

CONSTRUCTION  
ACTIVITY



UNDER CONSTRUCTION **14,043**

UNITS DELIVERED (YTD) **9,222**

MARKET  
FUNDAMENTALS



VACANCY RATE **5.3%**

YEAR-OVER-YEAR CHANGE **+80bps**

ASKING RENTS **\$2,983**

YEAR-OVER-YEAR CHANGE **+2.1%**

TRANSACTION  
ACTIVITY (YTD)



MEDIAN PRICE PER UNIT **\$331,800**

GREATER BOSTON  
MULTIFAMILY  
Q4 2025

MARKET INSIGHTS

# Construction starts slow as deliveries remain elevated

## HIGHLIGHTS

- Boston's multifamily market faced upward pressure on vacancy and a moderation in rent growth in 2025, driven by an elevated pace of deliveries and net employment decreases over the past year.
- While the vacancy rate rose 30 basis points during the fourth quarter to 5.3%, the market remains resilient as it continues to absorb new inventory. Vacancy levels ended the year roughly 70 basis points above the decade-long average.
- Rents increased 2.1% in 2025, ending the year at \$2,983 per month. While growth slowed during the third quarter, there was an uptick of 0.4% in the fourth quarter. Current asking rents remain near historic highs for the Boston region.
- Investment activity slowed during the fourth quarter, concluding a year where total transaction counts remained below historical averages. Despite the pullback in activity, the number of Class A transactions picked up, accounting for 26% of all trades, sustaining per-unit prices. The median price for properties sold in 2025 reached \$331,800 per unit.

## GREATER BOSTON MULTIFAMILY MARKET OVERVIEW

Stable absorption and a consistent construction pipeline underscored multifamily resilience in Boston during 2025. While net absorption nearly matched levels from the previous two years, deliveries outpaced demand, putting pressure on vacancy. Despite elevated interest rates and labor uncertainties, construction activity remained strong. Regulatory shifts defined the year, with Boston and Cambridge enacting zoning reforms, including the city's first height-limit updates in 30 years to spur downtown density. These local efforts were bolstered by the MBTA Communities Act, facilitating development in tight first-ring suburbs like East Middlesex County, Quincy, and Waltham-Newton-Lexington, which all maintained vacancies below 5%. Combined, these fundamentals point to a stable outlook for the urban core and its periphery in 2026.

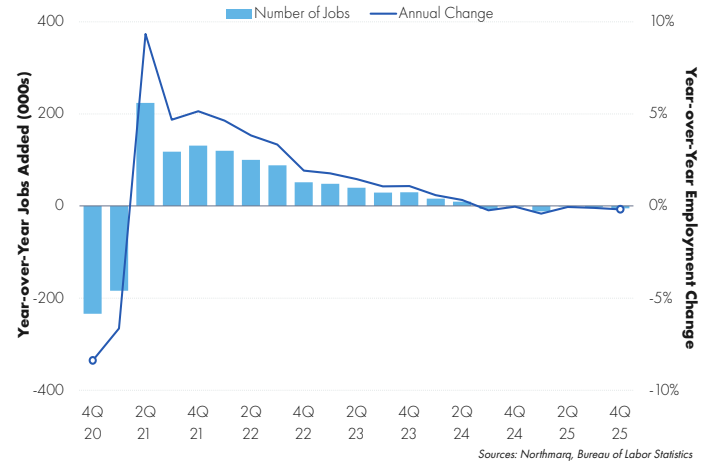
In 2025, investment remained concentrated in the Everett-Malden-Medford-Melrose corridor and the Metro West submarket—two regions where pricing has trended higher in recent months. While post-2010 builds account for nearly 30% of the metro's total inventory, persistent housing shortages continue to drive interest in high-quality assets as they become a more permanent fixture of the region's established rental stock. Reflecting the continued interest in suburban scale, two of the year's largest transactions closed in the fourth quarter with significant acquisitions in North Andover and Quincy.

