

# **B** BOSTON'S ECONOMY 2025



# CITY OF BOSTON PLANNING DEPARTMENT

We strive to understand the current environment of the city to produce quality research and targeted information that will inform and benefit the residents and businesses of Boston. Our Division conducts research on Boston's economy, population, and commercial markets for all divisions and departments of the Planning Department, the City of Boston, and related organizations.

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## RESEARCH DIVISION STAFF

**ALVARO LIMA**

Director of Research

**CHRISTINA KIM**

Deputy Director

**PHILLIP GRANBERRY**

Senior Demographer

**FATIMA AQEEL**

Senior Economist

**JAKE SCHNEIDER**

Senior Researcher

**MICHAEL ENDALE**

Senior Data Scientist - Economist

**KEVIN KANG**

Senior Research Associate

**EMILY KOREST**

Research Associate

**CECILIA TAKACS**

Research Coordinator - Data Analyst

**SAM KLUGHERZ**

Research Assistant

**NA YOUNG MOON**

Research Assistant

**GRACE JULIEN**

Research Assistant - Data Analyst

**TYLER YANDT**

Research Assistant

**SAMARA SHANKAR**

Intern



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# EXECUTIVE SUMMARY

Boston's economic recovery continued in 2024, with several indicators now exceeding or almost caught up to their pre-pandemic levels. Gross city product (GCP) in 2024 grew by 0.9% from 2022 and reached \$175.8 billion. The largest driver of growth between 2023 and 2024 was the Information sector, which is experiencing strong nationwide performance due to new developments in artificial intelligence (AI).

Overall payroll employment has fully recovered from the pandemic, and now exceeds pre-pandemic levels. The year 2024 marked an expansionary year in employment, which peaked at 684,167 payroll jobs in September. Health Care and Social Assistance, Accommodation and Food Services and Government added more jobs over the past year. However, Retail Trade continued to shrink, possibly due to the increased presence of online shopping, and Professional, Scientific, and Technical Services contracted employment, potentially due to economic uncertainty and cost-reduction strategies.

In-person consumer spending exceeded 2019 levels for the first time in 2024. Inflation-adjusted consumer spending was higher by 5% and the number of transactions were both higher by 17% in 2024 than in 2019. All neighborhoods except Fenway/Longwood and Back Bay experienced increases. Grocery spending led the charge for overall spending increases, while apparel and retail spending are slowly recovering to their 2019 levels in both spending amounts and the number of transactions.

Boston Metro Area inflation in 2024 tracked national levels but saw a temporary surge from 2.0% in January to 4.0% in May before moderating to 3.1% in November.

Shelter inflation, peaking at 7.7% in May, was the primary driver, reflecting tight housing markets and supply-demand imbalances. Despite easing food and energy prices, core inflation remained elevated due to rising service costs and labor shortages. While Boston Metro's inflation briefly diverged, it remained largely inline with national trends.

Foot traffic levels in 2024 were 90% of their level in 2019. Unlike pre-pandemic times, however, foot traffic was higher in residential neighborhoods and lower in central business districts and commuter hubs. MBTA ridership also echoes this trend, as weekday ridership for commuting remains low, but weekend and off-peak hour ridership is higher. Overall bus ridership was at 85%, and subway and light rail ridership was at 63% of 2019 levels. This pattern plausibly reflects increases in remote and hybrid work. Some of the decrease in public transit ridership may have also been offset by blue bike ridership. Bluebike ridership is now twice its level in 2019, reflecting important investments in the Bluebike system.

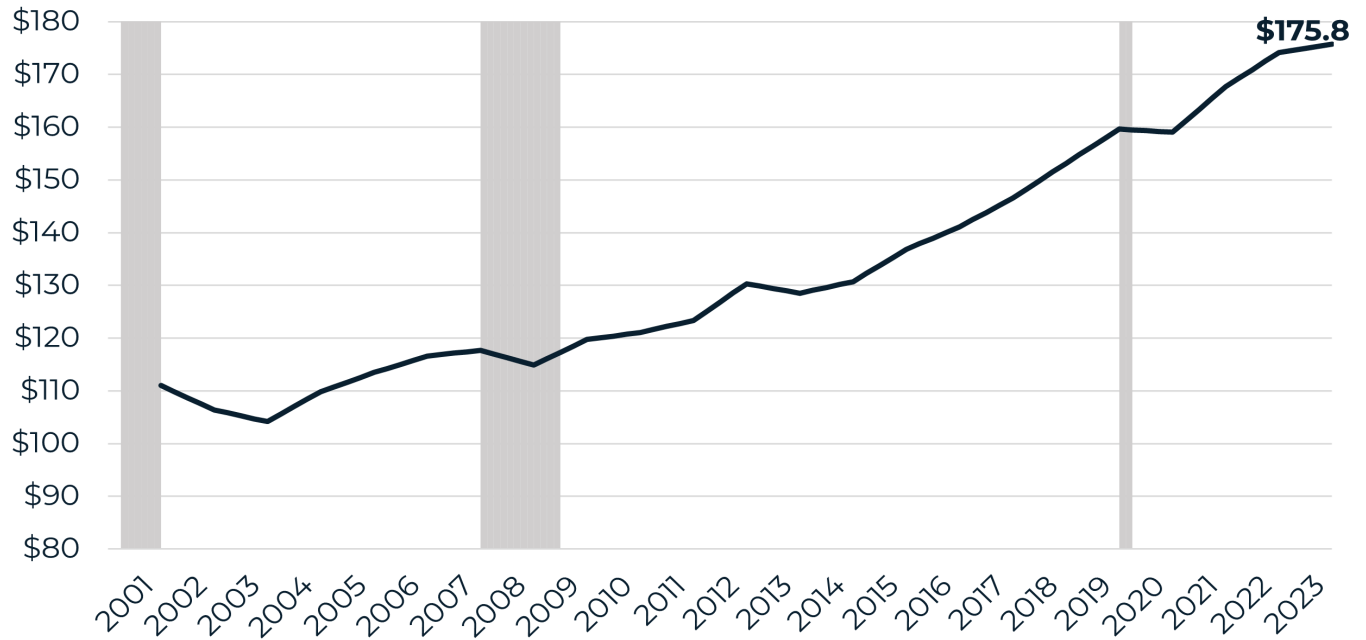
Boston's real estate market saw rising office vacancies, reaching 14.2% in 2024, though still lower than peer cities. Retail remains strong with the lowest vacancy rate among major metros at 2.0%. The city has a large inventory of lab space, which increased from 6 million in 2018 to 16 million in 2024, while lab vacancies climbed to 22.5% and rents declined in 2024, indicating decreasing demand. Multifamily housing remained tight, with low vacancies and rising rents, while the median residential sale prices continued to climb despite slowing transaction volumes. Persistent housing demand and supply constraints kept affordability a key challenge.

# BOSTON'S GROSS CITY PRODUCT (GCP)

In 2023, Boston's Gross City Product (GCP) reached \$175.8 billion, reflecting modest growth of 0.9% from 2022. This growth, however, marks a slowdown compared to previous two years of pandemic recovery, which saw 5.4% growth in 2021 and 3.9% growth in 2022. Boston's 2023 GCP growth lagged behind the national growth rate of 2.9%.

## BOSTON ANNUAL REAL GROSS CITY PRODUCT

Billions of 2023 Chained Dollars, 2001-2023



Note: Gray bars denote recession periods.

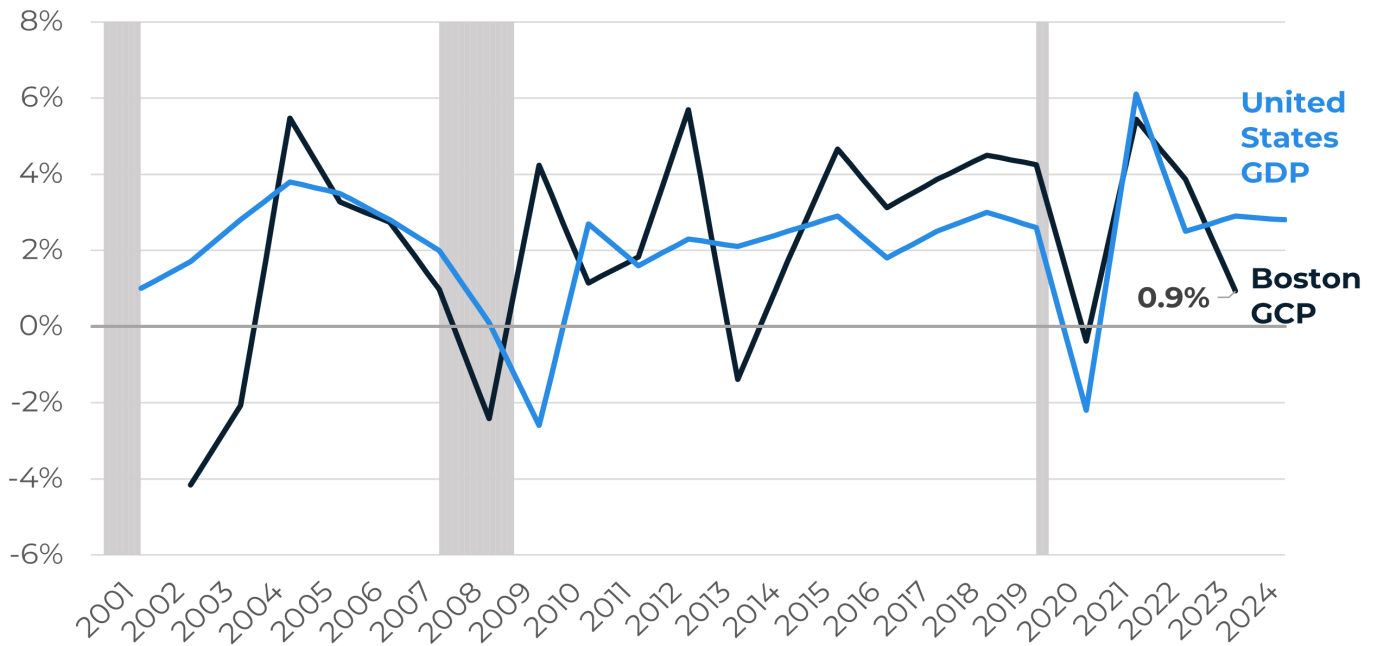
Source: U.S. Bureau of Economic Analysis (BEA), Massachusetts Executive Office of Labor and Workforce Development (EOLWD), City of Boston Planning Department Research Division Analysis

The Research Division has not yet produced an estimate for Boston's GCP in 2024 due to data lags affecting key inputs necessary for such an estimation. However, given the strong national GDP growth

(2.8%) and robust employment trends in Boston, it is reasonable to assume that Boston's GCP may have expanded in 2024, though the exact magnitude remains uncertain.

## REAL GDP/GCP ANNUAL GROWTH RATE

2001-2024



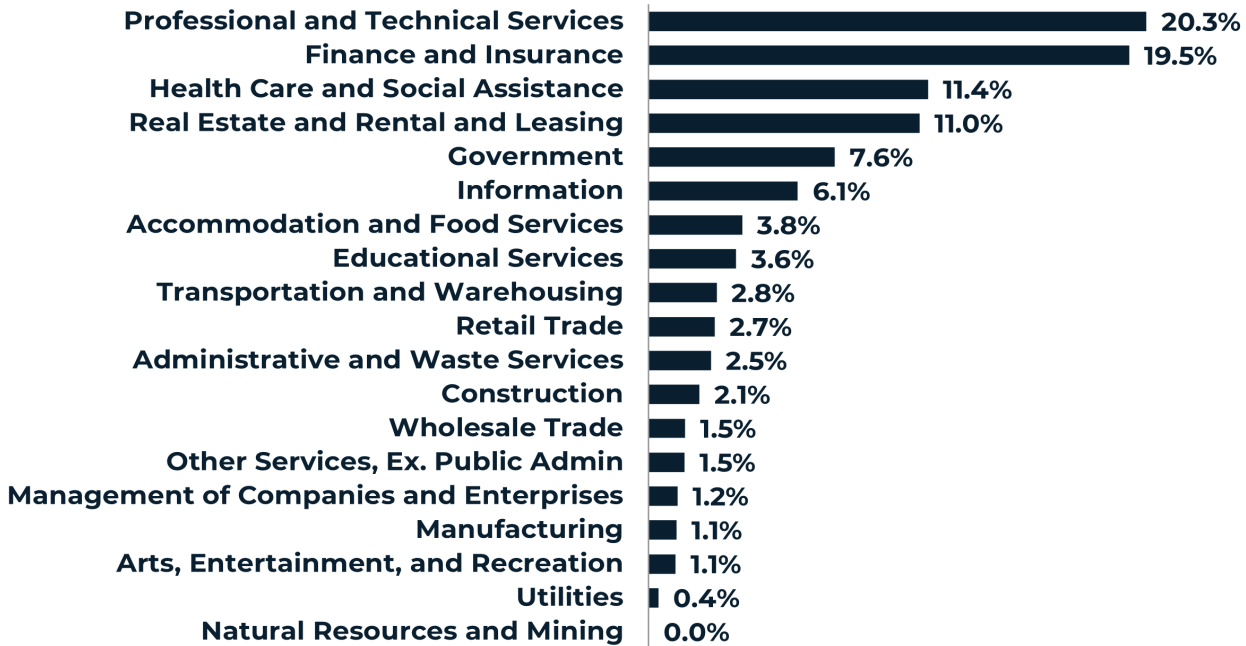
Note: Gray bars denote recession periods.

Source: U.S. Bureau of Economic Analysis (BEA), Massachusetts Executive Office of Labor and Workforce Development (EOLWD), City of Boston Planning Department Research Division Analysis

The primary contributors to Boston's 2023 GCP which combined account for nearly 40% of the city's total output were Professional, Scientific, and Technical Services (20.3%) and Finance and Insurance (19.5%),

## BOSTON GROSS CITY PRODUCT BY INDUSTRY

*Industrial Share, 2023*



Source: U.S. Bureau of Economic Analysis (BEA), Massachusetts Executive Office of Labor and Workforce Development (EOLWD), City of Boston Planning Department Research Division Analysis

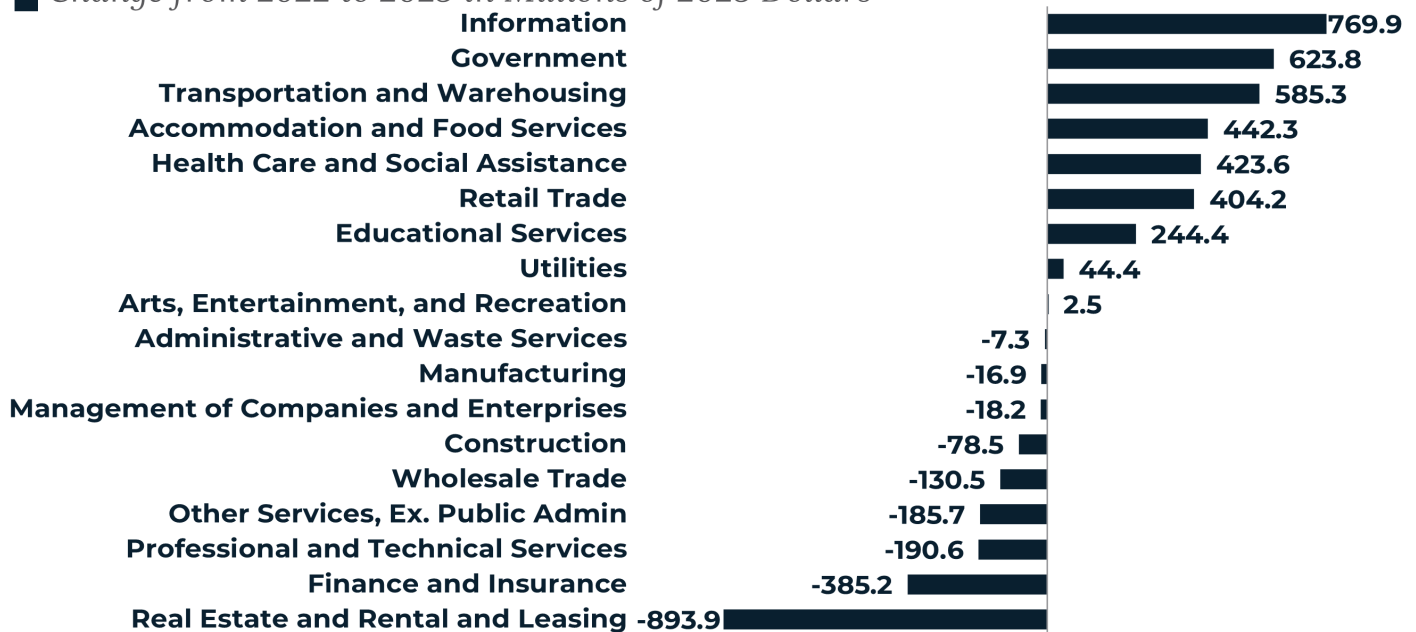


A closer look at 2023 growth by industry reveals that Boston's real GCP growth was led by the Information sector, which grew by 7.8%. This growth mirrors the national trend, where the sector grew by 8.6%, driven by strong AI investments

and capital expenditures, particularly in Software Publishers and Data Processing, Hosting and Related Services. The expansion of AI driven infrastructure has fueled both job creation and broader productivity gains, supporting the sector's continued growth.

## BOSTON REAL GROSS CITY PRODUCT CHANGE BY INDUSTRY

Change from 2022 to 2023 in Millions of 2023 Dollars



Note: 2022 Boston Real GCP by industry are estimated using 2022 Suffolk Real GCP by industry and 2022 nominal wage ratios between Boston and Suffolk.

Source: U.S. Bureau of Economic Analysis (BEA), Massachusetts Executive Office of Labor and Workforce Development (EOLWD), City of Boston Planning Department Research Division Analysis

In-person services industries also contributed to Boston's GCP growth: Transportation and Warehousing grew by 13.7%, outpacing the nation's growth of 1.5%, and surpassing its 2019 pre-pandemic output. Detailed industrial output information is limited, but employment and transportation statistics presented later in this report show uneven expansion in the transportation industry. Retail Trade output grew by 9.4%, marking the first year of positive growth since 2020, but still slightly behind the national growth rate of 10.9%. Accommodation and Food Services output grew by 7.1%, bringing output to 99.2% of the 2019 pre-pandemic level.

Educational Services and Health Care and Social Assistance saw increases in output of 4.1% and 2.2% respectively in 2023, keeping pace with growth in the state and nation.

While these growing industries in Boston mirrored the growth patterns in the nation in 2023, the city's Professional and Financial Services industry diverged from national trends. Notably, in Boston, all industries except Information in the Professional and Financial Services supersector<sup>1</sup> experienced output declines. Real Estate and Rental and Leasing saw a 4.4% decline in output, or \$0.9 billion loss, the largest output decline of any industry in the city. After 13 consecutive years of growth and rising to the top GCP contributor in 2021, Boston's Professional, Scientific, and Technical Services saw its first downturn since 2010, with a 0.5% decrease in output in 2023.

Finance and Insurance, the city's second largest industry measured by GCP, also contracted by 1.1%.

Overall, Boston experienced a 1.4% decline in output in Professional and Financial Services industries (except Information), compared to 1.8% national growth. The underperformance of Professional and Business Services in the city dragged down Boston's overall economic growth, contributing to its lag behind the national growth rate.

**Notes:**

<sup>1</sup>Professional and Financial Services include Information, Finance and Insurance, Real Estate and Rental and Leasing, Professional, Scientific, and Technical Services, Management of Companies and Enterprises, and Administrative and Waste Services.

