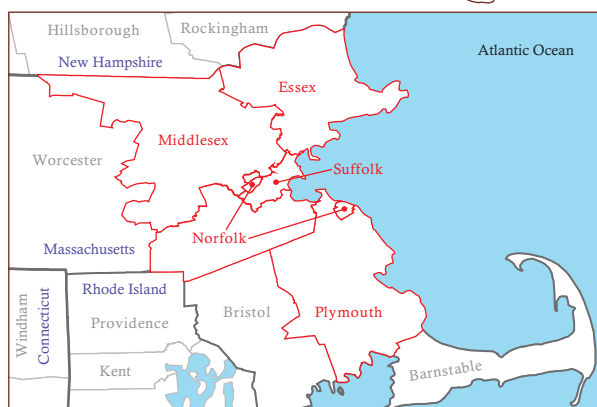
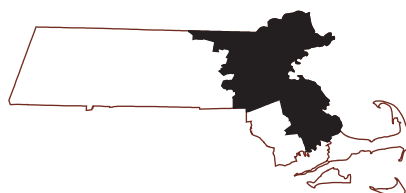




Boston, Massachusetts

U.S. Department of Housing and Urban Development | Office of Policy Development and Research | As of June 1, 2012

PD&R



Housing Market Area

The Boston Housing Market Area (HMA) comprises Essex, Middlesex, Norfolk, Plymouth, and Suffolk Counties in Massachusetts. For purposes of this analysis, the HMA is divided into three submarkets: the Boston-Suffolk submarket is coterminous with Suffolk County and includes the city of Boston, the North Shore submarket comprises Essex and Middlesex Counties, and the South Shore submarket consists of Norfolk and Plymouth Counties.

Summary

Economy

Economic conditions in the Boston HMA improved steadily during the past 2 years, led by job growth in the professional and business services and education and health services sectors. During the 12 months ending May 2012, nonfarm payrolls increased by 18,000 jobs, or 0.7 percent, after growing by 21,900 jobs, or 0.9 percent, during the previous 12 months.

During the 3-year forecast period, nonfarm payrolls are expected to increase by an average of 1.0 percent annually.

Sales Market

The homes sales market in the HMA remains soft but stabilized somewhat during the past year. Demand is expected for nearly 16,000 new homes during the forecast period. The 1,450 homes currently under construction and a portion of the 50,800 other vacant units in the HMA that may reenter the market will satisfy some of the forecast demand (Table 1).

Rental Market

The rental housing market in the HMA is tight, with conditions continuing to tighten during the past year, reflecting increased rental demand and low production levels of new units. The overall rental vacancy rate is estimated at 4.4 percent, down from 5.8 percent in 2010. During the forecast period, demand is expected for 16,700 new rental units (Table 1). The 4,800 units currently under construction will meet a portion of the demand.

Market Details

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Table 1. Housing Demand in the Boston HMA, 3-Year Forecast, June 1, 2012 to June 1, 2015

	Boston HMA		Boston-Suffolk Submarket		North Shore Submarket		South Shore Submarket	
	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units	Sales Units	Rental Units
Total Demand	15,950	16,700	2,300	5,300	8,750	8,400	4,900	3,000
Under Construction	1,450	4,800	150	1,800	800	2,300	500	700

Notes: Total demand represents estimated production necessary to achieve a balanced market at the end of the forecast period. Units under construction as of June 1, 2012. A portion of the estimated 50,800 other vacant units in the HMA will likely satisfy some of the forecast demand. Includes an estimated demand for 200 mobile homes in the South Shore submarket.

Source: Estimates by analyst

Economic Conditions

The Boston-Cambridge-Quincy, MA-NH Metropolitan New England City and Town Area (NECTA), referred to hereafter as the metropolitan NECTA, includes portions of New Hampshire and is somewhat larger than the Boston HMA. This analysis uses the metropolitan NECTA in the discussion of nonfarm payroll jobs, however, because employment data

for the metropolitan NECTA are readily available from the U.S. Bureau of Labor Statistics.

Economic conditions in the metropolitan NECTA improved significantly during the past 2 years. Nonfarm payrolls in the metropolitan NECTA peaked in 2008 at an average of 2.50 million jobs before declining by 79,500 jobs during 2009 because of the national economic recession. Payrolls have since grown significantly for more than 2 years. During the 12 months ending May 2012, nonfarm payrolls increased to 2.45 million jobs, up 18,000, or 0.7 percent, after growing by 21,900 jobs, or 0.9 percent, during the previous 12 months (Table 2). The professional and business services sector, which accounts for nearly 17 percent of nonfarm payrolls in the metropolitan NECTA (Figure 1), added the most jobs during the 12 months ending May 2012. The sector increased by 7,100 jobs, or 1.8 percent, largely due to an increase of 4,300 jobs, or 8.4 percent, in the computer systems design and related services industry.

Table 2. 12-Month Average Nonfarm Payroll Jobs in the Boston HMA, by Sector

	12 Months Ending May 2011	12 Months Ending May 2012	Percent Change
Total Nonfarm Payroll Jobs	2,435,000	2,453,000	0.7
Goods Producing	273,900	276,800	1.1
Mining, Logging, & Construction	79,150	80,200	1.4
Manufacturing	194,800	196,600	0.9
Service Providing	2,161,000	2,176,000	0.7
Wholesale & Retail Trade	340,100	344,700	1.4
Transportation & Utilities	60,350	61,000	1.1
Information	72,400	72,700	0.4
Financial Activities	173,300	171,200	-1.2
Professional & Business Services	397,400	404,500	1.8
Education & Health Services	497,600	500,800	0.6
Leisure & Hospitality	224,100	225,300	0.6
Other Services	92,250	96,000	4.0
Government	303,400	299,800	-1.2

Notes: Based on 12-month averages through May 2011 and May 2012. Numbers may not add to totals because of rounding. Nonfarm payroll jobs data are for the Boston-Cambridge-Quincy, MA-NH Metropolitan New England City and Town Area.

Source: U.S. Bureau of Labor Statistics

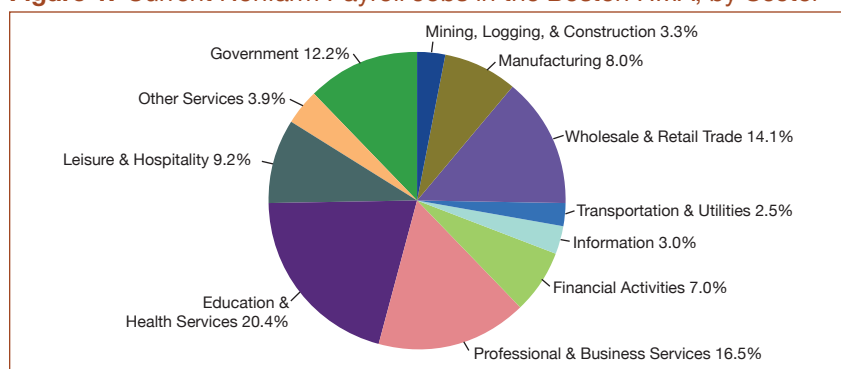
During the 12 months ending May 2012, nonfarm payrolls in the education and health services sector averaged 500,800 jobs, a net increase of 3,200 new jobs, or 0.6 percent. The social assistance and ambulatory healthcare services industries increased by 2,600 and 1,500 jobs, or 5.1 and 1.4 percent, respectively. Major recent developments in the education and health services sector include Massachusetts General Hospital's Lunder Building, a 530,000-square-foot, 14-story, 150-bed expansion that opened in downtown Boston in mid-2011, adding approximately 450 jobs.

The wholesale trade subsector increased by 2,600 jobs, or 2.8 percent, during the 12 months ending May 2012 compared with the number of jobs recorded

during the 12 months ending May 2011. During the same period, the retail trade subsector grew by 2,000 jobs, or 0.8 percent. The Stop & Shop Supermarket Company, LLC, with headquarters in the South Shore city of Quincy, is the leading employer in the retail trade subsector in the HMA, with 23,000 employees statewide, according to the *Boston Business Journal* (Table 3). Recent developments in the retail trade subsector include the openings of a Whole Foods Market in the fall of 2011, adding approximately 100 jobs in Boston's Jamaica Plain neighborhood, and a Market Basket supermarket in the spring of 2012, adding 150 jobs in Brockton. In addition, the manufacturing and the mining, logging, and construction sectors increased by 1,800 and 1,050 jobs, or 0.9 and 1.4 percent, respectively, from a year earlier. The most significant payroll decline was in the government sector, which lost 3,600 jobs, a 1.2-percent decline. In addition, during the 12 months ending May 2012, payrolls in the financial activities sector decreased by 2,100 jobs, or 1.2 percent, from the 12 months ending May 2011, including 400 jobs eliminated at State Street Corporation during 2011. During the 12 months ending May 2012, the unemployment rate averaged 6.3 percent, a substantial decline from the 7.2-percent rate during the previous 12-month period but still significantly greater than the 5.0-percent rate recorded during 2008 (Figure 2).