## EMPLOYMENT

- The employment market in Boston continued to soften in 2025, following a relatively modest decrease in the previous year. During 2025, total employment declined by 0.2%, resulting in a net loss of 5,000 workers.
- While some industries posted declines in employment, the financial activities sector continued to record growth in the Boston region in 2025. Employers in this sector increased payrolls by 1.6% with the addition of 3,000 workers.
- Development at Suffolk Downs, the largest private project in Boston’s history, accelerated in late 2025. The first phase of the 161-acre master plan is projected to support over 14,000 construction jobs through 2026. Upon completion, the site will supply thousands of new roles in life sciences and retail.
- **FORECAST:** Total employment is projected to grow by 0.2% in 2026, 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.

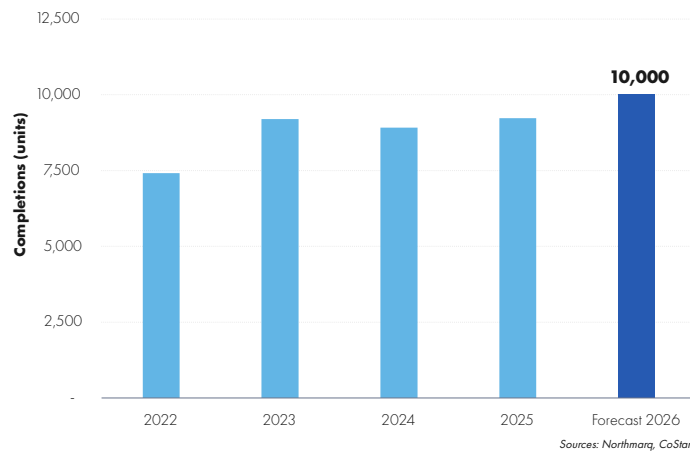
*Financial employment has expanded by 1.6% year over year.*

### EMPLOYMENT OVERVIEW



*Roughly 9,200 units came online in 2025.*

### DEVELOPMENT TRENDS

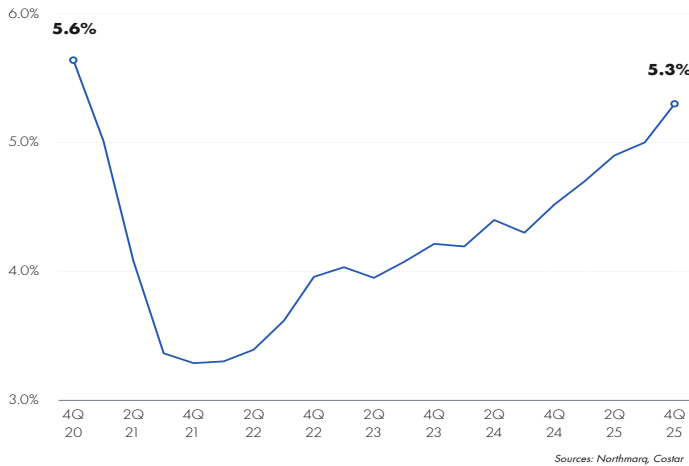


## DEVELOPMENT & PERMITTING

- The pace of multifamily deliveries in Boston picked up during the second half of 2025, as projects totaling more than 5,000 units came online in the last six months of the year. In total, roughly 9,200 units came online for the full year, slightly higher than the 2024 figure.
- The construction pipeline continued to thin in 2025. Approximately 14,000 units are currently under construction across the Boston region, representing a 27% decrease from levels recorded at the end of 2024.
- Permitting for multifamily projects in Boston accelerated in the second half of the year after trending lower in the first half. Developers pulled permits for 5,400 units in 2025, a decrease of 21% from one year ago.
- **FORECAST:** Deliveries are expected to rise slightly in 2026, with approximately 10,000 units scheduled for completion. This total is 15% higher than the five-year average for the Boston area.

