

GREYSTONE

SPRING ISSUE

2021



MARKET INSIGHT REPORT



Boston

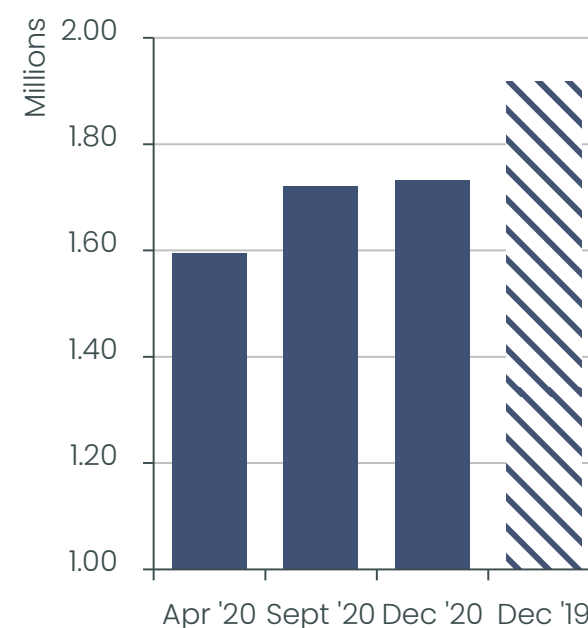
Massachusetts MSA

Employment / Unemployment

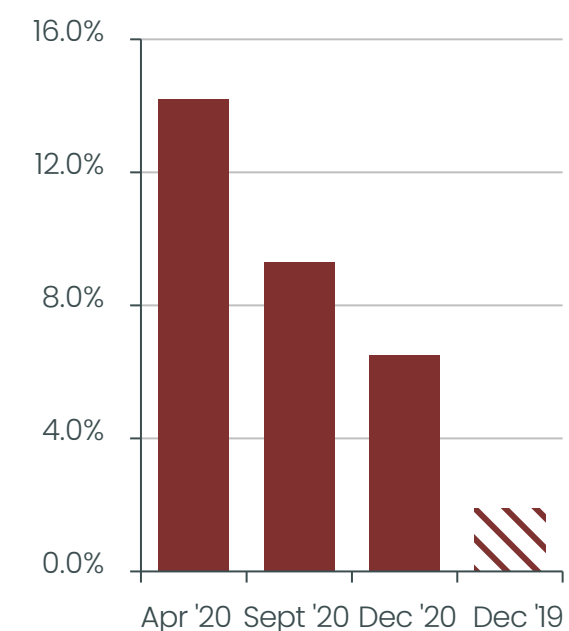
The Boston-Cambridge-Newton economy contracted significantly in 2020 with 185,200 jobs lost, equivalent to a 10.8% YoY reduction in employment as of December 2020. The percentage loss was typical of other New England states, with five of the six New England states posting higher percentage losses than the national average. Within the leisure and hospitality super sector, Boston was especially hard-hit and shed 84,200 jobs YoY, or 43.2% of all jobs in this sector, a rate more than double the national average. Understandably, with the pandemic pronounced along the Northeast Corridor, the most urbanized megalopolis in the U.S. - and with the world's largest economic output, the economic jolt would seem expected.

Boston's recovery is predicted to be robust. The current Moody's Analytics forecast for Boston calls for a total job increase of 5.6% in 2021 and an increase of 4.0% in 2022, which indicates near to 171,000 jobs created in total, positioning the Boston area in grasp of a full economic recovery by late 2022. Boston continues to attract large companies to the area, including Amazon, which signed a full-building lease for 630,000 square feet of space within the 33-acre Seaport project. Amazon already had secured 430,000 square feet at 111 Harbor Way. Both properties are new developments that are expected to employ approximately 5,000 tech and related jobs. The life science sector is also thriving. In Boston's Cambridge submarket, BioMed Realty announced plans for a 1.3 million-square-foot life sciences hub, and Blackstone will expand its presence in the area with 2.3 million square feet of lab office space.

