



CONSTRUCTION ACTIVITY



UNDER CONSTRUCTION **13,137**

UNITS DELIVERED (YTD) **7,061**

MARKET FUNDAMENTALS



VACANCY RATE **4.4%**

YEAR-OVER-YEAR CHANGE **+40bps**

ASKING RENTS **\$2,972**

YEAR-OVER-YEAR CHANGE **+1.1%**

TRANSACTION ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$310,600**

GREATER BOSTON
MULTIFAMILY
Q3 2025

MARKET INSIGHTS

Rent growth remains positive amid elevated supply

HIGHLIGHTS

- Multifamily fundamentals in Boston held steady in the third quarter. Vacancy tracked levels from the prior quarter, while rents are up slightly from one year ago. Construction activity remained elevated, with deliveries year to date ahead of the 2024 pace.
- Despite elevated construction levels, the vacancy rate held steady at 4.4% in the third quarter, matching the long-term average. Over the past year, vacancy has increased by 40 basis points.
- Asking rents dipped during the third quarter, following a seasonal trend that has been in place for the past several years. Despite the recent decline, current rents of \$2,972 per month are 1.1% higher than levels from one year earlier.
- Sales activity in the Boston multifamily market slowed in the third quarter following a second quarter surge. The year-to-date median sale price rose to \$310,600 per unit, up 8% from the same period in 2024.

GREATER BOSTON MULTIFAMILY MARKET OVERVIEW

The apartment market in Boston remained balanced in the third quarter, with roughly 2,700 units absorbed, nearly offsetting the 2,800 units delivered and holding vacancy steady at 4.4%. Renter demand was strongest in high-supply urban submarkets such as East Boston, Chelsea, and Allston-Brighton, where new construction drove elevated leasing activity. South Shore, South Plymouth County, and Quincy also posted solid gains, reflecting steady interest in lower-cost suburban options. Following job losses in the first half of the year, the labor market posted modest gains in the third quarter, and Boston is projected to close 2025 with net positive employment growth. The rental market is on track for its largest delivery total since 2020, which may overshadow absorption in the coming quarters. Still, with permitting down and fewer starts moving forward, a shrinking development pipeline is likely to ease pressure and support rent growth beyond 2025.

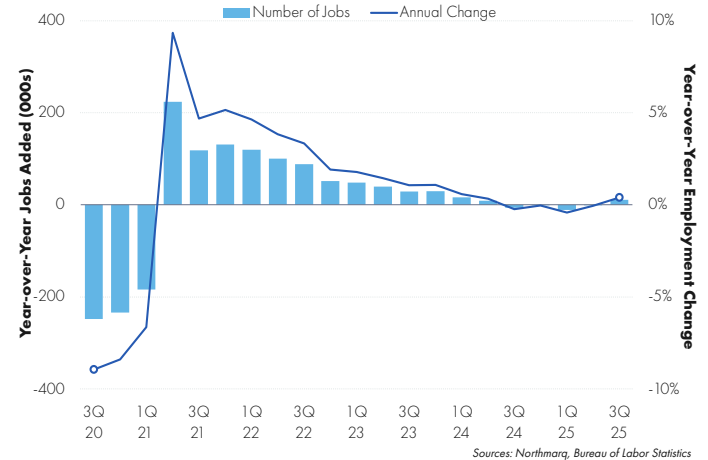
Sales activity in the Boston multifamily market slowed in the third quarter, though the trailing 12-month deal count rose to its highest level since 2022, lifted by a surge in dealmaking late last year. So far in 2025, Class B and Class C properties have accounted for the majority of transactions, representing approximately 50% and 27% of total deal activity, respectively. Transaction counts during the past year increased 20% from the prior 12-month period, though activity remains below the highs posted in 2021 and 2022. Transaction activity has been concentrated in the Everett, Malden, Medford, and Melrose submarkets, as well as the Metro West Area, two areas where pricing has moved higher in recent months. Out-of-state investor participation nearly doubled year over year, reflecting increased institutional interest in assets over \$10 million, particularly in transit-served, professionally managed communities with stable renter demand.