The Boston HMA is a major hub for higher education, with a high concentration of colleges and universities, including the world-renowned Harvard University and Massachusetts Institute of Technology (MIT), with 18,000 and 13,700 employees, respectively. According to a 2009 study, "Investing

Figure 1. Current Nonfarm Payroll Jobs in the Boston HMA, by Sector



Notes: Based on 12-month averages through May 2012. Nonfarm payroll jobs data are for the Boston-Cambridge-Quincy, MA-NH Metropolitan New England City and Town Area.

Source: U.S. Bureau of Labor Statistics

Table 3. Major Employers in the Boston HMA

Name of Employer	Nonfarm Payroll Sector	Number of Employees
Massachusetts General Hospital	Education & Health Services	23,200
The Stop & Shop Supermarket Company, LLC	Wholesale & Retail Trade	23,000
Harvard University	Education & Health Services	18,000
Brigham and Women's Hospital	Education & Health Services	15,000
Steward Health Care	Education & Health Services	14,000
Massachusetts Institute of Technology	Education & Health Services	13,700
Raytheon Company	Manufacturing	13,000
State Street Corporation	Financial Activities	12,200
CVS Caremark Corporation	Wholesale & Retail Trade	11,000
Verizon Communications Inc.	Information	10,000

Notes: Excludes local school districts. Number of employees reflects the total for each major employer statewide.

Source: Boston Business Journal

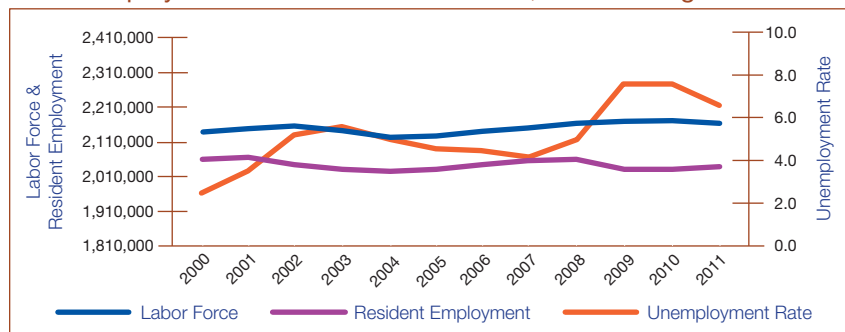
in Innovation,” during fiscal year 2008, Harvard University directly or indirectly accounted for more than \$5.3 billion in economic activity and more than 48,500 jobs throughout Massachusetts. In addition to Harvard and MIT, major universities in the HMA are Boston College, Boston University, Northeastern University, Tufts University, and University of Massachusetts’ Boston and Lowell campuses. During the 2000s, the education and health services sector was the source of the most job growth in the metropolitan NECTA. From 2000 through 2010, education and health services sector jobs increased by an average of 8,800 jobs, or 2.0 percent, annually, representing a total gain of 87,900 jobs. The education services subsector increased by an average of 1,500 jobs, or 1.3 percent, annually to 131,500 jobs. The total enrollment in postsecondary education increased by nearly 46,000 students from 2000 through 2009, according to *The Greater Boston Housing Report Card 2010*. The health services subsector also grew very rapidly during the 2000s, increasing by an average of 7,300 jobs, or 2.2 percent, annually from 2000 through 2010. Currently, 22 inpatient hospitals are in the city of Boston alone, including Massachusetts General Hospital and Brigham and Women’s Hospital,

which are two of the largest employers in Massachusetts, with 23,200 and 15,000 employees statewide.

The leisure and hospitality sector was also a major source of growth in the metropolitan NECTA during the 2000s. Since 2000, this sector has added 28,600 jobs, an increase of 15 percent (Figure 3). The food services and drinking places industry accounted for an increase of 28,100 jobs, or 98 percent of the net gain in the sector. According to the Massachusetts Office of Travel and Tourism, the total domestic direct traveler expenditure in the HMA during 2010 was \$10.4 billion, supporting 78,200 jobs, of which more than 50 percent were in the Boston-Suffolk submarket.

Nonfarm payrolls are expected to increase by an average of 1.0 percent annually during the forecast period, with modest growth in the first year and more rapid growth in the second and third years. Recent gains in the education and health services sector are likely to continue, including the new Spaulding Rehabilitation Hospital, a \$220 million, 132-bed, 221,000-square-foot development under way in Boston’s Charlestown Navy Yard. Growth in the retail trade subsector is also likely to continue, with Wegmans Food Markets, Inc., planning to open a new supermarket in Burlington that will add 600 full- and part-time jobs in 2013. The biotechnology industry is expected to be a major source of growth for the manufacturing sector. In June 2011, Vertex Pharmaceuticals Incorporated broke ground on an \$800 million, 1.1 million-square-foot headquarters building in the South Boston Waterfront Innovation District. The company will relocate from Cambridge to Boston and, according

Figure 2. Trends in Labor Force, Resident Employment, and Unemployment Rate in the Boston HMA, 2000 Through 2011

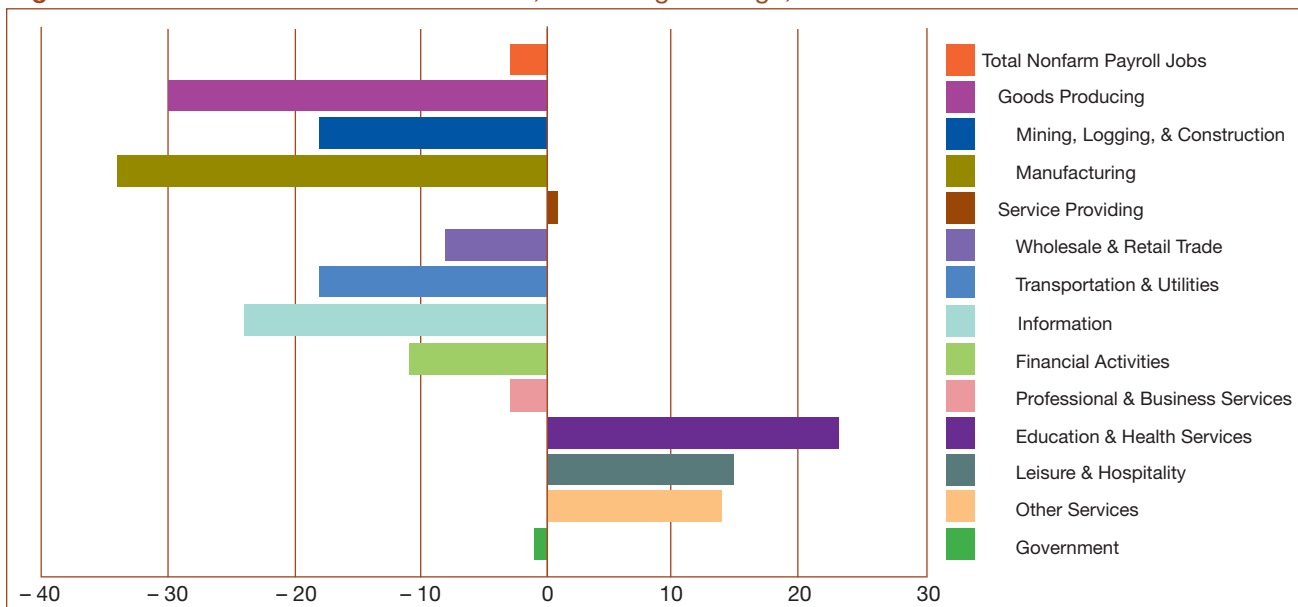


Source: U.S. Bureau of Labor Statistics

to the city of Boston's 2012 Bond Prospectus, plans to add 500 jobs. In addition, in April 2012, Novartis AG started a \$600 million expansion in the Cambridge Kendall Square

neighborhood, near MIT. The new Novartis AG development is expected to add 400,000 square feet of lab, office, and retail space and 300 new jobs during the next 5 years.

Figure 3. Sector Growth in the Boston HMA, Percentage Change, 2000 to Current



Notes: Current is based on 12-month averages through May 2012. Nonfarm payroll jobs data are for the Boston-Cambridge-Quincy, MA-NH Metropolitan New England City and Town Area.