TOTAL EMPLOYMENT



UNEMPLOYMENT





METRO AREA EMPLOYMENT (THOUSANDS)	DECEMBER 2020	PERCENT CHANGE FROM DECEMBER 2019
Total Nonfarm	1,731.9	-10.8%
Mining, Logging, and Construction	72.5	-2.3%
Manufacturing	72.7	-7.9%
Trade, Transportation, and Utilities	238.3	-9.0%
Information	59.1	-7.8%
Financial Activities	150.0	-3.6%
Professional and Business Services	386.3	-4.2%
Education and Health Services	396.0	-9.3%
Leisure and Hospitality	110.7	-43.2%
Other Services	55.3	-20.9%
Government	191.0	-5.3%

Sources: U.S. BLS, Current Employment Statistics

Rental Market

- First annual decline in rental rates since 2009
- Boston's rent decline was less than that of the Northeast Region, at -6.4%
- Rental rates will stabilize in 2021, then rise 1.9% in 2022 and 2.5% in 2023, and set a new record-high by 2024
- Vacancy rate of 6.2% in 2020 is expected to crest at 6.6% in 2021 due to a robust volume of new apartment deliveries, then fall back to 6.0% in 2022 and to 5.4% in 2023





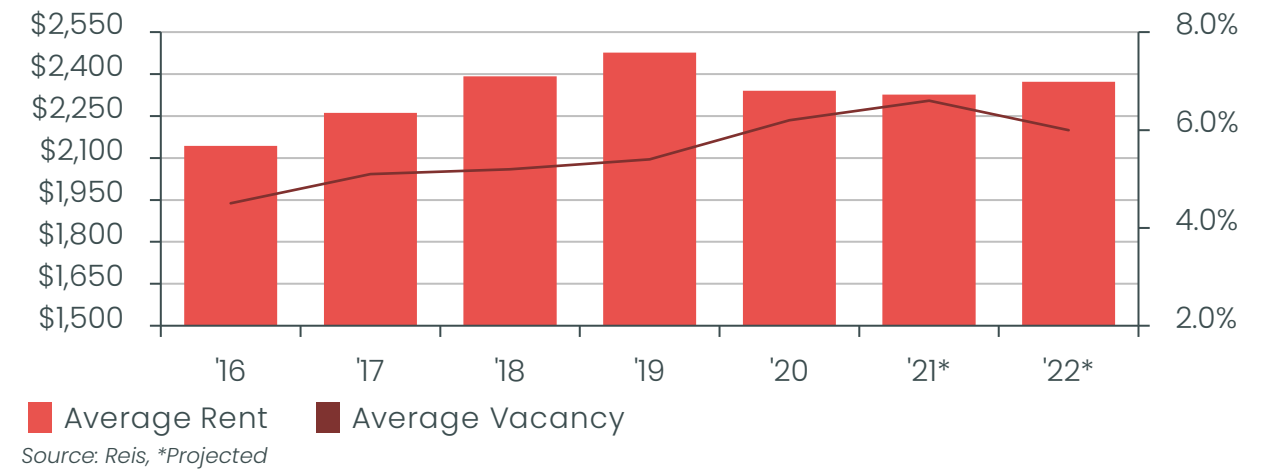
-5.5%

Average Rent Decrease
From \$2,477 to \$2,340
YoY

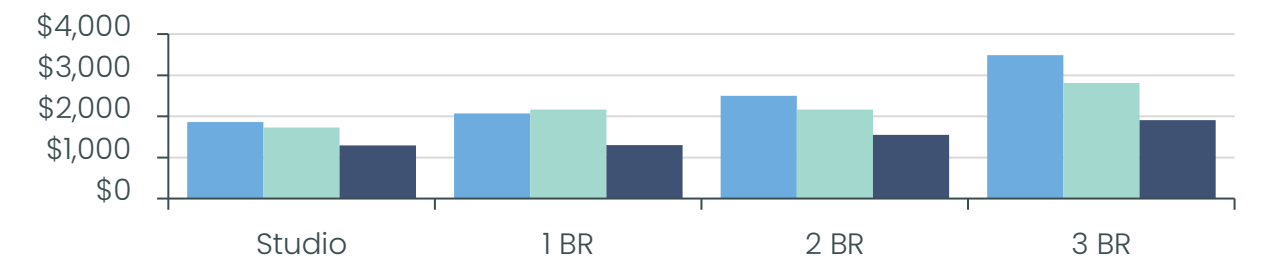
YEAR BUILT	ASKING RENT	VACANCY RATE
Before 1970	\$2,101	3.2%
1970-1979	\$1,962	2.8%
1980-1989	\$2,276	4.6%
1990-1999	\$2,402	3.6%
2000-2009	\$2,505	5.1%
2010-2019	\$2,841	10.0%
After 2019*	\$3,176	21.9%