EMPLOYMENT

- The local labor market posted a modest rebound in the third quarter, with employment rising 0.4% year over year for a net gain of 11,000 jobs. Still, this pace falls below the metro's 10-year average annual growth rate of 0.7%.
- The financial activities sector posted faster employment gains in recent months after the pace of hiring slowed in 2024. During the past year, employers in this industry have hired 4,600 new employees, an increase of 2.5%.
- Hasbro's decision to relocate its global headquarters to the Seaport in Boston is expected to generate at least 700 new full-time jobs in the city by the end of 2026. The company will occupy over 260,000 square feet as part of a long-term growth and consolidation strategy.
- **FORECAST:** Total employment is projected to grow by 0.2% in 2025, with a net gain of approximately 6,000 positions spread across several sectors. White-collar employment is expected to rebound following a two-year contraction, although gains will remain modest, totaling just a few thousand roles.

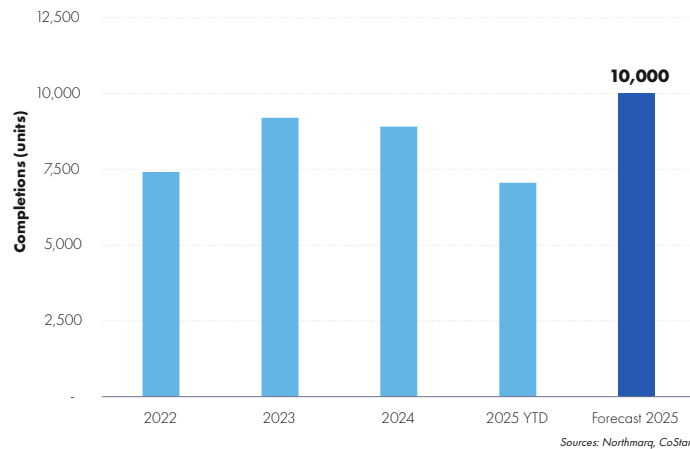
Financial employment has expanded by 2.5% year over year.

EMPLOYMENT OVERVIEW



Year to date, approximately 7,000 units have come online.

DEVELOPMENT TRENDS

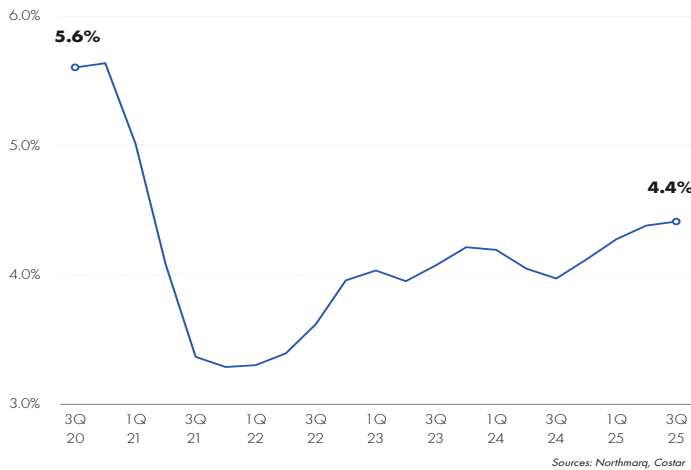


DEVELOPMENT & PERMITTING

- Multifamily deliveries accelerated in the third quarter, with more than 2,800 units completed. Year to date, approximately 7,000 units have come online, marking a 20% increase from the same period in 2024.
- At the end of the third quarter, approximately 13,100 units were under construction across Greater Boston. The largest concentrations of activity were in Brookline, Newton, Watertown, and Metro West, which have ranked among the metro's most active development zones for the past few years.
- Multifamily permitting remained subdued in the third quarter, with approximately 1,400 units approved, down 17% from the same period in 2024. Year-to-date totals also trail last year's pace, continuing a slowdown in new project filings.
- **FORECAST:** Apartment inventory continues to expand in Boston, with developers on track to deliver approximately 10,000 units by year-end. This total exceeds both the 2024 delivery count and the metro's 10-year annual average of 8,500 units.