# INFLATION

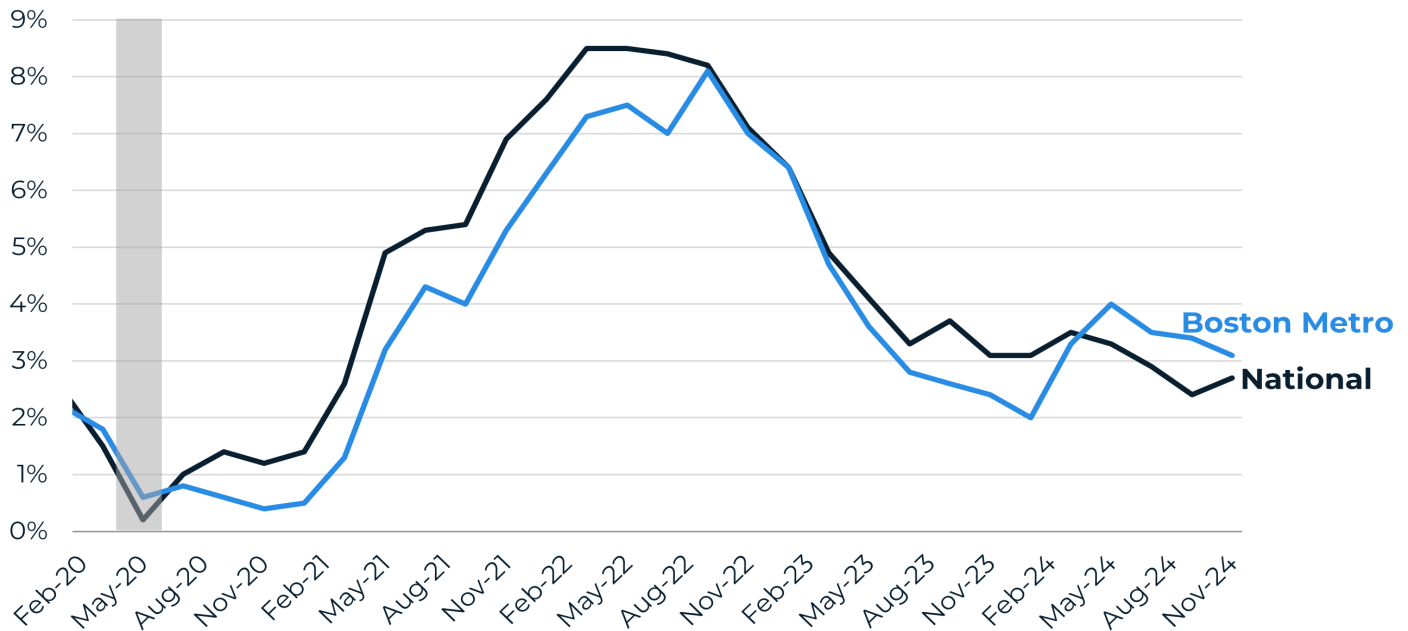
The post-pandemic economy has been defined by significant inflationary pressures, both globally and in the U.S., driven by factors such as supply chain disruptions, elevated energy prices, and strong consumer demand. To address these pressures, the Federal Reserve undertook aggressive monetary tightening, raising the federal funds rate from near-zero in early 2022 to a peak of 5.25%-5.50% by mid-2023. Following a holding period through most of 2023 and early 2024, the Fed began easing rates in September 2024, reducing the target to 4.5%-4.75% by November, with further reductions anticipated.

While headline inflation, which measures total increase in prices across all goods and services

including volatile categories like food and energy, has broadly declined, core inflation, which excludes these volatile categories to provide a clearer view of underlying inflation trends, remains stubbornly high, driven by rising service costs—especially in housing. Unlike goods, housing prices are less influenced by supply chain improvements and more affected by strong demand and limited availability. Compounding this issue, labor shortages in service sectors have pushed up wages, further inflating service prices (see the wages section for further details). This dynamic is particularly evident in the Boston metro area, where unique local factors have intensified inflationary trends.

## METROPOLITAN BOSTON AND U.S. HEADLINE INFLATION

Year-over-year inflation, January 2020 to November 2024

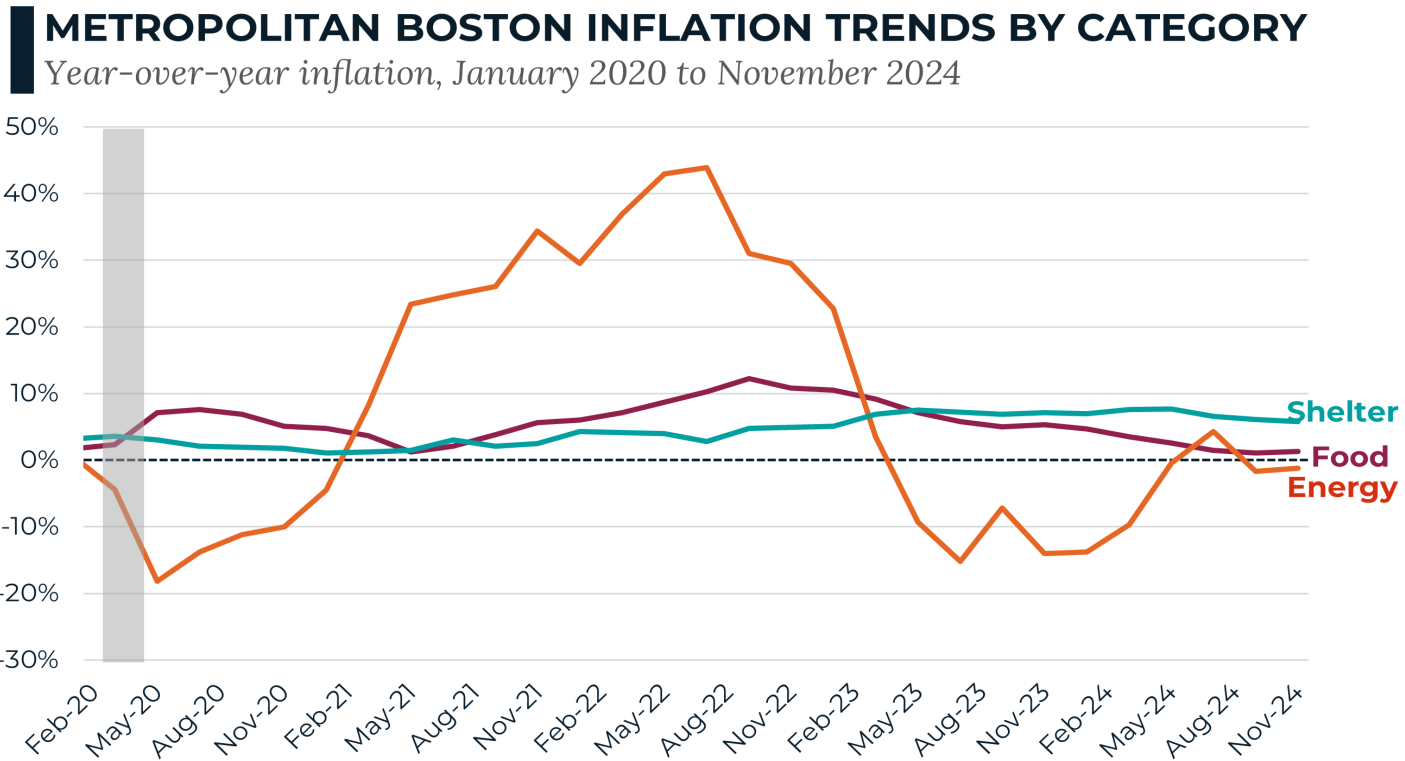


Note: Gray bar represent recessions. BLS, All items CPI-U, National and Boston - Cambridge - Newton, MA-NH, not seasonally adjusted.

Source: U.S. Bureau of Labor Statistics, City of Boston Planning Department Research Division Analysis.

Inflation trends in both the U.S. and the Boston metro area reveal three distinct periods: a rapid surge, a significant decline, and a challenging normalization phase. From mid-2020 to mid-2022, inflation surged dramatically, peaking at 9% nationally in June 2022 and at 8.1% in the Boston metro area in September 2022. While both areas followed a similar trajectory, Boston's inflation rose more gradually and peaked slightly later. The second phase, from late 2022 through 2023, saw a steep decline as national inflation dropped from 7.1% in November 2022 to 3.1% by November 2023. Boston's inflation mirrored this trend, falling from 7.0% to 2.4%, though it consistently remained lower than the national average.

In 2024, however, Boston's inflation broke from the national trend, reflecting persistent regional pressures. While national inflation maintained a declining trajectory, reaching a low of 2.4% in September, Boston's inflation rose sharply from 2.0% in January to 4.0% by May before moderating to 3.1% in November. This divergence underscores the impact of local dynamics, particularly in categories like shelter, which played a pivotal role in sustaining Boston's higher inflation. Understanding this shift and why Boston's "last mile" of inflation normalization has proved so challenging requires a closer examination of category-specific inflation drivers.



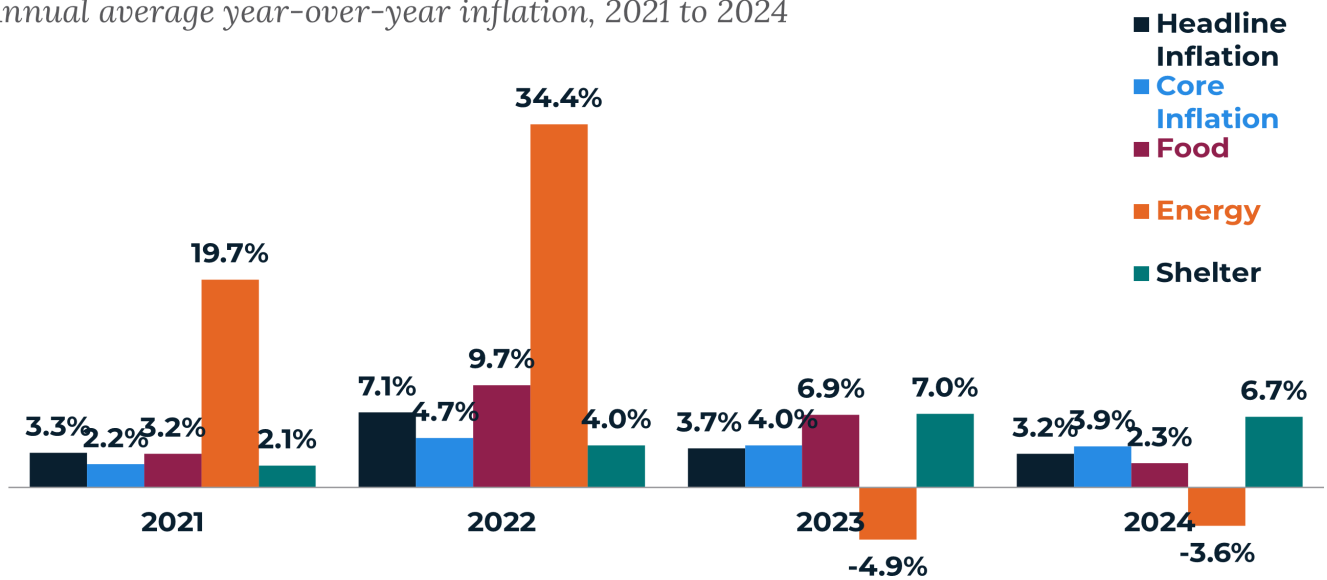
Note: Gray bar represent recessions. BLS, All items CPI-U, National and Boston - Cambridge - Newton, MA-NH, not seasonally adjusted. Source: U.S. Bureau of Labor Statistics, City of Boston Planning Department Research Division Analysis.

Boston’s 2024 inflation dynamics reflect the interplay of headline, core, food, energy, and shelter inflation, with shelter acting as the primary driver of elevated core inflation. Headline inflation declined to a low of 2.0% in January 2024, aided by significant drops in food and energy prices (-13.8% energy inflation in January and just 1.1% food inflation by September). However, core inflation reversed course, rising from 3.0% in January to 4.5% in May, driven by shelter inflation peaking at 7.7%. With shelter accounting for ~30% of the Consumer Price Index (CPI), this category’s persistent increases—rooted in tight housing markets and structural supply-demand imbalances—offset gains in other areas.

Shelter inflation in Boston peaked at 7.7% in May 2024 before tapering to 5.8% by November, remaining a major contributor to overall price pressures. As a heavily weighted component of the CPI, shelter inflation exerts a disproportionate influence, directly impacting household budgets and reducing disposable income available for other consumption. For Boston residents, this trend poses challenges to living standards and broader economic welfare, underscoring the critical need to address housing market dynamics. The real estate section provides further insights into residential development activities in the city.

## METROPOLITAN BOSTON INFLATION BY CATEGORY

Annual average year-over-year inflation, 2021 to 2024



Note: BLS, All items CPI-U, Boston - Cambridge - Newton, MA-NH. not seasonally adjusted. Source: U.S. Bureau of Labor Statistics, City of Boston Planning Department Research Division Analysis.

## BUSINESS CONCENTRATION, MARKET POWER, AND WAGES

The concentration of firms within industries has increased over time in the U.S. For example, the Herfindahl-Hirschmann Index (HHI)<sup>2</sup>, a commonly used metric of concentration increased in 75% of industries over the past two decades.<sup>3</sup> In turn, firm concentration creates market power: in 58% of the primary industries tracked by S&P Global Market Intelligence, the 5 largest U.S. companies by revenue owned 80% of total revenue among publicly traded companies in their industry. In 2003, this market share was spread over 71 industries in this group. Industry concentration can have negative repercussions for workers. With few employers in their industry, employees have limited options in where they can work. As a result, employers can lower wages without the fear that employees would find better wages or work conditions elsewhere.<sup>4</sup> Recent research supports these theoretical claims. For example, a 2021 study<sup>5</sup> showed that hospital mergers reduced wage growth when the merger substantially concentrated the market, and when workers' skills were specific to the industry instead of being more general.

Mergers and acquisitions play a substantial role in creating market concentration. Some examples of industry concentration through mergers and acquisitions in Boston have been in the health and education sectors. For example, Massachusetts General Hospital and Brigham and Women's Hospital announced plans to consolidate in 2024<sup>6</sup>

to create a joint workforce of approximately 34,276 workers in Boston, which is about 23% of healthcare and social assistance jobs and 5% of all payroll jobs in Boston.<sup>7</sup> Similarly, Beth Israel Deaconess hospital and Lahey Health merged in 2019. In education, Boston University purchased Wheelock College in 2018, Mount Ida College was purchased by UMass Amherst in nearby Newton in 2018, and Bay Path University announced plans to acquire Boston-based Cambridge College in 2024.

The Federal Trade Commission investigates mergers that could create market power and has blocked certain local mergers. For example, in 2024 the FTC blocked the merger of Kroger and Albertsons grocery stores, two of Massachusetts largest grocery stores, because it would "raise prices and lower workers' wages by eliminating competition".<sup>8</sup> Another merger that was abandoned after scrutiny by the FTC in 2022 was between Lifespan Corporation and the Care New England Health System.

### Notes:

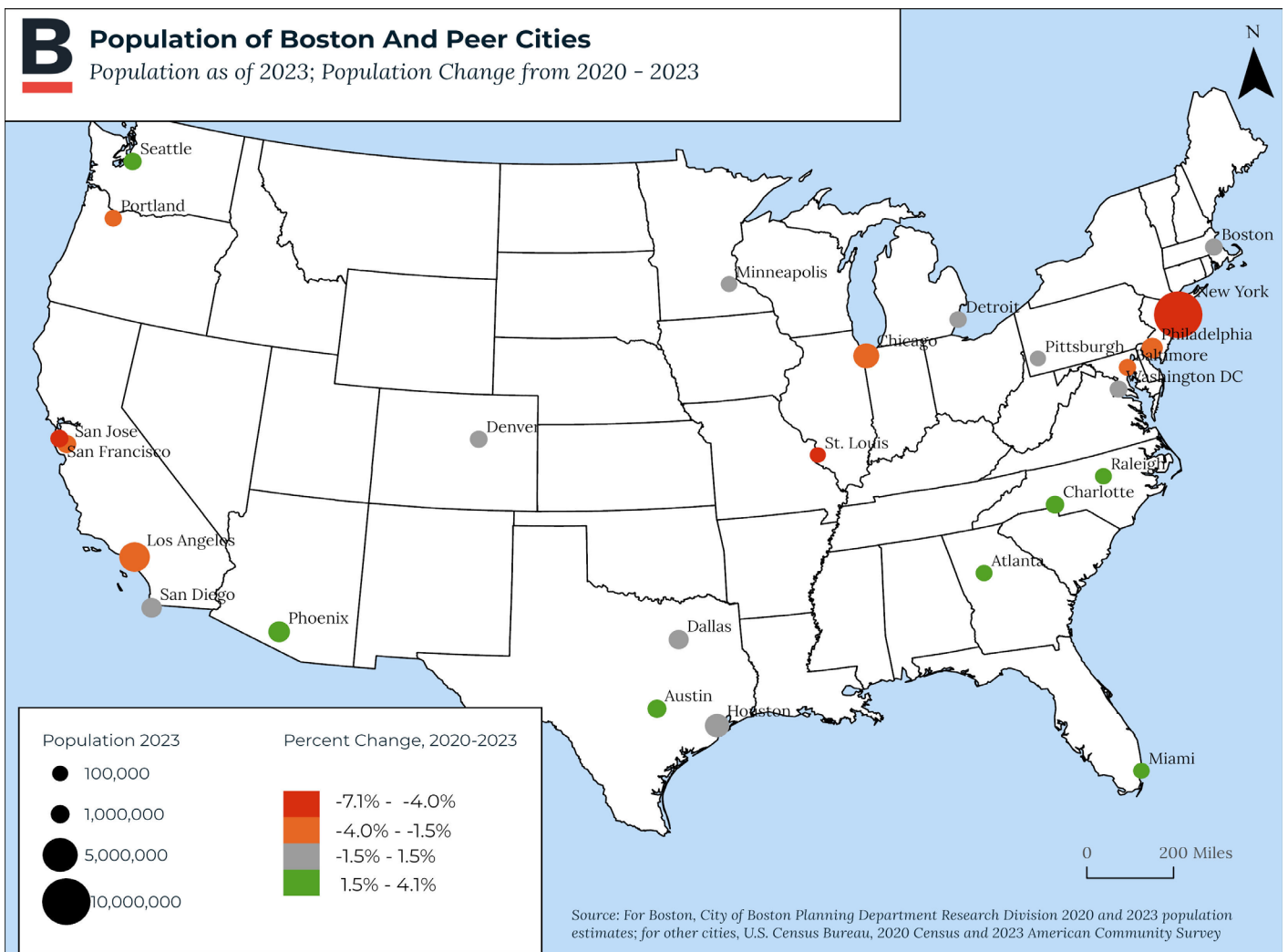
<sup>2</sup>The Herfindahl-Hirschmann Index (HHI) is a measure of market concentration, calculated as the sum of squares of each firm's market share. When many firms exist, each firm has a small market share, and the index is close to zero. A higher index indicates a more concentrated market with few firms.

<sup>7</sup>Boston's healthcare and social assistance workforce was 149,794.