*Includes Properties in Lease-Up

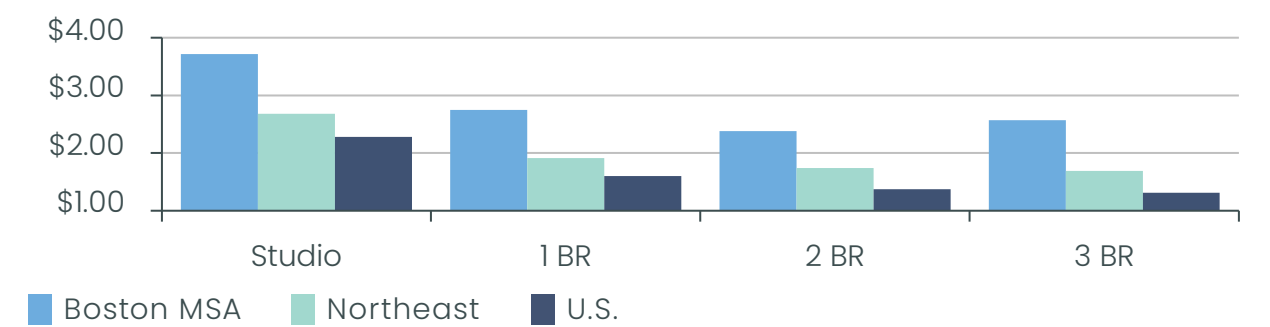
AVERAGE RENT / VACANCY



ASKING RENT COMPARISON



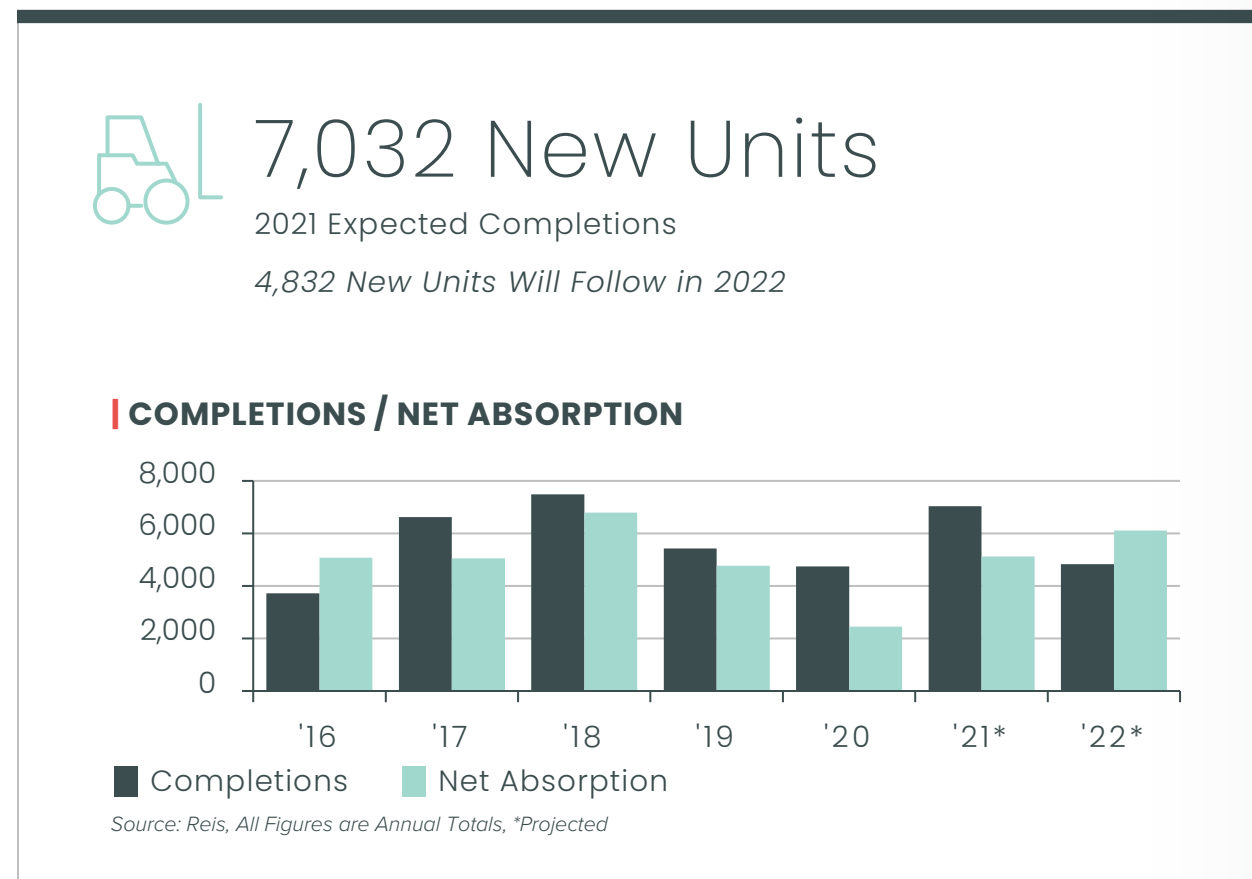
ASKING RENT PSF



Multifamily Construction

The Boston apartment market has a cumulative inventory growth forecast of 2.9% for 2021, above that of the U.S. average of 2.4% and its strongest completion pipeline since 2018, with 7,032 units scheduled to deliver this year. However, completions will fall by 31.3% YoY in 2022 to 4,832 units, while absorption accelerates to 6,111 units, driving vacancy rates downward.

