2020, 2020 to current, and current to forecast. The forecast period is from the current date (May 1, 2024) to May 1, 2027.
Sources: 2010 and 2020—2010 Census and 2020 Census; current and forecast—estimates by the analyst

Households by Tenure

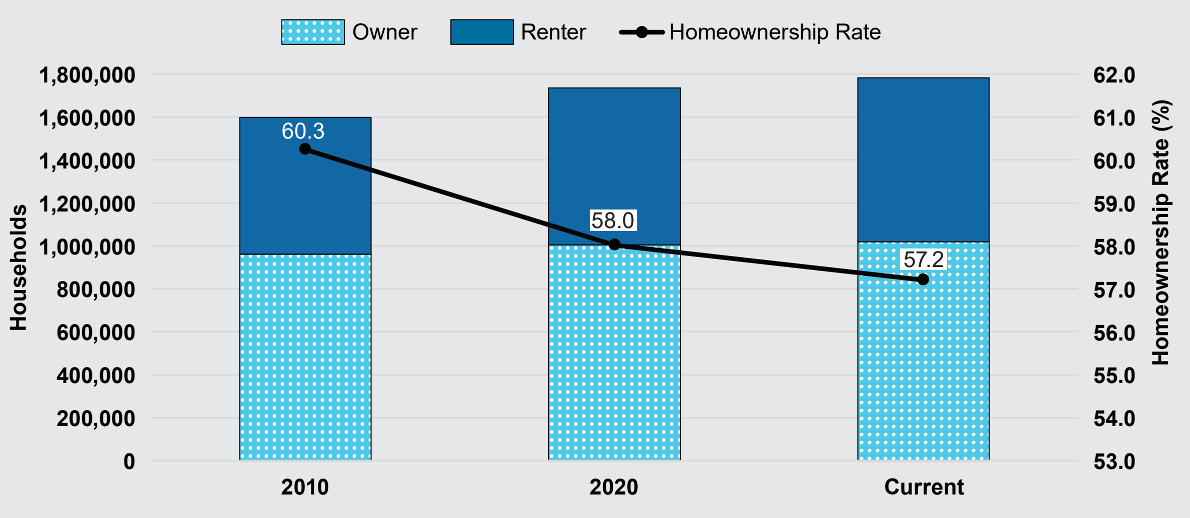
Among the households in the HMA, homeownership has decreased since 2020 (Figure 7), and homeownership rates vary by submarket. Like most core urban areas, the Suffolk County submarket has a lower estimated homeownership rate at 32.7 percent compared with the Northshore and Southshore submarkets at 59.7 and 69.3 percent, respectively. Those rates are down from 33.2, 60.5, and 70.1 percent, respectively, in 2020, partly because low housing affordability has made entering homeownership difficult for first-time homebuyers.

Forecast

During the 3-year forecast period, the population of the HMA is expected to increase an average of 0.6 percent annually and reach 4.56 million by May 1, 2027. Both net in-migration and net natural increase are expected to rise. Job growth and the presence of higher education institutions are expected to continue attracting new residents, particularly from outside the country. Population growth is expected to average 0.5 percent annually in the Suffolk County submarket and 0.6 percent a year in the Northshore and Southshore submarkets. The Northshore submarket is expected to make up the largest share of population growth (Figure 8).

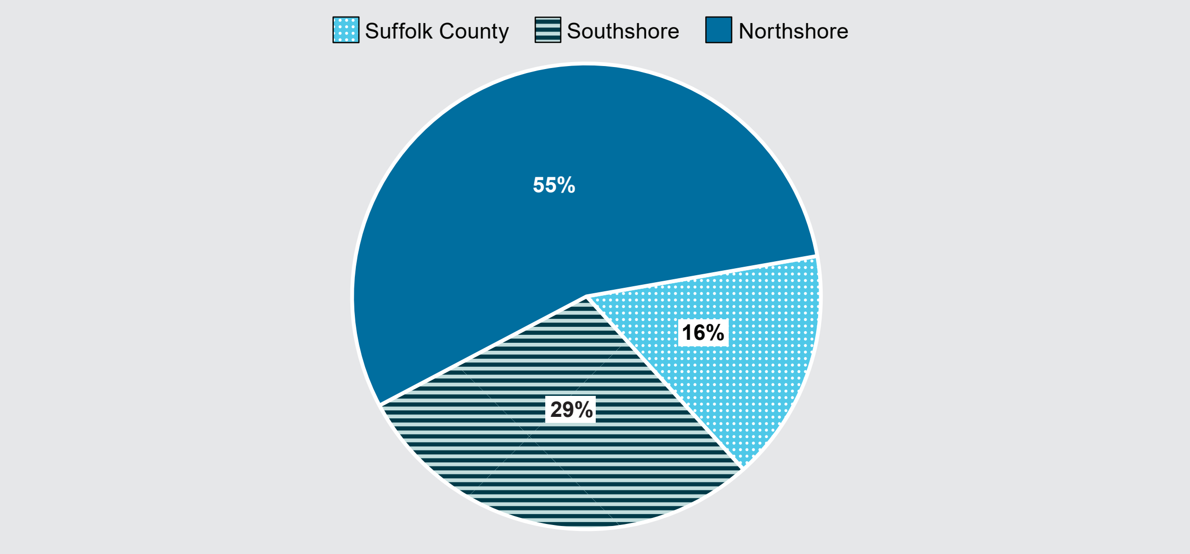
During the next 3 years, household growth in the HMA is expected to average 0.7 percent annually, unchanged from the 2020-to-current average rate. Household growth is expected to average 0.9 percent annually in the Suffolk County submarket and 0.6 and 0.7 percent, respectively, in the Northshore and Southshore submarkets. The homeownership rate is expected to continue declining in all three submarkets, partly because of high housing costs.

Figure 7. Households by Tenure and Homeownership Rate in the Boston HMA



Note: The current date is May 1, 2024.
Sources: 2010 and 2020—2010 Census and 2020 Census; current—estimates by the analyst

Figure 8. Share of Forecast Population Growth in the Boston HMA by Submarket



Source: Estimates by the analyst

Home Sales Market

Sales Market—Boston HMA

Market Conditions: Tight but Easing

Record-high home sales prices and elevated mortgage interest rates contributed to declining home sales during the past 2 years, a trend exacerbated by continued low levels of available inventory.

Current Conditions

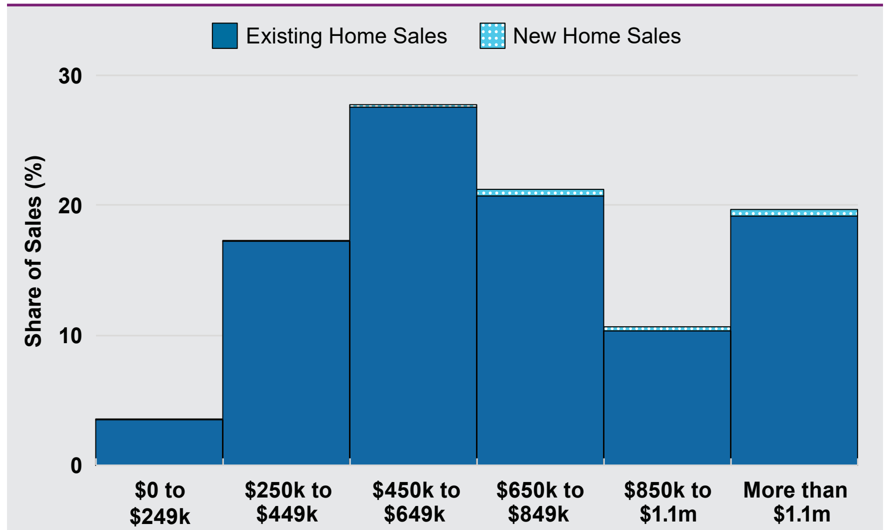
The home sales market in the Boston HMA is currently tight, with an estimated vacancy rate of 0.8 percent (Table 4), unchanged from 2020 but easing from very tight conditions in 2021 and 2022. Despite population and job losses at the onset of the pandemic in 2020, the home sales market was tight because relatively low levels of homebuilding activity that restricted the supply accompanied the low mortgage interest rates that encouraged homebuying. Conditions tightened further in 2021, when mortgage interest rates reached their lowest levels in more than 50 years, and in 2022, when net in-migration resumed and led to strong increases in demand despite interest rate increases. In April 2020 and 2021, the average interest rates for a 30-year fixed-rate mortgage were 3.2 and 3.0 percent, respectively, and rose to 5.1 percent in April 2022 (Freddie Mac). Following 2022, conditions eased, largely in response to further interest rate increases, which averaged 7.2 percent in April 2024, up from 6.4 percent a year earlier. Rising mortgage interest rates contributed to a limited number of homes being listed for sale because homeowners with low-interest mortgages are reluctant to sell and buy another home at a higher interest rate. Although the supply of for-sale inventory in the HMA increased to 1.5 months in April 2024 from 1.1 months during the three previous Aprils, the supply of homes for sale is low compared with 1.8 months as of April 2020 and 3.0 months nationwide (CoreLogic, Inc.). Home sales in the HMA declined 20 percent to 37,450 homes during the 12 months ending April 2024—the same rate of decline 1 year earlier (Zonda). During the 12 months ending April 2024, the average home price rose 4 percent to $828,100, slowing from the 7-percent increase during the same period 1 year earlier. Nationally, home sales declined 15 percent, and home prices rose 5 percent to $464,700. During the most recent 12 months, 30 percent of the homes sold in the HMA were priced at $850,000 or more (Figure 9).

Table 4. Home Sales Quick Facts in the Boston HMA

		Boston HMA	Nation
Home Sales Quick Facts	**Vacancy Rate**	0.8%	NA
	Months of Inventory	1.5	3.0
	Total Home Sales	37,450	4,600,000
	1-Year Change	-20%	-15%
	New Home Sales Price	$1,046,000	$507,800
	1-Year Change	14%	-1%
	Existing Home Sales Price	$824,600	$458,200
	1-Year Change	4%	6%
	Mortgage Delinquency Rate	0.7%	0.9%

NA = data not available.
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending April 2024; and months of inventory and mortgage delinquency data are as of April 2024. The current date is May 1, 2024.
Sources: Vacancy rate—estimates by the analyst; months of inventory and mortgage delinquency rate—CoreLogic, Inc.; home sales and prices—Zonda

Figure 9. Share of Overall Sales by Price Range During the 12 Months Ending April 2024 in the Boston HMA



Note: New and existing sales include single-family homes, townhomes, and condominiums.
Source: Zonda

Delinquent Mortgages and Real Estate Owned Properties

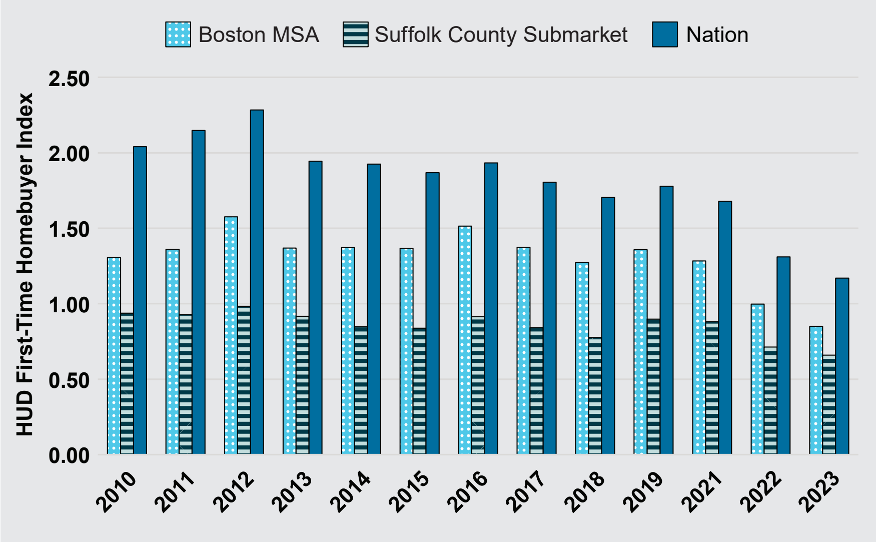
The rates of seriously delinquent mortgages and real estate owned (REO) properties in the HMA have declined since 2021 after temporarily rising in 2020 because of weak economic conditions related to the pandemic. As of March 2024, 0.7 percent of home loans in the HMA were seriously delinquent or in REO status, down from 0.8 percent in March 2023 and the 1.0-percent rate in April 2020 (CoreLogic, Inc.). The recent peak is lower than the previous peak of 6.2 percent in March 2010, following the Great Recession and the accompanying housing crisis. REO sales were a more significant factor in the HMA from the early to mid-2010s but have been minimal since 2017. As a share of all existing home sales, REO sales averaged 6 percent from 2010 through 2016 before declining to an average of 3 percent from 2017 through 2020 and have been averaging 1 percent since 2021 (Zonda).