Source: U.S. Bureau of Labor Statistics

Population and Households

As of June 1, 2012, the population of the Boston HMA was estimated at 4.19 million, an increase of 26,750, or 0.6 percent, annually from the April 1, 2010 population of 4.13 million (Figure 4). Tables DP-1 through DP-4 at the end of this report provide information on population growth in the HMA and in each submarket from 2000 to the current date. From 2000 through 2010, the population of the HMA increased by 13,250, or 0.3 percent, annually, with all population growth resulting from net natural change (resident births minus resident deaths), which

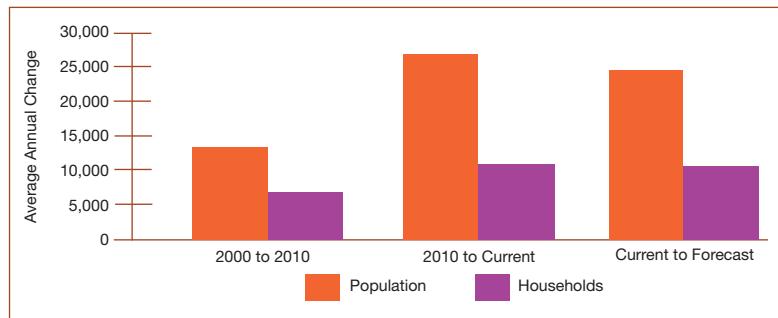
averaged 18,350 people a year. Net natural change is expected to grow at a rate of 17,000 annually during the forecast period (Figure 5). From 2000 through 2010, net out-migration from the HMA of 5,125 people annually partially offset net natural increase, with people leaving as a result of retirement, to seek relatively more affordable housing, or in pursuit of employment opportunities in areas with stronger job growth. According to Internal Revenue Service data, from 2004 to 2005, net out-migration from the HMA to Florida and New Hampshire accounted for net losses

of 10,300 and 8,825 people, or 26 and 22 percent, respectively, of all net out-migration from the HMA. As the national economy weakened starting in late 2007, however, the migration trend reversed, with people instead moving to the HMA. From July 1, 2007, through July 1, 2010, the population of the HMA increased by an average annual rate of 36,700, or 0.9 percent, with average net in-migration of 19,150 people annually. The faster population growth reflects fewer people leaving the HMA for jobs, housing, or retirement destinations and more people going back to school to pursue higher education at the many colleges and universities in the HMA. According to *The Greater Boston Housing Report Card 2010*, postsecondary enrollment in the HMA increased by 19,000 students from 2008 through 2009. Since April 1, 2010, net in-migration has continued at a slower

rate and is currently estimated to average 9,625 people annually. During the forecast period, net in-migration is expected to continue at a rate of 7,325 people a year as economic conditions and job growth in the HMA continue to improve. The population of the HMA is expected to grow by 24,350, or 0.6 percent, annually during the next 3 years.

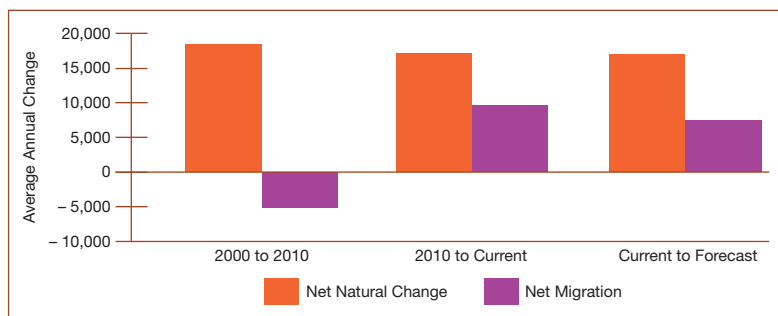
An estimated 736,600 people currently reside in the Boston-Suffolk submarket, up 6,725, or 0.9 percent, annually from a population of 722,023 in 2010. As of April 1, 2010, the city of Boston, with a population of 617,594, accounted for nearly 86 percent of the population in the submarket. During the 2000s, the submarket population increased by an average of 3,225, or 0.5 percent, annually. Although this rate represents the fastest growth of any submarket in the Boston HMA, population growth was limited because of out-migration, which averaged 1,075 people, or 0.2 percent, annually. From 2000 through 2006, the population of the submarket declined by an average of 420, or 0.1 percent, annually, with net out-migration that averaged 4,575 people per year. This trend reversed, however, as the national economy weakened starting in 2007. From 2007 through 2010, the population of the submarket grew by 10,400, or 1.5 percent, annually, including net in-migration that averaged 6,475 people per year. Population growth, however, has slowed somewhat since 2010; the population increased by an estimated 6,725, or 0.9 percent, annually, with in-migration averaging approximately 2,000 people a year. The population of the submarket is expected to grow by 6,400, or 0.9 percent, annually during the forecast period, with significant growth expected on the South Boston waterfront.

Figure 4. Population and Household Growth in the Boston HMA, 2000 to Forecast



Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

Figure 5. Components of Population Change in the Boston HMA, 2000 to Forecast



Sources: 2000 and 2010–2000 Census and 2010 Census; current and forecast—estimates by analyst

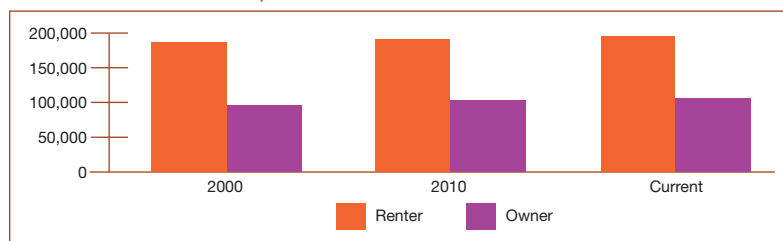
The population of the North Shore submarket is currently estimated at 2.28 million, up 14,650, or 0.7 percent, annually from a population of 2.25 million in 2010. During the 2000s, the submarket population increased by an average of 5,750, or 0.3 percent, annually. The relatively slower growth for this submarket during the decade was because of net out-migration, which averaged 3,925 people, or 0.2 percent, annually. From 2000 through 2006, the population of the submarket declined by an average of 450, or less than 0.1 percent, annually, with net out-migration averaging 10,500 people per year. This trend reversed, however, as the national economy weakened starting in 2007. From 2007 through 2010, the population of the submarket grew by 19,100, or 0.9 percent, annually, including net in-migration that averaged 9,575 people per year. Population growth, however, has slowed somewhat since 2010; the population increased by an estimated 14,650, or 0.7 percent, annually, with in-migration averaging approximately 5,300 people a year. The population of the submarket is expected to grow by 13,650, or 0.6 percent, annually during the forecast period, with major growth concentrated in Cambridge's Kendall Square and Somerville's Assembly Row.

The South Shore submarket population is currently estimated at 1.18 million, up 5,175, or 0.4 percent, annually from 2010, the slowest growth of the three submarkets during that period. During the 2000s, the submarket population increased by an average of 4,275, or 0.4 percent, annually, with minimal net out-migration of 110 people a year partially offsetting growth from net natural change. From 2000 through 2006, the population of the submarket increased slowly, by an

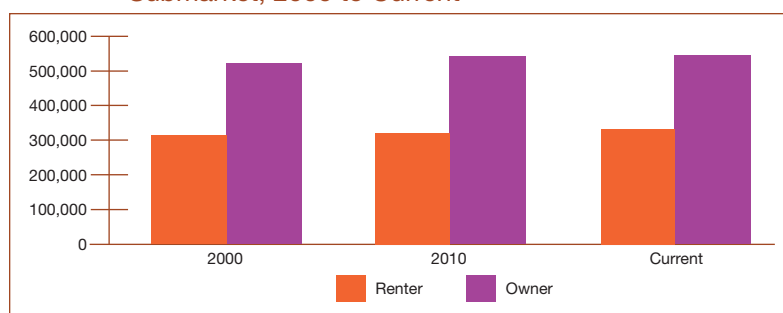
average of 2,725, or 0.2 percent, annually, with net out-migration averaging 1,950 people per year. The migration trend reversed, however, as the national economy weakened starting in 2007. From 2007 through 2010, the population of the submarket grew by 7,625, or 0.7 percent, annually, including net in-migration of 4,050 people per year. Population growth, however, has slowed somewhat since 2010; the population increased by 5,175, or 0.4 percent, annually, with in-migration averaging approximately 2,350 people a year. The population of the submarket is expected to grow by 4,675, or 0.4 percent, annually during the forecast period.