## The vacancy rate finished 2025 at 5.3%.

### VACANCY TRENDS



### VACANCY

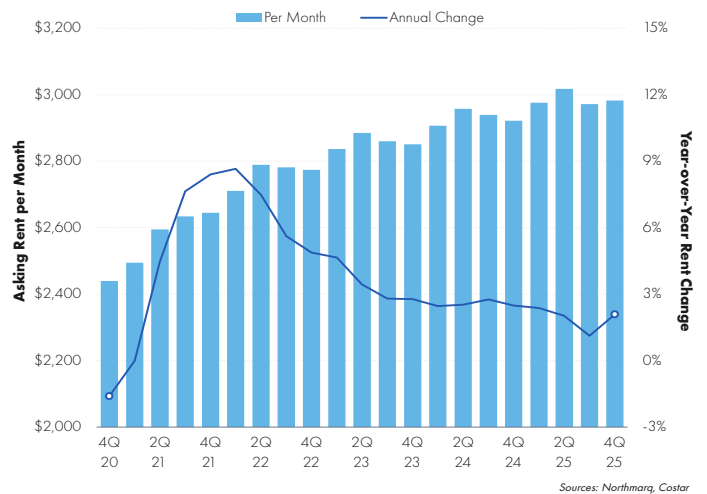
- The vacancy rate in Boston increased by 30 basis points during the fourth quarter to 5.3%. Over the past 12 months, vacancies in the region have increased by a total of 80 basis points.
- While vacancies were up across the region, some submarkets still recorded improvements. Vacancies in the Fenway/Mission Hill submarket dropped 50 basis points in 2025, with the rate ending the year at 2.8%.
- Vacancy rates varied by asset class across Boston in 2025. In Class A buildings, vacancy ended the year at 6.1%, up 70 basis points year over year and slightly above the 5.7% average maintained since 2019. Outside of the top tier, vacancies in Class B and Class C properties closed the year at 5.4% and 4.1%, respectively.
- **FORECAST:** Market conditions are expected to stabilize in 2026 as vacancy levels off. The rate is forecast to increase by 20 basis points to 5.5% by year-end, remaining above the 10-year historical average of 4.6%.

### RENTS

- Asking rents in Boston improved during the final three months of 2025, rising 0.4% to \$2,983 per month. Annual rent growth finished 2025 up 2.1%, following a 2.5% increase in 2024.
- Among submarkets with more than 10,000 units of inventory, 11 of 14 recorded rent gains in 2025. The largest increases, each above 2%, were in the South Plymouth County, Lawrence and Haverhill submarkets.
- Year-over-year rent growth remained positive across all asset classes in Boston, led by stronger gains in Class C units. Class C asking rents averaged \$2,366 per month during the fourth quarter, while rents in Class A properties reached nearly \$3,500 per month.
- **FORECAST:** Rent growth is expected to moderate across the Boston region in 2026. For the full year, asking rents are projected to increase by 1.9%, reaching approximately \$3,040 per month.