Housing Affordability—Sales

The following paragraph refers to data in the Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area (MSA), a geography slightly larger than the HMA.

Relatively low housing affordability makes it particularly difficult for households in the cohort aged 25 to 44, a prime group of first-time homebuyers, to enter homeownership in the MSA—particularly in the Suffolk County submarket—compared with the nation. The HUD First-Time Homebuyer Affordability Index is a measure of the median income for householders aged 25 to 44 relative to the income needed to purchase homes priced in the 25th percentile. The index was 1.31 in 2010 in the MSA and rose to a peak of 1.58 in 2012 before declining to a low of 0.85 in 2023 (Figure 10). In the Suffolk County submarket, the index also peaked in 2012 but at a substantially lower level at 0.98 before declining to the lowest level of 0.66 in 2023. By comparison, nationally, the index increased from 2.04 in 2010 to a peak of 2.28 in 2012 and declined to a low of 1.17 in 2023. Although easing sales demand contributed to slower home price growth in the HMA during the past 12 months, affordability has not increased substantively since 2023 because of rising interest rates, which add considerable costs to financing the purchase of a home.

Figure 10. Boston MSA HUD First-Time Homebuyer Index



MSA = metropolitan statistical area.
Note: Data for 2020 are not available.
Sources: American Community Survey 1-year data; Freddie Mac; Zonda

Several state and local programs, including the ONE Mortgage Program, promote homeownership. The program provides down payment assistance to qualifying households throughout Massachusetts, typically first-time homebuyers or low-income households earning at or less than 100 percent of the Area Median Income (AMI). The program includes a 30-year fixed- and low-interest-rate loan with a 3-percent down payment to buy a condominium, single-family home, or duplex and 5 percent for a triplex and no private mortgage insurance. Borrowers with incomes less than 80 percent of the AMI may qualify for a Massachusetts Housing Partnership subsidy to lower monthly payments. ONE Mortgage also helps housing choice voucher holders become homeowners through the Section 8 Homeownership Program.

Forecast

During the next 3 years, demand is expected for 15,475 new homes in the HMA (Table 5). Given the current economic and demographic forecast, demand is expected to increase each year of the 3-year forecast period. One-half of the demand is estimated to be in the Northshore submarket. The 1,570 sales units under construction in the HMA are expected to satisfy a portion of the demand during the forecast period. However, the home sales market is highly sensitive to changes in mortgage interest rates, and further increases would lessen the demand for sales housing, whereas a decline would increase the demand for sales housing.

Table 5. Demand for New Sales Units in the Boston HMA During the Forecast Period

	Sales Units
Demand	15,475 Units
Under Construction	1,570 Units

Note: The forecast period is from May 1, 2024, to May 1, 2027.
Source: Estimates by the analyst

Sales Market—Suffolk County Submarket

Market Conditions: Tight but Easing

During April 2024, the Suffolk County submarket had 2.7 months of available for-sale inventory, up from 2.3 months a year earlier (CoreLogic, Inc.).

Current Conditions

The sales market in the submarket is tight but easing. The estimated sales vacancy rate as of May 1, 2024, is 1.3 percent (Table 6), up from 1.0 percent in April 2020 but down from 2.2 percent in April 2010. The rise in the vacancy rate since 2020 is attributed to an increase in the supply of homes for sale, but the supply remains relatively low compared with the 6.3-month supply in April 2010, when the submarket had an inventory of approximately 3,050 homes for sale (CoreLogic, Inc.). For context, the supply rose to 2.7 months in April 2024 from 2.3 months a year ago and from 2.1 and 1.9 months in April 2021 and April 2022, respectively, when mortgage interest rates and homebuilding activity were relatively low. From April 2021 to April 2024, an average of approximately 1,125 homes were listed for sale monthly in the submarket.

Table 6. Home Sales Quick Facts in the Suffolk County Submarket

Home Sales Quick Facts		Suffolk County Submarket	Boston HMA
	Vacancy Rate	1.3%	0.8%
	Months of Inventory	2.7	1.5
	Total Home Sales	4,575	37,450
	1-Year Change	-19%	-20%
	New Home Sales Price	$1,276,000	$1,046,000
	1-Year Change	-22%	14%
	Existing Home Sales Price	$963,100	$824,600
	1-Year Change	1%	4%
	Mortgage Delinquency Rate	0.7%	0.7%

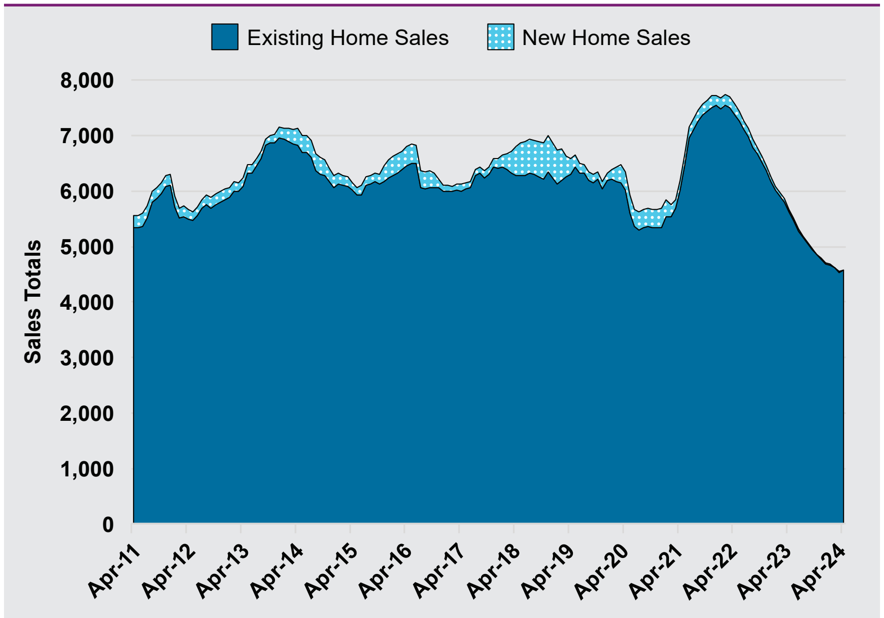
Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending April 2024; and months of inventory and mortgage delinquency data are as of April 2024. The current date is May 1, 2024.
Sources: Vacancy rate—estimates by the analyst; months of inventory and mortgage delinquency rate—CoreLogic, Inc.; home sales and prices—Zonda

Market conditions in the submarket have generally been tight, and home prices are nearly 25 percent higher than those in the Northshore and Southshore submarkets, partly because a lack of available land for development restricts the supply of new housing units and a highly educated workforce, with generally high wages, can afford higher priced homes, putting upward pressure on prices. With limited land available for new, large-scale, single-family residential developments near job centers, high development costs, and demand for both affordable and luxury sales housing, a large share of condominium sales occurs in the submarket. Since 2010, condominiums have accounted for three-fourths of total home sales in the submarket.

Home Sales Trends

After reaching a high in 2021, home sales have decreased and are at the lowest level since 2010, largely because of rising mortgage interest rates, which add considerable costs to financing the purchase of a home. In 2010, 5,025 homes were sold, and that number rose an average of 4 percent a year to 6,875 in 2018 (Zonda). This period was marked by economic recovery and expansion and population growth, which contributed to home sales. Home sales declined an average of 9 percent a year during 2019 and 2020 before rising 36 percent to 7,725 home sales in 2021, when mortgage interest rates reached their lowest levels. Subsequently, rising interest rates, a very low supply of homes, and net out-migration reduced home sales an average of 22 percent a year in 2022 and 2023. Due to a continued low supply of for-sale inventory and relatively high mortgage interest rates, home sales in the submarket declined 19 percent during the 12 months ending April 2024 to 4,575 homes compared with a 25-percent decrease 1 year earlier (Figure 11). During the recent 12 months, new homes accounted for less than 1 percent of total home sales, the lowest proportion recorded since 2010. For context, the proportion averaged 4 percent from 2010 through 2019, 6 percent during 2020, and 2 percent from 2021 through 2023.

Figure 11. 12-Month Sales Totals by Type in the Suffolk County Submarket

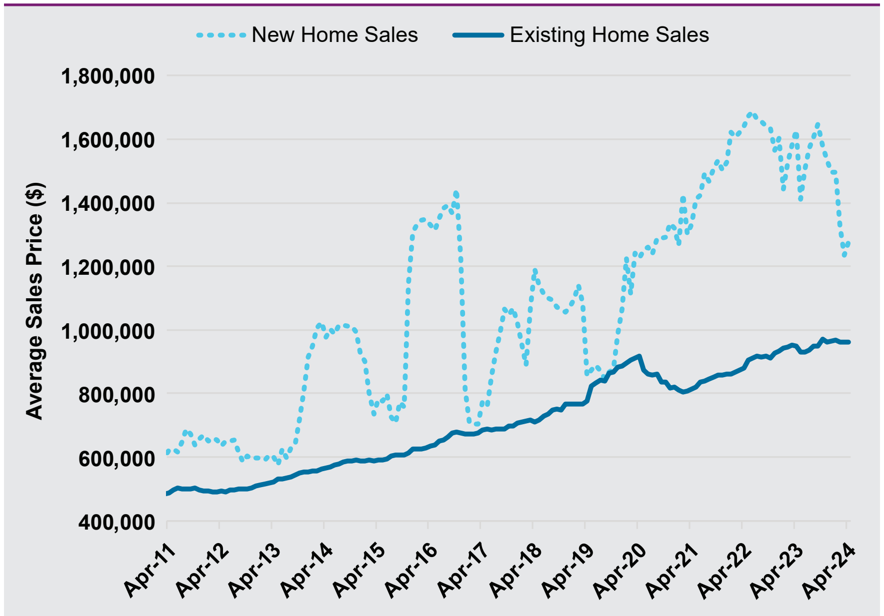


Source: Zonda

Home Sales Price Trends

The average home price has increased every year since 2011 except in 2020, when construction activity was relatively low, and many households were reluctant to purchase homes in heavily urbanized areas because of the onset of COVID-19. In 2010, the average home price was $486,500 and rose an average of 6 percent annually from 2011 through 2017 (Figure 12). Home prices continued increasing during 2018 and 2019, up an average of 11 percent a year, before declining 4 percent in 2020. Although price growth resumed from 2021 through 2023, growth was relatively slow, averaging 4 percent a year. During the 12 months ending April 2024, the average home sales price increased 1 percent to $963,800. Despite the slowdown,

Figure 12. 12-Month Average Home Sales Price by Type of Sale in the Suffolk County Submarket



Source: Zonda

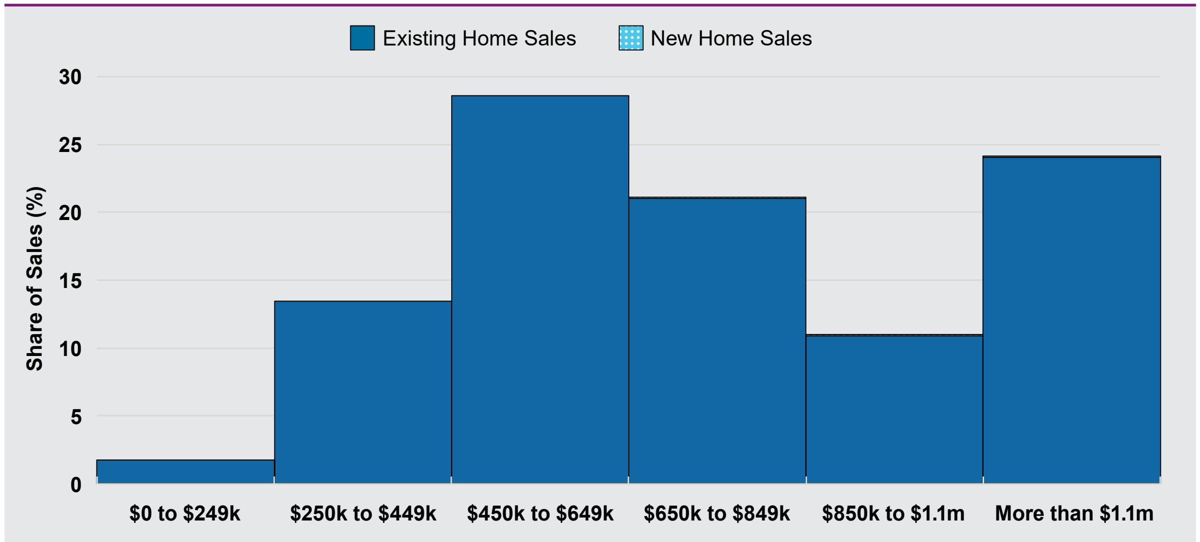
35 percent of the homes sold during the 12 months ending April 2024 were priced at $850,000 or more (Figure 13).