An estimated 1.62 million households currently reside in the HMA: 299,000 in the Boston-Suffolk submarket, 879,000 in the North Shore submarket, and 443,800 in the South Shore submarket. Since April 1, 2010, household growth in the HMA has averaged approximately 10,850 households, or 0.7 percent, a year. An estimated 34.7 percent of Boston-Suffolk submarket households are owner households (Figure 6). Of the households in the North Shore submarket, an estimated 62.2 percent are owner households (Figure 7). In the South Shore submarket, an estimated 71.5 percent of households are owner households (Figure 8). Since 2010, the number of renter households in the HMA has increased at an average rate of 1.3 percent annually, whereas the number of owner households grew at an average annual rate of only 0.2 percent, reflecting increased rental demand because of uncertainty in the home sales market and tight lending standards.

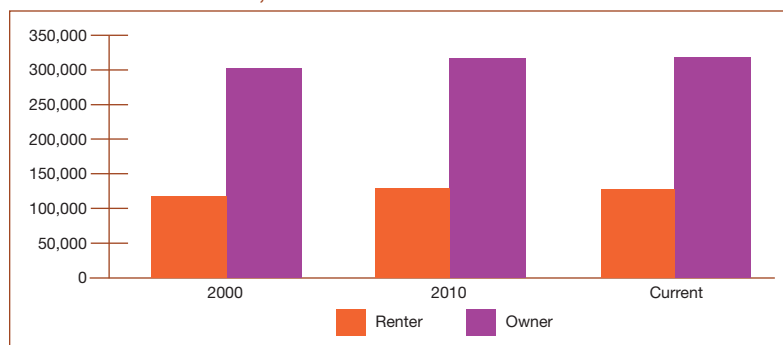
During the 2000s, the nonhousehold population in the HMA grew substantially as a result of new dormitory

Population and Households *Continued***Figure 6.** Number of Households by Tenure in the Boston-Suffolk Submarket, 2000 to Current

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 7. Number of Households by Tenure in the North Shore Submarket, 2000 to Current

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 8. Number of Households by Tenure in the South Shore Submarket, 2000 to Current

Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

construction, much of which was in the city of Boston. According to the Census Bureau, from 2000 through 2010, the number students living in college dormitories increased from 63,850 to 85,800, an average increase of nearly 2,200 students, or 3 percent, annually during the decade. Most growth took place in the Boston-Suffolk submarket, where the number of students living in college dormitories increased by 13,100 during the decade, an average increase of 1,310, or 5.1 percent, annually. The non-household population is expected to continue growing during the forecast period. According to the Boston Department of Neighborhood Development, several dormitories are under construction, with a total capacity of nearly 1,800 beds in the city of Boston alone, including 720 beds at Northeastern University, 493 beds at the Massachusetts College of Art and Design, 370 beds at Berklee College of Music, and 208 beds at the Boston University School of Medicine.

The number of households in the HMA is expected to grow by 10,350, or 0.6 percent, annually during the next 3 years, to total 1.65 million. The total household counts are expected to grow by 0.9, 0.6, and 0.5 percent in the Boston-Suffolk, North Shore, and South Shore submarkets, respectively.

Housing Market Trends

Sales Market—Boston-Suffolk Submarket

The home sales market in the Boston-Suffolk submarket is currently somewhat soft because of limited demand for homes, tight lending practices, and ongoing weakness in the economy.

The home sales market is showing signs of strengthening, however. The sales vacancy rate is estimated at 2.0 percent, down from 2.2 percent in 2010. According to Hanley Wood, LLC,

Housing Market Trends

Sales Market—Boston-Suffolk Submarket Continued

during the 12 months ending May 2012, 27 percent of all home sales in the submarket were single-family homes compared with an average of approximately 30 percent from 2008 through 2010. During the 12 months ending May 2012, new and existing single-family home sales increased by 150 homes, or 12 percent, to 1,450 homes. Single-family home sales remain down 9 percent from the average of 1,600 homes sold annually from 2008 through 2010, when home sales benefited from the availability of the first-time homebuyer tax credit. During the 12 months ending May 2012, new home sales represented only 4 percent of all single-family home sales, down from 15 percent during the 12 months ending May 2011 and compared with an average of 19 percent from 2008 through 2010. The average sales price of new and existing single-family homes was \$446,100 during the 12 months ending May 2012, a 3-percent decline from the previous 12 months and 1 percent less than the average annual home sales price of \$451,00 recorded from 2008 through 2010. According to the Greater Boston Association of REALTORS®, 400 single-family homes were for sale in city of Boston during May 2012, representing 5.1 months of supply compared with the nearly 500 homes for sale, or 7.1 months of supply, during May 2011.

The condominium market in the Boston-Suffolk submarket improved substantially during the past year. During the 12 months ending May 2012, condominiums represented 73 percent of all new and existing home sales in the submarket compared with an average of nearly 70 percent from 2008 through 2010. The number of new and existing condominium sales increased 20 percent, from 3,325 units sold in the 12 months ending

May 2011 to 4,000 units sold in the 12 months ending May 2012. Condominium sales are up 325 units, a 9-percent increase, from the average of 3,675 units sold annually from 2008 through 2010. New condominiums represented 2 percent of condominium sales during the past 12 months, down slightly from the 3-percent average during both the 12 months ending May 2011 and the period from 2008 through 2010. The average sales price of a condominium during the 12 months ending May 2012 was \$476,700, down \$8,000, or 2 percent, from the previous 12 months but up 7 percent from the average annual sales price of \$447,200 recorded from 2008 through 2010. According to the Greater Boston Association of REALTORS®, approximately 1,400 condominiums were for sale in city of Boston during May 2012, representing 4.5 months of supply, down significantly from the nearly 2,350 condominiums for sale, or 8.1 months of supply, reported during May 2011. According to LPS Applied Analytics, as of May 2012, 5.9 percent of total home loans in the submarket were 90 or more days delinquent, in foreclosure, or in REO (Real Estate Owned), essentially unchanged from the 6.0-percent rate a year earlier.

Single-family homebuilding activity, as measured by the number of single-family homes permitted, remained relatively unchanged in the Boston-Suffolk submarket during the past year. Based on preliminary data, during the 12 months ending May 2012, 50 single-family homes were permitted in the submarket, up only 25 homes compared with the number permitted during the 12 months ending May 2011. By comparison, from 2008 through 2010, 35 single-family homes were permitted annually (Figure 9).

Housing Market Trends

Sales Market—Boston-Suffolk Submarket Continued

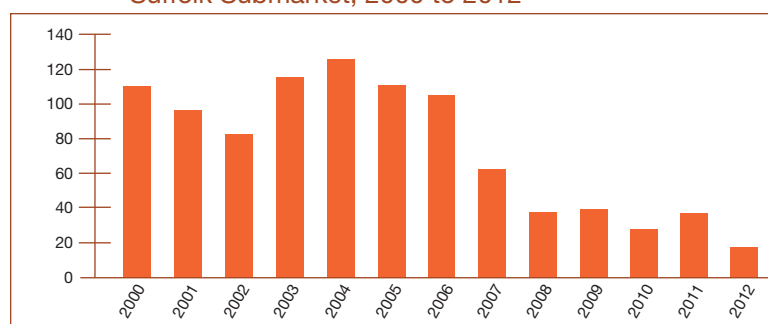
In addition to the single-family homes permitted, an estimated 40 percent of the multifamily units permitted in the submarket since 2000 were intended for owner occupancy. Condominium development, however, has declined significantly since 2007 as a result of weakness in the economy and soft sales housing market conditions. Based on data from the McGraw-Hill Construction Pipeline Database, during the 12 months ending May 2012, condominiums represented less than 5 percent of all multifamily development that

started construction in the submarket, essentially unchanged from the 12 months ending May 2011. By comparison, condominiums represented nearly 25 percent of multifamily development from 2008 through 2010 and approximately 55 percent from 2005 through 2007.

Recent sales developments in the submarket include new condominiums at The Residences at the W. Hotel. Built in 2009 in Boston's Back Bay neighborhood, the 28-story building includes a 235-room hotel, 123 condominiums, and more than 12,000 square feet of retail space. According to luxuryboston.com, studio, one-bedroom, two-bedroom, and three-bedroom condominiums start at \$450,000, \$665,000, \$1,225,000, and \$3,650,000, respectively.

During the next 3 years, demand is expected for 2,300 new homes in the Boston-Suffolk submarket (Table 1). The estimated 150 homes currently under construction will satisfy a portion of the demand. Demand is anticipated for 600, 800, and 900 new homes in the first, second, and third years of the forecast period, respectively. Table 4 illustrates estimated demand for new market-rate sales housing in the submarket by price range. Builders should be aware that some of the estimated 9,100 other vacant units currently in the inventory are likely to return to the home sales market and satisfy some of the forecast demand.