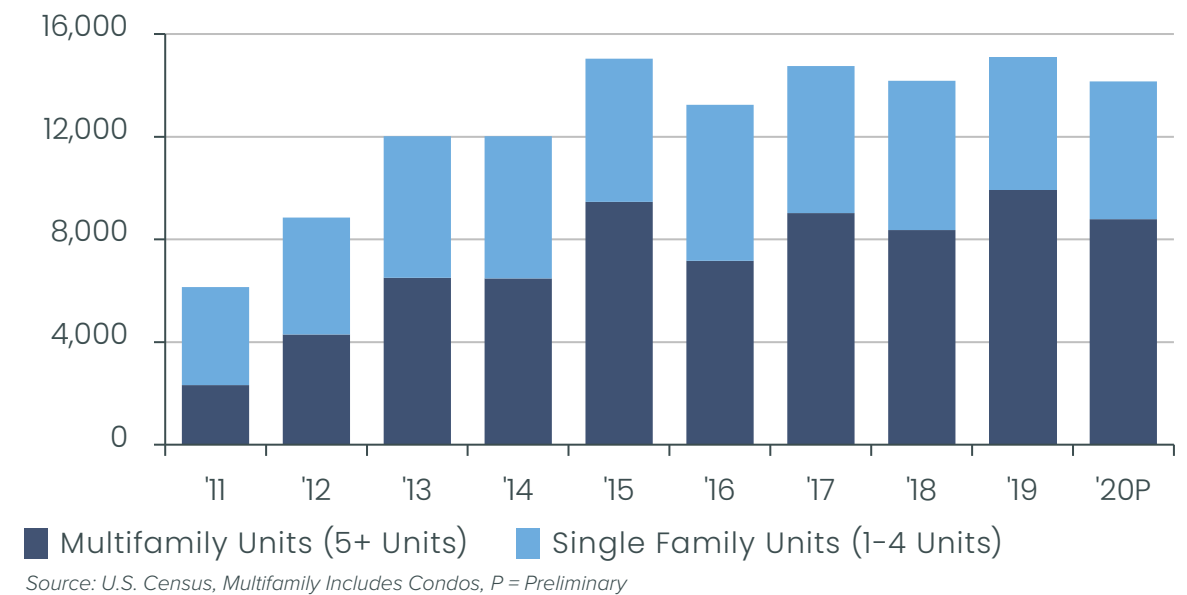
Older product in the various age groupings - built from 1999 and earlier - are operating at sub-5% vacancy, and properties built from 2000-2009 were at 5.1% as of 4Q 2020. Only newer product built from 2010+ are challenged with high vacancy.



Permits

- The Boston metro market ranked as the 10th most expensive housing market in the U.S. in 2020. Detached single family homes sold at a median price of \$579,100, and condos sold at a median price of \$448,100.
- With a 5% down payment, a qualifying income of \$109,343 is needed to purchase a mid-tier home here.
- A 9.1% increase in local home values is predicted for 2021.