Sales Construction Activity

Sales construction activity, as measured by building permits issued, was relatively high from 2013 through 2019 and has since slowed (Figure 14). After an average of 220 sales units were permitted annually from 2010 through 2012, a period that included economic recovery from the Great Recession, construction activity rose to an average of 840 sales units a year from 2013 through 2019 and declined to 580 sales units in 2020. Permitting slowed further to 140 sales units in 2021 before rising to an average of 290 sales units a year during 2022 and 2023. During the 12 months ending April 2024, approximately 260 sales units were permitted, down 13 percent from the same period a year earlier (preliminary data, with estimates by the analyst).

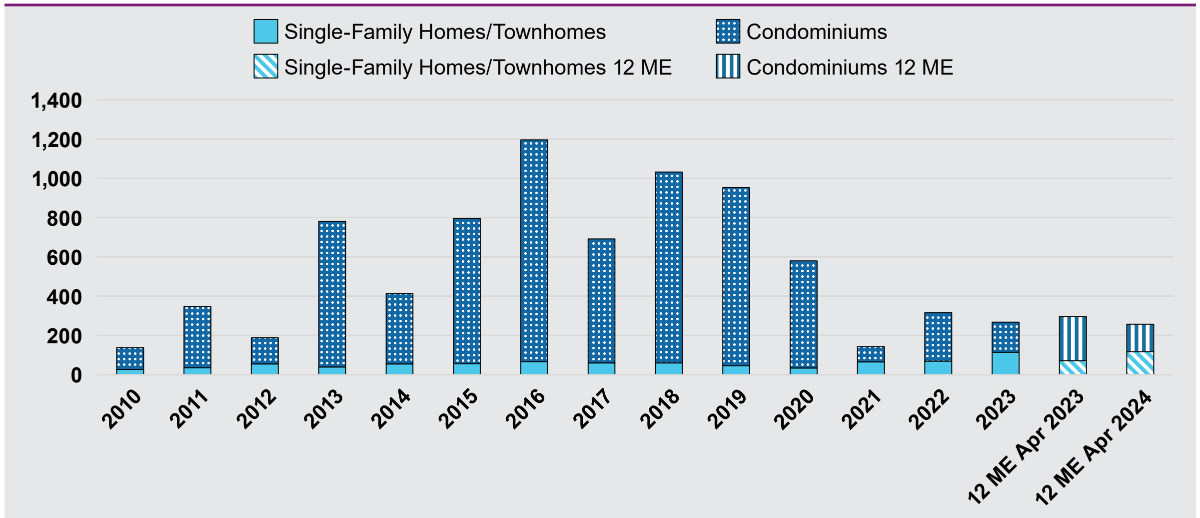
From 2010 to 2020, approximately 90 percent of all sales units permitted were condominiums, a proportion that has declined to an average of 64 percent since 2021. The slowdown is partly the result of increased construction costs since 2021 due to factors such as inflation, higher interest rates, and supply chain issues, making condominium properties less profitable for builders. Many new condominiums in the submarket are created via adaptive reuse of existing nonresidential structures or conversion from apartments.

Figure 13. Share of Overall Sales by Price Range During the 12 Months Ending April 2024 in the Suffolk County Submarket



Note: New and existing sales include single-family homes, townhomes, and condominiums.
Source: Zonda

Figure 14. Annual Sales Permitting Activity in the Suffolk County Submarket



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Sales Construction Trends by Geography

Since 2010, approximately 85 percent of all sales unit construction in the submarket has occurred in the city of Boston except during 2020, when the proportion declined to 73 percent. The 861,000-square-foot mixed-use South Station Tower is currently under construction. When complete in early 2025, the property will include office, dining, and shopping space, along with 166 Ritz Carlton-branded luxury condominiums on the 36th to 51st upper floors. The condominiums will range from $1.3 to $14.0 million for one-bedroom units to penthouse duplexes. South Station Tower rises over South Station, a Massachusetts Bay Transportation Authority (MBTA) station that provides subway, bus, and commuter rail service. As part of the project, rail terminals will be improved, bus terminal capacity will increase 50 percent, and the outdoor commuter rail concourse area will expand 67 percent.

Forecast

During the next 3 years, demand is estimated for 1,650 new sales units in the submarket (Table 7). Demand is expected to rise each year during the 3-year forecast period but will be relatively subdued compared with the recent peak during 2021 because mortgage interest rates are not expected to return to the low levels of the early 2020s. The 380 homes under construction are expected to meet a portion of the demand during the first year of the forecast period.

Table 7. Demand for New Sales Units in the Suffolk County Submarket During the Forecast Period

Sales Units	
Demand	1,650 Units
Under Construction	380 Units

Note: The forecast period is from May 1, 2024, to May 1, 2027.
Source: Estimates by the analyst

Sales Market—Northshore Submarket

Market Conditions: Tight

Although record-high home prices and elevated mortgage interest rates contributed to fewer home sales, continued low levels of available inventory have kept conditions tight.

Current Conditions

With an estimated sales vacancy rate of 0.7 percent as of May 1, 2024 (Table 8), the sales market in the Northshore submarket is tight—unchanged from April 2020, when the rate was 0.8 percent. Although the supply of homes available for sale rose in the past year to 1.2 from 1.0 months in April 2023, the supply of homes is lower than in 2020 and 2010, when the supply of available homes for sale was 1.5 and 6.9 months, respectively (CoreLogic, Inc.).

Table 8. Home Sales Quick Facts in the Northshore Submarket

		Northshore Submarket	Boston HMA
Home Sales Quick Facts	Vacancy Rate	0.7%	0.8%
	Months of Inventory	1.2	1.5
	Total Home Sales	20,200	37,450
	1-Year Change	-23%	-20%
	New Home Sales Price	$1,108,000	$1,046,000
	1-Year Change	20%	14%
	Existing Home Sales Price	$823,000	$824,600
	1-Year Change	5%	4%
	Mortgage Delinquency Rate	0.6%	0.7%

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending April 2024; and months of inventory and mortgage delinquency data are as of April 2024. The current date is May 1, 2024.
Sources: Vacancy rate—estimates by the analyst; months of inventory and mortgage delinquency rate—CoreLogic, Inc.; home sales and prices—Zonda

Home Sales Trends

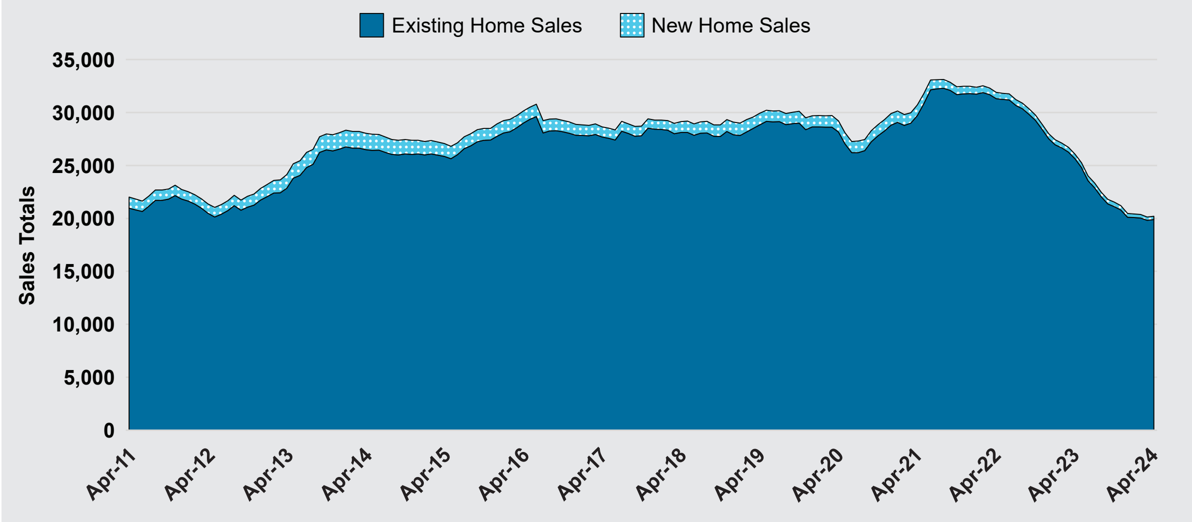
Following the Great Recession and the accompanying housing crisis, home sales were at a low in 2010 before trending upward through 2021 and subsequently reaching a low during the past 12 months. In 2010, home sales totaled 21,700, a figure that rose an average of 4 percent annually to 29,700 in 2019 (Zonda).

Despite weakened economic conditions, home sales increased 1 percent in 2020 because of falling interest rates and net in-migration. The number of home sales rose 9 percent in 2021, when mortgage interest rates fell further and job growth resumed, both of which contributed to higher demand. During 2022 and 2023, home sales declined an average of 21 percent a year to 20,450 homes. The rise in interest rates contributed to a continued decline in home sales during the past 12 months. A total of 20,200 homes sold during the 12 months ending April 2024 (Figure 15), down 23 percent from the previous 12 months. New homes have accounted for an average of 2 percent of total home sales since 2021 compared with an average of 4 percent from 2010 through 2020. Condominium sales accounted for one-third of home sales during the most recent 24-month period, a proportion similar to the period from 2010 to 2023.

Home Sales Price Trends

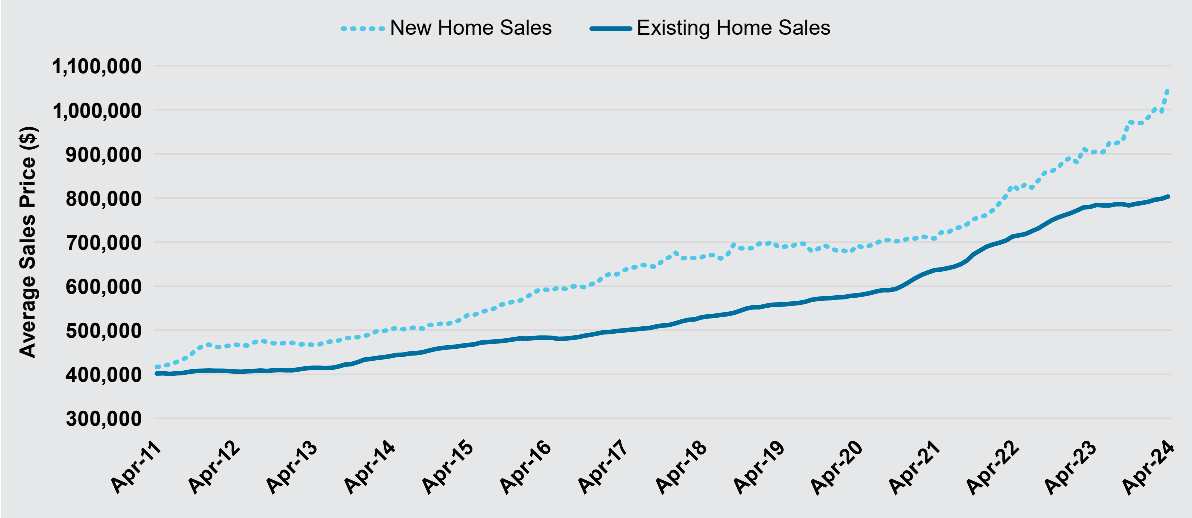
Home price growth throughout the 2010s was relatively stable and accelerated during the early stages of the pandemic (Figure 16), when for-sale inventory levels fell significantly. The average home price rose an average of 4 percent a year from $402,400 during 2010 to $582,900 during 2019 (Zonda). The average home price increased an average of 11 percent annually during 2020 and 2021, largely because historically low mortgage interest rates contributed to strong demand for homes and put upward pressure on home prices. Home price growth continued but moderated

Figure 15. 12-Month Sales Totals by Type in the Northshore Submarket



Source: Zonda

Figure 16. 12-Month Average Home Sales Price by Type of Sale in the Northshore Submarket



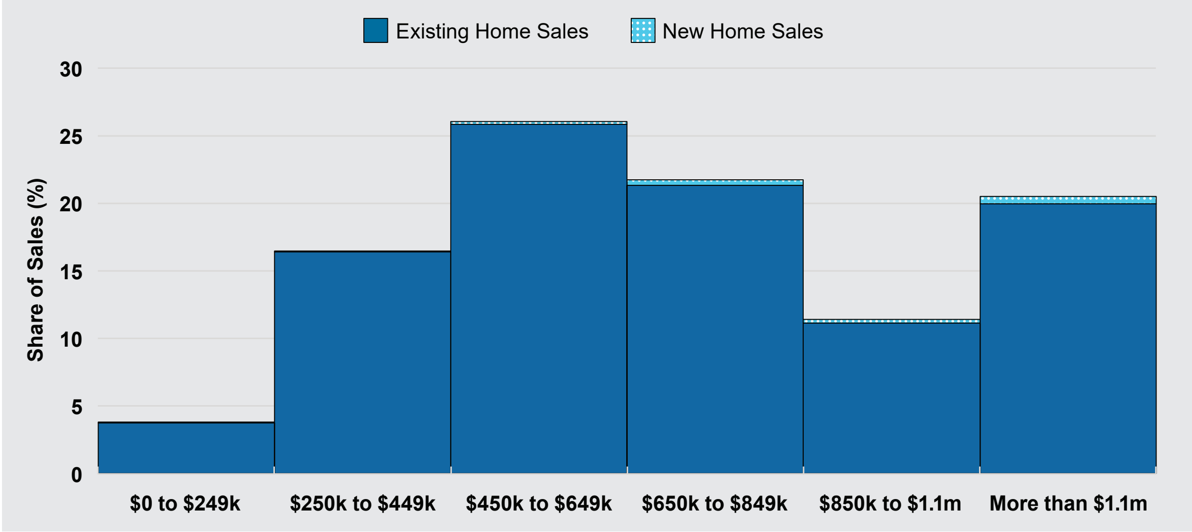
Source: Zonda

slightly to 9 percent in 2022 and slowed further to 3 percent in 2023. Relatively slow home price growth continued during the most recent 12-month period, up 5 percent to $827,200, following an 8-percent increase during the 12 months ending April 2023. During the most recent 12-month period, 32 percent of the homes sold were priced at or above $850,000 (Figure 17), and new home prices were 35 percent higher than existing home prices. Before the most recent 12-month period, new home prices had been 17 percent higher on average than existing home prices.

