

Transaction activity accelerates

CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **12,664**

UNITS DELIVERED (YTD) **983**

MARKET FUNDAMENTALS



VACANCY RATE **5.4%**

YEAR-OVER-YEAR CHANGE **+70bps**

ASKING RENTS **\$3,030**

YEAR-OVER-YEAR CHANGE **+1.8%**

TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$343,600**

GREATER BOSTON
MULTIFAMILY
Q1 2026

HIGHLIGHTS

- Property fundamentals performed well during the first quarter as supply growth slowed from last year's elevated pace. Projects totaling fewer than 1,000 units came online during the first three months of the year. More than 9,200 units were completed across the full year in 2025.
- Vacancy continued to rise in the first quarter, though increases were minimal. The vacancy rate inched higher by 10 basis points to 5.4%, bringing the year-over-year increase to 70 basis points.
- Rent growth rebounded in recent months after a weak second half of 2025. Asking rents advanced 1.6% during the first quarter to \$3,030 per month, and are up 1.8% year over year, marking just the second time rents in Boston have exceeded \$3,000 per month.
- Year to date, the median sale price is \$343,600 per unit, up 4% from peak levels recorded last year. Elevated pricing during the past three months was supported by two high-profile trades totaling more than \$350 million.

GREATER BOSTON MULTIFAMILY MARKET OVERVIEW

A slowing pace of new multifamily deliveries lessened supply-side pressures in the first quarter, allowing for a modest rebound in area rents. Projects totaling roughly 1,000 units came online during the first quarter, after more than 5,000 units completed in the second half of 2025. Fewer units are coming online and the development pipeline is now composed of a meaningfully different product mix than in the prior cycle. After developers delivered a few dozen luxury high-rise properties during the past decade, nearly 40% of the units currently underway are Class B complexes. Class B vacancy has risen roughly 90 basis points over the past year to 5.6%, while rents in that segment finished the first quarter at approximately \$3,000 per month. The continued delivery of Class B product could weigh on both rent growth and occupancy in that segment through the remainder of the year.

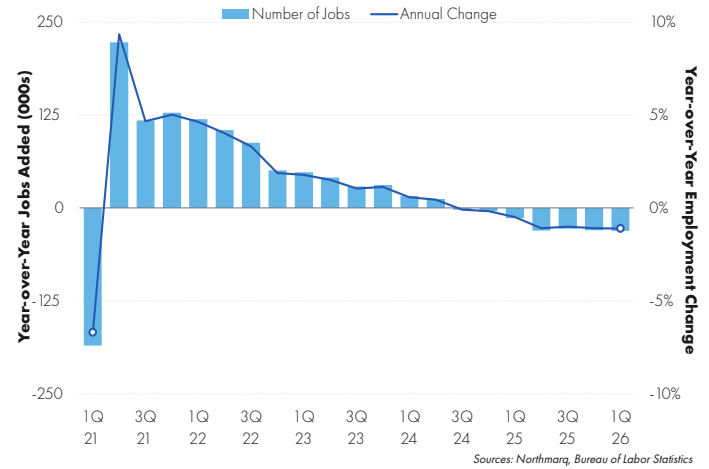
The Boston multifamily investment market opened 2026 with its most active first quarter in recent years. Transaction totals during the first quarter ran more than 50% ahead of levels from the same period last year. The quarter was defined by a clear bifurcation in activity. Two significant deals, a \$218 million acquisition in Cambridge and a \$137 million purchase in Salem, New Hampshire, combined to account for nearly 60% of total first-quarter dollar volume, while Class C assets represented nearly half of all trades. Across all transactions, activity was concentrated along the Route 1 North and Metro West corridors, which together accounted for more than one third of all first-quarter closings.

EMPLOYMENT

- The Boston employment market is showing signs of softening, particularly across white-collar and consumer-facing sectors. Total employment declined by 30,600 jobs year over year, a decrease of 1.1%
- Education and health services and manufacturing were the only sectors to record annual gains in early first-quarter data. Education and health services, the region’s largest employment sector with approximately 617,000 positions, added about 1,000 jobs, while manufacturing grew by roughly 800 positions, a 0.5% increase.
- M&T Bank recently announced plans to expand its Boston presence at Winthrop Center in the Financial District, adding 25,000 square feet of office space and targeting between 60 and 75 new hires during the next two to three years.
- **FORECAST:** Total employment is projected to recover modestly in 2026. The region is forecast to add approximately 6,000 positions during the course of the year, representing growth of roughly 0.2%. Boston averaged roughly 47,000 net new positions annually from 2014 to 2019, making the projected pace of hiring well below the pre-pandemic norm.