## Asking rents increased 2.1% annually.

### RENTS TRENDS

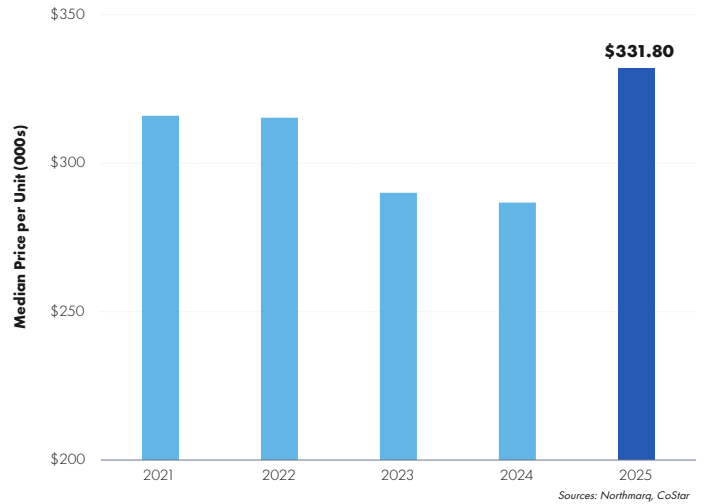


## MULTIFAMILY SALES

- Investment sales moderated in the second half of 2025 after a strong start to the year. Total transactions fell 15% compared to 2024, with front-loaded activity driving nearly 40% of all trades during the first quarter.
- Pricing on multifamily properties in Boston rose in 2025. The median price was \$331,800 per unit, up 15% from levels recorded in 2024.
- The Mid-County submarkets of Malden and Melrose, alongside Lawrence/Haverhill and Quincy/Milton/Randolph, recorded the highest number of transactions in 2025. Investors targeted pre-2000 vintage assets, with properties in these areas trading at a median price of approximately \$293,000 per unit.
- Cap rates went mostly unchanged from 2024 to 2025. While some sales closed with cap rates at 7.0%, the average cap rate across all transactions in 2025 was 5.75%.

*In 2025 the median sale price rose to \$331,800 per unit.*

### INVESTMENT TRENDS



## RECENT TRANSACTIONS MULTIFAMILY SALES ACTIVITY

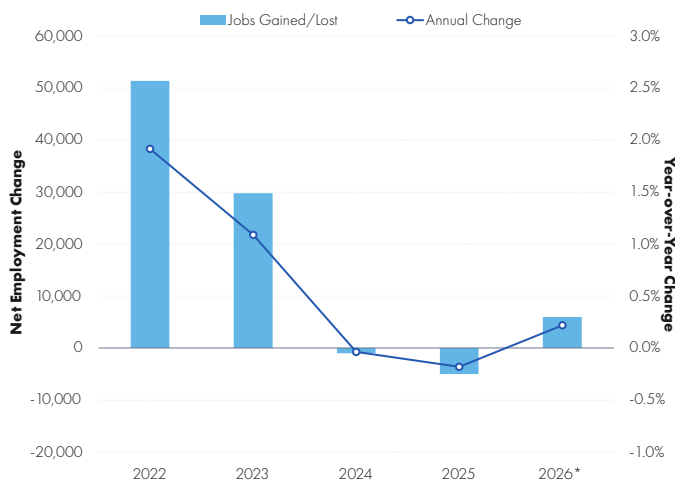
PROPERTY NAME	STREET ADDRESS	YEAR BUILT	UNITS	SALES PRICE	PRICE/UNIT
Proto	88 Ames St., Cambridge, MA	2018	280	\$171,500,000	\$612,500
Royal Crest Estates North Andover	50 Royal Crest Drive N., Andover, MA	1970	588	\$254,000,000	\$431,973
The Sto	1779 Central St., Stoughton, MA	2016	188	\$62,500,000	\$347,222
Altitude Apartments	211 Kennedy Drive, Malden, MA	1975	919	\$268,000,000	\$291,621

## LOOKING AHEAD

Supply-side pressures are expected to persist through 2026, with deliveries forecast to stay above the five-year average. While this near-term influx of inventory is forecast to exceed historical levels, a significant slowdown in permitting activity suggests a thinning long-term pipeline that will eventually support market stability. Despite largely stable fundamentals, the investment climate faces a notable political headwind, a potential 2026 statewide ballot measure on rent control. The Boston City Council recently adopted a resolution urging support for the initiative, which seeks to cap annual rent hikes. If passed, this measure could fundamentally alter the region’s long-term rent growth and development trajectory and remains a primary point of monitoring for institutional investors.