Sales Construction Activity

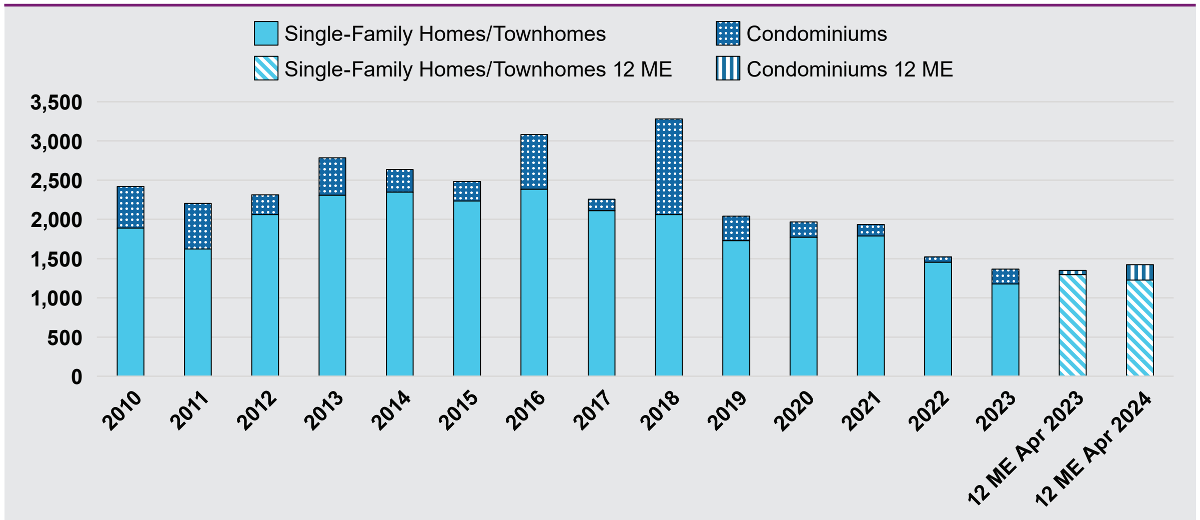
Sales construction activity was relatively high from 2010 through 2018 and has been at lower levels since 2019 (Figure 18). From 2010 through 2012, homebuilding activity averaged 2,300 sales units permitted a year before increasing to an average of 2,750 sales units permitted annually from 2013 through 2018, despite slowed net in-migration. The number of homes permitted slowed to an average of 1,975 sales units during the following 3 years and declined to an average of 1,450 sales units a year during 2022 and 2023, when interest rates rose and construction costs increased. During the 12 months ending April 2024, 1,425 sales units were permitted, up 5 percent from the same period the previous year (preliminary data, with estimates by the analyst). Since 2010, 15 percent of sales units permitted have been condominiums.

Figure 17. Share of Overall Sales by Price Range During the 12 Months Ending April 2024 in the Northshore Submarket



Note: New and existing sales include single-family homes, townhomes, and condominiums.
Source: Zonda

Figure 18. Annual Sales Permitting Activity in the Northshore Submarket



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Sales Construction Trends by Geography

Approximately 70 percent of new home construction in the submarket since 2010 has occurred in Middlesex County. Construction in the county includes the Village at Winning Farm, a two- and three-bedroom 147-townhome community in the city of Woburn, 11 miles northwest of the city of Boston. Construction at the community began in 2020, and the first three phases have been completed. All townhomes in the fourth phase have been reserved, and a waiting list is open for future phases. Construction is also underway at the Enclave at Hudson, a 55-and-older active adult luxury subdivision with 64 single-family homes expected at buildout in the town of Hudson, fulfilling demand from the aging population in the HMA. Since construction began in early 2023, 36 homes have sold. Homes range from 1,735 to 2,400 square feet and from $960,000 to $1.28 million.

Forecast

Demand is estimated for 7,800 new homes in the submarket during the 3-year forecast period (Table 9) and is expected to continue to be concentrated in Middlesex County. Demand is anticipated to increase slightly each year during the next 3 years. The 550 homes under construction are expected to meet a portion of the demand during the first year of the forecast period.

Table 9. Demand for New Sales Units in the Northshore Submarket During the Forecast Period

Sales Units	
Demand	7,800 Units
Under Construction	550 Units

Note: The forecast period is from May 1, 2024, to May 1, 2027.
Source: Estimates by the analyst

Sales Market—Southshore Submarket

Market Conditions: Tight but Easing

During April 2024, the Southshore submarket had 1.4 months of available for-sale inventory, up from 0.7 months a year earlier (CoreLogic, Inc.).

Current Conditions

The home sales market in the submarket is tight, with an overall estimated vacancy rate of 0.8 percent (Table 10), down slightly from 0.9 percent in April 2020, when conditions were also tight but easing from very tight conditions from 2021 through 2023. The sales market began tightening during late 2020, when historically low mortgage interest rates led to increased demand for homes, and the supply of homes declined from 2.0 months in April 2020 to 0.7 month in April 2021, a level that was unchanged as of April 2023 (CoreLogic, Inc.). During the past year, the sales market has eased somewhat, partly because of high mortgage interest rates. During April 2024, the supply of homes available for sale represented 1.4 months of sales.

Table 10. Home Sales Quick Facts in the Southshore Submarket

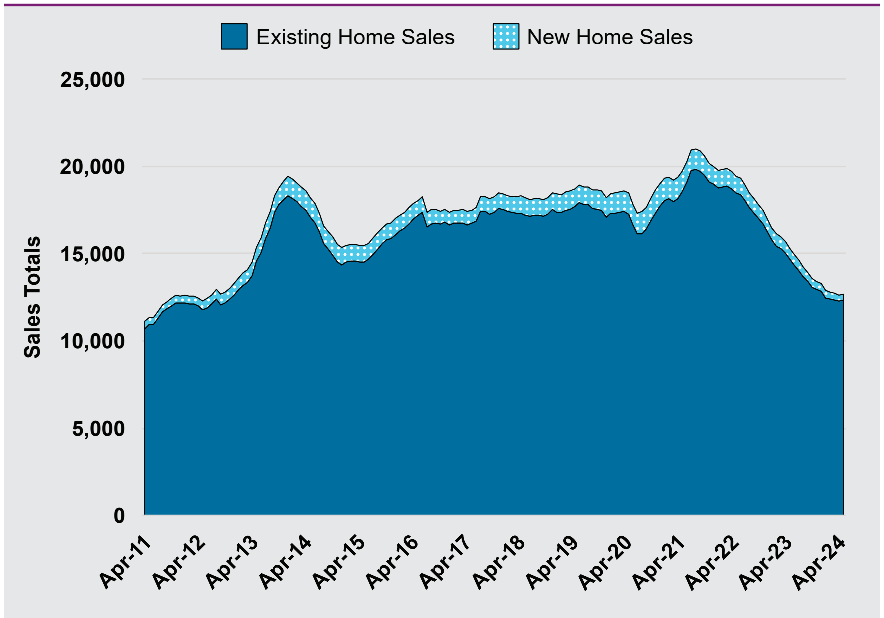
		Southshore Submarket	Boston HMA
Home Sales Quick Facts	**Vacancy Rate**	0.8%	0.8%
	Months of Inventory	1.4	1.5
	Total Home Sales	12,650	37,450
	1-Year Change	-17%	-20%
	New Home Sales Price	$972,900	$1,046,000
	1-Year Change	14%	14%
	Existing Home Sales Price	$776,500	$824,600
	1-Year Change	5%	4%
	Mortgage Delinquency Rate	0.9%	0.7%

Notes: The vacancy rate is as of the current date; home sales and prices are for the 12 months ending April 2024; and months of inventory and mortgage delinquency data are as of April 2024. The current date is May 1, 2024.
Sources: Vacancy rate—estimates by the analyst; months of inventory and mortgage delinquency rate—CoreLogic, Inc.; home sales and prices—Zonda

Home Sales Trends

In 2010, home sales in the submarket averaged 11,350 and rose an average of 20 percent annually to 19,450 home sales in 2013 before decreasing an average of 1 percent annually through 2019 to 18,400 home sales (Zonda). Home sales rose an average of 4 percent annually during each of the following 2 years to 19,800 homes in 2021, the highest level in recent history, partly because of increased demand due to the rise in remote work resulting from the COVID-19 pandemic coupled with historically low mortgage interest rates, which made homebuying more attainable. Home sales during 2022 and 2023 declined an average of 19 percent a year to 12,900 homes sold in 2023. During the 12 months ending April 2024, home sales totaled 12,650, down 17 percent from the previous year (Figure 19). During the 12 months ending April 2024, new home sales accounted for 2 percent of all home sales, down from an average of 5 percent from 2010 through 2023. Since 2010, condominium sales have accounted for 21 percent of home sales.

Figure 19. 12-Month Sales Totals by Type in the Southshore Submarket

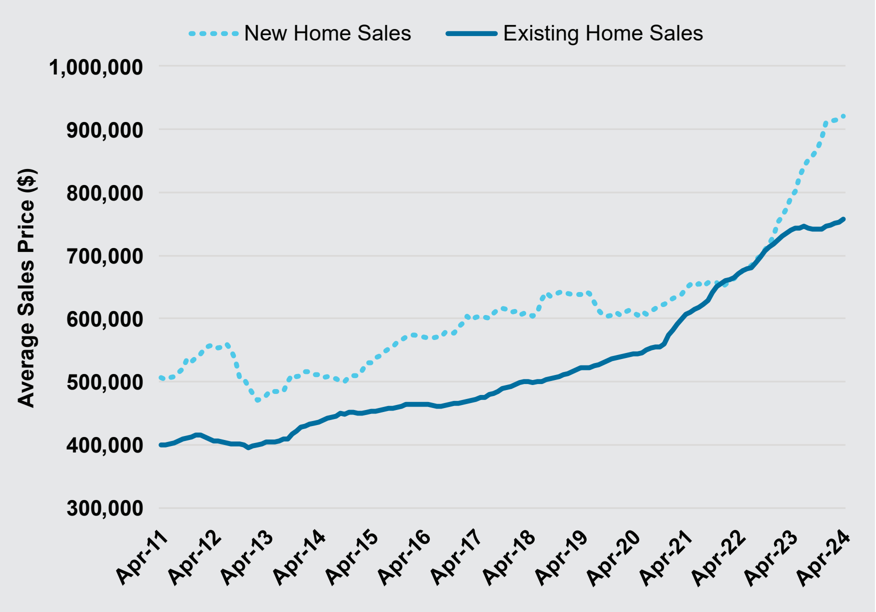


Source: Zonda

Home Sales Price Trends

Average home prices in the submarket have historically been the lowest in the HMA, partly because it is the least urbanized of the three and has more land available on which to build single-family homes and townhomes. During 2010, the average home price in the submarket was $404,500 before rising an average of 3 percent each year to $547,800 in 2019. When market conditions tightened, price growth accelerated from 2020 through 2022, increasing an average of 11 percent each year before returning to the 2010-through-2019 average in 2023. During the 12 months ending April 2024, home prices increased 5 percent from a year earlier to $781,100 (Figure 20). During the recent 12-month period, 74 percent of the homes sold were priced at $849,999 and lower (Figure 21). New home prices were 25 percent higher than existing home prices, similar to the difference from 2010 through 2018 and during 2023 and compared with a 6-percent average difference from 2019 through 2022.