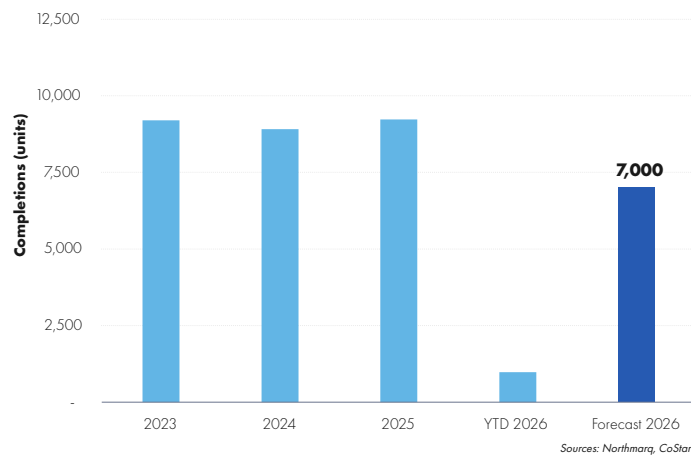
Total employment is projected to recover modestly in 2026.

EMPLOYMENT OVERVIEW



Roughly 1,000 units came online during the first quarter.

DEVELOPMENT TRENDS

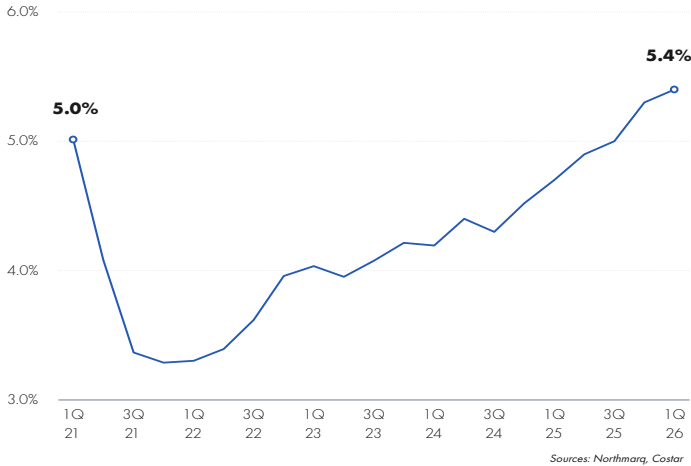


DEVELOPMENT & PERMITTING

- Multifamily deliveries slowed sharply to begin 2026, with roughly 1,000 units coming online during the first quarter. The total represents a nearly 20% decline from the same period in 2025.
- The construction pipeline started to thin heading into 2026. Approximately 12,700 units remain under construction across the Boston region, as a pullback in permitting during the past two years has resulted in fewer new projects entering the pipeline.
- Permitting activity remained subdued in the first quarter, with permits for approximately 1,300 units issued across the region. The figure represents nearly a 45% decline from the average recorded between 2019 and 2022.
- **FORECAST:** Projects totaling 7,000 units are expected to come online in 2026, down 25% from last year. Most of the future completions are scheduled for the second half of the year, with Fenway, Everett, Quincy, and suburban areas receiving the bulk of new supply. Noteworthy projects include a 432-unit tower along Huntington Avenue and a 416-unit development in Everett.

The vacancy rate finished the first quarter at 5.4%.