# DEMOGRAPHIC FACTORS IMPACTING LABOR MARKET AND WAGES

Apart from these structural factors, Boston’s labor market, and wages, can also be affected by changes in the supply of labor. The pandemic and secular trends in birth rates have impacted population growth across the nation. Adjusted for undercounting in the Census, Boston’s population grew by 0.9% from 2020 to 2023, showing recovery from the pandemic disruptions and modest growth.<sup>9</sup>

Unadjusted population estimates for peer cities show a range of growth trajectories from 2020 to 2023. San Francisco, St. Louis, New York City, San Jose, Portland (Oregon), Philadelphia, and Baltimore are estimated to have lost more than 3% of their population. Over the same time period, Charlotte, Raleigh, and Miami grew by more than 3%.

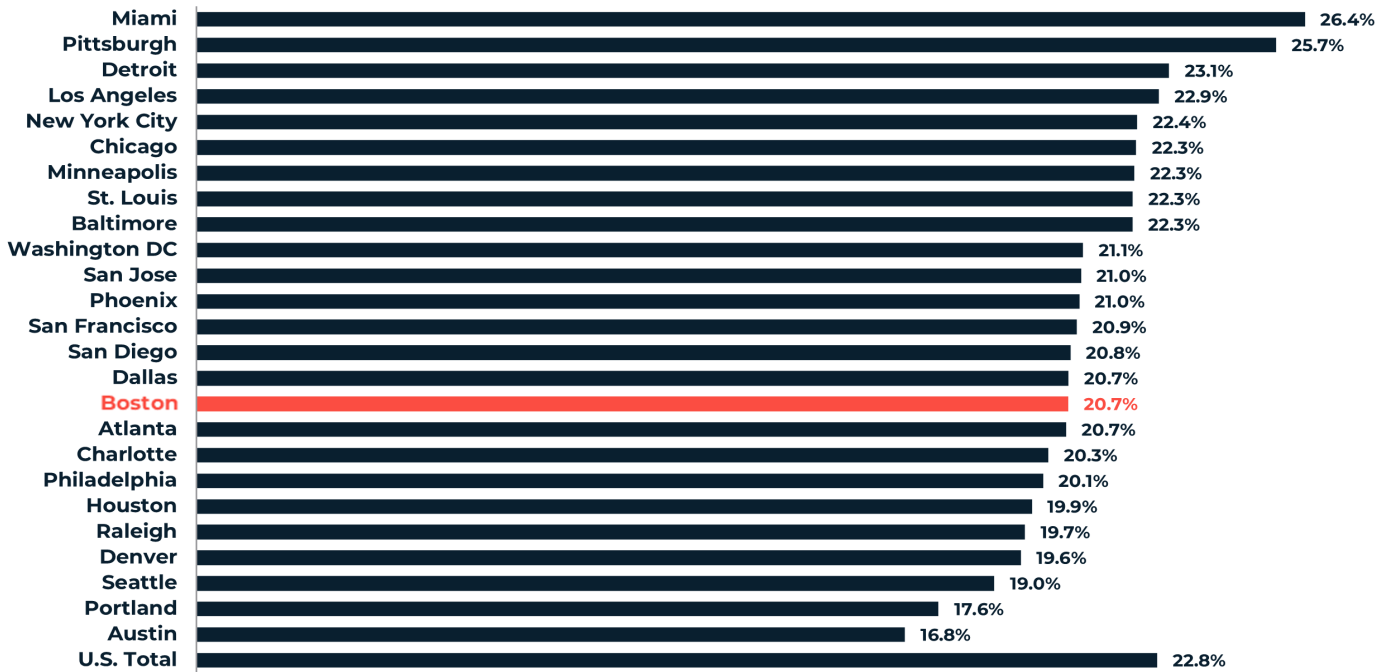


Overall population growth trends will impact the labor markets and wages in these cities. The age structure of the population will further impact the labor market. Boston's workforce remains relatively young, but it has been getting older. In 2023, 20.7% of workers working in Boston were 55 or older, slightly higher than the same statistic in 2013, which was 18.2%. In 2023,

Boston ranked 16th out of 25 peer cities in the share of 55+ workers working in the city. Austin has the youngest workforce, with just 16.8% over age 55, and Miami has the oldest workforce with 26.5% of workers working in the city aged 55 or above.

## SHARE OF WORKERS THAT ARE 55 AND ABOVE

Workers 55+ by City (Percent), 2023



Source: 1-Year ACS PUMS 2023, City of Boston Planning Department Research Division Analysis



## WAGE GROWTH IN LOW WAGE LABOR MARKETS

Due to the aging population across the country, there will potentially be a smaller active workforce to provide for a larger non-working/dependent population over the next few years. Additionally, there may be labor shortages, which industries such as construction are already experiencing. For example, almost 20% of construction workers nationally were older than 55 in 2023,<sup>10</sup> and many construction projects were short-staffed.<sup>11</sup> This could be one reason that construction wages have recently increased: 72% of contractors nationally reportedly raised base wage rates, though wages did not grow overall when accounting for inflation.<sup>12</sup>

### Notes:

<sup>9</sup>The City of Boston Planning Department Research Division created revised population estimates for Boston to adjust for the undercounts in 2020 and subsequent years.

<sup>11</sup>The 50/10 ratio decreased from 2 to 1.78 and the 90/10 ratio decreased from 4.9 to 4.5 between 2020 and 2023.

Since the pandemic, and for some years prior, real wages have increased faster at the 10th percentile of wages than at the 90th or 50th percentiles in the US.<sup>13,14</sup> Wage increases in low wage labor markets have implications for wage inequality. The 90/10 ratio<sup>15</sup> decreased by 8 percentage points between 2020 and 2023. Almost 75% of this change was due to a shrinkage of the 50/10 ratio, which indicates that the gap between wages at the 10th percentile and the median also narrowed over these years, and more so than the gap between the median and 90th percentile. The decrease in wage inequality also decreased the college wage premium.<sup>16</sup>

We examine if these national trends are reflected at the local level in the Boston-Cambridge-Nashua Metropolitan NECTA division. Hourly wages at the 10th percentile (P10) have indeed increased faster than wages at the median (Median) or at the 90th percentile (P90). Consistent with national trends, wage increases started before the pandemic, and continued beyond 2020. For example, wages at the 10th percentile increased by 16% between 2017 and 2020, while those at the median and 90th percentile increased by 6 and 8%, respectively. Wage increases accelerated after the pandemic, at 24%, 10% and 11%, respectively, with the greatest gain at the lower end of the distribution.

While a long period of catchup is required to fully ease economic inequality, between 2020 and 2023, the 90/10 ratio for hourly wages in the Boston-Cambridge-Nashua Metropolitan NECTA division decreased by 8%, from 4.9 in 2020 to 4.5 in 2023. Meanwhile, the 50/10 ratio decreased by almost 11% from 1.99 to 1.78. The change in the 50/10 ratio accounts for about 54% of the change in the 90/10 ratio.<sup>17</sup>

There are multiple explanations for wage growth in low wage labor markets. Decreases in wage inequality before the pandemic are likely due to the adoption of higher minimum wages by specific states, and mainly exist in states where the minimum wage increased in the 2010s.<sup>16</sup> Boston increased its minimum wage in 2013. As seen in the figure below, wage growth at the 10th percentile increased faster after 2014, which is suggestive evidence that the minimum wage could at least partly have influenced this increase.

Changes after the pandemic are likely due to labor market tightness<sup>18</sup> and increased competitiveness in low wage labor markets, and compositional effects. Rather than a traditional explanation of higher demand versus supply of low wage workers raising wages, new research<sup>16</sup> suggests that low wage labor markets became more competitive due to an easing of job search frictions. Job search frictions likely eased due to lower attachment between employers and employees after mass layoffs in the pandemic, greater household income after pandemic transfer programs, and different perceptions about the availability of high wage jobs.

**Notes:**

<sup>14</sup>The trend started before the pandemic for states that raised their minimum wage in recent years.

<sup>15</sup>The 90/10 ratio is a measure of income inequality that compares the wage at the 90th percentile to that at the 10th percentile of the wage distribution.

<sup>17</sup>The 50/10 ratio decreased from 2 to 1.78 and the 90/10 ratio decreased from 4.9 to 4.5 between 2020 and 2023.

<sup>18</sup>Labor market tightness occurs when job vacancies exceed individual searching for jobs

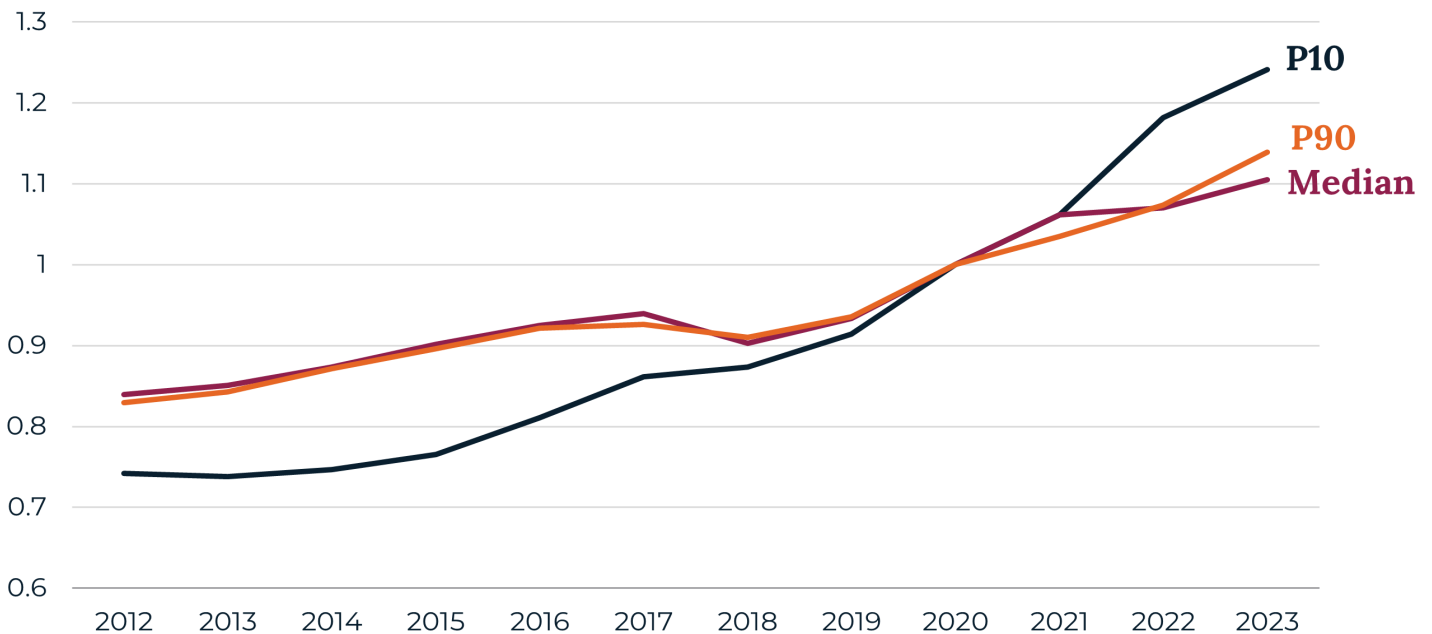
Additionally, compositional effects played a role, as many of the lowest-paid workers lost jobs during the pandemic, which not only raised the average wage but also increased measured wages at the lower end of the distribution by removing the lowest earners from the workforce.

Following pandemic employment disruptions, workers moved from low wage employers in unproductive firms to higher paying employers in productive firms. In other words, instead of wage

increases being due to employers uniformly raising wages when worker demand exceeded supply, wage gains were likely due to some workers quitting (or being laid off) and moving to better jobs. In fact, most wage gains accrued to individuals who changed jobs instead of to individuals who stayed in the same job. This was especially the case among young and non-college educated workers who became more likely to change jobs.<sup>16</sup>

## HOURLY WAGES BY INCOME PERCENTILE

*Relative to 2020, Boston-Cambridge-Nashua Metropolitan NECTA*



Source: U.S Bureau of Labor Statistics OEWS Data, City of Boston Planning Department Research Division Analysis

# EMPLOYMENT

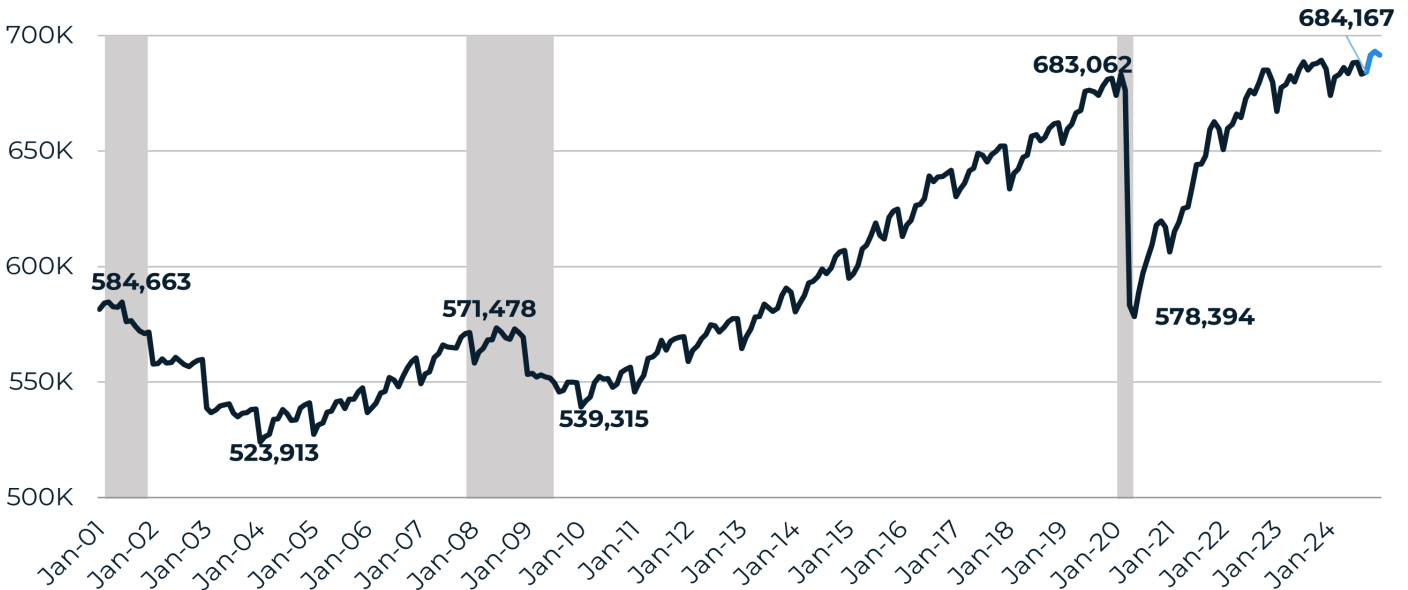
## OVERALL EMPLOYMENT

The COVID-19 pandemic-induced recession caused an unprecedented 15.3% drop in payroll employment in Boston between February and April 2020, resulting in the loss of over 100,000 jobs in just two months. Despite the severity of this shock, Boston demonstrated remarkable resilience, recovering to its pre-pandemic employment levels by late 2022. This recovery, achieved within 32 months, was significantly faster than the 56 months required after the Great Recession or the protracted stagnation following the Dot-Com bust.

In 2024, Boston transitioned from recovery to economic expansion. After a year of stabilization in 2023, during which payroll employment surpassed pre-pandemic levels but grew moderately, 2024 saw sustained growth. Payroll employment peaked at 688,405 in July 2024, far exceeding pre-pandemic benchmarks. This milestone marked Boston's shift from recovery to robust expansion, underscoring the city's economic vitality and strong labor market trajectory.

## MONTHLY PAYROLL EMPLOYMENT IN BOSTON

2001-2024



Note: Payroll employment for Q4-2024 (in light blue) is estimated using Current Employment Statistics for Boston-Cambridge-Newton MA NECTA Division and ratios of city and NECTA division employment from recent QCEW employment data. Gray bars represent recessionary periods.

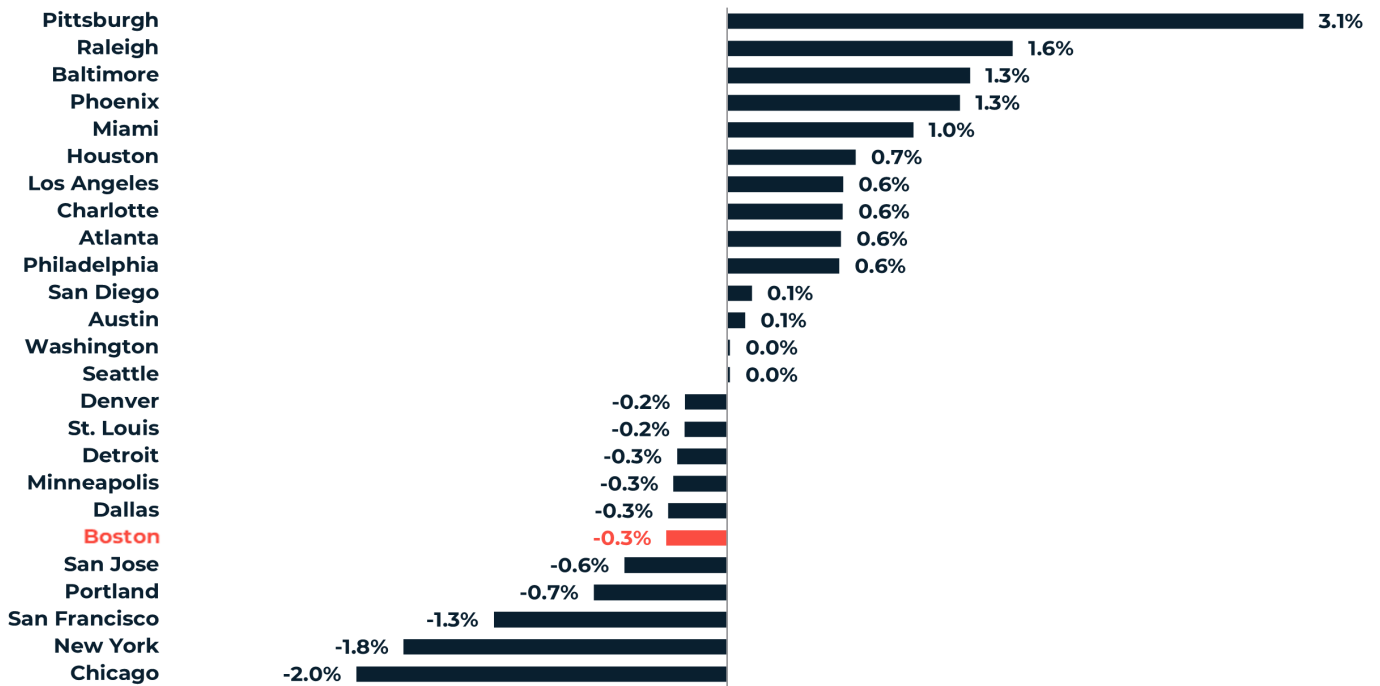
Source: Massachusetts EOLWD, City of Boston Planning Department Research Division Analysis.

Boston metro area employment declined slightly by 0.3% between 2023 and the first three quarters of 2024. Within the city of Boston, however, average annual employment grew by 0.1% over the same period.

Metro area employment growth was mixed among peer cities with Chicago leading the decline at -2.0% and Pittsburgh growing the strongest at 3.1%.