Figure 20. 12-Month Average Home Sales Price by Type of Sale in the Southshore Submarket



Source: Zonda

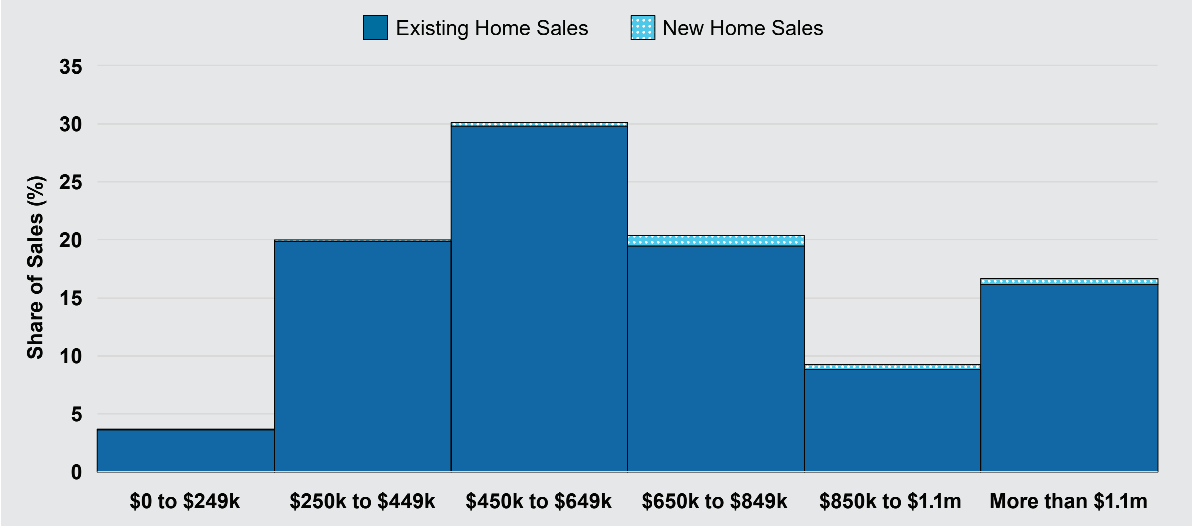
Sales Construction Activity

Homebuilding activity has been generally subdued since 2022 compared with most of the 2010s (Figure 22). From 2010 through 2012, an average of 1,325 sales units were permitted, and permitting rose to an average of 1,800 sales units annually from 2013 through 2015 before rising to an average of 2,050 annually from 2016 through 2021. During the next 2 years, homebuilding activity slowed to an average of 1,475 a year in response to lower net in-migration. During the 12 months ending April 2024, approximately 1,425 homes were permitted, down 1 percent from 1 year ago. Condominium construction has accounted for 8 percent of all homes built since 2023 compared with an average of 2 percent a year during 2021 and 2022, when interest rates were low, and an average of 11 percent from 2010 through 2020.

Sales Construction Activity by Geography

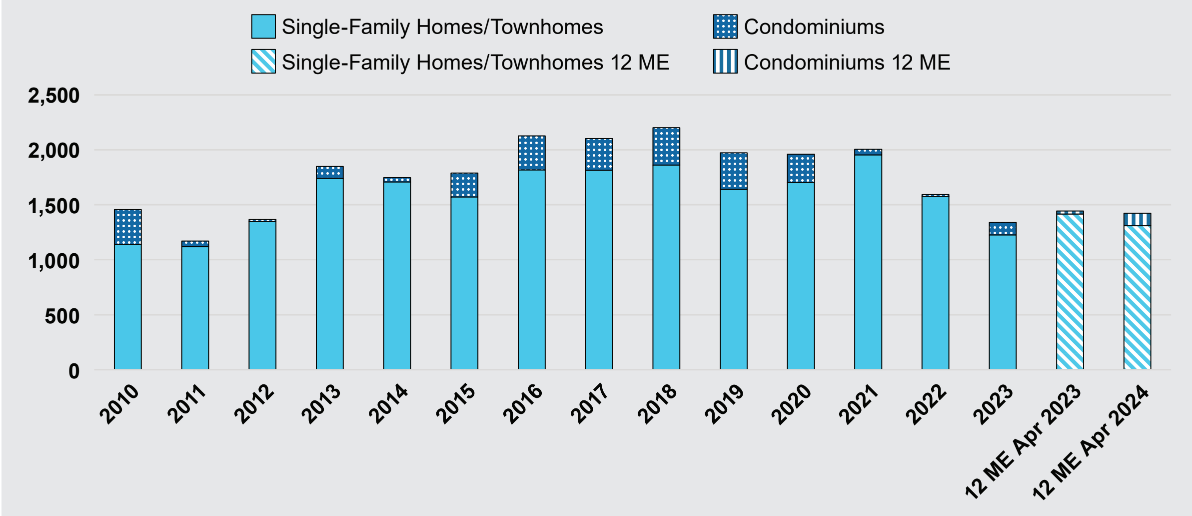
Approximately 57 percent of all homebuilding activity in the submarket has occurred in Plymouth County since 2010. Two neighborhoods, Twin Homes and Townhomes of the North Village and The Woodlands, which include single-family homes, are underway in the village of Redbrook in the town of Plymouth. As of the 12 months ending April 2024, home prices in the two neighborhoods ranged from $515,100 for a two-bedroom townhome to $768,200 for a two-bedroom twin home, which consists of two separate living

Figure 21. Share of Sales by Price Range During the 12 Months Ending April 2024 in the Southshore Submarket



Note: New and existing sales include single-family homes, townhomes, and condominiums.
Source: Zonda

Figure 22. Annual Sales Permitting Activity in the Southshore Submarket



12 ME = 12 months ending.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

spaces in one building. The two neighborhoods are the final phases of the 12-neighborhood village that broke ground in 2014 and is expected to feature approximately 1,200 homes when complete in early 2025.

Forecast

During the next 3 years, demand is estimated for 6,025 new homes in the submarket (Table 11). Most of the demand is expected to continue to be in Plymouth County. Demand is anticipated to increase each year during the 3-year forecast period. The 640 homes under construction are expected to meet a portion of the demand during the first year of the forecast period.

Table 11. Demand for New Sales Units in the Southshore Submarket During the Forecast Period

	Sales Units
Demand	6,025 Units
Under Construction	640 Units

Note: The forecast period is from May 1, 2024, to May 1, 2027.
Source: Estimates by the analyst

Rental Market

Rental Market—Boston HMA

Market Conditions: Slightly Soft

The average apartment vacancy rate increased as of the most recent 2 first quarters, and growth in the average apartment rent slowed.

Current Conditions and Recent Trends

Rental market conditions in the Boston HMA are slightly soft, with an estimated 6.2-percent rental vacancy rate, up from 4.9 percent in April 2020 (Table 12). Apartment market conditions in the HMA are also slightly soft. As of the first quarter of 2024, the apartment vacancy rate was 5.6 percent, up slightly from 5.4 percent as of the first quarter of 2023 and from 4.2 percent as of the same quarter in 2022, when absorption was nearly twice as high as new unit deliveries (CoStar Group). The vacancy rate rose as of the 2 most recent first quarters because new apartment completions increased and absorption declined. As measured in the first quarter of 2024, the average apartment rent rose 3 percent year over year compared with a 5-percent increase as of the first quarter of 2023 and a 10-percent increase as of the same quarter in 2022. At $2,879 as of the first quarter of 2024, the average rent in the HMA was the fourth highest among metropolitan areas in the nation and 71 percent higher than the nationwide average of $1,688 (CoStar Group).

Table 12. Rental and Apartment Market Quick Facts in the Boston HMA

		2020 (%)	Current (%)
Rental Market Quick Facts	**Rental Vacancy Rate**	4.9	6.2
		2010 (%)	**2023 (%)**
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	13	11
	Multifamily (2–4 Units)	39	35
	Multifamily (5+ Units)	48	54
	Other (Including Mobile Homes)	0	0
		1Q 2024	**YoY Change**
Apartment Market Quick Facts	**Apartment Vacancy Rate**	5.6%	0.2
	Average Rent	$2,879	3%
	Studio	$2,491	2%
	One-Bedroom	$2,601	2%
	Two-Bedroom	$3,064	3%
	Three-Bedroom	$4,182	3%

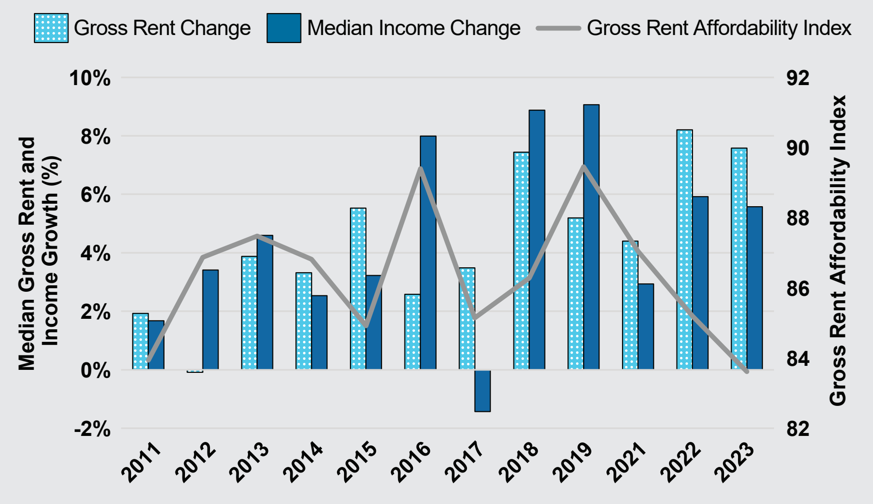
1Q= first quarter. YoY= year-over-year.
Notes: The current date is May 1, 2024. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2023 American Community Survey 1-year data; apartment data—CoStar Group

Housing Affordability: Rental

HUD Gross Rent Affordability Index

After rental housing affordability in the Boston-Cambridge-Newton MSA rose from 2011 to 2019, affordability has decreased since 2021 and the MSA is less affordable than the nation. From 2011 to 2019, the median gross rent rose an average of slightly less than 4 percent annually, whereas the median income rose an average of slightly more than 4 percent. As a result, the HUD Gross Rent Affordability Index, a measure of median renter household income relative to qualifying income for the median-priced rental unit, was 89.5 in 2019 (Figure 23),

Figure 23. Boston MSA Gross Rent Affordability Index



MSA = metropolitan statistical area.
Notes: Rental affordability is for the larger Boston MSA. The Gross Rent Affordability Index differs from the HUD Rental Affordability Index published on the U.S. Housing Market Conditions website in that it is based on combined rent and utilities expenditure. Data for 2020 are not available.
Source: American Community Survey 1-year data

up from 83.9 in 2011. The index decreased to 83.6 in 2023 because the median gross rent increased 6 percent annually, but the median income rose only 4 percent a year during the period. The index in the Suffolk County submarket was lower, at 80.6, in 2023. By comparison, the index was 92.0 for the nation in 2023.

Renter Cost Burdens

Rental housing affordability has deteriorated somewhat in the MSA since 2021, and very low-income renter households face some degree of cost burden. Renters in the HMA are less likely than those in the nation to experience moderate to high cost burden, and they are slightly more likely to have severe cost burdens (Table 13). The portion of households in the HMA earning up to 50 percent of Area Median Family Income is less likely to experience moderate to high cost burden and less likely to be exposed to severe cost burden than the national average.

Table 13. Percentage of Cost-Burdened Renter Households by Income in the Boston HMA, 2016–20

	Moderate to High Cost Burden: 31–50 Percent of Income Toward Housing Costs		Severe Cost Burden: 51 Percent or More of Income Toward Housing Costs	
	Boston HMA	Nation	Boston HMA	Nation
Renter Households with Income <50% HAMFI	25.4	27.1	45.2	47.9
Total Renter Households	21.2	21.6	22.5	22.0

HAMFI = HUD area median family income.
Sources: Consolidated Planning/Comprehensive Housing Affordability Strategy data; 2016–2020 American Community Survey 5-year estimates

Policy Initiatives

To improve housing affordability, the MBTA Communities Law was passed in January 2021. The law requires that municipalities allow the construction of multifamily housing within one-half of a mile of public transit stations. The law aims to increase the housing supply, which could lead to more competition among landlords, drive down rents, and increase access to transit stations, which would reduce transportation costs. Although the law does not mandate affordable housing, it could create opportunities for developers to include affordable units in new developments through inclusionary zoning or other incentives. As of May 1, 2024, 44 of the 117 cities and towns in Massachusetts required to comply with the new law had passed multifamily zoning district regulation. In addition, because of rising office space vacancy rates—particularly since the pandemic—an office-to-residential tax-abatement pilot program was introduced in 2021, offering tax breaks for 29 years for converting empty offices into housing.