TOTAL RESIDENTIAL BUILDING PERMITS



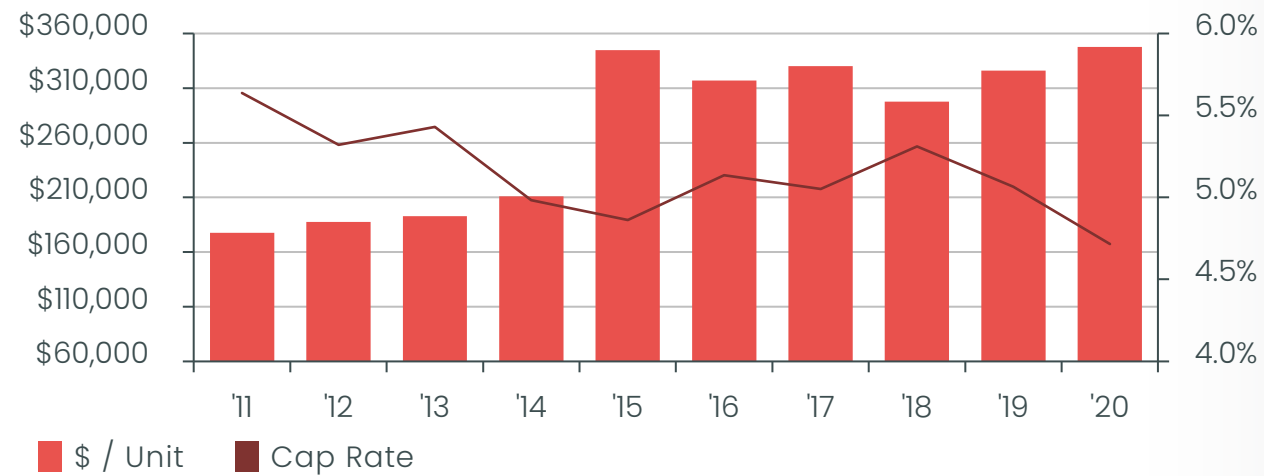
5,367
Single Family Permits
+4.0% YoY

8,788
Multifamily Permits (5+ Units)
-11.5% YoY


\$535.1K
Median Single Family Price
+8.9% YoY

Multifamily Sales


AVERAGE SALES PPU / CAP RATE




Source: Real Capital Analytics, Based on Sales of \$2.5 Million and Greater




\$347,574
Avg. Sold Price / Unit
+6.6% YoY




4.7%
Avg. Cap Rate
-40 bps YoY