## METRO AREA EMPLOYMENT GROWTH

Percent Change, 2023 - 2024\*

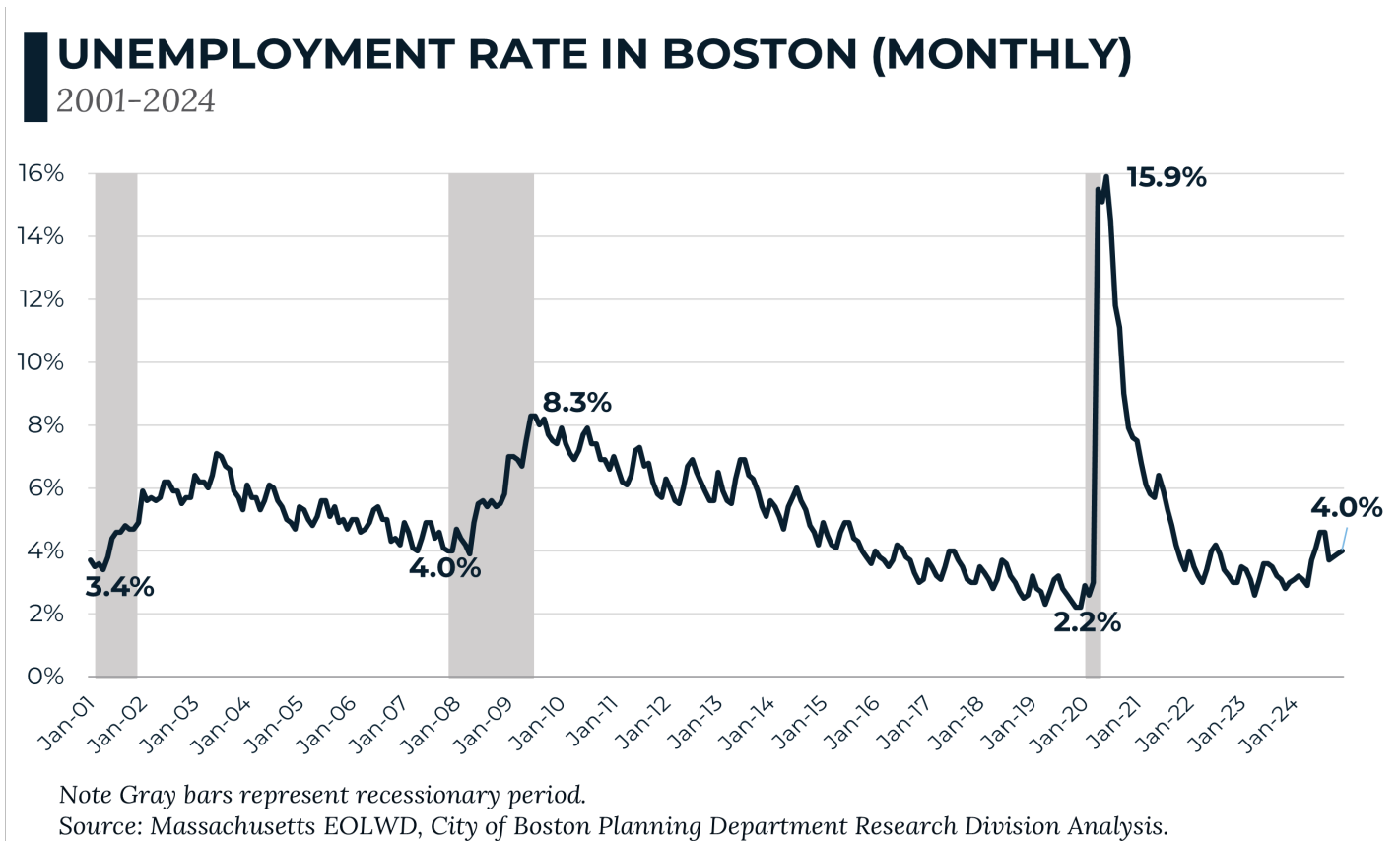


Source: BLS, City of Boston Planning Department Research Division Analysis.  
 Note: \* 2024 is Q1 through Q3 only.

## UNEMPLOYMENT

Boston's unemployment rate mirrored the broader challenges and resilience of its labor market over time. The pandemic drove unemployment to an unprecedented 15.9% in June 2020. However, as the city's economy rebounded, unemployment steadily

declined, stabilizing at approximately 3.0% by late 2022 – a return to pre-pandemic levels. In 2023, unemployment remained low, fluctuating between 3.1% and 3.6%, signaling a strong and stable labor market.

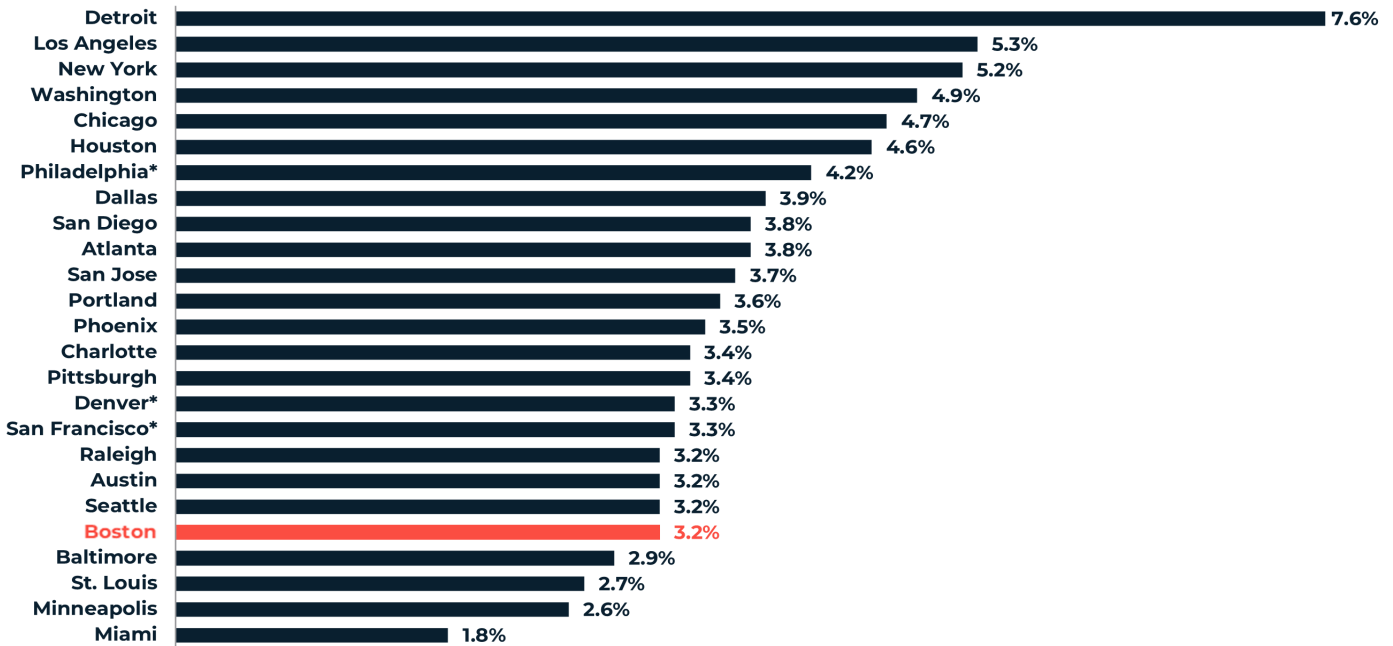


In 2024, the unemployment rate exhibited volatility. Early in the year, unemployment averaged around 3.1% to 3.2%, reflecting continued economic momentum. Mid-year, however, brought a temporary rise, with unemployment peaking at 4.6% in July and August. This uptick likely stemmed from seasonal or sector-specific pressures, such as slower growth in certain industries or structural adjustments. By December, unemployment had declined to 4.0%, with approximately 16,112 residents unemployed.

In 2023, Boston’s unemployment rate of 3.2% was one of the lowest among a set of 25 peer cities, which ranged from 7.6% in Detroit to 1.8% in Miami.

## PEER CITIES UNEMPLOYMENT RATE

2023 Unemployment Rate (Percent)



Source: US Bureau of Labor Statistics, City of Boston Planning Department Research Division Analysis.  
 Note: \* demarcates county

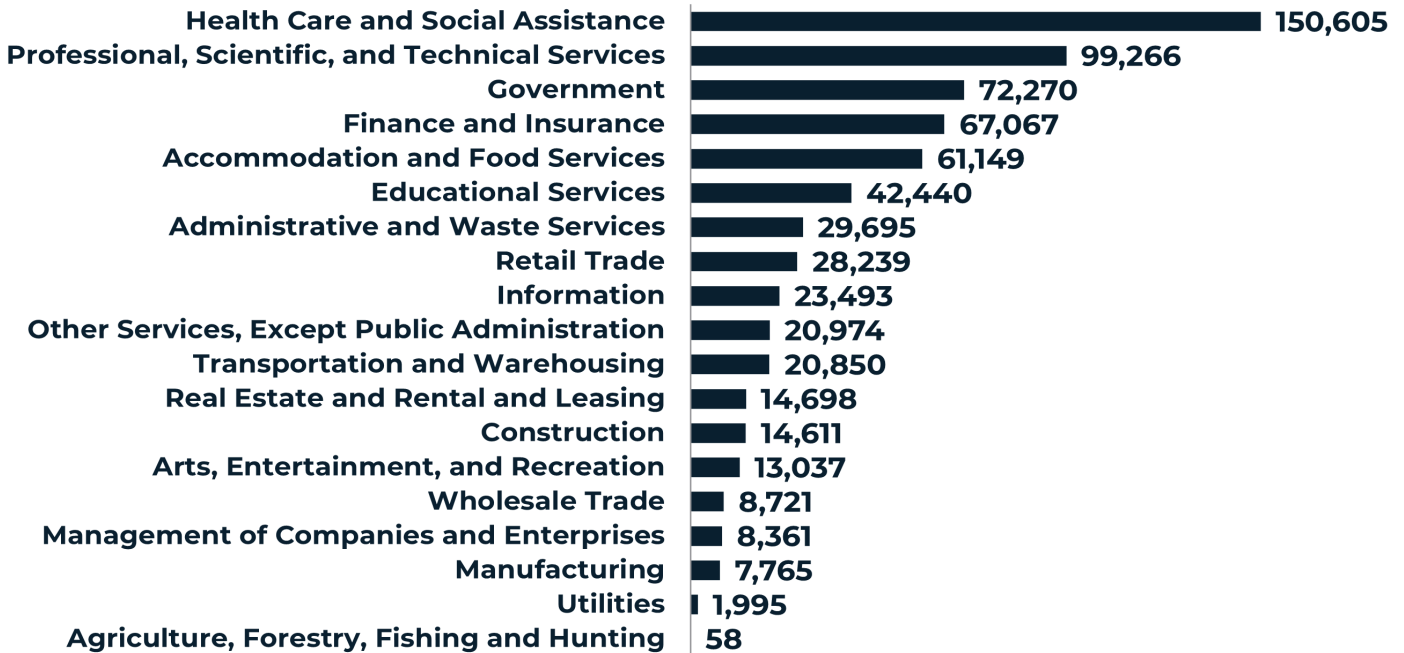
## SECTORAL EMPLOYMENT

Boston's labor market is driven by three key sectors that account for nearly half of the city's total payroll employment: Health Care and Social Assistance, Professional, Scientific, and Technical Services, and Government. Average Monthly Employment (Q3 2024) data show that Health Care and Social Assistance, the largest sector, employs 150,605 workers (22% of total employment) within the private sector, showcasing the city's global leadership in medical research, biotechnology, and health services.

Similarly, Professional, Scientific, and Technical Services, the second-largest sector with 99,266 private-sector employees, is driven by consulting, engineering, and legal services. Government employment, comprising 72,270 workers (10.5% of total employment), spans various industries since it is calculated as the difference between total employment and private-sector employment.

## PAYROLL EMPLOYMENT BY SECTOR

*Average Monthly Employment, Q3 2024*



Source: Massachusetts EOLWD, City of Boston Planning Department Research Division Analysis.

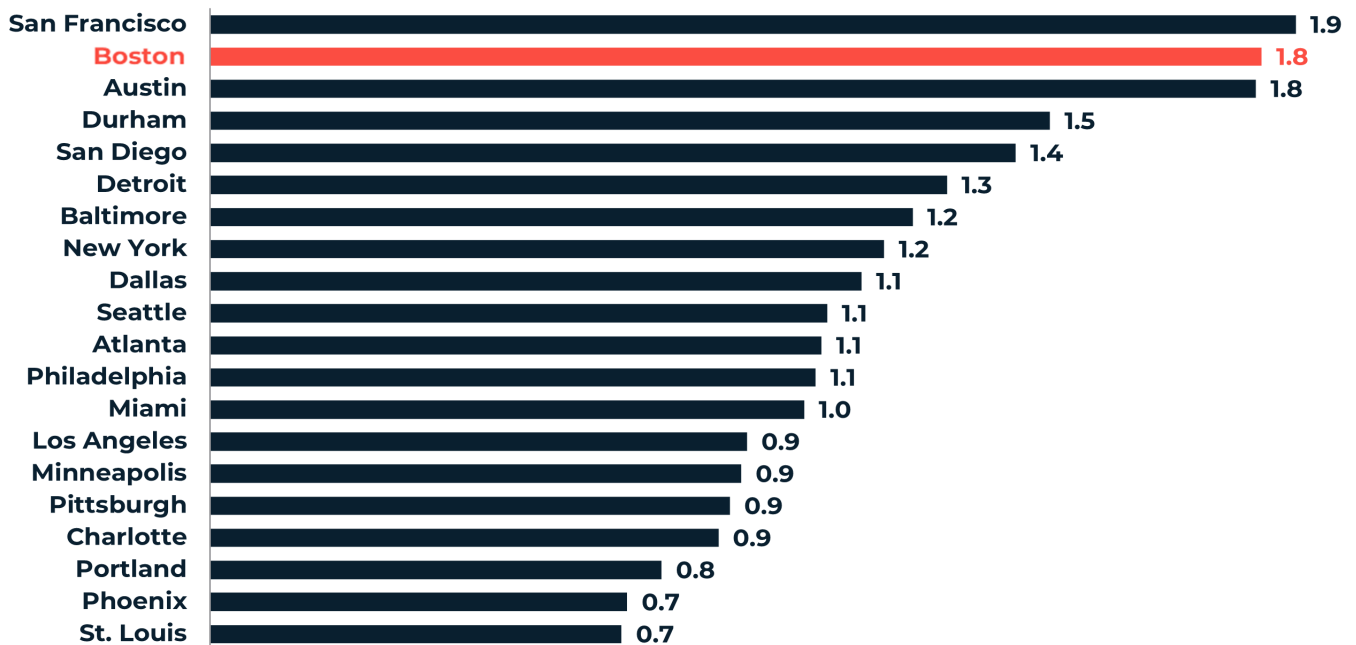


Private sector Professional, Scientific, and Technical Services jobs accounted for 14.5% of all private sector jobs in Boston in the third quarter of 2024. This is almost twice the sector’s national employment share of 8.1%, for a location quotient of 1.8.

Its concentration is comparable to that of the Austin metro area, and slightly behind the San Francisco metro area.

## PROFESSIONAL, SCIENTIFIC & TECHNICAL

Location Quotient (LQ) by Metro for NAICS 541, Q3 2024



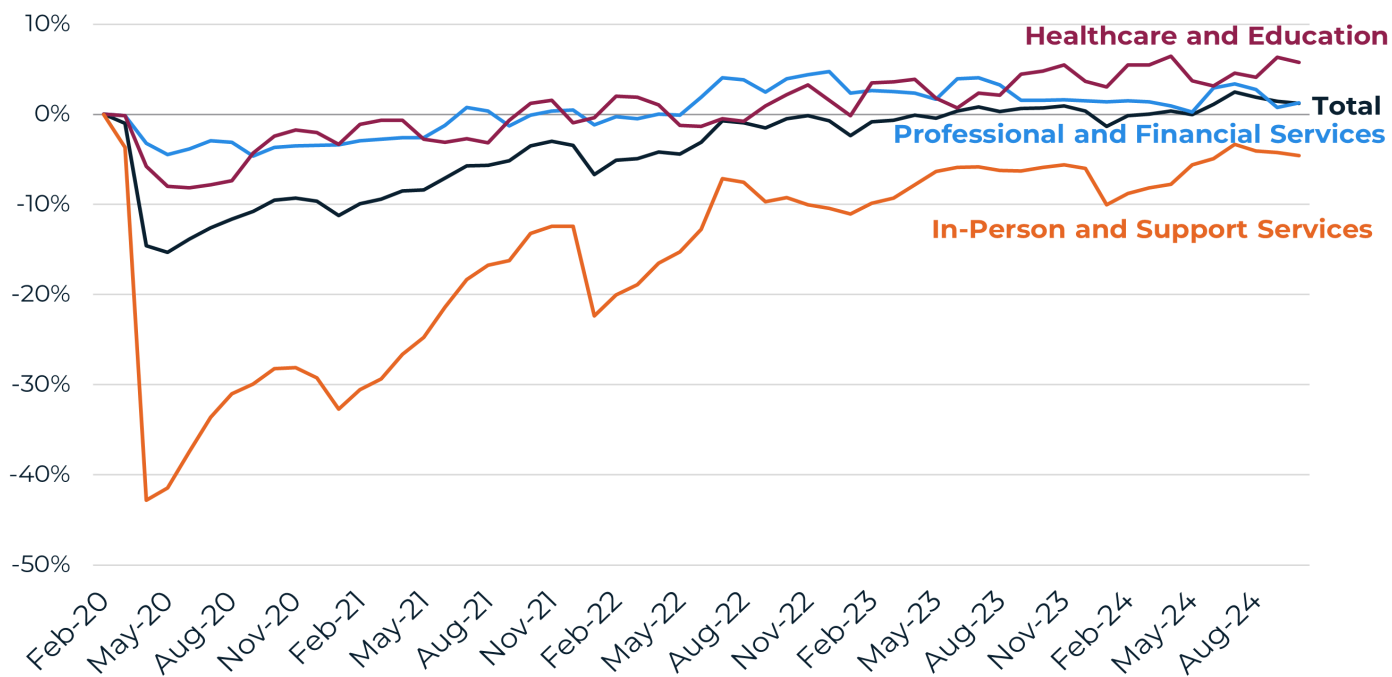
Source: U.S. Bureau of Labor Statistics, City of Boston Planning Department Research Division Analysis.

The pandemic caused dramatic employment declines across all major industry groups in Boston, followed by a gradual but uneven recovery. Sectors reliant on in-person interaction, such as in-person and support services, experienced the sharpest declines, with a 42.8% drop.

Production, construction, and logistics followed, falling by 22.7%, while healthcare and education saw a comparatively modest decline of 5.8%. Government employment, though less volatile, still recorded a 0.7% decrease.