Figure 9. Single-Family Building Permits Issued in the Boston-Suffolk Submarket, 2000 to 2012



Notes: Includes townhomes. Includes data through May 2012.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 4. Estimated Demand for New Market-Rate Sales Housing in the Boston-Suffolk Submarket, June 1, 2012 to June 1, 2015

Price Range (\$)		Units of Demand	Percent of Total
From	To		
350,000	399,999	280	12.1
400,000	449,999	470	20.4
450,000	499,999	470	20.4
500,000	599,999	350	15.0
600,000	699,999	210	9.1
700,000	799,999	170	7.6
800,000	899,999	110	4.9
900,000	and higher	240	10.6

Note: The 150 homes currently under construction and a portion of the estimated 9,100 other vacant units in the submarket will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Rental Market—Boston-Suffolk Submarket

The rental housing market in the Boston-Suffolk submarket is tight and continued to tighten during the past year, reflecting increased rental demand and low production levels of

new units in recent years. The current overall rental vacancy rate is estimated at 3.9 percent, down from 5.3 percent in 2010 (Figure 10) because of the limited number of new units coming

Housing Market Trends

Rental Market—Boston-Suffolk Submarket Continued

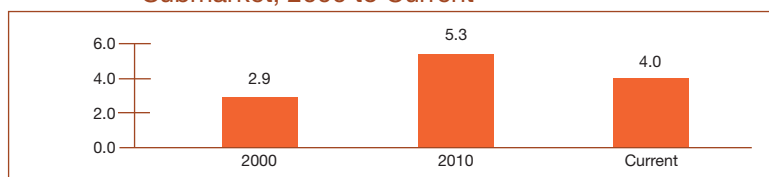
on the market since 2008. The apartment market in the submarket is extremely tight, with vacancies declining and rents rising rapidly since 2010. According to MPF Research, the average apartment vacancy rate for the submarket was 2.7 percent in the first quarter of 2012, down from 2.9 percent in the first quarter of 2011. During the same period, the average market rent in the submarket increased by \$170, or nearly 8 percent, to \$2,425. In the first quarter of 2012, apartment market rents in the submarket averaged \$1,825 for an efficiency unit, \$2,125 for a one-bedroom unit, \$2,675 for a two-bedroom unit, and \$3,375 for a three-bedroom unit.

Despite the growth in the number of student dormitories during the past decade, college and university students are estimated to represent more than 30 percent of the rental market in the submarket. According to *The Greater Boston Housing Report Card 2010*, in the fall of 2009, approximately 100,000 full-time undergraduate and graduate students were enrolled at private colleges

and universities in the city of Boston alone. Nearly 60,000 of these students, or 60 percent, lived in off-campus housing, primarily in the rental market. Growth in student enrollment during the past decade contributed to increased rental demand and low vacancy rates in the submarket and throughout the HMA.

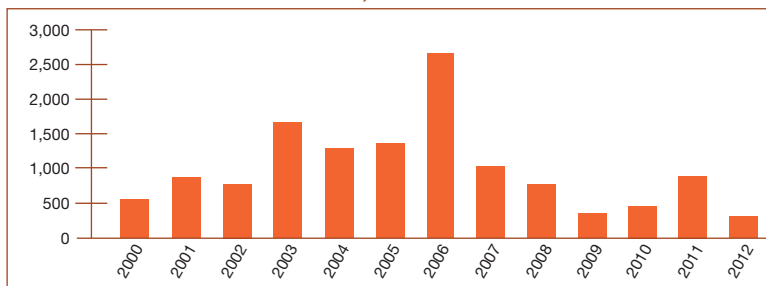
Multifamily building activity, as measured by the number of multifamily units permitted, increased rapidly in the Boston-Suffolk submarket during the past year as builders responded on a large scale to increased rental demand. According to the Boston Department of Neighborhood Development, more than \$1 billion in new housing construction started in the city of Boston during 2011; approximately 90 percent of the construction represents new apartment development. Based on preliminary data, during the 12 months ending May 2012, the number of multifamily units permitted increased to 1,550 units, up by 1,325, or nearly 550 percent, from only 240 units permitted during the 12 months ending May 2011. By comparison, only 510 units were permitted annually from 2008 through 2010 (Figure 11). During the past 24 months, condominium developments represented an estimated 5 percent of multifamily units permitted, down from an estimated 25 percent from 2008 through 2010. In addition to permits for new construction, conversions and adaptive reuse projects accounted for an increase of more than 1,000 units of the multifamily inventory in the submarket annually from 2000 through 2010. Approximately one-half of these gains represented projects of 50 or more units in the city of Boston, where redevelopment is expected to continue during the forecast period.

Figure 10. Rental Vacancy Rates in the Boston-Suffolk Submarket, 2000 to Current



Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 11. Multifamily Building Permits Issued in the Boston-Suffolk Submarket, 2000 to 2012



Notes: Excludes townhomes. Includes data through May 2012.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Rental Market—Boston-Suffolk Submarket Continued

Several new market-rate developments are under construction in the Boston-Suffolk submarket. The Victor, a \$92 million, 12-story, 377,000-square-foot tower with 286 apartment units is above the North Station subway stop and across the street from the commuter rail station in downtown Boston. The Avalon Exeter, a \$100 million, 28-story, 240,000-square-foot residential tower with 187 studio, one-bedroom, two-bedroom, and three-bedroom units is in Boston's Back Bay. The Kensington, a \$170 million, 27-story, 488,000-square-foot luxury highrise with 381 rental units and 4,000 square feet of retail space in Boston's Downtown Crossing area, is a LEED (Leadership in Energy and Environmental Design) Gold-certified building. Hayward Place, a \$220 million, 15-story, 390,000-square-foot building with 256 units in Downtown Crossing, includes 9,700 square feet of ground-floor retail space. All four developments are expected to be complete between mid-2013 and early 2014.

The city of Boston is also undertaking a major redevelopment in the South Boston Waterfront Innovation District. Additional apartment developments

that are expected to start construction after the current date are not included in Table 1. Waterside Place, a \$120 million, 20-story building with 236 apartments and ground-floor retail and office space, will break ground in June 2012. Boston Wharf Tower, a \$100 million, 20-story building with 202 apartments, will break ground in July 2012. Pier 4, a planned \$170 million, 21-story building with 357 apartments and ground-floor retail space, is expected to start construction in 2012. In addition to these residential projects, the largest development in the Innovation District is Vertex Pharmaceuticals Incorporated's new headquarters building.

During the next 3 years, demand is expected for 5,300 new market-rate rental units in the submarket, 1,800 units each in the first and second years and 1,700 units in the third year of the forecast period. The estimated 1,800 units currently under construction will meet a portion of this demand (Table 1). Table 5 shows forecast demand for new market-rate rental housing in the Boston-Suffolk submarket by rent level and number of bedrooms.

Table 5. Estimated Demand for New Market-Rate Rental Housing in the Boston-Suffolk Submarket, June 1, 2012 to June 1, 2015

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
1,500 to 1,699	95	1,700 to 1,899	160	2,100 to 2,299	160	2,800 to 2,999	110
1,700 to 1,899	140	1,900 to 2,099	250	2,300 to 2,499	250	3,000 to 3,199	160
1,900 to 2,099	240	2,100 to 2,299	330	2,500 to 2,699	330	3,200 to 3,399	160
2,100 to 2,299	240	2,300 to 2,499	410	2,700 to 2,899	410	3,400 to 3,599	270
2,300 to 2,499	95	2,500 to 2,699	250	2,900 to 3,099	250	3,600 to 3,799	210
2,500 or more	140	2,700 or more	250	3,100 or more	250	3,800 or more	160
Total	950	Total	1,650	Total	1,650	Total	1,050

Notes: Numbers may not add to totals because of rounding. The 1,800 units currently under construction will satisfy some of the estimated demand.

Source: Estimates by analyst

Sales Market—North Shore Submarket

The home sales market in the North Shore submarket is currently somewhat soft but showing signs of strengthening. The sales vacancy rate is estimated at 1.3 percent, unchanged from the rate in 2010. According to Hanley Wood, LLC, new and existing single-family home sales in the submarket were up by 2,200 homes, or 18 percent, during the 12 months ending May 2012, to total 14,250 homes. Home sales during the 12 months ending May 2012 exceeded the average of 13,750 homes sold annually from 2008 through 2010, despite the availability of the first-time homebuyer tax credit during the earlier period. During the 12 months ending May 2012, new home sales represented 3 percent of all single-family home sales compared with an average of 6 percent from 2008 through 2010. The average home sales price of new and existing single-family homes was \$436,100 during the 12 months ending May 2012, down approximately 3 percent compared with both the average sales price during the previous 12 months and the average annual sales price of \$449,000 from 2008 through 2010.