The vacancy rate finished the third quarter at 4.4%.

VACANCY TRENDS



VACANCY

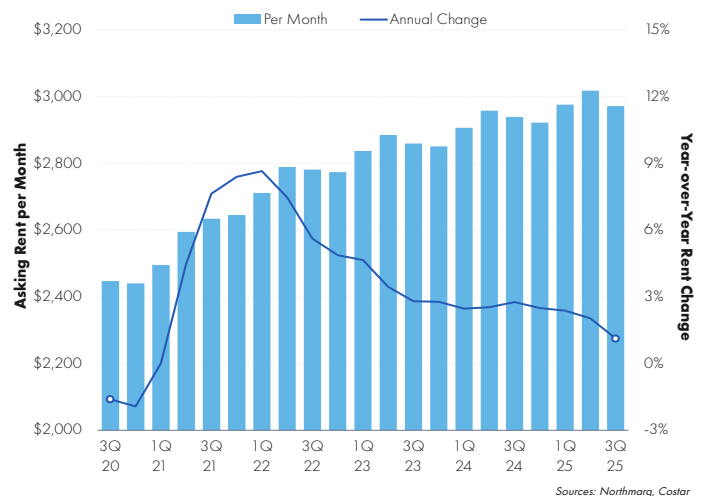
- Vacancy in the Boston region edged higher in recent months, reaching 4.4% at the end of the third quarter, a 40-basis-point increase year over year. The current rate is in line with the market's long-term average.
- The Metro West submarket remains below historical vacancy norms, declining 20 basis points over the past year to 3.8%. The current rate sits 30 basis points below the submarket's five-year average.
- Vacancy trends have varied by asset class since the start of 2025. In the Class A segment, vacancies have tightened, dropping 30 basis points to 5.5%. Vacancies have trended higher in both Class B and Class C properties, rising 30 basis points to 4.7% and 3.2%, respectively.
- FORECAST:** With deliveries on pace to reach a five-year high, vacancy is expected to inch up in the coming months. The rate is projected to finish 2025 at 4.5%, up 10 basis points from the current level and 40 basis points above the year-end 2024 figure.

RENTS

- Asking rents declined 1.5% in the third quarter, following a seasonal pattern where growth tends to peak in the second quarter. Despite the dip from the previous quarter, rents are up 1.2% year to date and 1.1% year over year, reaching \$2,972 per month.
- Among submarkets with more than 10,000 units of inventory, 12 of 14 recorded rent gains over the 12-month period. The largest increases, each above 2%, were in South Plymouth County, Lawrence and Haverhill, and the Cambridge submarket.
- While rent growth has slowed across the quality spectrum, all asset classes posted year-over-year gains. Class C led with a 1.6% increase, followed by Class A at 1.1% and Class B at 0.7%.
- FORECAST:** Following a strong start to the year, rent growth is projected to taper in the final months of 2025. Even with the slowdown, average asking rents are on pace to reach \$3,000 per month by year end, aligning with last year's 2.5% gain.

Asking rents are up 1.1% year over year.