## CHANGE IN EMPLOYMENT BY SECTOR

Change from February 2020



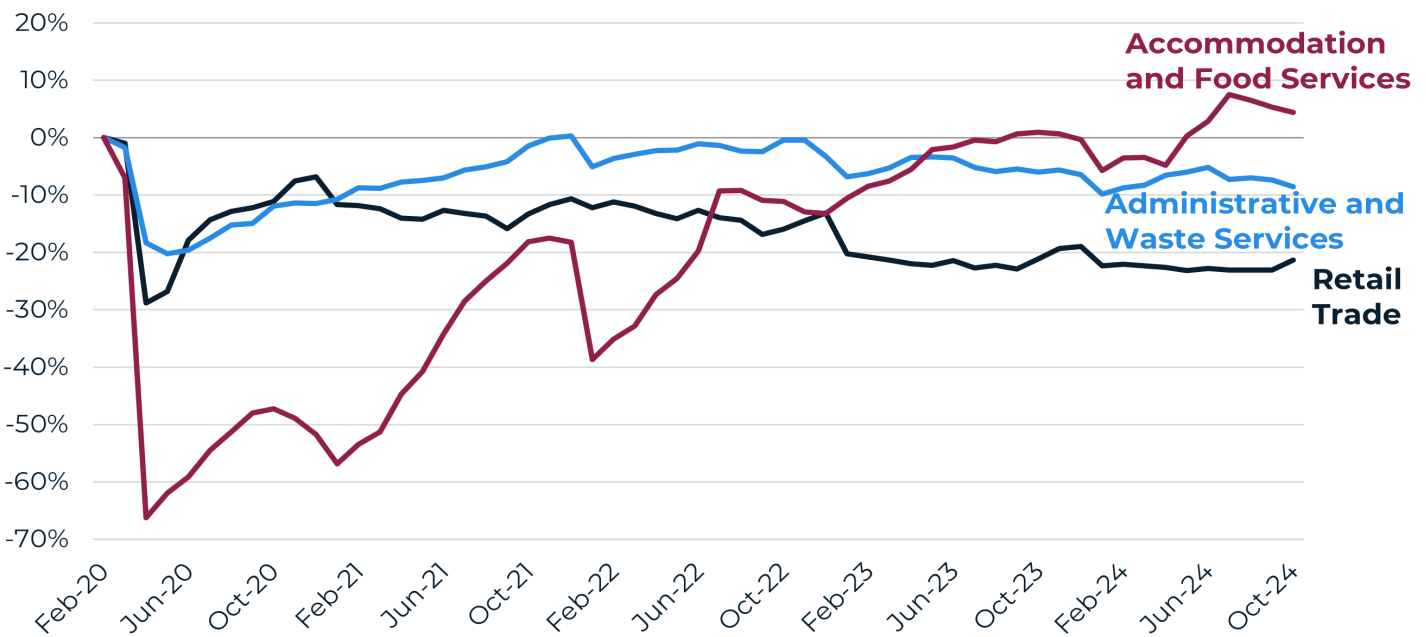
Source: Massachusetts EOLWD, City of Boston Planning Department Research Division Analysis.

By June 2024, total employment in Boston had surpassed pre-pandemic levels, rising by 1.1%. Key sectors, including Healthcare and Education, showed strong recovery, up 3.1%. Professional and Financial Services also exhibited growth, increasing by 2.9%, driven by Boston's robust knowledge economy.

However, the recovery remained uneven, with in-person and support services employment still lagging, down 4.9%, reflecting ongoing challenges in demand-dependent industries. Government employment, while stabilizing, recorded modest growth at 2.7%, signaling incremental adjustments in public administration roles.

## PAYROLL EMPLOYMENT IN IN-PERSON AND SUPPORT SERVICES

Change from February 2020



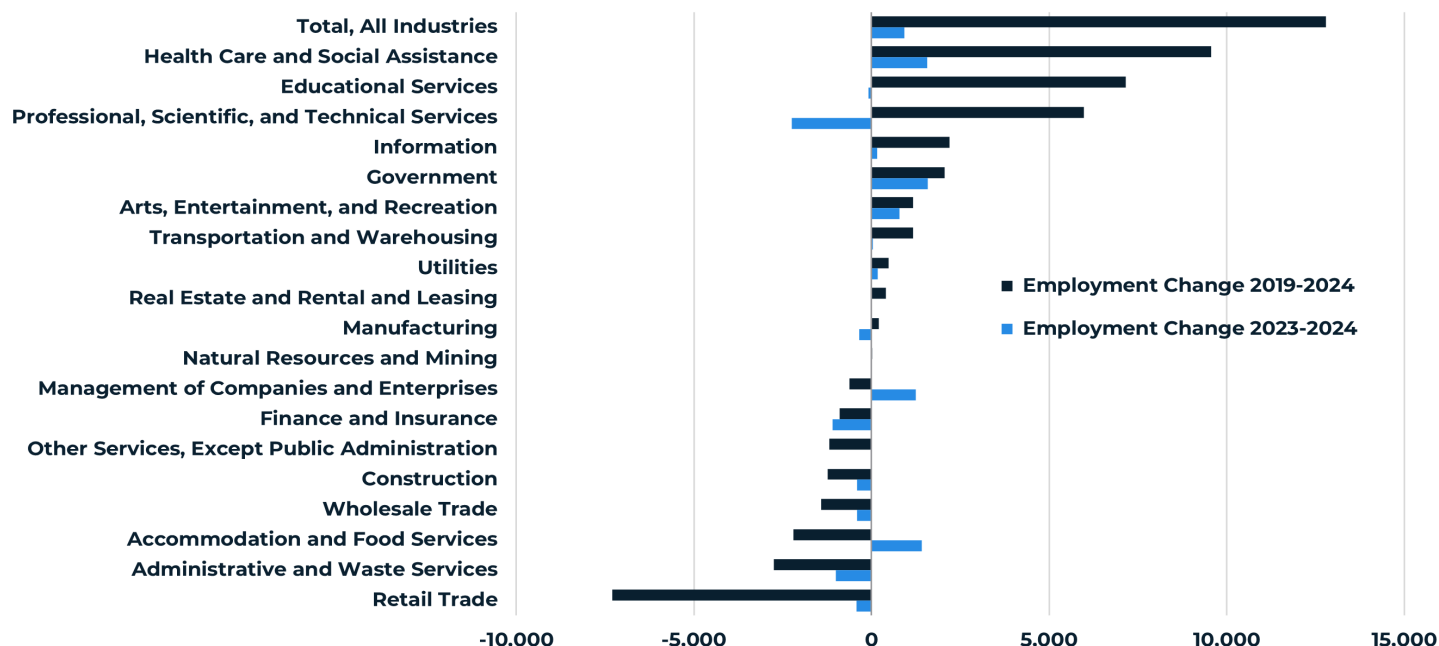
Source: Massachusetts EOLWD, City of Boston Planning Department Research Division Analysis.

The in-person and support services sector bore the brunt of the pandemic’s impact, with steep declines in Retail Trade, Administrative and Waste Services, and Accommodation and Food Services. Among these, Accommodation and Food Services faced the most significant losses, with a 66.2% decline in April 2020. While this sector rebounded by July 2024 with 7.5% growth, recovery remained uneven due to shifts in consumer behavior and persistent labor shortages. Administrative and Waste Services experienced an 18.3% decline in April 2020 but steadily returned to near pre-pandemic levels by mid-2022, though recent trends indicate slight declines. Retail Trade, however, struggled to recover fully, with employment still down 20.5% as of September 2024. Structural changes, such as the rise of e-commerce and the decline of traditional brick-and-mortar stores, continue to reshape the retail landscape.

Healthcare and Social Assistance employment was resilient, adding 9,558 jobs between 2019 and 2024, including 1,563 jobs gained between 2023 and 2024, driven by consistent demand and demographic trends. Similarly, Accommodation and Food Services, recovering from severe pandemic job losses, added 1,420 jobs over the past year, reflecting renewed consumer activity in travel and dining. Government employment also grew, gaining 1,582 jobs during the same time, likely due to the expansion of public programs.

## CHANGE IN PAYROLL EMPLOYMENT IN BOSTON

Comparing Average Monthly Employment in 2019 and 2023 to 2024



Note: The 2024 Average Monthly payroll Employment data covers the period from January 2024 through September 2024 (Q3 2024).  
Source: Massachusetts EOLWD, City of Boston Planning Department Research Division Analysis.

The Retail Trade sector continued to face persistent challenges, while industries such as Professional, Scientific, and Technical Services and Information have recently encountered new difficulties. Retail continued to decline, shedding 417 jobs between 2023 and 2024, reflecting long-term shifts toward e-commerce. Professional, Scientific, and Technical Services, despite overall growth since 2019, lost 2,240 jobs over the past year, likely due to economic uncertainties and cost-cutting measures. The Information sector added 157 jobs, defying previous expectations of decline and highlighting resilience amidst automation and evolving market demands.

# MOBILITY & TRAVEL

## FOOT TRAFFIC

Overall foot traffic levels in Boston, as measured by cell phone location data from Cuebiq, reached 90% of 2019 levels in 2024, coming close to pre-pandemic levels but representing a slight decrease from the 2023 average. Foot traffic in more residential neighborhoods in Boston, most of which saw flat or increased overall foot traffic during COVID-19. In contrast, likely due to remote and hybrid work altering the economic landscape since the onset of COVID-19, incenral business districts and other commuter hubs have lost the most foot traffic, with negative consequences for the viability of many local businesses in those areas. Foot traffic in Boston’s four key commercial hubs is largely still down from 2019, and decreased in all hubs and Boston as a whole from 2023.

Fenway/Longwood, the only commercial hub to

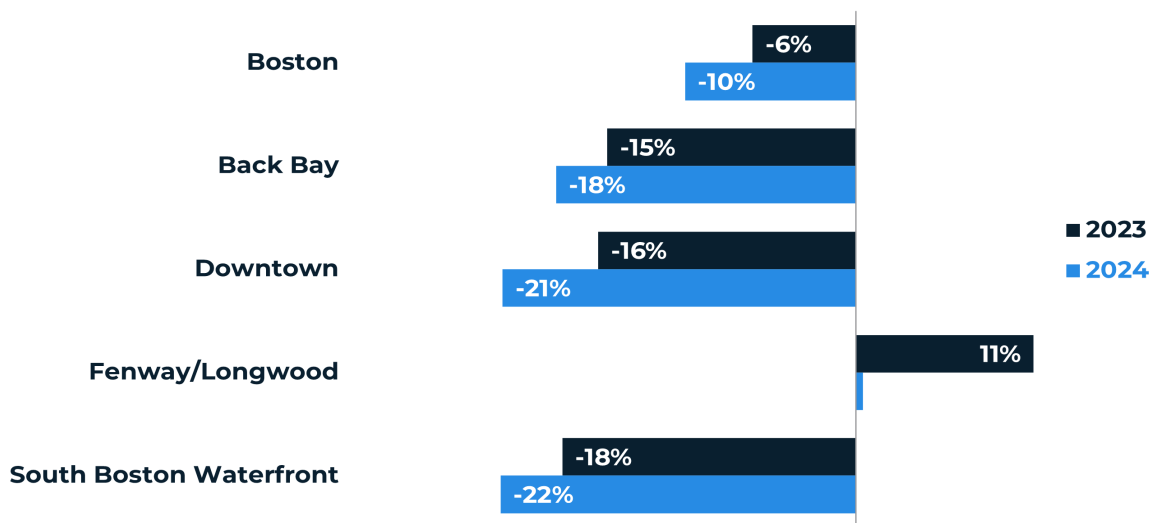
have fully recovered to 2019 foot traffic levels, saw a decrease in average foot traffic from 2023 to 2024, reaching levels only 0.42% higher than 2019. Greater Downtown,<sup>19</sup> Back Bay, and the South Boston Waterfront all had average 2024 foot traffic levels between 78-82% of 2019 levels, reflecting the enduring reality of remote and hybrid work in some important sectors of Boston’s economy. Fenway/Longwood’s relatively strong recovery to 2019 foot traffic levels may reflect the fact that it’s anchored by a large health care & life sciences sector (giving it a relatively high share of non-telecommuting jobs) and by multiple large colleges and universities with growing student enrollments.

### Notes

<sup>19</sup>Downtown, Chinatown, Leather District, North End, West End, and Beacon Hill

## FOOT TRAFFIC IN BOSTON

Annual average levels relative to 2019



Note: Cuebiq collects first-party data from anonymized users who have opted-in to provide access to their location data anonymously, through a GDPR-compliant framework. To preserve privacy home and work locations are aggregated to the census-block-group level. Source: Cuebiq mobility data, City of Boston Planning Department Research Division Analysis.

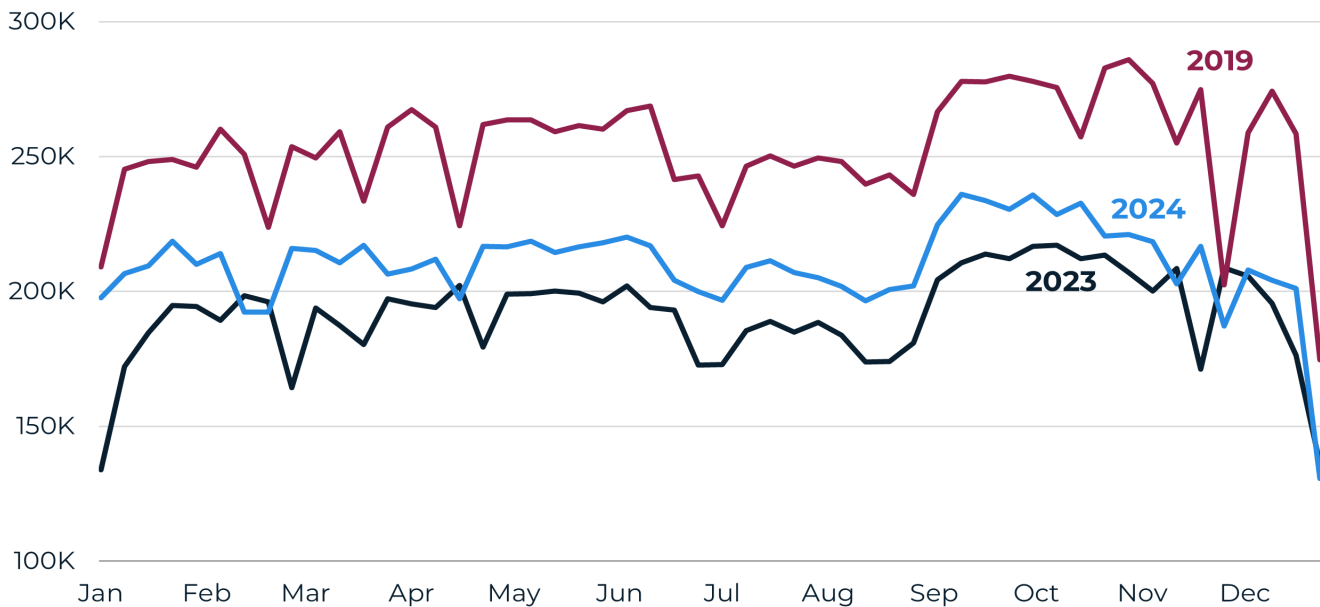
## MBTA RIDERSHIP

Trends in MBTA ridership remain a critical indicator of Boston’s economic activity and local demand. In 2024, ridership continued its gradual recovery from pandemic lows, supported by the MBTA’s efforts to improve service quality and reliability. Bus ridership in Boston has seen significant resilience, consistently reaching 85% of 2019 levels throughout most of 2024.

This marks a notable improvement over 2023 levels, which generally ranged between 70% and 80% of pre-pandemic ridership. The sustained bus ridership recovery reflects the continued reliance on bus services, particularly among transit-dependent populations.

### MBTA BUS RIDERSHIP ON ROUTES THROUGH BOSTON

2019, 2023, and 2024 weekly average weekday bus ridership in thousands



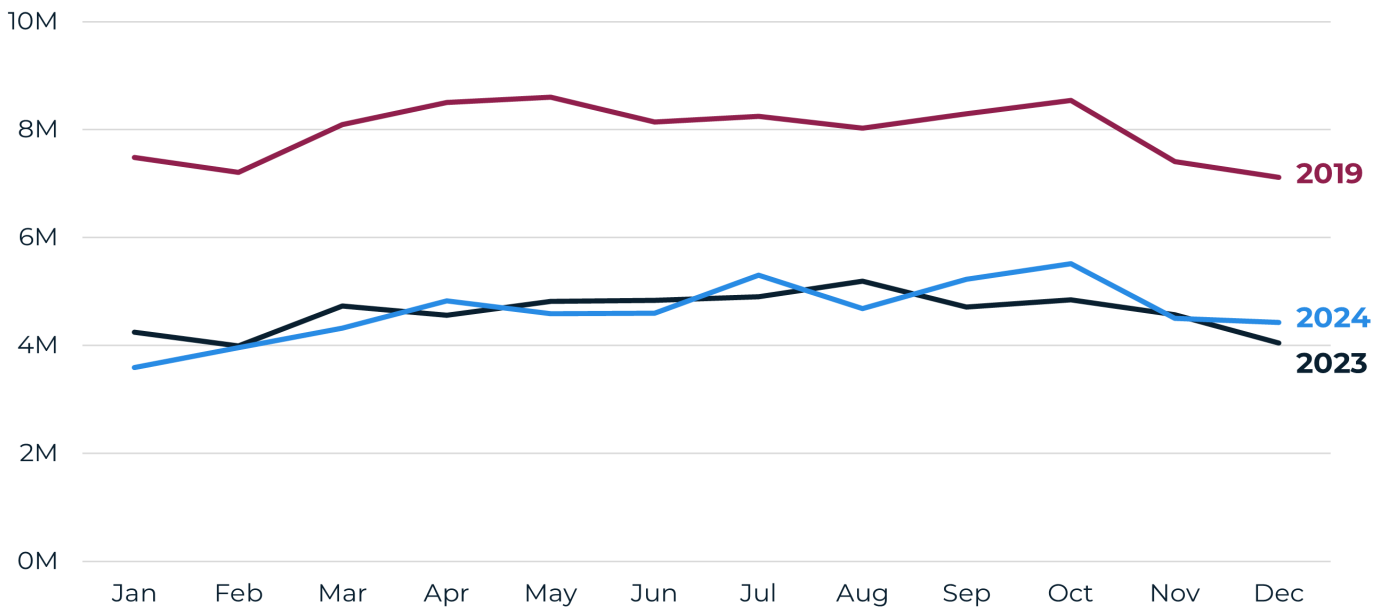
Source: MBTA Weekly Bus Ridership by Route, City of Boston Planning Department Research Division Analysis.

Subway and light rail ridership have shown signs of modest recovery, with rapid transit usage across gated MBTA stations in Boston reaching approximately 63% of 2019 levels by the last quarter of 2024. While year-over-year ridership increased by just 0.2% from 2023 to 2024, late-year trends in 2024 suggest ridership may continue to increase through 2025. This progress has been bolstered by a series of service improvements, including the elimination of speed restrictions across the entire subway system in December 2024. Since 2023, the MBTA has eliminated over 220 speed restrictions, replaced 250,000 feet of rail, and saved riders 2.4 million minutes every weekday.

The MBTA eliminated the last remaining speed restrictions on the system in December, marking a historic milestone as the entire subway system began operating without any speed restrictions for the first time in 20 years.<sup>16</sup> These changes have reduced travel times across all lines, resulting in more timely, reliable, and consistent service for riders – a critical factor in restoring confidence in public transit.