The condominium market in the North Shore submarket is somewhat soft, although it stabilized during the past year, with sales increasing substantially but average prices declining. During the 12 months ending May 2012, condominiums represented nearly 30 percent of all new and existing home sales in the submarket, essentially unchanged from the 12 months ending May 2011 and consistent with the average from 2008 through 2010. During the 12 months ending May 2012, the number of new and existing condominium sales increased by 1,125 units, or 23 percent, to 6,050 units, less than 1 percent more

than the average of 6,025 units sold annually from 2008 through 2010. New condominiums represented 3 percent of condominium sales during the past 12 months, down from 6 percent during the 12 months ending May 2011 and compared with an average of nearly 9 percent from 2008 through 2010. The average condominium sales price during the 12 months ending May 2012 was \$269,900, down \$29,100, or 10 percent, compared with the average sales price during the previous 12 months and down nearly 9 percent from the average annual sales price of \$296,200 from 2008 through 2010. According to LPS Applied Analytics, the percentage of total home loans in the submarket that were 90 or more days delinquent, in foreclosure, or in REO increased to 5.0 percent as of May 2012 from the 4.7-percent rate a year earlier.

Single-family homebuilding activity, as measured by the number of single-family homes permitted, decreased in the North Shore submarket during the past year. Based on preliminary data, during the 12 months ending May 2012, the number of single-family homes permitted totaled 1,675, down by 100 homes, or 6 percent, from the 1,775 homes permitted during the 12 months ending May 2011. By comparison, from 2008 through 2010, 1,650 single-family homes were permitted annually in the submarket (Figure 12). In addition to the single-family homes permitted, an estimate of more than 30 percent of the multifamily units permitted in the submarket since 2000 were intended for owner occupancy. Condominium development, however, has declined significantly since 2007 as a result of weakness in the

Housing Market Trends

Sales Market—North Shore Submarket Continued

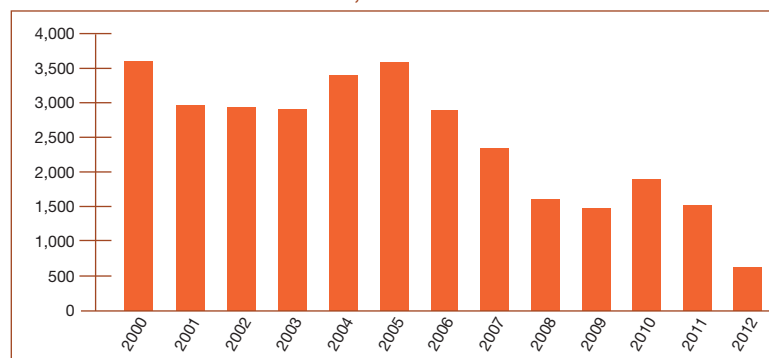
economy and soft sales housing market conditions. Based on data from the McGraw-Hill Construction Pipeline Database, during the 12 months ending May 2012, condominiums represented nearly 15 percent of all multifamily development that started construction in the submarket, essentially unchanged from the 12 months ending May 2011. By comparison, condominiums represented approximately 25 percent of

multifamily development from 2008 through 2010 and more than 40 percent from 2005 through 2007.

New homeownership developments under construction include 115 townhomes at the Regency at Assabet Ridge in Marlborough and 104 townhomes at Regency at Methuen—The Meadows Collection in Methuen. Both projects are active-adult developments with starting prices for two- and three-bedroom townhomes ranging from approximately \$340,000 to nearly \$400,000. The South Natick Hills development in Natick consists of 268 condominium homes, with prices starting at \$281,000 for one-bedroom homes and ranging from \$327,000 to \$385,000 for two-bedroom homes.

During the next 3 years, demand is expected for 8,750 new homes in the North Shore submarket (Table 1). The estimated 800 homes currently under construction will satisfy a portion of the demand. Demand is anticipated for 1,200, 3,200, and 3,550 new homes in the first, second, and third years of the forecast period, respectively. Table 6 illustrates estimated demand for new market-rate sales housing in the submarket by price range. Builders should be aware that some of the estimated 22,900 other vacant units currently in the inventory are likely to return to the home sales market and satisfy some of the forecast demand.

Figure 12. Single-Family Building Permits Issued in the North Shore Submarket, 2000 to 2012



Notes: Includes townhomes. Includes data through May 2012.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 6. Estimated Demand for New Market-Rate Sales Housing in the North Shore Submarket, June 1, 2012 to June 1, 2015

Price Range (\$)		Units of Demand	Percent of Total
From	To		
200,000	299,999	610	7.0
300,000	399,999	1,750	20.0
400,000	499,999	1,750	20.0
500,000	599,999	1,575	18.0
600,000	699,999	1,325	15.0
700,000	799,999	440	5.0
800,000	899,999	440	5.0
900,000	and higher	880	10.0

Note: The 800 homes currently under construction and a portion of the estimated 22,900 other vacant units in the submarket will likely satisfy some of the forecast demand.

Source: Estimates by analyst

Rental Market—North Shore Submarket

The rental housing market in the North Shore submarket is currently tight, with conditions tightening from balanced during the past year because of increased rental demand and low production levels of new units. The

current overall rental vacancy rate is estimated at 4.4 percent, down from 5.9 percent in 2010 (Figure 13). The apartment market in the submarket, however, is very tight, with vacancies declining and rents rising rapidly.

Housing Market Trends

Rental Market—North Shore Submarket Continued

According to MPF Research, the average apartment vacancy rate for the submarket was 3.2 percent in the first quarter of 2012, down from 4.3 percent in the first quarter of 2011. During the same period, the average market rent increased by \$140, or more than 9 percent, to average nearly \$1,675. Apartment market rents in the submarket averaged \$1,275 for an efficiency unit, \$1,450 for a one-bedroom unit, \$1,750 for a two-bedroom unit, and \$2,400 for a three-bedroom unit in the first quarter of 2012.

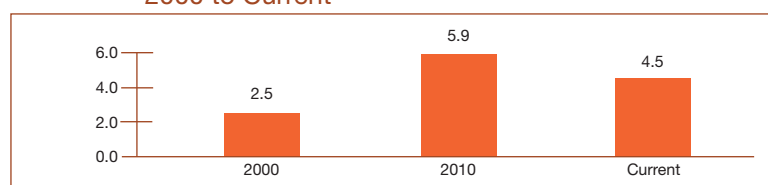
Multifamily building activity, as measured by the number of multifamily units permitted, increased rapidly in the North Shore submarket during the past year in response to increased rental demand and decreased vacancies. Based on preliminary data, during the 12 months ending May 2012, the number of multifamily units permitted increased to 1,875 units, up 1,025, or approximately 120 percent, from the 850 units permitted during the 12 months ending May 2011. By comparison, only 1,100 units were

permitted annually from 2008 through 2010 (Figure 14). During the past 24 months, condominium developments represented an estimated 15 percent of multifamily units permitted, down from an estimated 25 percent from 2008 through 2010. In addition to new construction, adaptive reuse projects, including conversions of former mill buildings and old schools into new condominium and apartment developments, accounted for more than 3,000 units of the multifamily inventory growth in the submarket since 2000. Much of the adaptive reuse development during this period concentrated in downtown Lowell and the cities of Haverhill and Lawrence, where redevelopment is expected to continue during the forecast period.

The most significant new development under construction in the submarket is Assembly Row in Somerville, which is one of the largest mixed-use, transit-oriented development projects currently under way on the East Coast, comprising a \$1.5 billion investment from Federal Realty Investment Trust and AvalonBay Communities, Inc. Phase I of the development includes 195 apartment units at Avalon at Assembly Row and 235 apartment units at AVA Somerville. The development also includes a new subway station on the Orange Line that is currently under construction and expected to be complete by 2014. The master plan for the 45-acre site includes 2,100 residential units, 1.75 million square feet of office space, and 500,000 square feet of retail space to be built during the next 5 to 10 years.

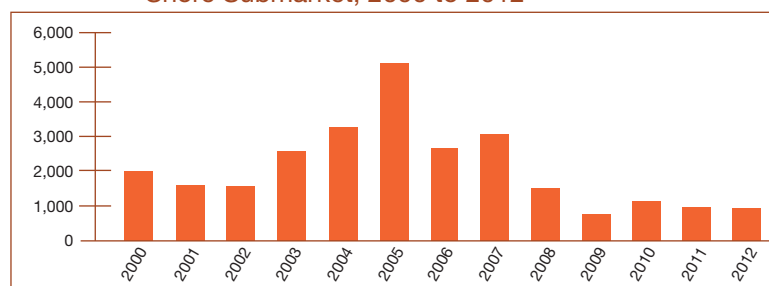
Additional new market-rate rental developments under construction include 407 units at Avalon Natick in Natick, 350 units at Concord Mews in Concord, 212 units at Alta Stone

Figure 13. Rental Vacancy Rates in the North Shore Submarket, 2000 to Current



Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Figure 14. Multifamily Building Permits Issued in the North Shore Submarket, 2000 to 2012



Notes: Excludes townhomes. Includes data through May 2012.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Rental Market—North Shore Submarket Continued

Place in Melrose, 184 units at Maxwell's Green in Somerville, 128 units at Legacy Park Wakefield in Wakefield, 116 units at Alta Mill Creek in Arlington, 115 units at Avalon Andover in Andover, and 108 units at Legacy Park Wilmington in Wilmington.