VACANCY TRENDS



VACANCY

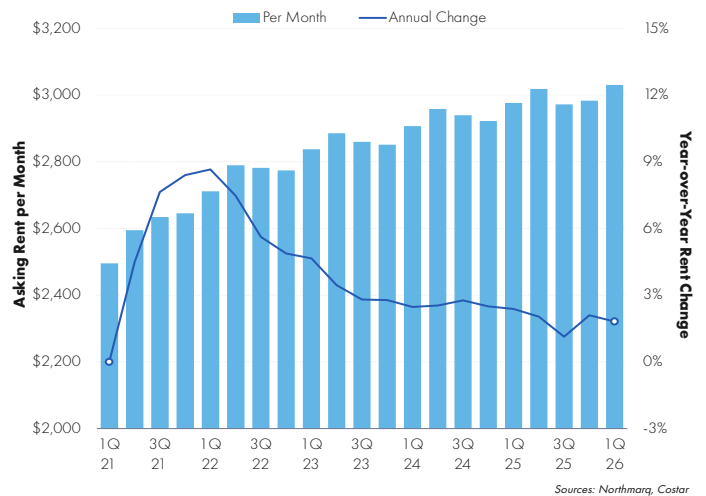
- The vacancy rate in Boston edged up 10 basis points during the first quarter to 5.4%. While the recent increase was modest, the rate is up 70 basis points year over year as the market continues to absorb new supply.
- While overall market vacancy rose, some submarkets recorded improvements in the first quarter. South Boston and the Seaport posted the most notable decline, with vacancy falling nearly 60 basis points during the past three months to 3.7%, while Route 1 North and Burlington/Woburn also posted modest quarterly improvements.
- Vacancy varied by asset class in the first quarter. Class A properties ended the period at 6.2%, up 30 basis points from a year ago, while Class B and Class C properties closed the quarter at 5.6% and 4.1%, respectively.
- **FORECAST:** Vacancy is expected to climb an additional 30 basis points to 5.7% by year end, remaining well above the 10-year historical average of 4.6% as new deliveries continue to weigh on the market through the second half of 2026.

RENTS

- Rent growth has rebounded in recent quarters, more than offsetting the steep decline during the third quarter of last year. Asking rents advanced by 1.6% during the first quarter to \$3,030 per month. Year over year, rents are up 1.8%.
- Among larger submarkets, urban core locations continued to command the highest rents. South Boston and the Seaport led the market at over \$4,460 per month, followed by Back Bay and the South End at roughly \$4,110 per month, while more affordable options remained concentrated in the suburban and gateway markets to the south and west.
- Rent growth held positive across all asset classes during the past year, with Class C properties leading the way, rising roughly 2% to \$2,395 per month, while Class A rents inched higher to approximately \$3,540 per month.
- **FORECAST:** Asking rents are projected to reach approximately \$3,060 per month for the full year, representing an increase of 2.6% from 2025 levels.

Year over year, asking rents are up 1.8%.

RENTS TRENDS

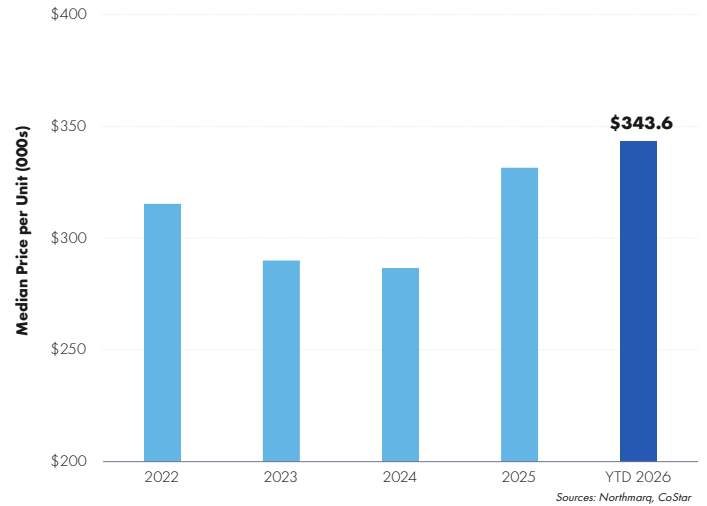


MULTIFAMILY SALES

- Investment activity picked up considerably to open 2026, with total transactions in the first quarter running more than 50% ahead of the same period last year. Activity was spread across the metro with Middlesex County and Suffolk County combining to account for more than 60% of the total transaction counts.
- Pricing remained elevated in the first quarter, with the median sale price reaching \$343,600 per unit. Class A assets continued to command a significant premium, with a median of \$614,000 per unit, while Class C properties traded at roughly \$190,000 per unit.
- Class C assets accounted for nearly half of all first-quarter trades, with activity concentrated along the Route 1 corridor and outer suburban markets. This suggests that investors are looking beyond core locations to find yield in a market where well-located Class A and Class B assets continue to trade at a significant premium.

