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Year-over-year vacancy rate increases in Boston vs. suburbs - by Demetrios Salpoglou

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Over the course of the past 12 months, the high demand for apartments in Boston has shifted considerably. Remote learning has been adopted by most of the area's largest universities, leaving neighborhoods like Fenway, Symphony, and Mission Hill plagued with vacancies. Several neighborhoods near downtown are seeing vacancy rates as high as 20%, while rental prices have come down 10% or more in a few areas.

While this presents challenges for local landlords, for renters it's making the city as "available" as ever. Apartments in Boston that were once nearly impossible to acquire are now vacant. This is due to residents relocating to the suburbs, students and international clientele not returning and/or leaving areas with dense populations. The same trend can be observed in many of the largest U.S. metros, where dense city centers have been left empty by population dispersion and suburban community development. In this article we'll explore this pattern by analyzing the neighborhood data in both Boston and the suburbs. We'll take a look at the vacancy rates, typical rent prices, and the year over year changes that occurred over the past year.

Vacancy Rates in Greater Boston: As of now, the Real Time Vacancy Rate (RTVR) in Boston is 5.07%. In comparison, the RTVR outside of Boston (suburbs) is 3.63%. That marks a 378.30% increase in Boston since March of 2020, and a 210.26% increase for the suburbs. So while it's evident that the entire metro rental market is being affected by apartment supply concerns, the dilemma is much more serious within the city of Boston.

This trend becomes even more clear when we break down those numbers by neighborhood. Of the 33 neighborhoods we analyzed, including 21 Boston neighborhoods and 12 of its closest suburbs, here are the five largest YOY increases and decreases in vacancy rate:

5 Neighborhoods with the Highest YOY Vacancy Rate Increases:

- Downtown Boston: +2,672.09% YOY
- Fenway: +1,483.33% YOY
- Beacon Hill: +943.14% YOY
- Allston: + 719.77% YOY
- Northeastern/Symphony: +515.91% YOY

5 Neighborhoods with the Lowest YOY Vacancy Rate Increases:

- Quincy: -47.28% YOY
- Roxbury: -9.59% YOY
- Roslindale: +0.78% YOY

- Revere: +17.13% YOY
- Waltham: +36.62% YOY

Average Rent Prices in Greater Boston: So while vacancies have been piling up in some of the heavily weighted student/university neighborhoods and downtown, one would expect rent prices to be in a free fall. While they have dropped more than the areas in the suburbs, prices are pretty flat throughout most of Boston and the suburbs year over year. For example, a studio apartment in Boston costs \$1,702, while outside of Boston a studio apartment costs \$1,681 on average. Accumulate average rent is down -3.97% in the city of Boston and -3.56% in the suburbs. What is not easily calculated is many of the incentives such as a free month's rent that landlords sometimes provide in order to rent a vacant apartment.

In 2021, a one-bedroom apartment in Boston will cost renters \$2,024. The same apartment located outside of Boston will cost \$1,961. Most landlords have been able to keep prices from falling by offering different move-in reductions or incentives they wouldn't normally offer in a healthy market.

We're seeing some apartments in Boston being rented with huge move in cost reductions essentially taking a \$2000 apartment which would normally be: First month's rent, last month's rent, security deposit and brokers fee totaling \$8,000 and being reduced by as much as 75% with only one month's rent needed to secure the unit.

Highest YOY Average Rent Increases

- Quincy average rent change YOY: +6.48%
- Roslindale average rent change YOY: +2.97%
- Dorchester average rent change YOY: +2.76%
- Arlington average rent change YOY: +2.26%
- Charlestown average rent change YOY: +2.01%

Biggest YOY Average Rent Decreases

- Newton average rent change YOY: -11.06%
- Beacon Hill average rent change YOY: -9.59%
- Back Bay average rent change YOY: -8.78%
- South End average rent change YOY: -8.49%
- Fenway average rent change YOY: -8.22%

So analyzing the neighborhood data, were still seeing a lot of turbulence in the neighborhoods close to downtown or heavily student dominated areas. However, the data shows that outer areas have been better insulated from the large spikes in vacancies.

This is great news for renters in 2021, as Boston property owners have been willing to work with renters to fill vacant units. For anyone whose dreamt of living in one of Boston's neighborhoods that they thought they could never afford, multiple areas are more accessible now than they've ever been. Now is a great time to rent an apartment at a discounted price before the pandemic subsides. For landlords, it's time to update their inventory in order to compete in a more competitive renters market. When remote work scales back, international students and clientele return, expect the current inventory levels to dramatically dissipate.

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