## MBTA RAPID TRANSIT RIDERSHIP IN BOSTON

2019, 2023, and 2024 gated station validations in millions



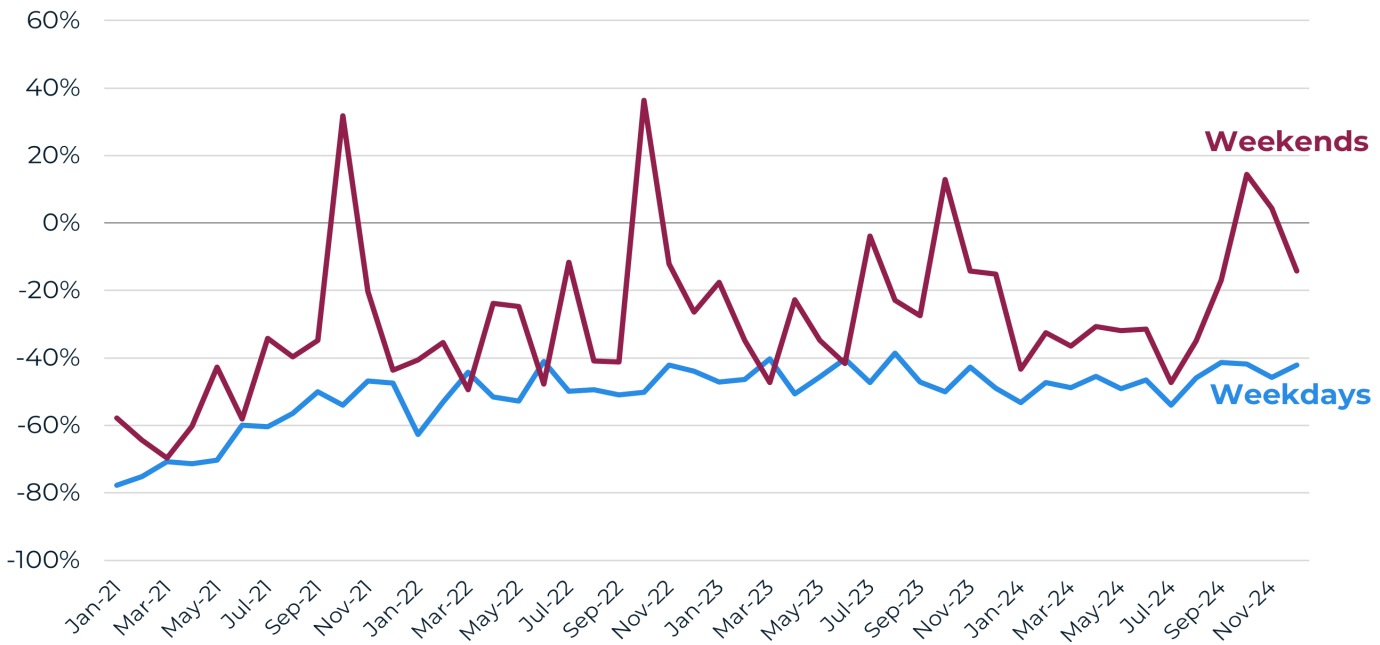
Source: MBTA Gated Station Validations by Station, City of Boston Planning Department Research Division Analysis.



Weekend ridership has continued to show a more robust recovery compared to weekday travel. Weekday trips have plateaued at nearly 60% of 2019 levels, while weekend trips have exceeded 2019 levels in some months over the past few years.

## MBTA RAPID TRANSIT RIDERSHIP IN BOSTON

2021-24 monthly gated station validations by day of week, percentage change from 2019



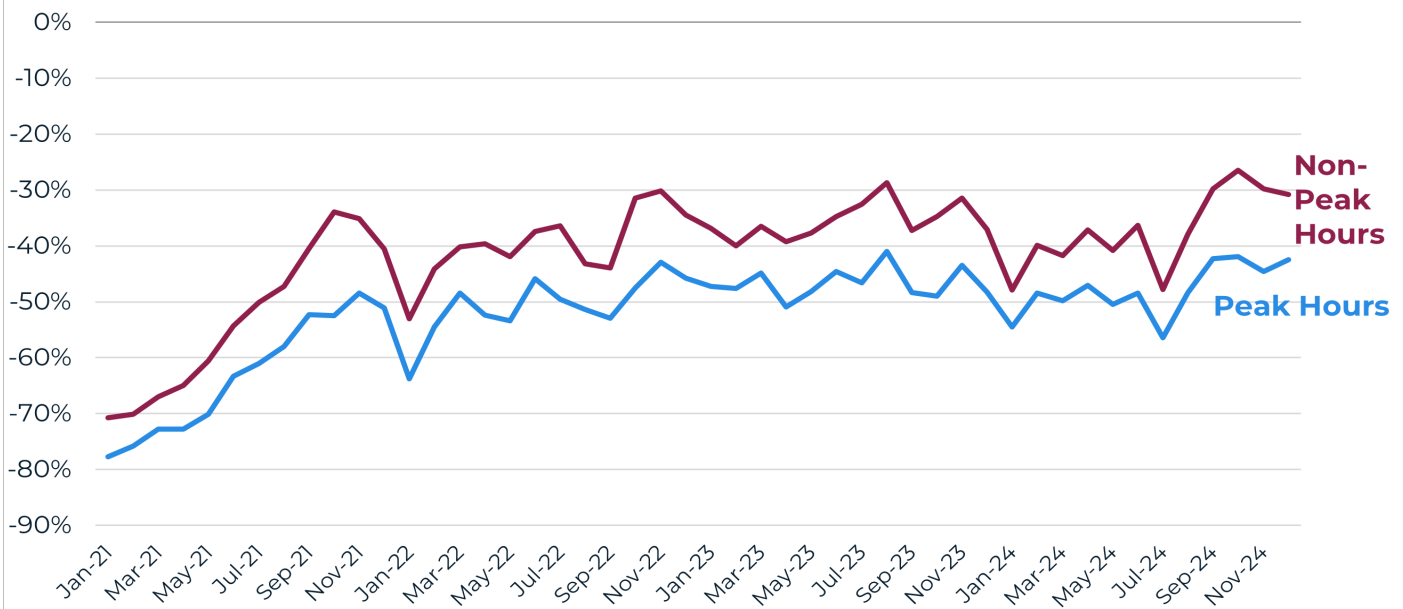
Source: MBTA Gated Station Validations by Station, City of Boston Planning Department Research Division Analysis.

Additionally, the time-of-day distribution of ridership has shifted, with higher shares of midday and late-night travel compared to traditional morning and evening peak hours. Ridership during non-peak hours (10am-3pm and 7pm-1am) has recovered to 62% of pre-pandemic levels in 2024, while ridership during peak hours (5am-10am and 10am-3pm) has only reached 52% of pre-pandemic levels.

While public transit in Boston has always supported a range of trip purposes, including leisure and personal errands, these shifts in time-of-day and day-of-week trends reflect a relative decline in commute trips compared to non-commute trips, highlighting an evolving role for transit in accommodating more diverse travel patterns.

## MBTA RAPID TRANSIT RIDERSHIP IN BOSTON

2021-24 monthly gated station validations by time of day, percentage change from 2019



Note: Peak hours include 5am-10am and 3pm-7pm, while non-peak hours include 10am-3pm and 7pm-1am

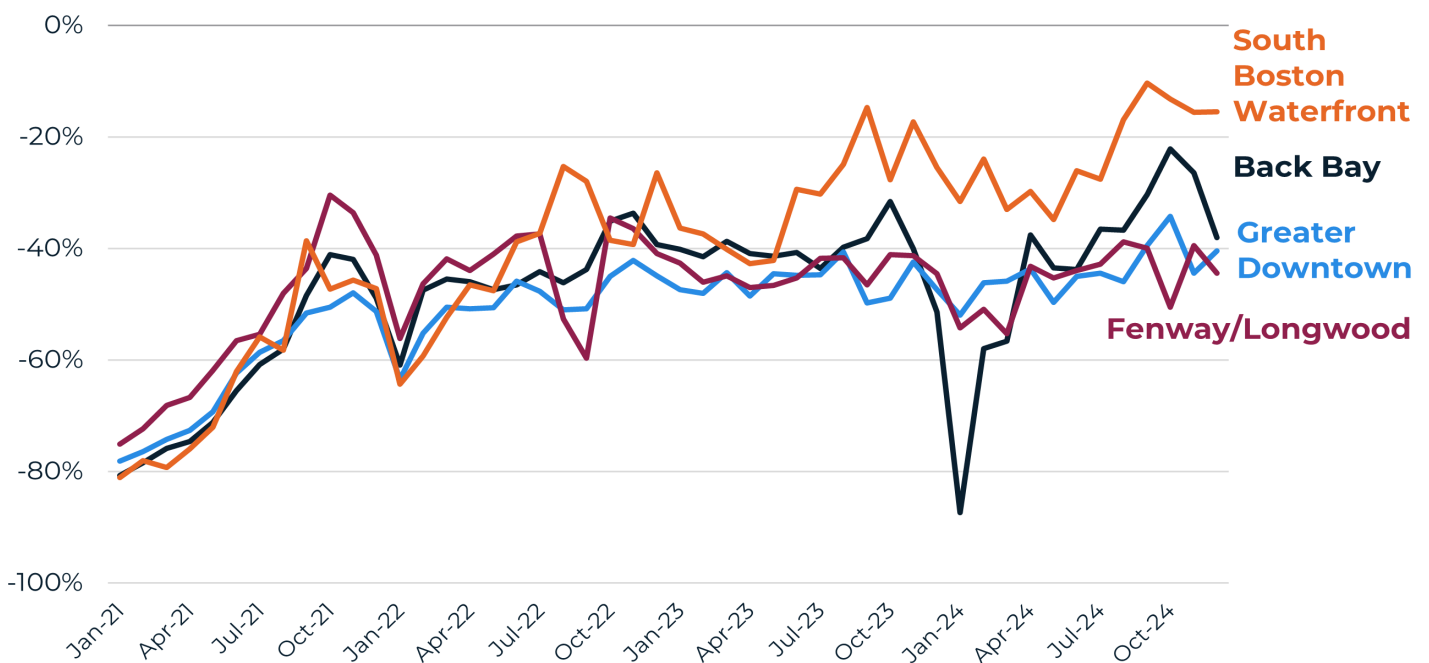
Source: MBTA Gated Station Validations by Station, City of Boston Planning Department Research Division Analysis.

Ridership trends also vary across Boston’s commercial hubs. The South Boston Waterfront has shown the strongest recovery, reaching 90% of 2019 ridership levels by mid-2024 and maintaining over 80% by the year’s end. After the Green Line diversion that closed Kenmore to North Station for most of January 2024, Back Bay transit ridership resumed its recovery trajectory, peaking at approximately 70% in mid-2024 before declining slightly. Greater Downtown and Fenway/Longwood have lagged, hovering around 60–65% of pre-pandemic levels in late 2024. These variations demonstrate the uneven recovery of economic activity across Boston’s commercial districts and the evolving transportation patterns within each area.

Despite gains in ridership throughout 2024, overall bus and subway ridership remains below pre-pandemic levels, emphasizing the need for sustained improvements in service quality and reliability. The MBTA’s infrastructure investments and elimination of slow zones on the subway system have laid a strong foundation for continued ridership recovery. Additionally, the accelerated rebound of bus ridership compared to rapid transit highlights its critical role in Boston’s transportation network. The phased rollout of the Bus Network Redesign,<sup>20</sup> which launched in December, along with ongoing initiatives under the Better Bus Project,<sup>21</sup> will further strengthen this recovery. Overall, the significant service improvements achieved in 2024 and planned enhancements are poised to drive continued progress in the coming years.

## MBTA RAPID TRANSIT RIDERSHIP BY COMMERCIAL HUB

2021-2024 monthly gated station validations, percentage change from 2019



Source: MBTA Gated Station Validations by Station, City of Boston Planning Department Research Division Analysis.

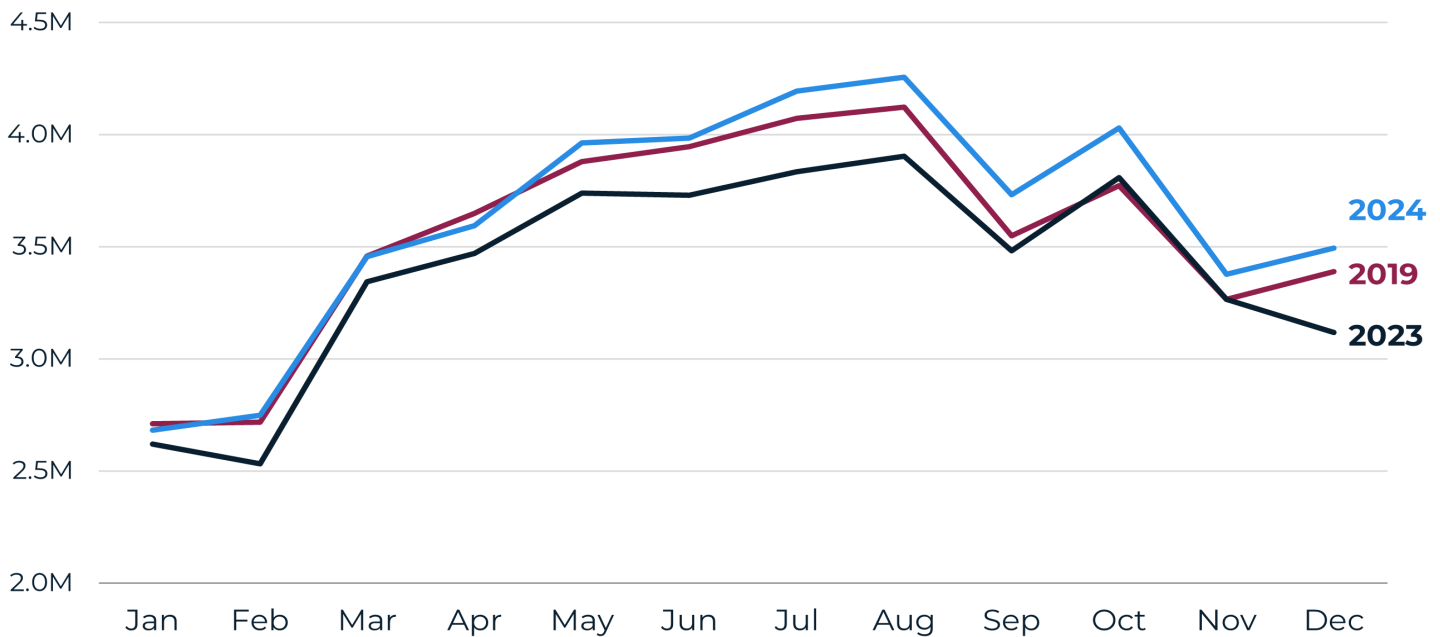
## AIR TRAVEL

Air travel continues to be a key indicator of Boston's economic resilience and recovery. In 2024, passenger volumes at Logan Airport consistently exceeded both 2019 and 2023 levels for much of the year, reflecting strong demand for air travel. There were 43.5 million total passengers travelling through Logan Airport in 2024, up from 42.5 million in 2019, and 40.8 million in 2023. This sustained recovery signals the critical role Logan Airport plays in supporting Boston's broader economic activity, particularly in tourism, business travel, and regional connectivity.

While domestic travel makes up the vast majority of passenger volume at Logan, international travel has been a key driver of recent growth. Monthly international passenger counts have consistently exceeded 2019 levels since early 2023 and have continued this trend into 2024. By September 2024, international passenger traffic had grown nearly 20% compared to pre-pandemic levels. This contrasts with domestic travel, which remains closer to parity with 2019 figures, hovering around pre-pandemic levels with occasional fluctuations.

## TOTAL MONTHLY LOGAN AIRPORT PASSENGERS

2019, 2023, and 2024 passengers in millions



Source: Boston Logan International Airport Statistics, Massport, City of Boston Planning Department Research Division Analysis.

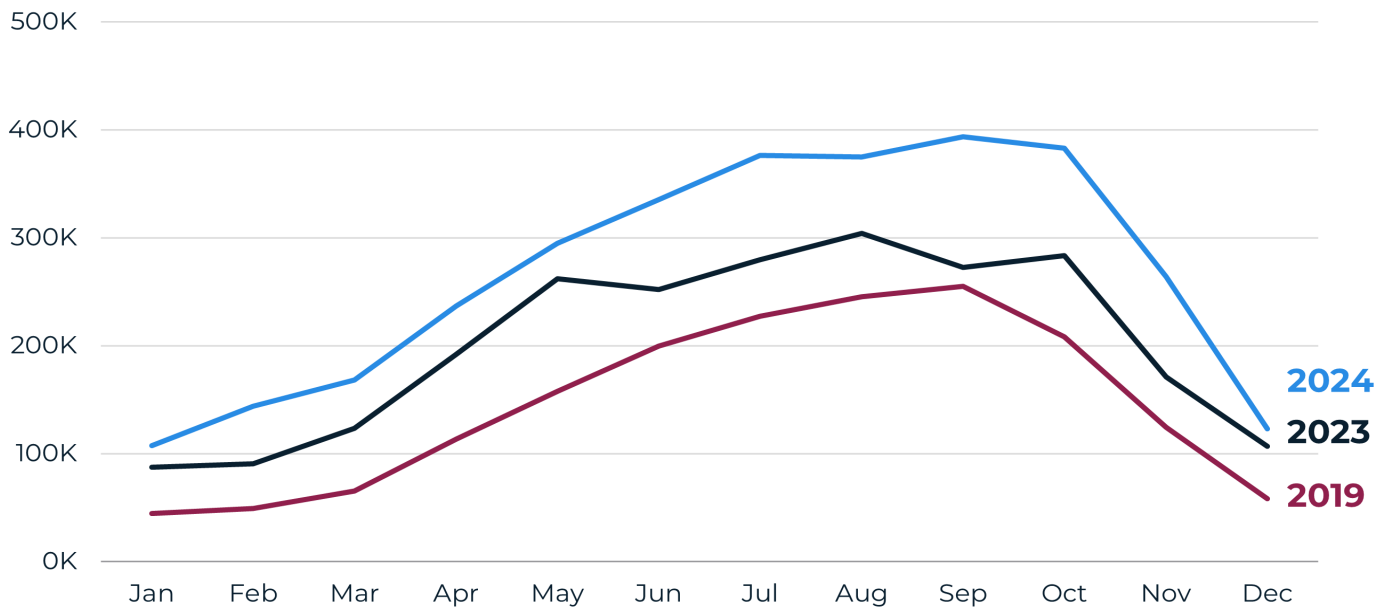
## BLUEBIKES

Bluebike trips starting or stopping in Boston have shown a strong recovery since the pandemic, with 2024 ridership reaching 3.2 million trips, nearly double pre-pandemic levels. Ridership remained consistently above 2019 and 2023 figures throughout the entire year, signaling a growing shift in travel behavior toward bike share. This growth aligns with the introduction of

electric-assist Bluebikes to the system in December 2023, as well as the City’s ongoing efforts to install more Bluebike stations across all Boston neighborhoods,<sup>22</sup> and promote cycling as an accessible and convenient mode of transportation, with the installation of several miles of protected cycling infrastructure in 2024.