Forecast

During the 3-year forecast period, demand in the HMA is estimated for 25,000 new rental units (Table 14). Rental demand is expected to be strongest in the first year and be particularly strong in the Northshore submarket. The 16,325 units under construction and the 1,100 units in planning are anticipated to satisfy a portion of the demand.

Table 14. Demand for New Rental Units in the Boston HMA During the Forecast Period

Rental Units	
Demand	25,000 Units
Under Construction	16,325 Units

Note: The forecast period is May 1, 2024, to May 1, 2027.
Source: Estimates by the analyst

Rental Market— Suffolk County Submarket

Market Conditions: Slightly Soft

Relatively elevated rental housing construction from 2020 through 2022 has contributed to softening market conditions during the past 2 years.

Current Conditions and Recent Trends

The rental market in the Suffolk County submarket is slightly soft, with an estimated 6.5-percent vacancy rate as of May 1, 2024, up from 5.0 percent in 2020 (Table 15) and 5.3 percent in 2010. Partly due to the recent decline in for-sale housing affordability and a wave of apartment completions, multifamily units have increased as a share of all occupied rental units in the submarket. In 2023, approximately 54 percent of all renter households resided in buildings with five or more units, up from 52 percent during 2010 (2010 and 2023 ACS 1-year data). Approximately 39 percent of renter households resided in buildings with two to four units in 2023, down from 40 percent in 2010. Those denser building types are more common in older, urban areas built before the automobile was widely owned and have contributed to overall market conditions being softer than apartment market conditions. The share of renter-occupied housing consisting of attached and detached single-family homes declined to 7 percent from 8 percent in 2010. As of the first quarter of 2024, the vacancy rates for professionally managed buildings with two to four units and attached and detached single-family homes were 4.0 and 7.3 percent, respectively (CoStar Group).

Table 15. Rental and Apartment Market Quick Facts in the Suffolk County Submarket

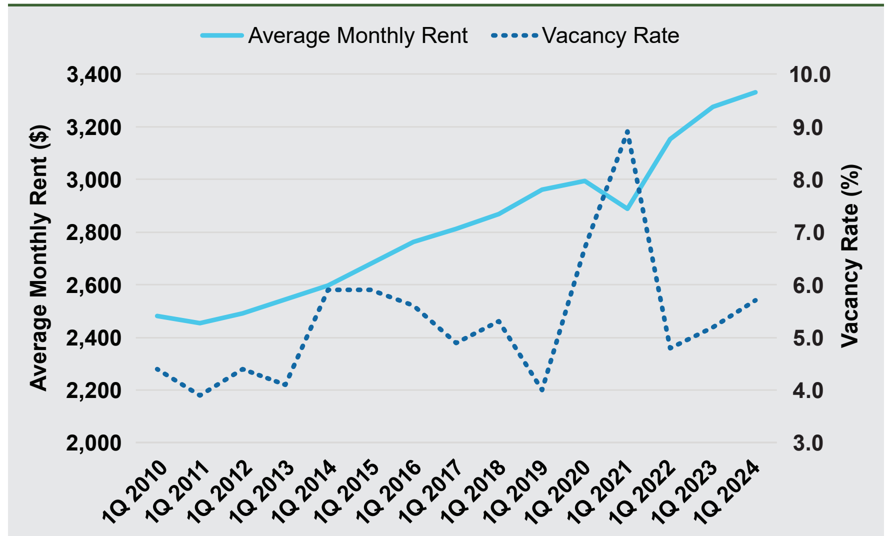
Rental Market Quick Facts		2020 (%)	Current (%)
	Rental Vacancy Rate	5.0	6.5
		2010 (%)	2023 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	8	7
	Multifamily (2–4 Units)	40	39
	Multifamily (5+ Units)	52	54
	Other (Including Mobile Homes)	0	0
Apartment Market Quick Facts		1Q 2024	YoY Change
	Apartment Vacancy Rate	5.7%	0.5
	Average Rent	$3,329	2%
	Studio	$2,648	3%
	One-Bedroom	$3,049	2%
	Two-Bedroom	$3,752	2%
	Three-Bedroom	$4,940	2%

1Q= first quarter. YoY= year-over-year.
Notes: The current date is May 1, 2024. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2023 American Community Survey 1-year data; apartment data—CoStar Group

Apartment Market Current Conditions and Recent Trends: Vacancy Rates

Apartment market conditions in the submarket transitioned to slightly soft conditions as of the fourth quarter of 2023 after 2 years of balanced conditions. Following relatively low vacancy rates from the first quarters of 2010 to 2013, the apartment vacancy rate rose to 5.9 percent as of the first quarters of 2014 and 2015 because of rising levels of rental construction and a slowdown in net in-migration beginning in 2014 (CoStar Group; Figure 24).

Figure 24. Apartment Rents and Vacancy Rates in the Suffolk County Submarket



1Q = first quarter.
Source: CoStar Group

The vacancy rate subsequently declined to 4.0 percent as of the first quarter of 2019. When residents began to relocate away from dense urban cores, such as the submarket, at the onset of the pandemic and mortgage interest rates were low, the apartment market softened. As of the first quarters of 2020 and 2021, the vacancy rate rose to 6.7 and 8.9 percent, respectively, before declining to 4.8 percent as of the first quarter of 2022. Market conditions shifted to balanced in 2022 because unit absorption was twice as high as new unit deliveries, partly because residents, workers, and students returned to the submarket when offices and universities reopened and mortgage interest rates and home sales prices were rising. Apartment market conditions began easing as of the first quarter of 2023, when the vacancy rate rose to 5.2 percent, and eased further to slightly soft conditions as of the first quarter of 2024, when the vacancy rate increased to 5.7 percent.

Apartment Market Current Conditions and Recent Trends: Rents

Soft apartment market conditions at the start of the pandemic contributed to a temporary decline in rents, but rent growth has returned to historical averages after rising significantly in 2022. From 2010 to 2019, the first quarter rent rose an average of 2 percent annually to $2,959 but slowed to a 1-percent increase between the first quarters of 2019 and 2020 before declining 3 percent in 2021. Between the first quarters of 2021 and 2022, the average rent rose 9 percent to $3,153. That growth slowed to 4 percent as of the first quarter of 2023 and slowed to 2 percent as of the first quarter of 2024.

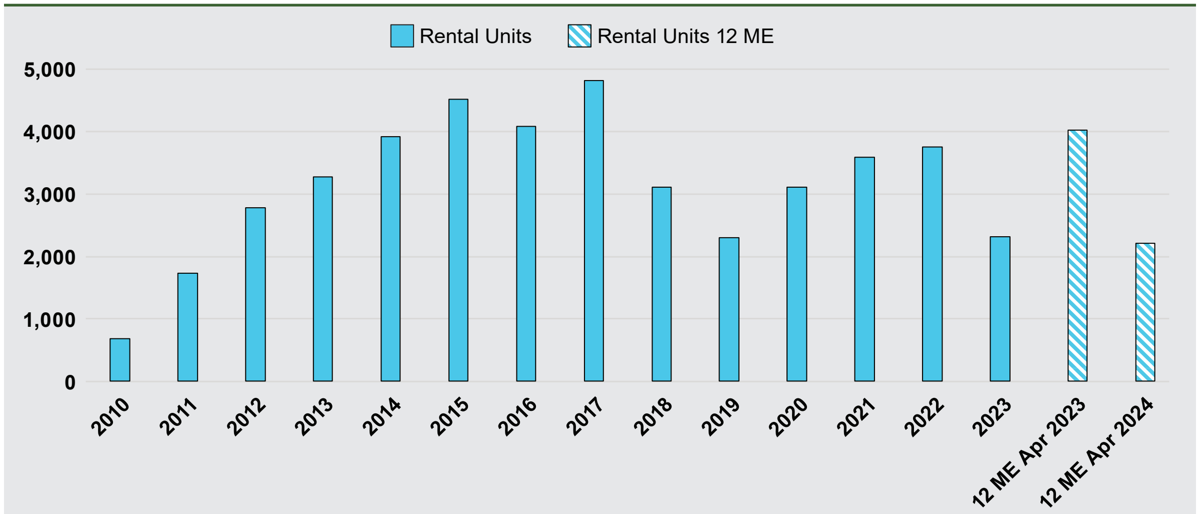
Current Apartment Market Conditions by Market Area

As of the first quarter of 2024, apartment vacancy rates were up in one-half of the 10 CoStar Group-defined market areas in the submarket compared with the previous year. Although rent growth was moderate, increasing from 1 to 3 percent, average rents were some of the highest in the HMA and the nation (CoStar Group). The largest increase in the vacancy rate occurred in the Roxbury/Dorchester market area, where the vacancy rate rose 6.7 percentage points to 12.9 percent, partly because 830 units were completed in the past 12 months—significantly more than the approximately 50 units completed 1 year earlier—and absorption was significantly slower. The average rent in the market area increased 1 percent to $2,697.

Rental Construction Trends and Recent Construction

Rental construction activity, as measured by the number of rental units permitted, rose during the early and mid-2010s and has generally been at a lower level after declining in 2018 and 2019, despite increases from 2020 through 2022 (Figure 25). After rental permitting totaled 680 units in 2010, it rose an average

Figure 25. Annual Rental Permitting Activity in the Suffolk County Submarket



12 ME = 12 months ending.
Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

of 32 percent a year to reach 4,800 units in 2017. Construction subsequently declined to an average of 2,700 units permitted a year during 2018 and 2019 before rising each of the following 3 years to 3,750 units in 2022. By 2023, however, permitting declined to 2,325 units. During the 12 months ending April 2024, nearly 2,225 units were permitted, down 45 percent from the previous 12-month period (preliminary data, with adjustments by the analyst).

Rental construction since 2010 has been concentrated near MBTA stations. The 475-unit market-rate Amaya apartment building is underway in the city of Revere, only 500 feet from an MBTA station. When complete in June 2024, rents for studio, one-, and two-bedroom units will average $2,502, $3,166, and $4,424, respectively. The property offers up to 2.5 months of free rent. Construction of the property broke ground in 2022 at the former site of the 161-acre racetrack at Suffolk Downs and is the first phase of one of the largest redevelopments in Massachusetts history. When redevelopment is complete, it is expected to have 10,000 apartments and condominiums; 5.2 million square feet of life science, biomanufacturing, and commercial office space; 450,000 square feet of retail and civic space; and 40 acres of parks and open space.

Forecast

During the 3-year forecast period, demand is estimated for 7,475 new rental units in the submarket (Table 16) because of an expected small resurgence in net in-migration. The 6,350 rental units under construction and the nearly 190 units in planning are expected to satisfy demand during most of the forecast period. Rental demand is expected to be strongest in the first year but decrease in the second and third years of the forecast period.

Table 16. Demand for New Rental Units in the Suffolk County Submarket During the Forecast Period

Rental Units	
Demand	7,475 Units
Under Construction	6,350 Units

Note: The forecast period is May 1, 2024, to May 1, 2027.
Source: Estimates by the analyst

Rental Market—Northshore Submarket

Market Conditions: Balanced

Apartment market conditions in the Northshore submarket have been balanced for the 3 most recent first quarters despite increases in the vacancy rate.