During the next 3 years, demand is expected for 8,400 new market-rate rental units in the North Shore submarket, with annual demand declining from 2,900 units in the first year

to 2,700 units in the third year of the forecast period. The estimated 2,300 units currently under construction will meet a portion of this demand (Table 1). Table 7 shows forecast demand for new market-rate rental housing in the submarket by rent level and number of bedrooms. Demand for studio apartments is primarily in the communities closest to Boston, including Cambridge and Somerville, where rents are relatively more than in other parts of the submarket.

Table 7. Estimated Demand for New Market-Rate Rental Housing in the North Shore Submarket, June 1, 2012 to June 1, 2015

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
1,200 to 1,399	170	1,200 to 1,399	250	1,500 to 1,699	250	1,800 to 1,999	170
1,400 to 1,599	250	1,400 to 1,599	380	1,700 to 1,899	380	2,000 to 2,199	250
1,600 to 1,799	420	1,600 to 1,799	630	1,900 to 2,099	630	2,200 to 2,399	340
1,800 to 1,999	420	1,800 to 1,999	630	2,100 to 2,299	630	2,400 to 2,599	340
2,000 to 2,199	170	2,000 to 2,199	250	2,300 to 2,499	250	2,600 to 2,799	250
2,200 or more	250	2,200 or more	380	2,500 or more	380	2,800 or more	340
Total	1,675	Total	2,525	Total	2,525	Total	1,675

Notes: Numbers may not add to totals because of rounding. The 2,300 units currently under construction will satisfy some of the estimated demand.

Source: Estimates by analyst

Sales Market—South Shore Submarket

The home sales market in the South Shore submarket is currently somewhat soft, with single-family and condominium sales increasing but average sales prices continuing to decline during the past year. The sales vacancy rate is estimated at 1.3 percent, unchanged from the rate in 2010. According to Hanley Wood, LLC, new and existing single-family home sales in the submarket were up by 1,775, or 22 percent, during the 12 months ending May 2012 to total 9,750 homes. Home sales during the 12 months ending May 2012 are 11 percent more than the average of 8,750 homes sold annually from 2008 through 2010, despite the availability of the first-time homebuyer tax credit during the earlier

period. During the 12 months ending May 2012, new home sales represented 2 percent of all single-family sales compared with a 5-percent average from 2008 through 2010. The average sales price of new and existing single-family homes was \$409,800 during the 12 months ending May 2012, down 5 percent from the previous 12 months and down nearly 5 percent from the average annual home sales price of \$429,400 recorded from 2008 through 2010.

The condominium market in the South Shore submarket remains somewhat soft, with sales increasing and average prices declining significantly during the past year. During the 12 months ending May 2012, condominiums

Housing Market Trends

Sales Market—South Shore Submarket Continued

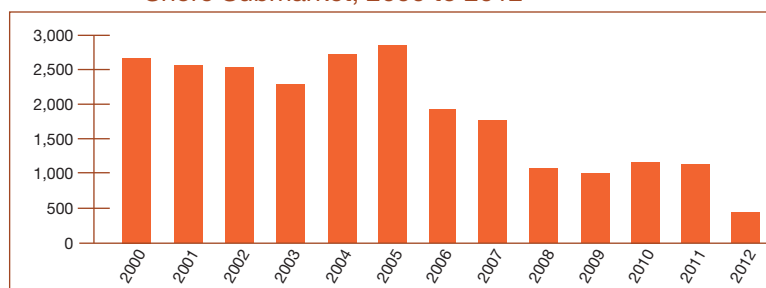
represented nearly 19 percent of all new and existing home sales in the submarket, essentially unchanged from the 12 months ending May 2011 but down from the average of 21 percent from 2008 through 2010. During the 12 months ending May 2012, the number of new and existing condominium sales increased by 350 units, or 18 percent, to 2,275 units, 2 percent less than the average of 2,325 units sold annually from 2008 through 2010. New condominiums represented 2 percent of condominium sales during the past 12 months, down from 4 percent during the 12 months ending May 2011 and compared with an average of more than 7 percent from 2008 through 2010. The average sales price of a condominium was \$291,500 during the 12 months ending May 2012, down approximately 11 percent from the previous 12 months and down 9 percent from the average annual sales price of \$320,900 recorded from 2008 through 2010. Despite the improvement in economic conditions during the past year, according to LPS Applied Analytics, as of May 2012, 6.3 percent of total home loans in the submarket were 90 or more days delinquent, in foreclosure, or in REO, up from 5.7 percent a year earlier.

Single-family homebuilding activity, as measured by the number of single-family homes permitted, increased

during the past year. Based on preliminary data, during the 12 months ending May 2012, the number of single-family homes permitted totaled 1,225, up by 150 homes, or 14 percent, from the 1,075 homes permitted during the 12 months ending May 2011. By comparison, from 2008 through 2010, 1,050 single-family homes were permitted annually in the submarket (Figure 15). In addition to the single-family homes permitted, an estimate of nearly 30 percent of the multifamily units permitted in the submarket since 2000 were intended for owner occupancy. Condominium development, however, has declined significantly since 2007 as a result of weakness in the economy and soft sales housing market conditions. Based on data from the McGraw-Hill Construction Pipeline Database, during the 12 months ending May 2012, condominiums represented less than 10 percent of all multifamily development that started construction in the submarket, essentially unchanged from the 12 months ending May 2011 and compared with the average from 2008 through 2010. By comparison, condominiums represented approximately 30 percent of all multifamily development from 2005 through 2007.

The Pinehills development, a 3,174-acre, master-planned community in the town of Plymouth, has been in development since 2000. The community includes 1,600 homes, 2,200 acres of open space, 2 golf courses, and 1.3 million square feet of retail space, and it is currently home to 2,500 residents. Ongoing development includes plans for an additional 1,400 homes during the next 10 years. The average home sales price for a single-family home in The Pinehills is \$582,300, with top prices of more

Figure 15. Single-Family Building Permits Issued in the South Shore Submarket, 2000 to 2012



Notes: Includes townhomes. Includes data through May 2012.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Housing Market Trends

Sales Market—South Shore Submarket Continued

than \$2 million, and condominium prices range from the high \$300,000s through the \$500,000s.

Table 8. Estimated Demand for New Market-Rate Sales Housing in the South Shore Submarket, June 1, 2012 to June 1, 2015

Price Range (\$)		Units of Demand	Percent of Total
From	To		
200,000	299,999	470	10.0
300,000	399,999	1,125	24.0
400,000	499,999	940	20.0
500,000	599,999	750	16.0
600,000	699,999	470	10.0
700,000	799,999	240	5.0
800,000	899,999	240	5.0
900,000	and higher	470	10.0

Notes: The 500 homes currently under construction and a portion of the estimated 18,800 other vacant units in the submarket will likely satisfy some of the forecast demand. Excludes mobile homes.

Source: Estimates by analyst

During the next 3 years, demand is expected for 4,900 new homes in the South Shore submarket, including 200 mobile homes (Table 1). The estimated 500 homes currently under construction will satisfy a portion of the demand. Demand is anticipated for 500, 1,800, and 2,100 new homes in the first, second, and third years of the forecast period, respectively. Table 8 illustrates estimated demand for new market-rate sales housing in the submarket by price range. Builders should be aware that some of the estimated 18,800 other vacant units currently in the inventory likely will return to the home sales market and satisfy some of the forecast demand.

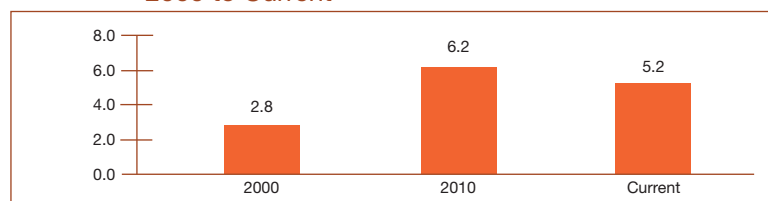
Rental Market—South Shore Submarket

The rental housing market in the South Shore submarket is balanced, and conditions improved during the past year because of low production levels of new units. The current overall rental vacancy rate is estimated at 5.2 percent, down from 6.2 percent in 2010 (Figure 16). The apartment market in the submarket, however, is tight. According to MPF Research, the average apartment vacancy rate for the submarket was 3.8 percent in the first quarter of 2012, down from 4.8 percent in the first quarter of 2011. During the same period, the average market rent was nearly \$1,500, up \$100, or 7 percent, from the first quarter of 2011. In the first quarter of 2012, apartment market rents in the submarket

averaged \$960 for an efficiency unit, \$1,350 for a one-bedroom unit, \$1,600 for a two-bedroom unit, and \$1,750 for a three-bedroom unit.

