

INVESTMENT FORECAST

Multifamily
Boston

IPA
INSTITUTIONAL
PROPERTY
ADVISORS

2026

Housing Constraints and Transit Access Drive Multifamily Stability

Structural factors continue to create new rental demand. Boston's multifamily sector continues to show strength, with last year marking its highest net absorption since 2021 — a key factor behind the metro's notable vacancy decline. Although looming cuts to university research funding and a sustained drop in international student enrollment may temper leasing activity in 2026, Boston's population growth remains above that of other major Northeastern metros, offering a stabilizing counterbalance. Housing affordability challenges persist, reinforcing the appeal of Class C properties, which are expected to maintain the lowest vacancy rates and lead rent growth again this year. While total development activity is slowing, citywide zoning reforms, especially the MBTA Communities Act, are enabling new apartment development near transit stations. This has supported construction in first-ring suburbs such as East Middlesex County, Quincy, and Waltham-Newton-Lexington — all of which may continue to report sub-4 percent vacancy. Downtown Boston and Cambridge should also sustain similarly tight conditions, reinforcing the strength of core locations. These factors collectively suggest a durable outlook for multifamily performance in 2026, with demand supported by demographic momentum and constrained housing alternatives.

Capital targets transit-oriented and infill opportunities. Investor interest in Boston is intensifying as the metro faces its lowest new supply pipeline in over a decade. With limited deliveries expected in 2026, existing assets have become increasingly attractive, driving the average price per unit up 2.5 percent last year while cap rates stayed in the low-6 percent band. Boston now reports the second-lowest average cap rate among major Northeastern metros, underscoring the market's high liquidity. Transaction activity has been concentrated near transit-accessible areas, including Lynn, Salem, and Beverly along the Newburyport/Rockport Line, where connectivity and limited competition support pricing. Properties built after 2010 saw elevated trading volumes in 2025 and are poised to remain in high demand due to persistent housing shortages and a lack of new inventory. These conditions continue to draw institutional capital to Boston's multifamily market, especially to newer inner-ring properties with low lease-up risks.



21.6%

2025 share of local population between 20 and 34 years old



47.3%

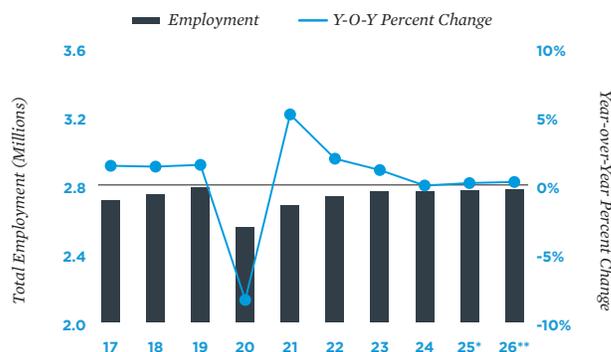
of local population hold bachelor's degree or higher*



\$785,000

2025 median home price*

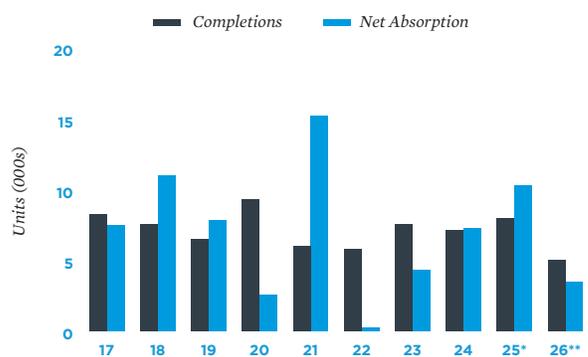
Employment Trends



Housing Affordability Gap



Supply and Demand



* Estimate ** Forecast * Through 3Q
*2025: 25+ years old

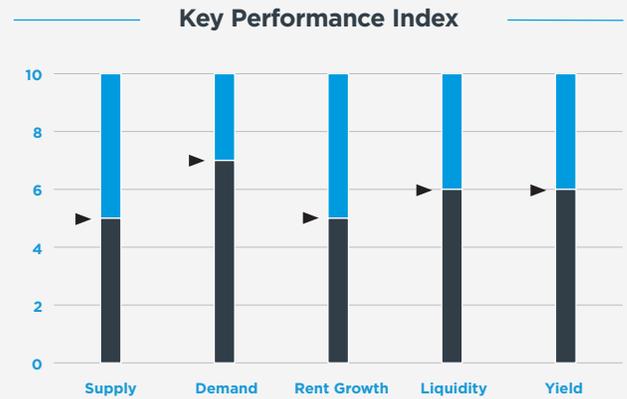
Sources: IPA Research Services; BLS; Freddie Mac; National Association of Realtors; RealPage, Inc.

Investment Outlook

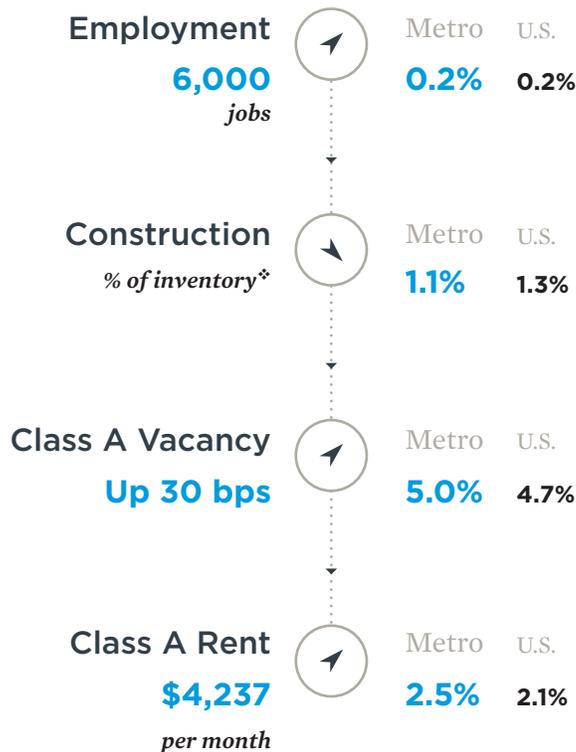
Boston ties with New Haven-Fairfield County and New York City for the highest demand rating in the northeast at 7. This is joined, however, by a comparatively stronger supply score of 5, indicating less pressure from development. The market records a rent KPI of 5, on par with most other markets in the region for this year.

Matching liquidity and yield scores of 6 are unchanged from last year, stability that was shared among other markets in the region in the 2026 KPI. Regarding the readings themselves, Boston falls in line with or just below its Connecticut and New York neighbors.

Note: The Key Performance Index provides a metro-level relational benchmark scaled from 1-10 for five key metrics.



2026 INVESTMENT OUTLOOK



IPA Multifamily

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* Estimate ** Forecast
* Arrow reflects completions trend compared with 2025

Sources: IPA Research Services; CoStar Group, Inc.; RealPage, Inc.; Real Capital Analytics