Current Conditions and Recent Trends

The overall rental vacancy rate in the submarket as of May 1, 2024, is estimated at 5.4 percent (Table 17), up from 4.7 percent in 2020. Despite the vacancy rate increase, overall rental market conditions have remained balanced, partly because periods of net out-migration and relatively low net in-migration compared with the 2010s have been met with relatively lower levels of new apartment construction. Also, tight sales market conditions in the submarket have incentivized higher density rental development, and the inventory of occupied rental housing has increasingly shifted to apartment buildings

Table 17. Rental and Apartment Market Quick Facts in the Northshore Submarket

		2020 (%)	Current (%)
Rental Market Quick Facts	**Rental Vacancy Rate**	4.7	5.4
		2010 (%)	2023 (%)
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	14	13
	Multifamily (2–4 Units)	40	34
	Multifamily (5+ Units)	46	53
	Other (Including Mobile Homes)	0	0
		1Q 2024	YoY Change
Apartment Market Quick Facts	**Apartment Vacancy Rate**	5.1%	0.1
	Average Rent	$2,701	3%
	Studio	$2,305	2%
	One-Bedroom	$2,443	2%
	Two-Bedroom	$2,896	3%
	Three-Bedroom	$3,746	2%

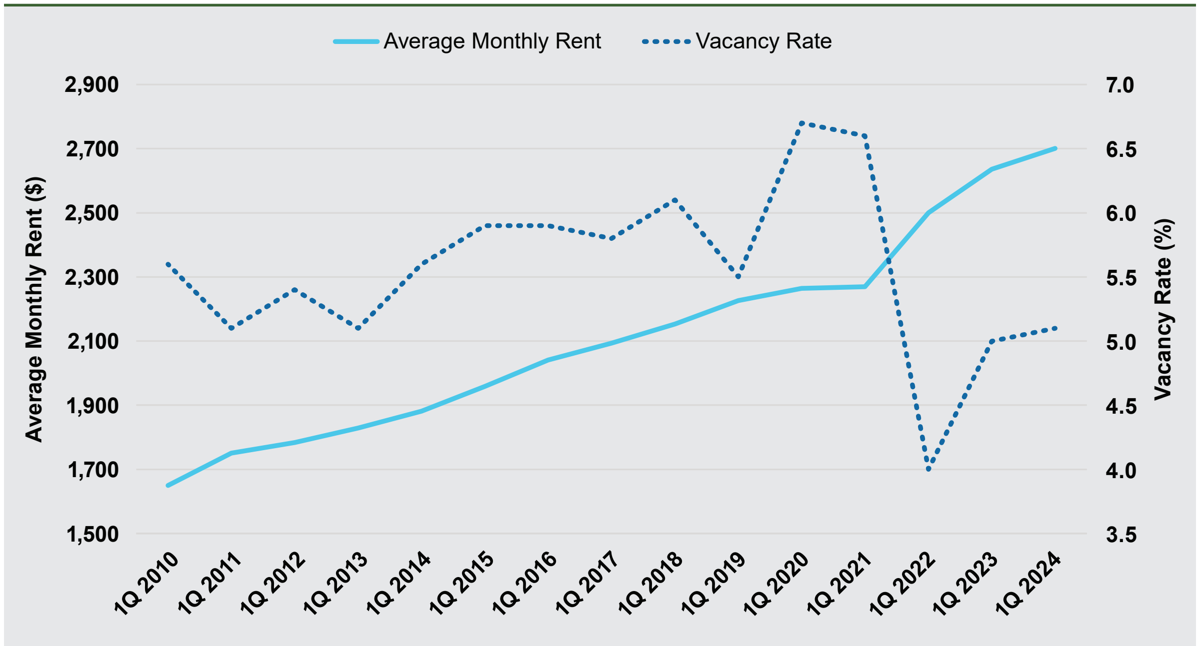
1Q= first quarter. YoY= year-over-year.
Notes: The current date is May 1, 2024. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2023 American Community Survey 1-year data; apartment data—CoStar Group

with five or more units. Fifty-three percent of all renter households in 2023 resided in buildings with five or more units, up from 46 percent in 2010 (2010 and 2023 ACS 1-year data). The remaining 47 percent of renter households in 2023 resided in attached and detached single-family homes or two- to four-unit structures. As of the first quarter of 2024, the combined vacancy rate for professionally managed attached and detached single-family homes and buildings with two to four units was 4.0 percent (CoStar Group).

Apartment Market Current Conditions and Recent Trends: Vacancy Rates

Apartment market conditions in the submarket have generally been balanced despite some fluctuation in the vacancy rate. As of the first quarter of 2024, the apartment vacancy rate was 5.1 percent compared with the respective 4.0- and 5.0-percent rates as of the first quarters of 2022 and 2023 and the respective 6.7- and 6.6-percent rates as of the first quarters of 2020 and 2021 (CoStar Group; Figure 26). The recent 3 first quarter vacancy rates are relatively low because absorption since the first quarter of 2022 has been 13 percent higher than new completions compared with 2020 and 2021, when unit absorption was 22 percent below new unit completions (CoStar Group), corresponding with net out-migration. By comparison, from the first quarters of 2010 to 2014, when rental construction activity was relatively low, the apartment vacancy rate ranged from 5.1 to 5.6 percent. The rate rose from the first quarters of 2015 to 2018, when rental construction activity rose and net in-migration slowed, but declined to 5.5 percent as of the first quarter of 2019.

Figure 26. Apartment Rents and Vacancy Rates in the Northshore Submarket



1Q = first quarter.
Source: CoStar Group

Apartment Market Current Conditions and Recent Trends: Rents

A slowdown during the last 2 years followed a substantial rise in rent growth in 2022. Rents rose an average of 3 percent year over year from the first quarters of 2010 to 2019, slowed to 2 percent as of the first quarter of 2020, and was relatively unchanged as of the first quarter of 2021. Rent growth slowed during the early stages of the pandemic, largely because of rising apartment vacancy rates. From the first quarters of 2021 to 2022, the average rent growth accelerated to 10 percent compared with a 5-percent increase from 2022 to 2023. From the first quarters of 2023 to 2024, the average rent rose 2 percent to $2,701.

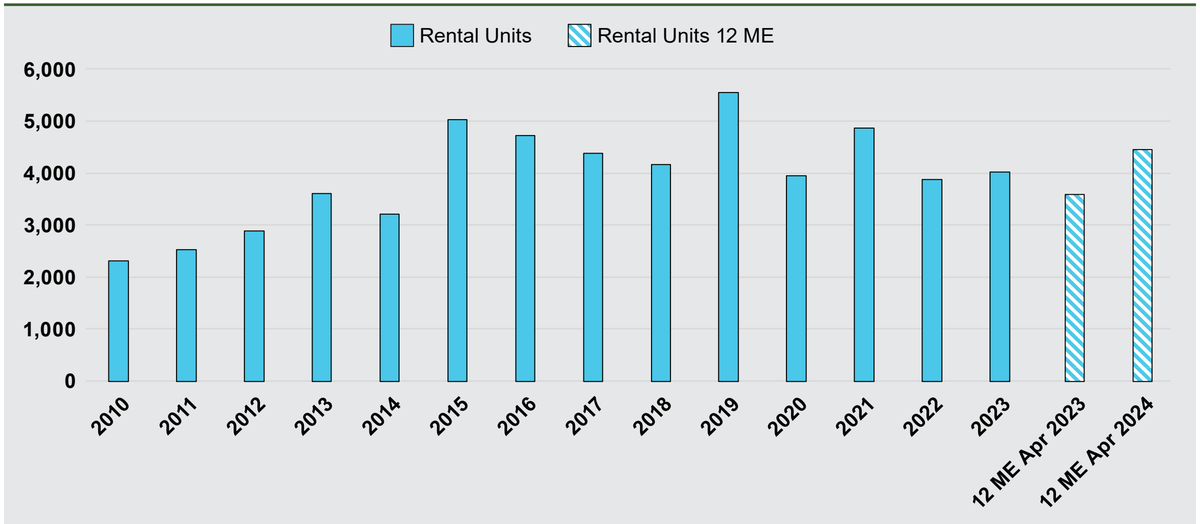
Current Apartment Market Conditions by Market Area

The apartment market in the submarket is divided into 16 CoStar Group-defined market areas. Rents rose in 15 of those market areas, whereas the vacancy rates rose in 8 of them from the first quarter of 2023 to the first quarter of 2024. Rent growth rates ranged from 1 percent in the Harvard MIT market area, which has a substantial student population, to 5 percent in the Brookline/Newton/Waterton market area. Both market areas are directly north of the Charles River. At $3,729 and $3,261, the average rents in those market areas were the highest and the third highest, respectively, in the submarket. The second highest rent of $3,282 was in the Somerville/Charlestown market area, which is between the two aforementioned market areas. Vacancy rate increases ranged from 0.1 percentage point in the Lowell/Dracut market area—one of the northernmost market areas in the submarket, with the lowest rent at $1,983—to 5.4 percentage points in the Alewife market area, which is slightly north of the Charles River and adjacent to the three highest rent market areas. The vacancy rate increased substantially in the Alewife market area because apartment deliveries rose from 300 to 530 units, whereas absorption declined 20 percent. The vacancy rate rose 4.9 percentage points to 9.4 percent in the Somerville/Charlestown market area and declined 0.3 and 2.3 percentage points to 4.0 and 4.9 percent in the Brookline/Newton/Watertown and the Harvard MIT market areas, respectively.

Rental Construction Trends

Although builders have scaled back rental construction since 2020 compared with the period from 2015 to 2019, construction remains elevated compared with the early 2010s (Figure 27). From 2010 through 2014, an average of 2,900 units were permitted annually. That figure rose to an average of 4,575 units a year from 2015 through 2018 before increasing to 5,550 units during 2019, despite a slowdown in net in-migration to the submarket. When net in-migration shifted to net out-migration, permitting subsequently declined to an average of 4,400 units annually during 2020 and 2021 and declined to an average of 3,950 units a year during 2022 and 2023, despite a return of net in-migration. During the 12 months ending April 2024, approximately 4,450 units were permitted, up 24 percent from the number permitted a year earlier (preliminary data, with adjustments by the analyst).

Figure 27. Annual Rental Permitting Activity in the Northshore Submarket



12 ME = 12 months ending.
Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Rental Construction by Geography

Since 2010, 81 percent of new rental construction in the submarket has been in Middlesex County, partly because it is just across the Charles River from the city of Boston and includes a large student population, creating greater demand for apartment units. A 427-unit market-rate, 23-unit affordable general occupancy development in the city of Everett, 4 miles north of the city of Boston and less than 1 mile from an MBTA station, is one of the largest apartment properties under construction in the county. It will have 6,500 square feet of ground-floor retail. Construction of the property began in May 2022 and is expected to be complete in May 2024. The property will include studio, one-, and two-bedroom units, with market-rate rents averaging $2,312, $2,703, and $3,282, respectively.

Forecast

During the 3-year forecast period, demand is estimated for 12,450 new rental units (Table 18). Demand is expected to decrease each year of the forecast period but will be somewhat elevated because the economic recovery is expected to shift to expansion. Demand is expected to continue to be strongest in Middlesex County. The 8,175 units under construction and the 840 units in planning in the submarket are anticipated to satisfy demand during a portion of the forecast period.

Table 18. Demand for New Rental Units in the Northshore Submarket During the Forecast Period

Rental Units	
Demand	12,450 Units
Under Construction	8,175 Units

Note: The forecast period is May 1, 2024, to May 1, 2027.
Source: Estimates by the analyst

Rental Market—Southshore Submarket

Market Conditions: Soft

With a 6.8-percent vacancy rate (CoStar Group), apartment market conditions have been slightly soft since 2023, following slightly tight conditions the year before.

Current Conditions and Recent Trends

The rental market in the Southshore submarket is soft, with an estimated 7.9-percent vacancy rate, up from 5.3 percent in April 2020 (Table 19) and 6.2 percent in April 2010. Moderate levels of net in-migration since 2019 and increased rental construction through 2022 have contributed to rising vacancy rates. Since 2023, however, rental construction has slowed, suggesting that the submarket will likely move to balanced during the 3-year forecast period. Although the share of renter households has increased since 2010, the submarket has the lowest proportion of renters in the HMA at 30.7 percent. Because the submarket is the least urbanized in the HMA and has more room for the construction of single-family homes, it had the highest proportion of renters living in single-family homes in 2023 at 14 percent, down from 17 percent in 2010, and the lowest percentage of renter households in buildings with two to four units at 30 percent, down from 34 percent in 2010 (2010 and 2023 ACS 1-year data). The percentage of renter households in buildings with five or more units in the submarket rose from 49 to 56 percent.