The median sale price reached \$343,600 per unit.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

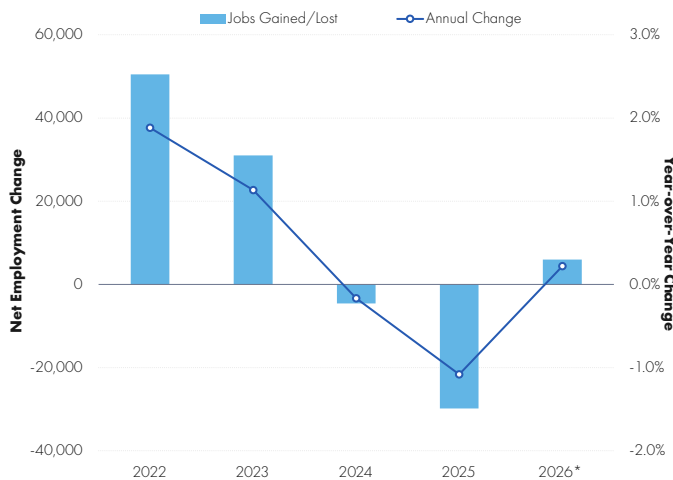
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Twenty20	20 Child St., Cambridge, MA	2015	355	\$218,000,000	\$614,085
Tuscan Village	3 Artisan Drive, Salem, NH	2020	281	\$137,000,000	\$487,544
The Lofts at Atlantic Wharf	530 Atlantic Ave., Boston, MA	2011	86	\$55,500,000	\$645,349
Phillips Park Apartments	324 Washington St., Wellesley, MA	1988	49	\$26,500,000	\$540,816

LOOKING AHEAD

The fundamental backdrop for Boston multifamily is gradually improving. Deliveries are forecast to decline nearly 25% in 2026, the construction pipeline continues to thin, and capital is rotating into the sector. The recently announced headquarters relocations by LEGO and Hasbro to the Boston region are expected to add jobs and provide a tangible offset to the employment softening that has weighed on demand through the early part of the year. Against this improving backdrop, however, one variable threatens to overshadow near-term fundamentals. A statewide ballot initiative scheduled for November 2026 proposes capping annual rent increases at the lower of CPI or 5%, though newly constructed buildings would be exempt from the cap for 10 years from the date of completion. While that carveout could drive renewed investor appetite for newly delivered product, the broader outcome of the initiative may prove more consequential to long-term return assumptions than any near-term shift in vacancy or rent growth.

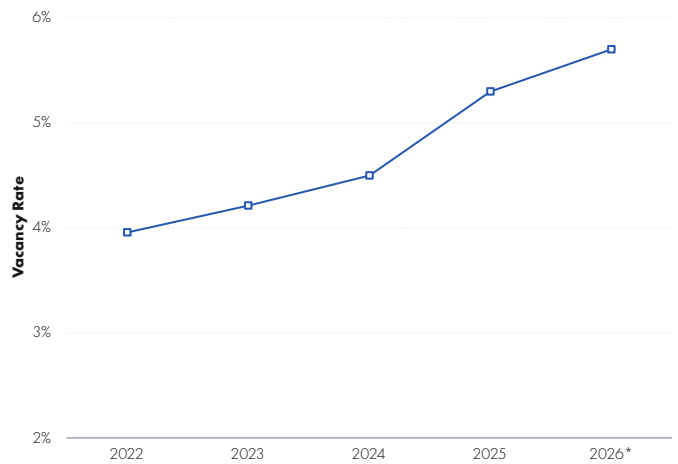
Multifamily transactions are likely to remain the leading destination for capital in Boston, continuing a trend in which the asset class has accounted for more than 40% of all commercial real estate activity in the region for three consecutive years. With first-quarter activity already running well ahead of last year, full-year transaction totals are on pace to surpass 2025 levels, provided market conditions remain stable. Pricing has held firm through the rate cycle, and suburban markets along the Route 1 corridor and established nodes south of the city continue to attract consistent buyer interest. On the urban side, the Hasbro headquarters relocation to the Seaport District is a development worth monitoring. The Seaport District has recorded limited new apartment supply relative to peer submarkets, and a meaningful influx of white-collar employment could generate value-add opportunities in a corridor that has lagged on the investment side in recent years.