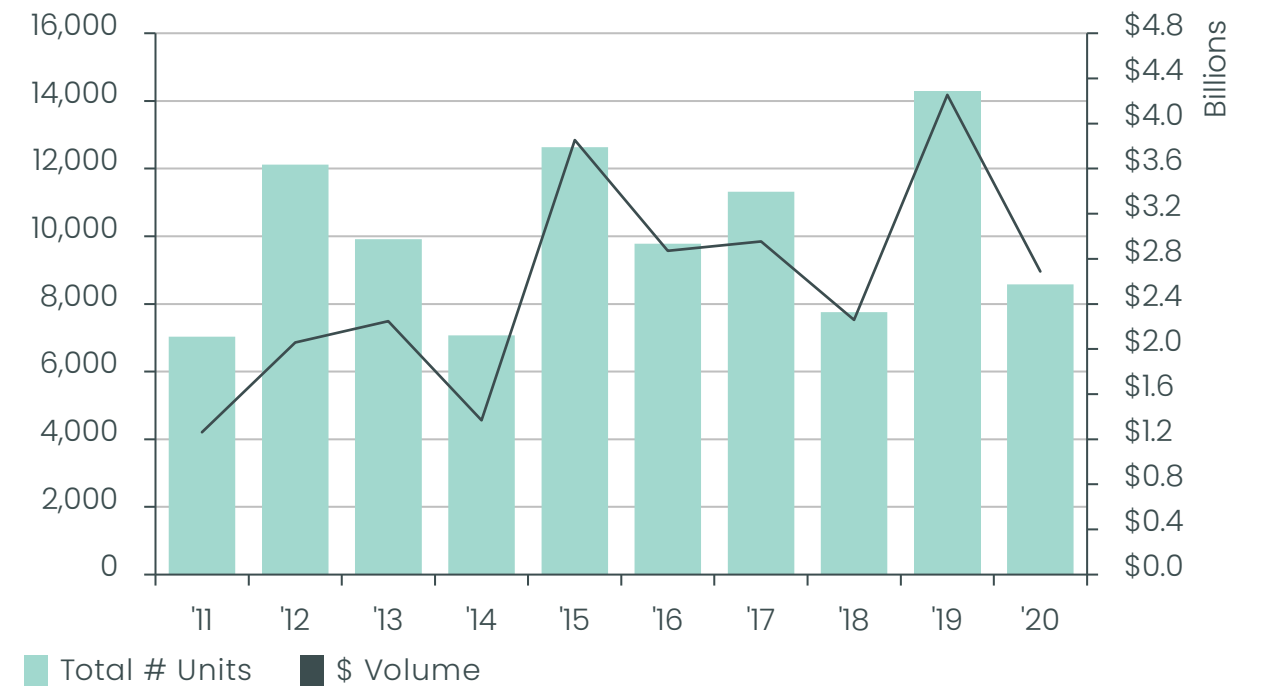


\$2.6B
Sales Volume
-36.8% YoY



8,576
Total # Units Sold
-40.0% YoY

APARTMENT SALES TRANSACTIONS



Source: Real Capital Analytics, Based on Sales of \$2.5 Million and Greater

Sources: Greystone; Reis; RealCapitalAnalytics; CoStar; U.S. Census; Bureau of Labor; Censusreporter.org; Zillow; Greater Boston Association of Realtors; NAR; Commercial Property Executive

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