Table 19. Rental and Apartment Market Quick Facts in the Southshore Submarket

		2020 (%)	Current (%)
Rental Market Quick Facts	**Rental Vacancy Rate**	5.3	7.9
		2010 (%)	**2023 (%)**
	Occupied Rental Units by Structure		
	Single-Family Attached & Detached	17	14
	Multifamily (2–4 Units)	34	30
	Multifamily (5+ Units)	49	56
	Other (Including Mobile Homes)	0	0
		1Q 2024	**YoY Change**
Apartment Market Quick Facts	**Apartment Vacancy Rate**	6.8%	0.1
	Average Rent	$2,647	3.6%
	Studio	$2,324	3.7%
	One-Bedroom	$2,341	2.9%
	Two-Bedroom	$2,815	4.4%
	Three-Bedroom	$3,798	4.7%

1Q= first quarter. YoY= year-over-year.
Notes: The current date is May 1, 2024. Percentages may not add to 100 due to rounding.
Sources: 2020 vacancy rate—2020 Census; current vacancy rate—estimate by the analyst; occupied rental units by structure—2010 and 2023 American Community Survey 1-year data; apartment data—CoStar Group

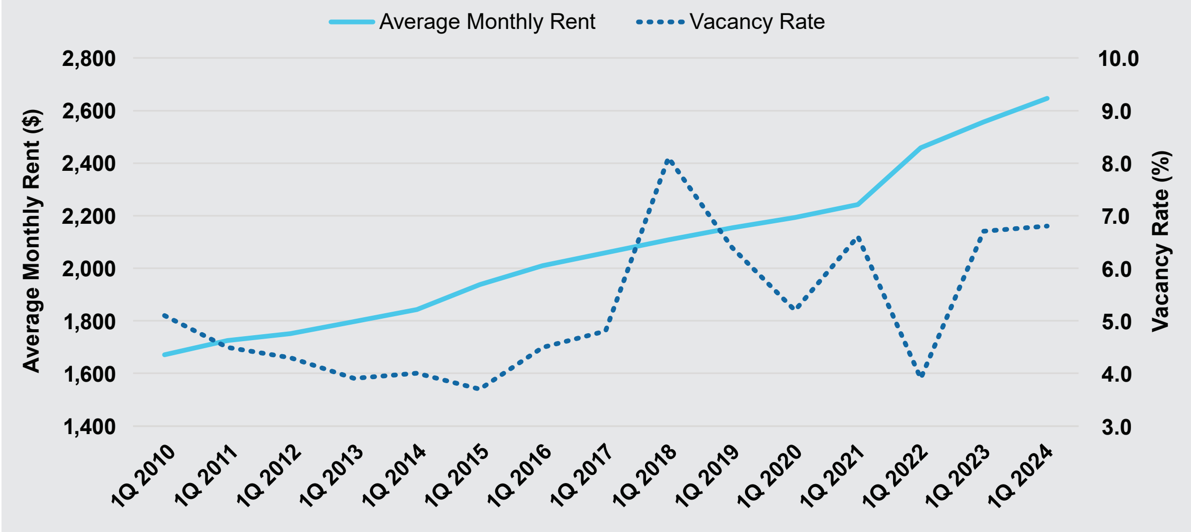
Single-Family Rental Market Current Conditions and Recent Trends

Market conditions for professionally managed detached and attached single-family homes, a small part of the single-family rental market, are tight. During April 2024, the vacancy rates were 1.5 percent in Norfolk and Plymouth Counties (CoreLogic, Inc.). The rate in Norfolk County trended upward from the 1.3-percent rate as of April 2020, whereas the rate in Plymouth County shifted downward from the 1.7-percent rate as of April 2020. During April 2024, average rents ranged from $2,266 to $2,676 for one-bedroom homes, $2,682 to $3,119 for two-bedroom homes, $3,270 to $3,652 for three-bedroom homes, and $4,014 to $4,569 for four-bedroom homes. Rents have consistently been highest in Norfolk County.

Apartment Market Current Conditions and Recent Trends: Vacancy Rates and Rents

Slightly soft apartment market conditions reemerged during the 2 most recent first quarters following slightly tight conditions in 2022. From the first quarters of 2010 to 2017, the vacancy rate hovered between 3.7 and 5.1 percent before reaching a recent 8.1-percent high as of the first quarter of 2018 (CoStar Group; Figure 28), when rental unit construction reached a peak. The vacancy rate declined in 2019 and declined further in 2020 to 5.2 percent, partly because of increased demand from residents that moved from more urban and higher priced areas in and outside the HMA to more suburban areas with lower housing costs, such as the submarket. The vacancy rate subsequently rose to 6.6 percent as of the first quarter of 2021, when mortgage interest rates reached an all-time low. The vacancy rate shifted downward to 3.9 percent as of the first quarter of 2022 before rising again to 6.7 and 6.8 percent as of the first quarters of 2023 and 2024, respectively. From the first quarters of 2010 to 2021, the average apartment rent grew an average of 3 percent a year before rising 10 percent as of the first quarter of 2022. The rate of rent growth slowed to an average of 4 percent annually as of the first quarters of 2023 and 2024 to an average of $2,647 in response to rising vacancy rates.

Figure 28. Apartment Rents and Vacancy Rates in the Southshore Submarket



1Q = first quarter.
Source: CoStar Group

Current Apartment Market Conditions by County

Apartment vacancy rates declined, and rents rose in the two counties in the submarket as of the first quarter of 2024. In Plymouth County, the rent rose 2 percent to $2,479, the lowest rent in the HMA, and the vacancy rate decreased from 8.0 percent a year earlier to 7.9 percent. The small decrease in the vacancy rate was due to a slowdown in new apartment unit completions but a less significant rise in absorption. In Norfolk County, the vacancy rate declined from 6.2 to 5.7 percent, and the rent rose 4 percent to $2,704.

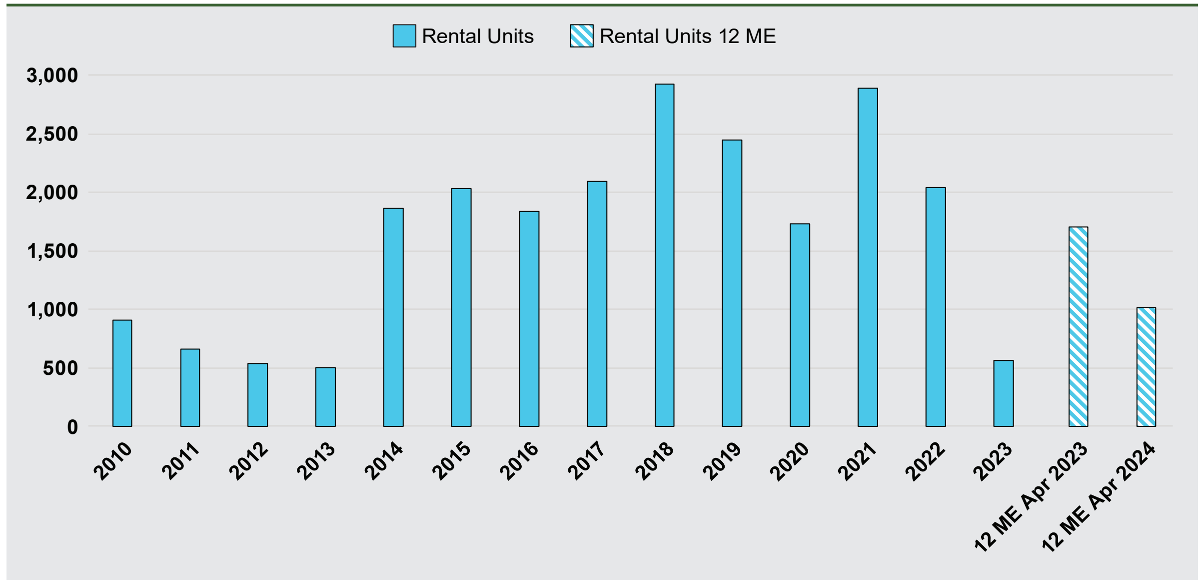
Rental Construction Trends

Rental unit permitting activity was generally high from 2014 through 2022 and has subsided since 2023 to levels similar to those from 2010 to 2013 (Figure 29). After an average of 650 units were permitted annually from 2010 through 2013, permitting rose to an average of 1,950 units a year from 2014 through 2017 and to a recent peak of 2,925 units in 2018. Builders subsequently decreased rental construction an average of 23 percent annually for each of the following 2 years to reach 1,725 units permitted in 2020. A total of 2,900 units were permitted during 2021, but that figure dropped to 2,050 units during 2022 and decreased further to 560 units in 2023 at the same time that vacancy rates rose. During the 12 months ending April 2024, nearly 1,025 units were permitted, down 40 percent from a year earlier (preliminary data, with adjustments by the analyst).

Rental Construction by Geography

Since 2010, Norfolk County has accounted for 73 percent of new apartment construction in the submarket. Approximately 1,800 rental units are under construction in the two counties, including the 250-unit Franklin at Hancock Village in the town of Brookline in Norfolk County. Construction is expected to be complete in September 2024. Rents for one-, two-, and three-bedroom units are expected to average $3,210, $4,262, and $6,220, respectively.

Figure 29. Annual Rental Permitting Activity in the Southshore Submarket



12 ME = 12 months ending.
Note: Includes apartments and units intended for rental occupancy.
Sources: U.S. Census Bureau, Building Permits Survey; 2010–23—final data and estimates by the analyst; past 24 months of data—preliminary data and estimates by the analyst

Forecast

Demand is estimated for 5,075 new rental units during the 3-year forecast period (Table 20). Significant rental demand is likely to continue in Norfolk County. The 1,800 units under construction and the 70 units in planning are expected to satisfy a portion of the demand.

Table 20. Demand for New Rental Units in the Southshore Submarket During the Forecast Period

Rental Units	
Demand	5,075 Units
Under Construction	1,800 Units

Note: The forecast period is May 1, 2024, to May 1, 2027.
Source: Estimates by the analyst

Terminology Definitions and Notes

A. Definitions

Absorption	The net change, positive or negative, in the number of occupied units in a given geographic range.
Apartment Vacancy Rate/ Average Monthly Rent	Data are for market-rate and mixed market-rate and affordable general occupancy apartment properties with five or more units, including those that are stabilized and in lease up.
Building Permits	Building permits do not necessarily reflect all residential building activity. Some units are constructed or created without a building permit or are issued a different type of building permit. For example, some units classified as commercial structures are not reflected in the residential building permits. As a result, the analyst, through diligent fieldwork, makes an estimate of this additional construction activity. Some of these estimates are included in the discussions of single-family and multifamily building permits.
Cost Burdened	Spending more than 30 percent of household income on housing costs. *Moderate to high cost burden* refers to households spending 31 to 50 percent of income on housing costs. *Severe cost burden* refers to households spending 51 percent or more of income on housing costs.
Demand	The demand estimates in the analysis are not a forecast of building activity. They are the estimates of the total housing production needed to achieve a balanced market at the end of the 3-year forecast period given conditions on the as-of date of the analysis, growth, losses, and excess vacancies. The estimates do not account for units under construction or units in the development pipeline.
Existing Home Sales	Includes regular resales and real estate owned sales.
Forecast Period	5/1/2024–5/1/2027—Estimates by the analyst.

Home Sales/ Home Sales Prices	**Includes single-family home, townhome, and condominium sales.**
Net Natural Increase	**Resident births are greater than resident deaths.**
New England Region	**Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.**
Office Space Vacancy Rate	**Data are for square feet of office space that is offered for lease directly by the landlord or owner of a building and office space offered for lease by another tenant (or broker of a tenant).**
Regular Resales	**These are home closings that have no ties to either new home closings (builders) or foreclosures. They are homes that were previously constructed and sold to an unaffiliated third party and include short sales.**
Rental Market/ Rental Vacancy Rate	**Includes apartments and other rental units, such as single-family, multifamily, and mobile homes.**
Seriously Delinquent Mortgages	**Mortgages 90 or more days delinquent or in foreclosure.**
Stabilized	**A property is stabilized once it reaches a 90-percent or above occupancy rate or at least 18 months have passed since the property was changed from "under construction" to "existing" on the CoStar Group website.**

B. Notes on Geography

1.	**The Boston Housing Market Area (HMA) definition noted in this report is based on a delineation established by the analyst, which includes Essex, Middlesex, Norfolk, Plymouth, and Suffolk Counties.**
2.	**The New England City and Town Area (NECTA) definition noted in this report is based on the delineations established by the Office of Management and Budget (OMB) in the OMB Bulletin dated April 10, 2018. The Boston-Cambridge-Nashua, MA-NH NECTA includes portions of New Hampshire and is somewhat larger than the Boston HMA. This analysis uses the Boston-Cambridge-Nashua, MA-NH NECTA in the discussion of nonfarm payroll jobs because employment data for the NECTA are readily available from the U.S. Bureau of Labor Statistics.**

3.	The Boston-Cambridge-Newton, MA-NH Metropolitan Statistical Area (MSA) includes Essex, Middlesex, Norfolk, Plymouth, and Suffolk Counties in Massachusetts and Rockingham and Strafford Counties in New Hampshire.
4.	The MSA and NECTA definitions noted in this report are based on the delineations established by OMB in the OMB Bulletin dated April 10, 2018.
5.	Urbanized areas are defined using the U.S. Census Bureau's 2020 Census Urban and Rural Classification and the Urban Area Criteria.
6.	The census tracts referenced in this report are from the 2020 Census.

C. Additional Notes

1.	The National Association of Home Builders Housing Opportunity Index represents the share of homes sold in the HMA that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria.
2.	This analysis has been prepared for the assistance and guidance of HUD in its operations. The factual information, findings, and conclusions may also be useful to builders, mortgagees, and others concerned with local housing market conditions and trends. The analysis does not purport to make determinations regarding the acceptability of any mortgage insurance proposals that may be under consideration by the Department.
3.	The factual framework for this analysis follows the guidelines and methods developed by the Economic and Market Analysis Division within HUD. The analysis and findings are as thorough and current as possible based on information available on the as-of date from local and national sources. As such, findings or conclusions may be modified by subsequent developments. HUD expresses its appreciation to those industry sources and state and local government officials who provided data and information on local economic and housing market conditions.

D. Photo/Map Credits

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