EMPLOYMENT FORECAST



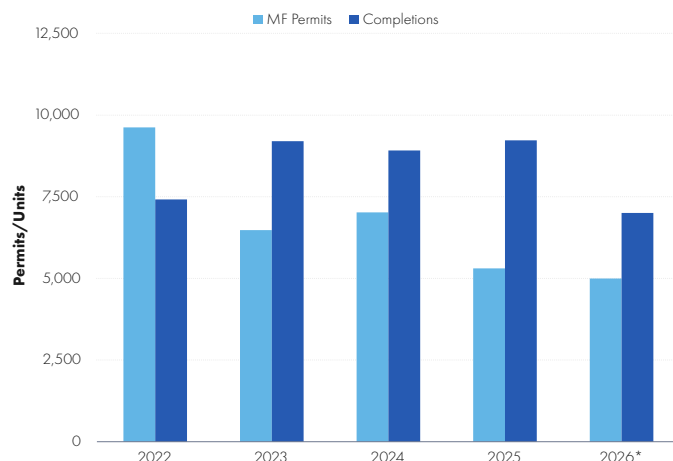
* Year End Forecast
Sources: Northmarq, Bureau of Labor Statistics

VACANCY FORECAST



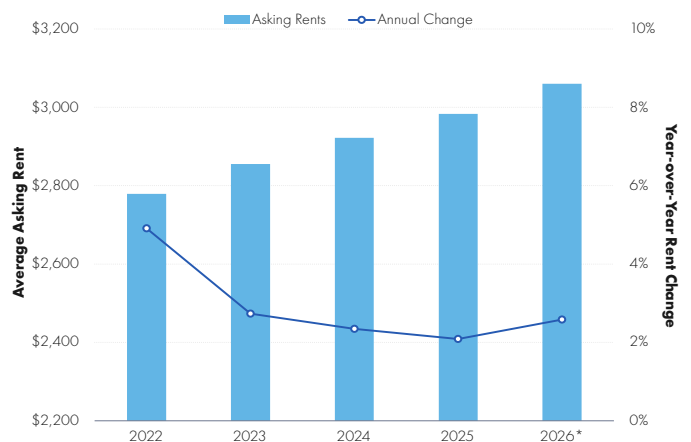
* Year End Forecast
Sources: Northmarq, CoStar

CONSTRUCTION & PERMITTING FORECAST



* Year End Forecast
Sources: Northmarq, CoStar, Census Bureau

RENTS FORECAST



* Year End Forecast
Sources: Northmarq, REIS



FOR MORE INFORMATION, PLEASE CONTACT

BRETT CURTIS

Vice President, Investment Sales

617.426.4454

bcurtis@northmarq.com

MICHAEL CHASE

Managing Director, Debt + Equity

617.728.9534

mchase@northmarq.com

ALIX CURTIN

Associate, Investment Sales

781.850.5091

acurtin@northmarq.com

ED RIEKSTINS

Managing Director, Debt + Equity

617.728.9538

eriekstins@northmarq.com

CHRIS DOERR

Regional Managing Director, Investment Sales

301.861.0013

cdoerr@northmarq.com

PETE O'NEIL, *Director of Research* | 602.508.2212 | poneil@northmarq.com

JOHN TAGG, *Research Manager* | 972.455.4916 | jtagg@northmarq.com

JOHN SALTER, *Research Analyst* | 602.508.2213 | jsalter@northmarq.com

ABOUT NORTHMARQ

Northmarq is one of the largest privately held commercial real estate firms in the United States, combining a nationwide presence with deep local expertise. With more than 50 offices across the country, we provide a full suite of debt, equity, investment sales, loan servicing and fund management solutions for a comprehensive range of property types. Our unique structure allows us to connect clients with the best opportunities, yet be nimble enough to ensure access to every expert across our company. The firm manages a loan servicing portfolio of over \$80 billion and has completed \$91.3 billion in transactions over the past four years. At Northmarq, collaboration fuels results, helping clients achieve success in every market, nationwide. For more information, visit www.northmarq.com.

The information contained herein has been obtained from sources deemed reliable. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report. ©2026. All rights reserved.