### MONTHLY BLUEBIKE TRIPS

2019, 2023, and 2024 trips starting or stopping in Boston in thousands



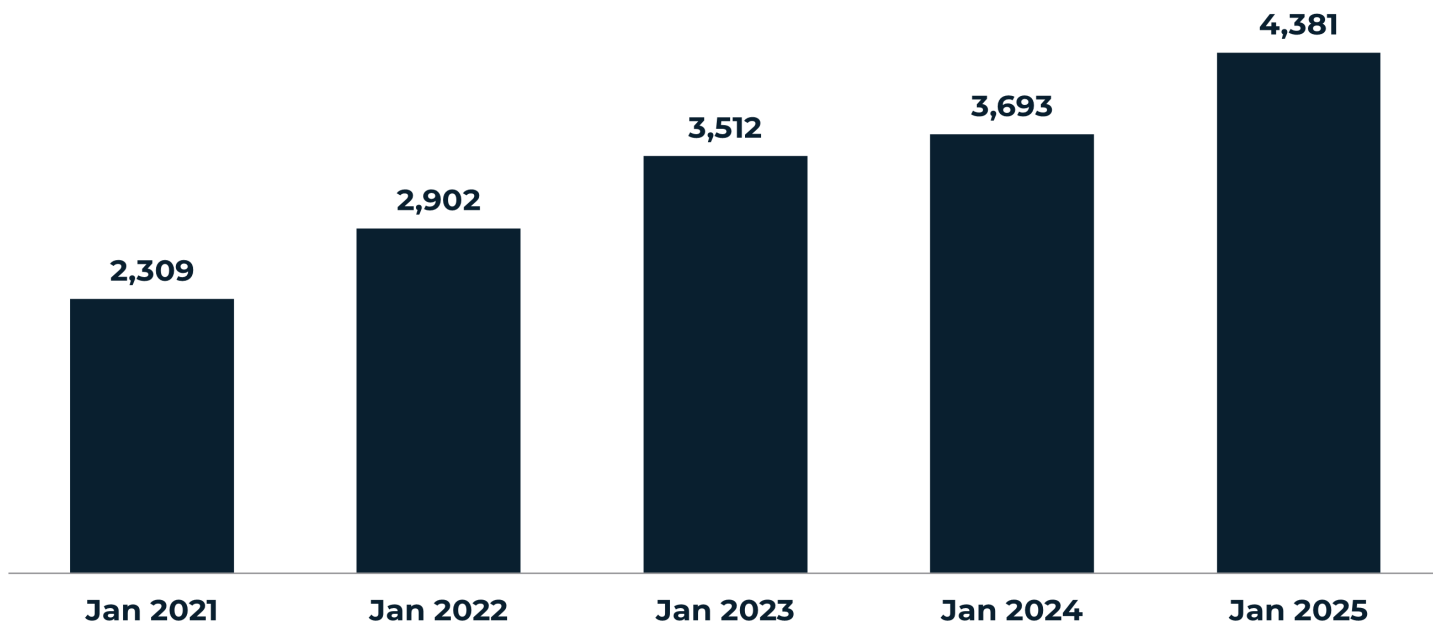
Source: Bluebikes System Data, City of Boston Planning Department Research Division Analysis.

A key factor contributing to this sustained ridership growth has been the steady expansion of the Bluebikes system. The number of bikes available has increased significantly over the past several years, from 2,309 in January 2021 to 4,381 in January 2025, nearly doubling the fleet. Each year has seen notable expansions—rising to 2,902 bikes in 2022, 3,512 in 2023, and 3,693 in 2024 — providing more opportunities for riders to access the

system. Alongside the increase in bikes, the City has continued adding new Bluebike stations, improving coverage across Boston and enhancing accessibility for riders. This expanded availability has played a crucial role in driving ridership growth, ensuring that more people can rely on bike share for their daily commutes and recreational trips.

## TOTAL BLUEBIKES IN SERVICE OVER TIME

*Jan 2021 - Jan 2025, available Bluebikes in service systemwide*



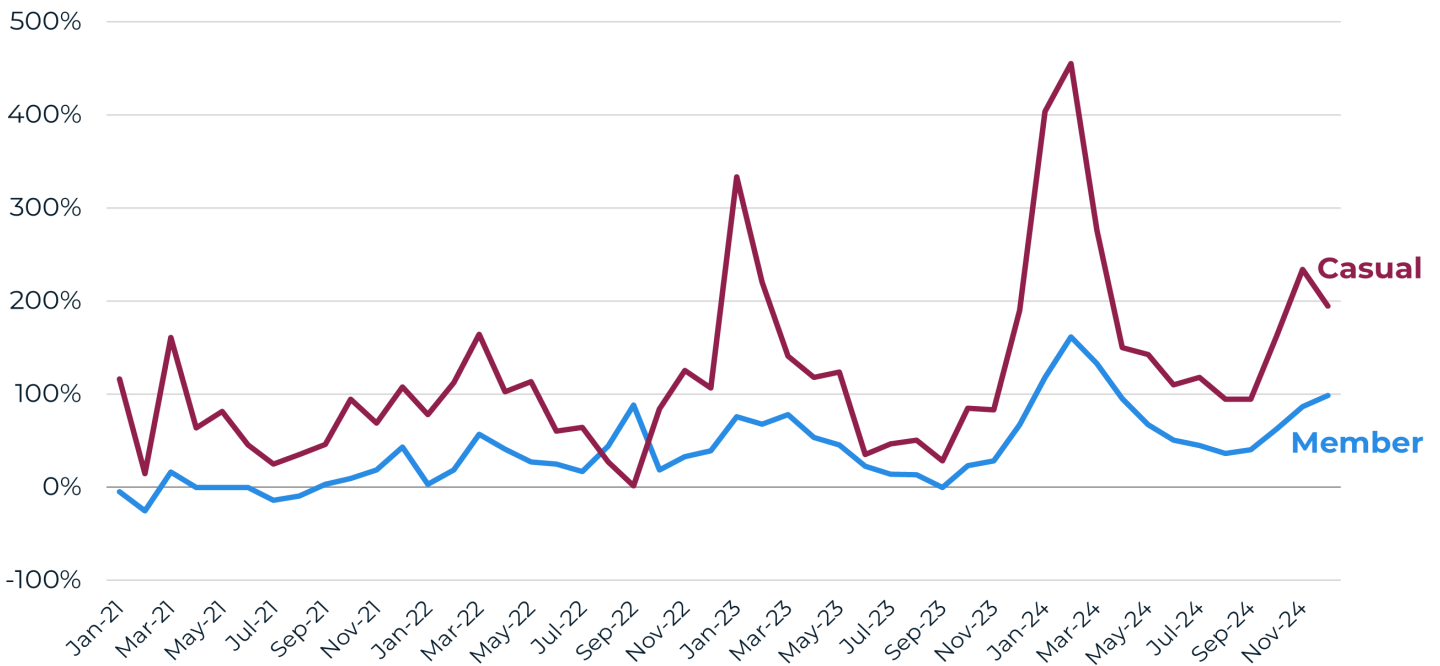
Source: Lyft, Bluebikes Reporting Dashboard, City of Boston Planning Department Research Division Analysis.

Breaking down Bluebike usage by user type reveals diverging trends between members and “casual” users, which refers to single-trip or day pass riders, who took more than 31% of Bluebike trips in 2024. Casual user trips have seen immense growth since 2021, with ridership frequently spiking to over 300% of 2019 levels during peak months. This surge reflects increased interest in biking among tourists and occasional riders. In contrast, trips by members have shown a slower but steady increase, consistently surpassing 2019 levels since late-2021, and growing ever since.

While membership-based ridership contributes to a stable baseline of usage, the dramatic increases in casual ridership illustrate the growing popularity of Bluebikes as a flexible and accessible option for occasional trips. These trends highlight the program's multiple functions in serving Boston residents, workers, and visitors. The City has recently made efforts to encourage more Boston residents to use Bluebikes through its Boston Bike Pass, an annual membership available at a reduced rate offered only to Boston residents.<sup>23</sup>

## BLUEBIKE TRIPS BY USER TYPE

2021-2024 monthly trips starting or stopping in Boston, percentage change from 2019



Source: Bluebikes, City of Boston Planning Department Research Division Analysis.

## HOTEL OCCUPANCY

Hotel occupancy rate<sup>24</sup> is an additional indicator to measure Boston’s economic activity and recovery. In 2024, Boston’s average monthly hotel occupancy rate was 77.7%, remaining on par with the 2023 level (77.1%). The first quarter saw slight improvement over the previous year, with January at 55.2%, February at 65.6%, and March at 78%. October recorded the highest occupancy rate of the year at 88.3%, reflecting seasonal demand. Summer months maintained strong occupancy levels, with June at 88.1%, July at 86.5%, and August at 86.1%. Despite these trends, occupancy rates in 2024 remained below 2019 levels, with monthly shortfalls ranging from 1.7 to 8.1 percentage points. The gap was more pronounced during the low season, particularly in January and February, when occupancy rates were 7.7 and 6.9 percentage points lower than in

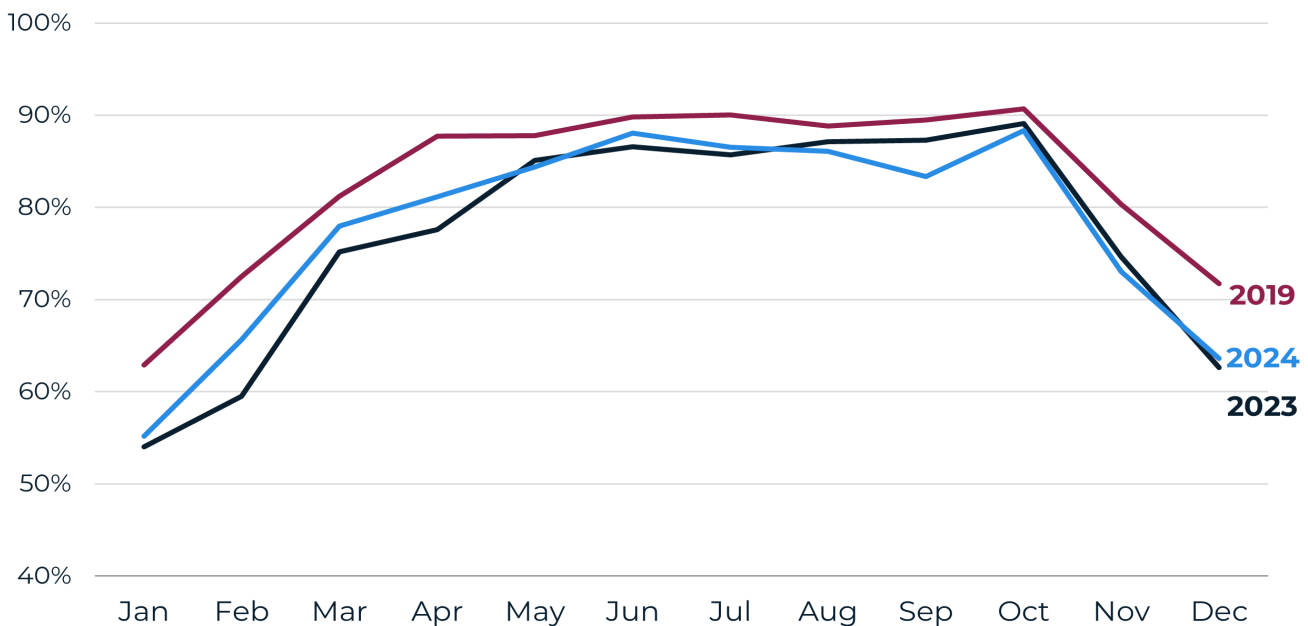
2019. The busiest months, including October and summer period, also trailed pre-pandemic figures but by smaller margins. While October 2024 (88.3%) was the highest month of the year, it remained 2.4 percentage points lower than October 2019 (90.7%). These trends indicate that while Boston’s hotel industry remained stable in 2024, occupancy levels have yet to return to pre-pandemic capacity, particularly during the lower-demand months.

**Notes:**

<sup>24</sup>It is defined as the percentage of Boston’s hotel rooms that are occupied in a given period, reflecting demand for leisure and business travels to Boston.

### MONTHLY HOTEL OCCUPANCY RATES IN BOSTON

2019, 2023, and 2024



Source: The Pinnacle Perspective Boston Monthly Report, City of Boston Planning Department Research Division Analysis.



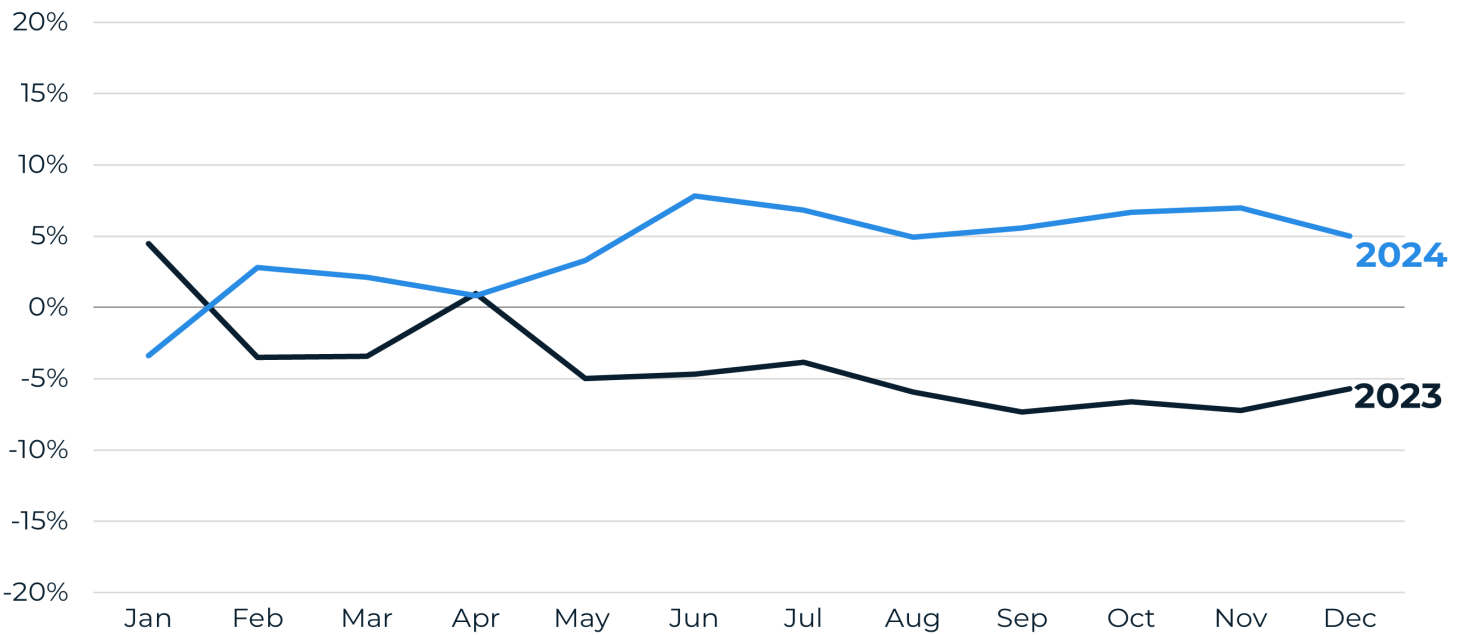
# IN-PERSON CONSUMER SPENDING

In-person consumer spending, measured by transaction counts and money spent at physical vendors located in Boston, fell sharply as a result of the COVID-19 pandemic. Inflation-adjusted spending recovered to 98% of pre-COVID levels in 2022, dropped slightly to

96% in 2023, then rebounded to 105% in 2024. Since February 2024, in-person consumer spending has consistently surpassed pre-COVID levels.

## IN-PERSON CONSUMER SPENDING IN BOSTON

Percentage Change from 2019, 2023 - 2024



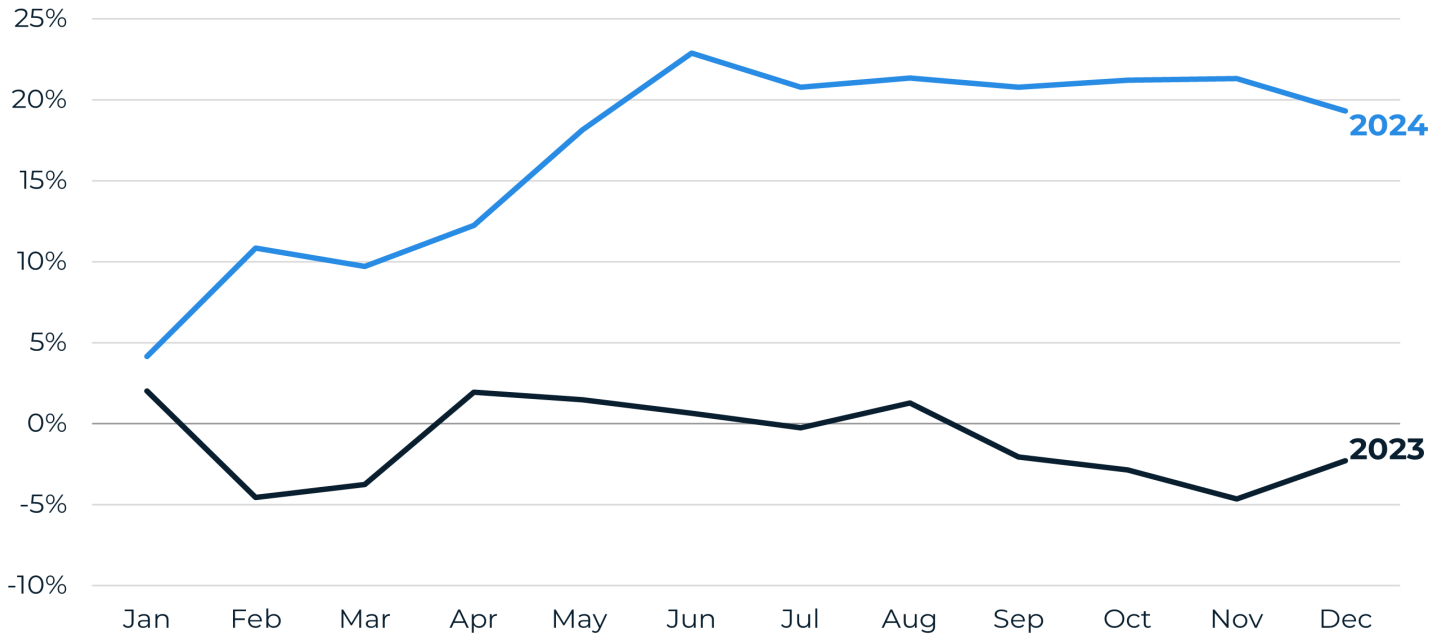
Source: Mastercard Geographic Insights, City of Boston Planning Department Research Division Analysis.

In-person transaction counts have also been steadily increasing. Transactions increased to 96% of pre-COVID levels in 2022 then to 99% in 2023.

In 2024, in-person transactions grew sharply to 117% of 2019 transactions.

## IN-PERSON TRANSACTION COUNTS

Percentage Change from 2019



Source: Mastercard Geographic Insights, City of Boston Planning Department Research Division Analysis.