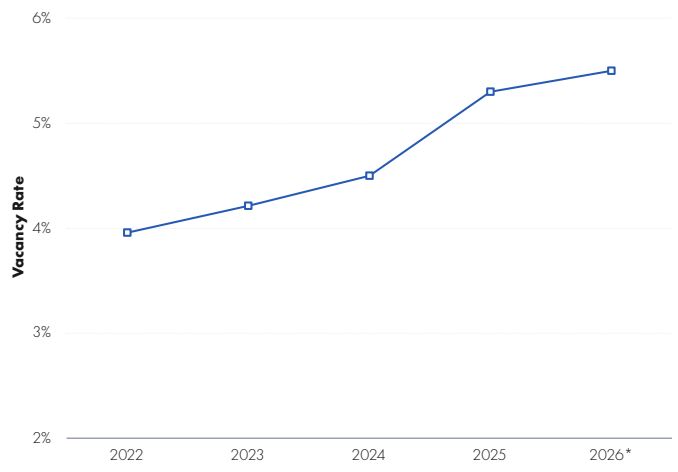
Multifamily transactions will remain a primary harbor for capital in 2026, offering liquidity as local office and life science markets navigate ongoing headwinds. Large-scale mixed-use completions, specifically South Station Tower, Winthrop Center, and the Fenway Center buildout, are expected to strengthen core locations, supporting pricing for top-tier offerings and generating spillover interest in nearby middle-market assets in 2026. At the same time, the Seaport District is poised for a resurgence in business interest, highlighted by the Hasbro headquarters move, which may catalyze value-add opportunities in a submarket where new apartment delivery remains limited. Over the past three years, multifamily sales have represented more than 40% of total commercial real estate transaction activity throughout Boston, a trend expected to persist through 2026.

### EMPLOYMENT FORECAST



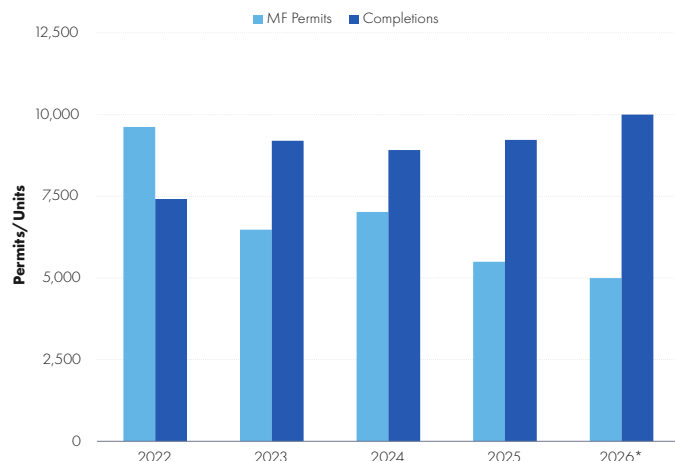
\* Year End Forecast  
Sources: Northmarq, Bureau of Labor Statistics

### VACANCY FORECAST



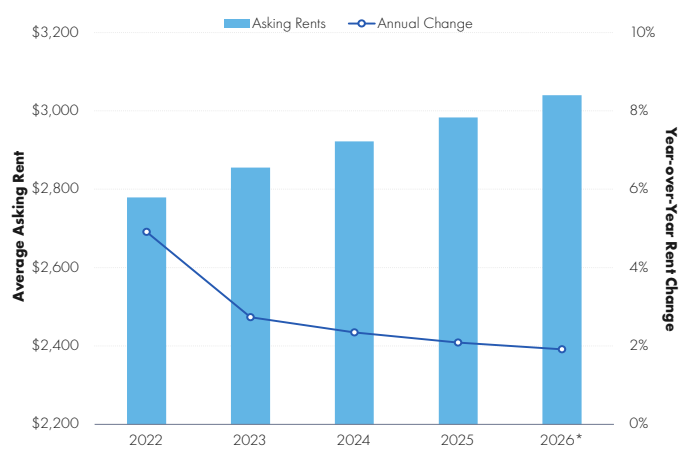
\* Year End Forecast  
Sources: Northmarq, Costar

### 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

##### CHRIS NORTON

*Associate Vice President, Investment Sales*

617.728.9507

cnorton@northmarq.com

##### ED RIEKSTINS

*Managing Director, Debt + Equity*

617.728.9538

eriekstins@northmarq.com

##### ALIX CURTIN

*Associate, Investment Sales*

781.850.5091

acurtin@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

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