Multifamily building activity, as measured by the number of multifamily units permitted, declined significantly in the South Shore submarket during the past year as the rental market improved to balanced market conditions. Based on preliminary data, during the 12 months ending May 2012, the number of multifamily units permitted decreased to 560, down by 990 units, or 64 percent, from 1,550 units permitted during the 12 months ending May 2011. By comparison, 1,325 units were permitted annually from 2008 through 2010 (Figure 17). Condominium developments represent an estimated 10 percent of multifamily units permitted since 2008. New market-rate rental developments under way include 220 units at Avalon Cohasset in Cohasset, where rents for one- and two-bedroom units start

Figure 16. Rental Vacancy Rates in the South Shore Submarket, 2000 to Current



Sources: 2000 and 2010—2000 Census and 2010 Census; current—estimates by analyst

Housing Market Trends

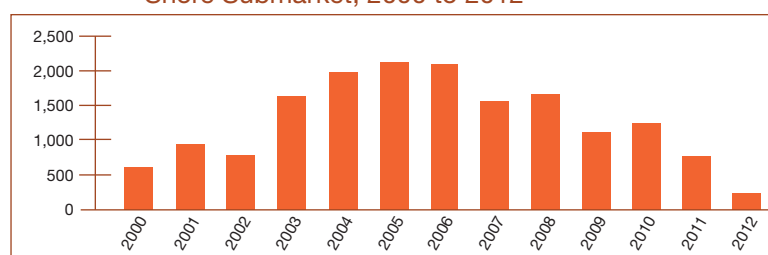
Rental Market—South Shore Submarket Continued

at \$1,824 and \$2,294, respectively, and 226 units at The Commons at SouthField Highlands in Weymouth. Both projects are expected to be complete in late 2012.

During the next 3 years, demand is expected for 3,000 new market-rate rental units in the South Shore submarket, with annual demand

decreasing from 1,100 units in the first year to 900 units in the third year of the forecast period. The 700 units currently under construction will meet a portion of this demand (Table 1). Table 9 shows forecast demand for new market-rate rental housing in the submarket by rent level and number of bedrooms.

Figure 17. Multifamily Building Permits Issued in the South Shore Submarket, 2000 to 2012



Notes: Excludes townhomes. Includes data through May 2012.

Sources: U.S. Census Bureau, Building Permits Survey; estimates by analyst

Table 9. Estimated Demand for New Market-Rate Rental Housing in the South Shore Submarket, June 1, 2012 to June 1, 2015

Zero Bedrooms		One Bedroom		Two Bedrooms		Three or More Bedrooms	
Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand	Monthly Gross Rent (\$)	Units of Demand
1,000 to 1,199	25	1,200 to 1,399	110	1,500 to 1,699	180	1,800 to 1,999	140
1,200 to 1,399	40	1,400 to 1,599	190	1,700 to 1,899	240	2,000 to 2,199	180
1,400 to 1,599	30	1,600 to 1,799	150	1,900 to 2,099	300	2,200 to 2,399	230
1,600 to 1,799	25	1,800 to 1,999	110	2,100 to 2,299	180	2,400 to 2,599	140
1,800 to 1,999	15	2,000 to 2,199	75	2,300 to 2,499	120	2,600 to 2,799	90
2,000 or more	25	2,200 or more	110	2,500 or more	180	2,800 or more	140
Total	150	Total	750	Total	1,200	Total	900

Notes: Numbers may not add to totals because of rounding. The 700 units currently under construction will satisfy some of the estimated demand.

Source: Estimates by analyst

Data Profiles

Table DP-1. Boston HMA Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Resident Employment	2,099,782	2,036,941	2,063,000	- 0.3	0.9
Unemployment Rate	2.5%	7.7%	6.3%		
Nonfarm Payroll Jobs	2,538,800	2,426,500	2,453,000	- 0.5	0.8
Total Population	4,001,752	4,134,036	4,192,000	0.3	0.6
Total Households	1,532,549	1,598,451	1,622,000	0.4	0.7
Owner Households	916,659	963,081	967,900	0.5	0.2
Percent Owner	59.8%	60.3%	59.7%		
Renter Households	615,890	635,370	653,900	0.3	1.3
Percent Renter	40.2%	39.7%	40.3%		
Total Housing Units	1,593,023	1,704,800	1,716,000	0.7	0.3
Owner Vacancy Rate	0.55	1.4%	1.3%		
Rental Vacancy Rate	2.7%	5.8%	4.4%		
Median Family Income	\$66,676	\$88,100	\$91,800	2.8	4.2

Notes: Numbers may not add to totals because of rounding. Employment data represent annual averages for 2000, 2010, and the 12 months through May 2012. Median family incomes are for 1999, 2009, and 2010. Median family incomes, median household incomes, and nonfarm payroll jobs data are for the Boston-Cambridge-Quincy, MA-NH Metropolitan New England City and Town Area.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-2. Boston-Suffolk Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Population	689,807	722,023	736,600	0.5	0.9
Total Households	278,722	292,767	299,000	0.5	1.0
Owner Households	94,558	103,220	103,800	0.9	0.3
Percent Owner	33.9%	35.3%	34.7%		
Rental Households	184,164	189,547	195,200	0.3	1.4
Percent Renter	66.1%	64.7%	65.3%		
Total Housing Units	292,520	315,522	318,200	0.8	0.4
Owner Vacancy Rate	0.9%	2.2%	2.0%		
Rental Vacancy Rate	2.9%	5.3%	3.9%		

Note: Numbers may not add to totals because of rounding.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-3. North Shore Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Population	2,188,815	2,246,244	2,278,000	0.3	0.7
Total Households	836,639	866,644	879,000	0.4	0.7
Owner Households	521,493	543,661	547,000	0.4	0.3
Percent Owner	62.3%	62.7%	62.2%		
Rental Households	315,146	322,983	332,000	0.2	1.3
Percent Renter	37.7%	37.3%	37.8%		
Total Housing Units	863,825	918,758	924,200	0.6	0.3
Owner Vacancy Rate	0.5%	1.3%	1.3%		
Rental Vacancy Rate	2.5%	5.9%	4.5%		

Note: Numbers may not add to totals because of rounding.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Table DP-4. South Shore Submarket Data Profile, 2000 to Current

	2000	2010	Current	Average Annual Change (%)	
				2000 to 2010	2010 to Current
Total Population	1,123,130	1,165,769	1,177,000	0.4	0.4
Total Households	417,188	439,040	443,800	0.5	0.5
Owner Households	300,608	316,200	317,135	0.5	0.1
Percent Owner	72.1%	72.0%	71.5%		
Rental Households	116,580	122,840	126,695	0.5	1.4
Percent Renter	27.9%	28.0%	28.5%		
Total Housing Units	436,678	470,520	473,800	0.7	0.3
Owner Vacancy Rate	0.5%	1.3%	1.3%		
Rental Vacancy Rate	2.8%	6.2%	5.2%		

Note: Numbers may not add to totals because of rounding.

Sources: U.S. Census Bureau; U.S. Department of Housing and Urban Development; estimates by analyst

Data Definitions and Sources

2000: 4/1/2000—U.S. Decennial Census
2010: 4/1/2010—U.S. Decennial Census
Current date: 6/1/2012—Analyst's estimates
Forecast period: 6/1/2012–6/1/2015—Analyst's estimates

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 currently under construction or units in the development pipeline.

Other Vacant Units: In the U.S. Department of Housing and Urban Development's (HUD's) analysis, other vacant units include all vacant units that are not available for sale or for rent. The term therefore includes units rented or sold but not occupied; held for seasonal, recreational, or occasional use; used by migrant workers; and the category specified as "other" vacant by the Census Bureau.

Building Permits: Building permits do not necessarily reflect all residential building activity that occurs in an HMA. 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.

For additional data pertaining to the housing market for this HMA, go to www.huduser.org/publications/pdf/CMARtables_BostonMA_12.pdf.

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This analysis was 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.

The factual framework for this analysis follows the guidelines and methods developed by HUD's Economic and Market Analysis Division. 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.

For additional reports on other market areas, please go to
www.huduser.org/publications/econdev/mkt_analysis.html.