RENTS TRENDS

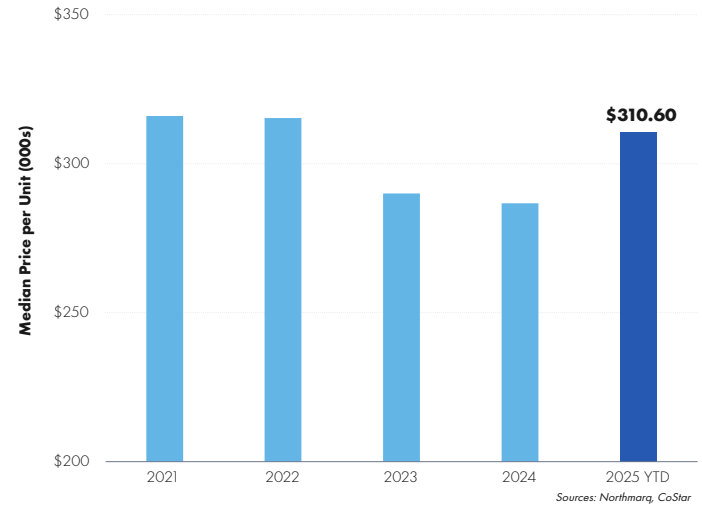


MULTIFAMILY SALES

- After an increase in the second quarter, multifamily investment activity pulled back sharply in the third quarter, with the number of deals falling to half the level recorded in the same period last year. While first-half totals kept pace with 2024, the market is now trending slightly below last year's transaction count heading into the final quarter of 2025.
- The year-to-date median sale price rose to \$310,600 per unit, marking the third-highest level recorded since 2015. Class B properties now account for nearly half of all trades in 2025, with pricing reaching \$345,900 per unit. Deals in the \$10- to \$20-million range have gained traction, becoming more common than in recent years.
- The Mid-County submarkets of Malden and Melrose have posted the highest number of trades in 2025, fueled by strong demand for older, pre-2000 assets. Properties in these areas have sold at a median price of approximately \$318,000 per unit.
- Cap rates have remained within the same range since last year, averaging between 5.0% and 6.4%. Compared to 2023, cap rates are up by roughly 25 to 50 basis points.

The year-to-date median sale price rose to \$310,600 per unit.

INVESTMENT TRENDS



RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

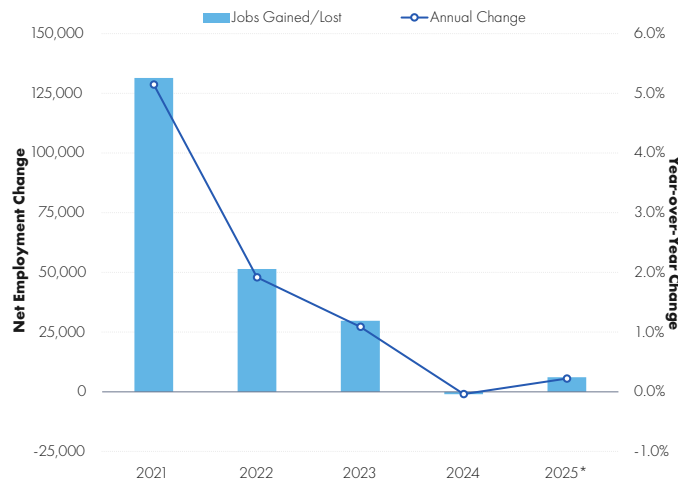
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Sagewell Hanover	80 Mill St., Hanover, MA	2022	297	\$155,850,000	\$524,747
Redbrook Apartments	220 Wareham Rd., Plymouth, MA	2019	288	\$106,000,000	\$368,056
Arrive Malden	14 Summer St., Malden, MA	1988	203	\$97,000,000	\$477,833
Newton Gardens	129-151 North St., Newtonville, MA	1964	112	\$38,000,000	\$339,286

LOOKING AHEAD

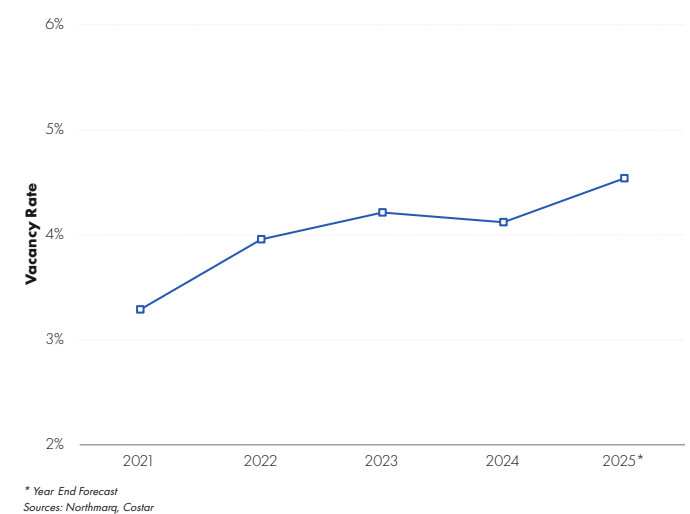
Multifamily construction in Greater Boston is expected to outpace last year's total by about 12% in 2025, but supply pressures are projected to ease significantly in the coming periods. Permitting activity has slowed, with developers expected to pull permits for only about 6,000 units this year, well below the region's annual average over the past decade. A thinning development pipeline should support market stability, with vacancy rates for this year and 2026 expected to closely track the Boston area's 10-year average. Recent rent trends have been uneven, but the market is expected to record its third consecutive year of annual rent increases of approximately 2.5% in 2025. While these fundamentals support the metro's traditional position of strength, investors are aware of and will monitor a new statewide initiative for a potential 2026 ballot measure on rent control. The proposal, which cleared its first hurdle in September, could alter the market's long-term rent growth outlook if it passes.

Transaction velocity should improve through year end as steady vacancy and firmer rents support underwriting. Deal flow is likely to concentrate in South Boston, the Seaport, and Downtown, where the listing pool is deepest and assets skew toward institutional quality. Large mixed-use projects coming online or nearing completion, including South Station Tower, Winthrop Center, and the buildout around Fenway Center, are adding transit access and amenities in core locations, supporting pricing for larger offerings and creating spillover demand for nearby middle market assets. Together, these trends widen the potential buyer base, private capital keeps middle market trades moving, and institutions are moving back into core assets as pricing firms and deal execution becomes more predictable.

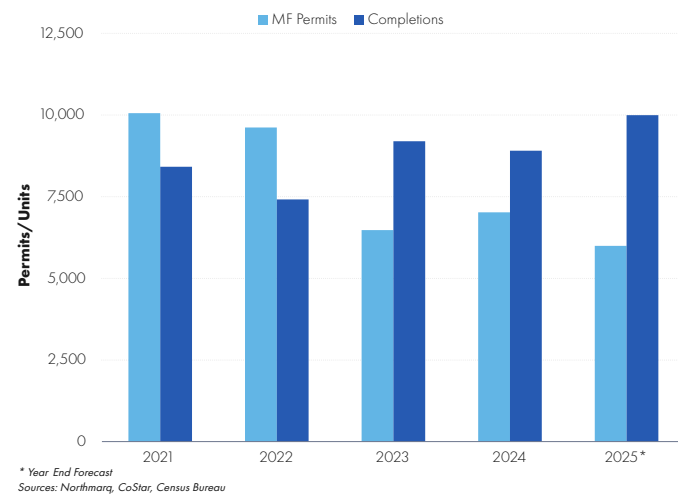
EMPLOYMENT FORECAST



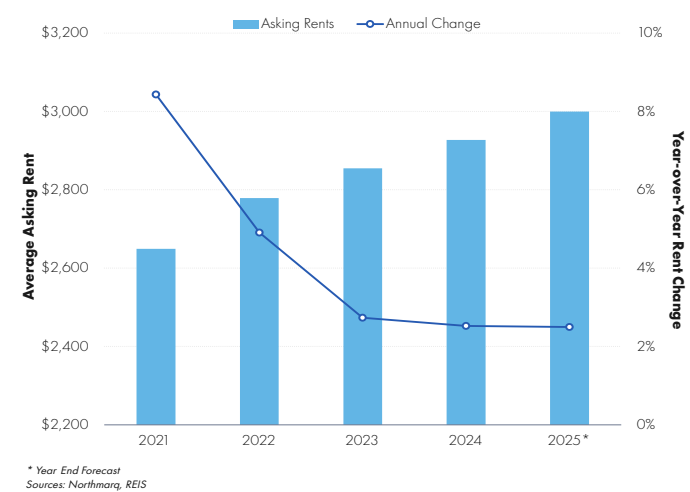
VACANCY FORECAST



CONSTRUCTION & PERMITTING FORECAST



RENTS FORECAST





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