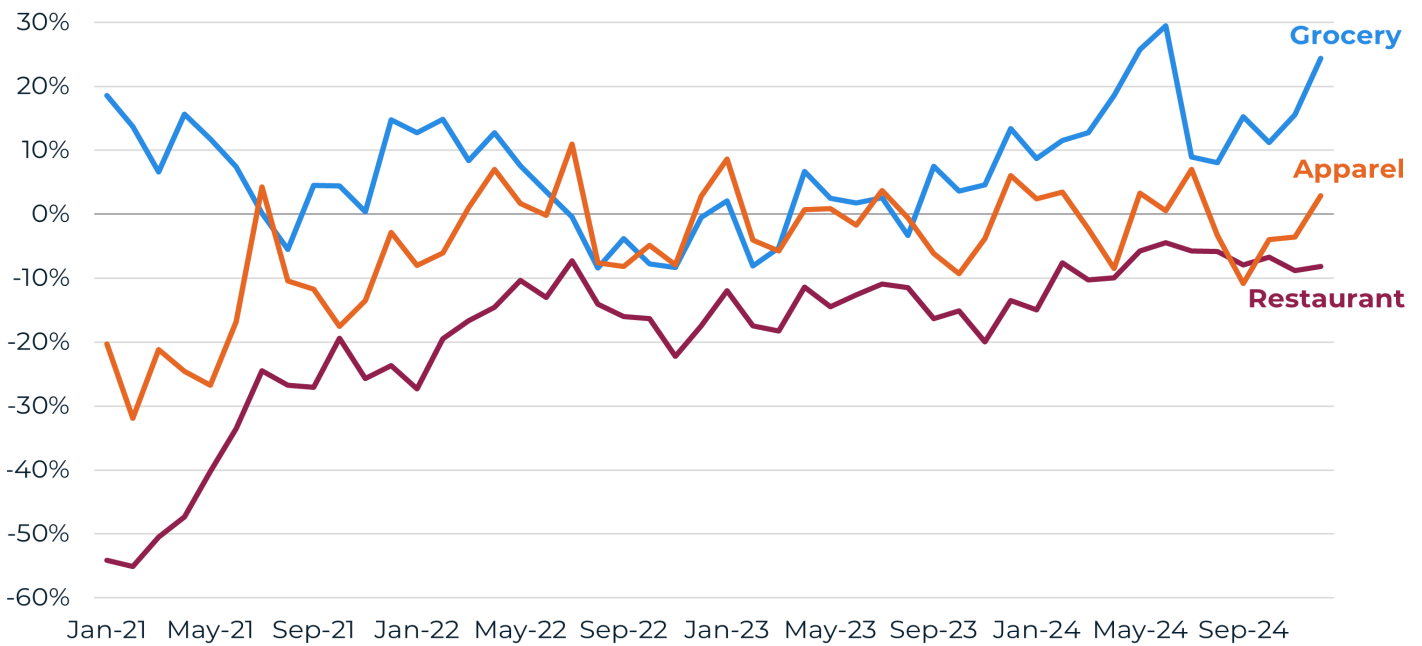
## IN-PERSON CONSUMER SPENDING BY SECTOR

Inflation-adjusted grocery spending in Boston spiked early in the pandemic, then returned to 2019 levels in 2022 and 2023. In 2024, grocery spending increased sharply to 116% of 2019 spending. Apparel spending was hit hard in 2020 and 2021 but recovered to 2019 levels

by 2022. Apparel spending remained stable in 2024 at 99% of 2019 levels. Restaurant spending recovered from 65% of pre-COVID spending levels in 2021 to 84% in 2022. Restaurant spending grew modestly in 2023 and 2024, reaching 92% of 2019 levels.

## IN-PERSON CONSUMER SPENDING IN BOSTON BY SECTOR

Percentage Change from 2019, Jan. 2021 - Dec. 2024



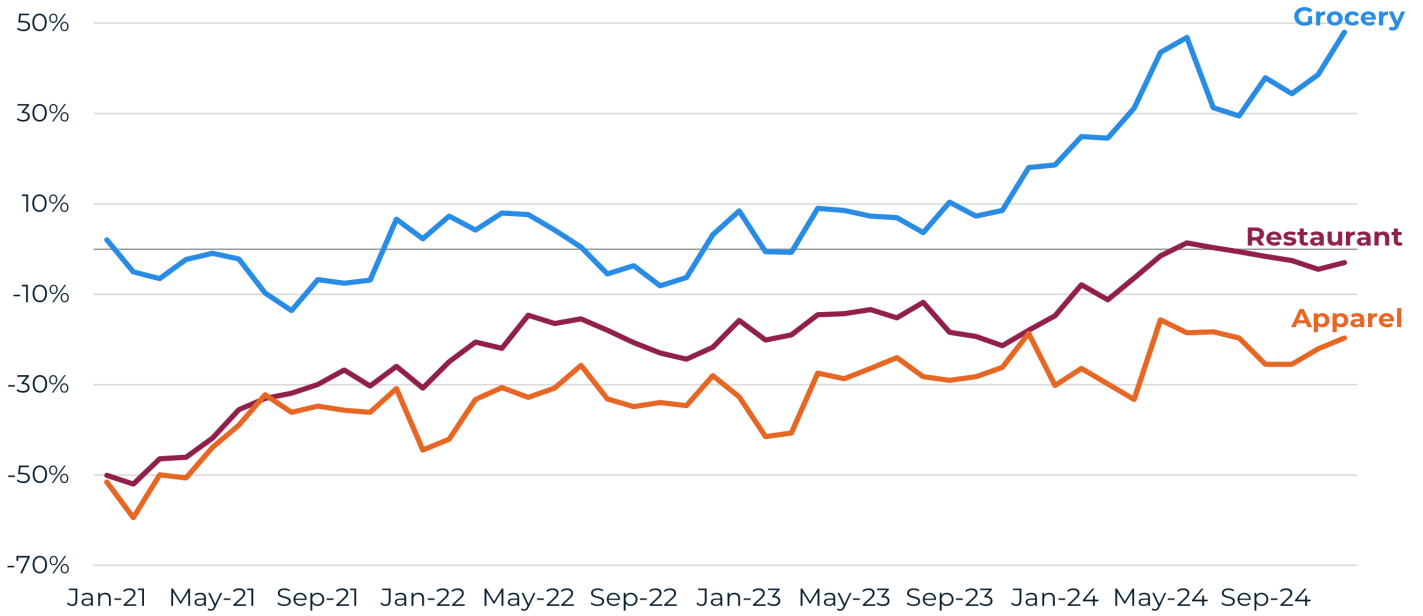
Source: Mastercard Geographic Insights, City of Boston Planning Department Research Division Analysis.

Grocery transaction counts increased significantly in 2024, while restaurant and apparel transaction counts continued their gradual recovery towards 2019 levels. Overall, 2024 transaction counts in

Grocery were 134% of 2019 transactions, while the 2024 transactions in Restaurants and Apparel were 96% and 78% of 2019 transactions respectively.

## IN-PERSON TRANSACTION COUNT

Percentage Change from 2019, Jan. 2021 - Dec. 2024

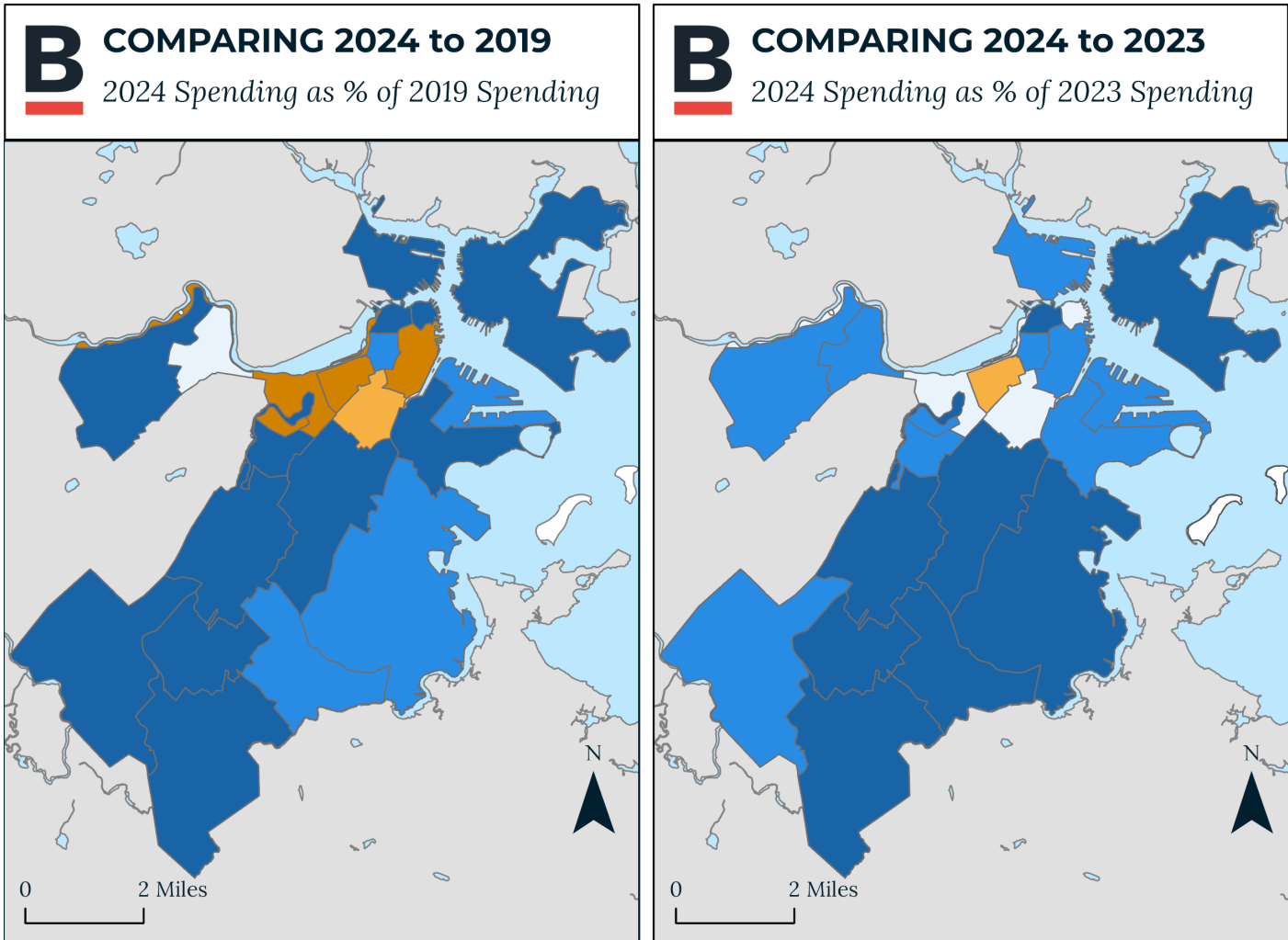


Source: Mastercard Geographic Insights, City of Boston Planning Department Research Division Analysis.

# IN-PERSON CONSUMER SPENDING BY NEIGHBORHOOD

Most neighborhoods had higher consumer spending levels in 2024 than in 2019, with the exceptions of the more commercial neighborhoods of Downtown, Back Bay, South End, and Fenway/Longwood.

Almost all neighborhoods showed growth in in-person spending from 2023 to 2024, except for Back Bay and Fenway/Longwood.



## In-Person Consumer Spending by Boston Neighborhood

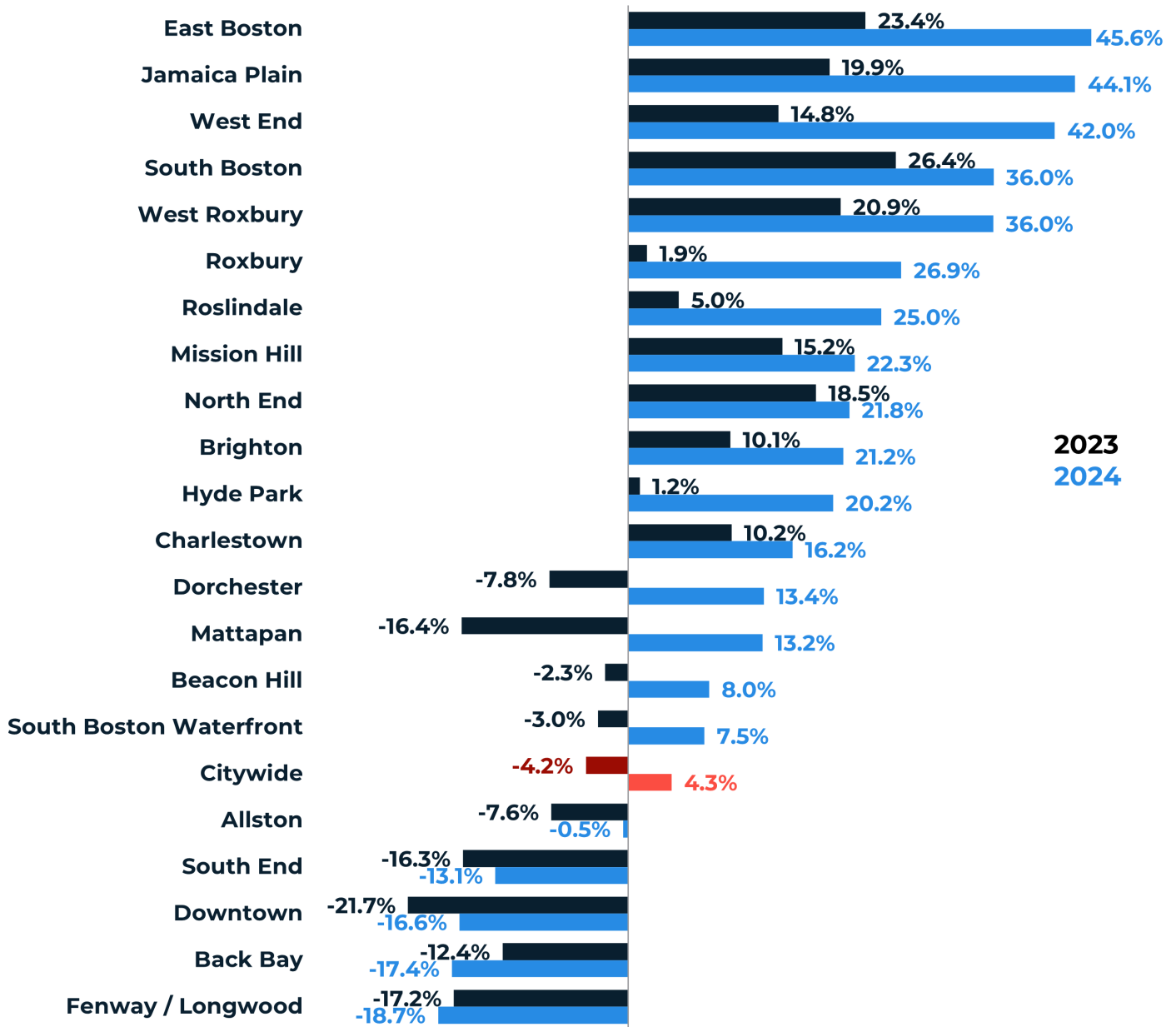
- 15% or more below
- 14.9% to -5% below
- 4.9% below to 5% above
- 5.1% to 15% above
- 15% or more above

Source: Mastercard Geographic Insights, City of Boston Planning Department Research Division Analysis.

In-person consumer spending in East Boston, Longwood, Downtown, and Back Bay were still more than 15% lower in 2024 than in 2019. Jamaica Plain, and the West End was over 40% higher in 2024 than in 2019, while

## IN-PERSON SPENDING RELATIVE TO 2019 BY NEIGHBORHOOD

2023, 2024



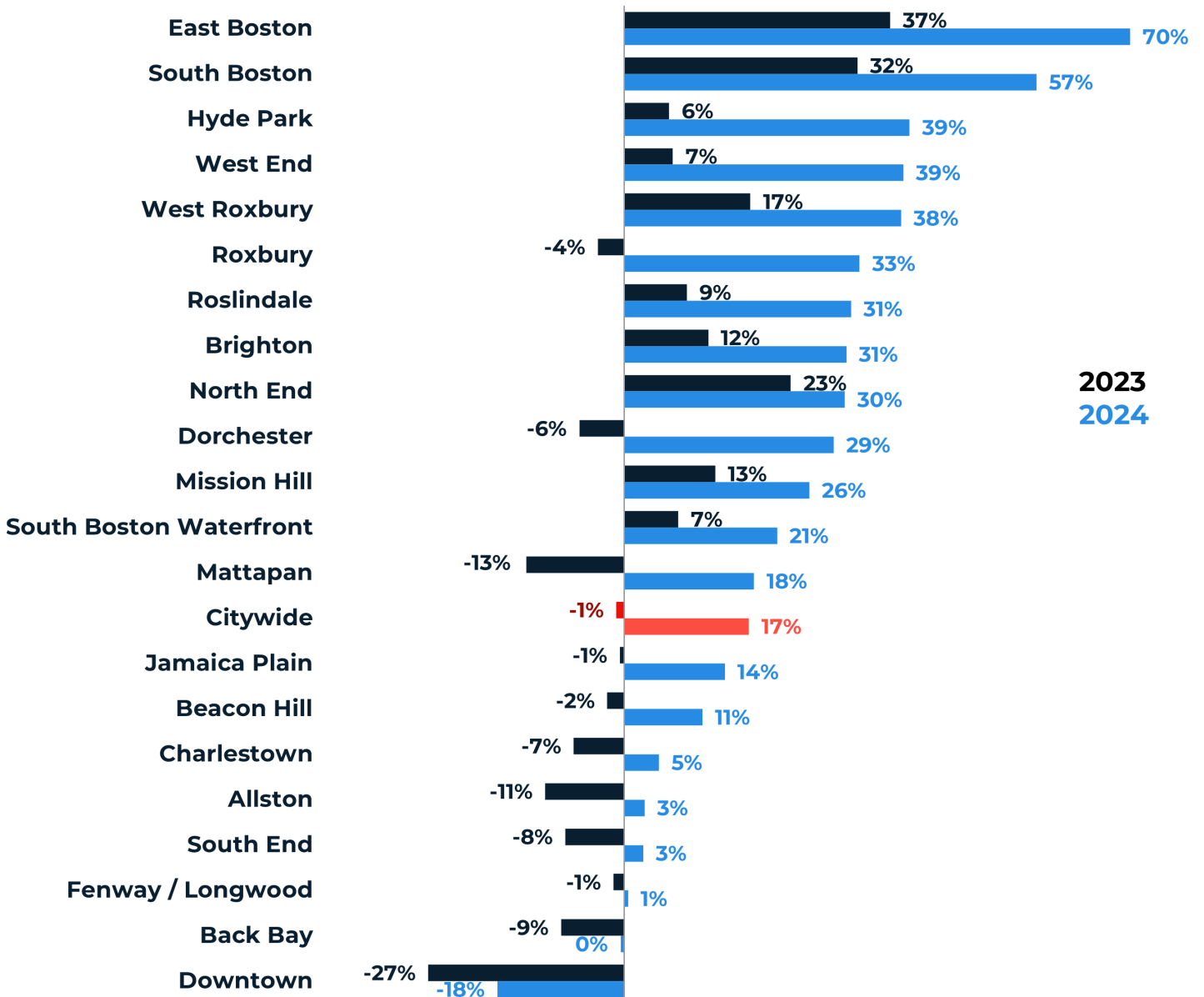
Source: Mastercard Geographic Insights, City of Boston Planning Department Research Division Analysis.

In-person consumer spending indices have been adjusted for inflation, but looking at transaction counts provides an additional indication of changes in consumer spending patterns. Citywide in-person credit card transaction counts were 17% higher in 2024 than in 2019, a significant increase from 2023

when they were still slightly below 2019 levels. East Boston and South Boston saw transaction counts over 50% higher in 2024 than in 2019. On the other hand, Fenway/Longwood and Back Bay have flat transaction counts comparing 2024 to 2019.

## IN-PERSON TRANSACTION COUNT RELATIVE TO 2019 BY NEIGHBORHOOD

2023, 2024



Source: Mastercard Geographic Insights, City of Boston Planning Department Research Division Analysis.

The in-person consumer spending data presented here only includes transactions where the Mastercard was at the point of sale, which may not capture the full scope of consumer behavior.<sup>24</sup> Many businesses have adopted models allowing customers to pay online and pick up in-store, which are not reflected in these figures. Additionally, the rise of e-commerce is evident in the data, with e-commerce retail sales as a percentage of total sales increasing from 10% in early 2019<sup>25</sup> to 16.4% by late 2024<sup>26</sup>, according to the U.S. Census Bureau.

This shift towards online shopping does not necessarily indicate a decrease in overall spending, but rather a change in the location and method of transactions. Therefore, while these in-person transaction counts provide insight into physical spending in Boston, they may not fully capture the broader trend toward online consumer activity, especially given the growth in e-commerce during and after the pandemic.

**Notes:**

<sup>24</sup> Includes only Mastercard debit and credit point-of-sale (POS) transactions not cash transactions.

## REAL ESTATE MARKET

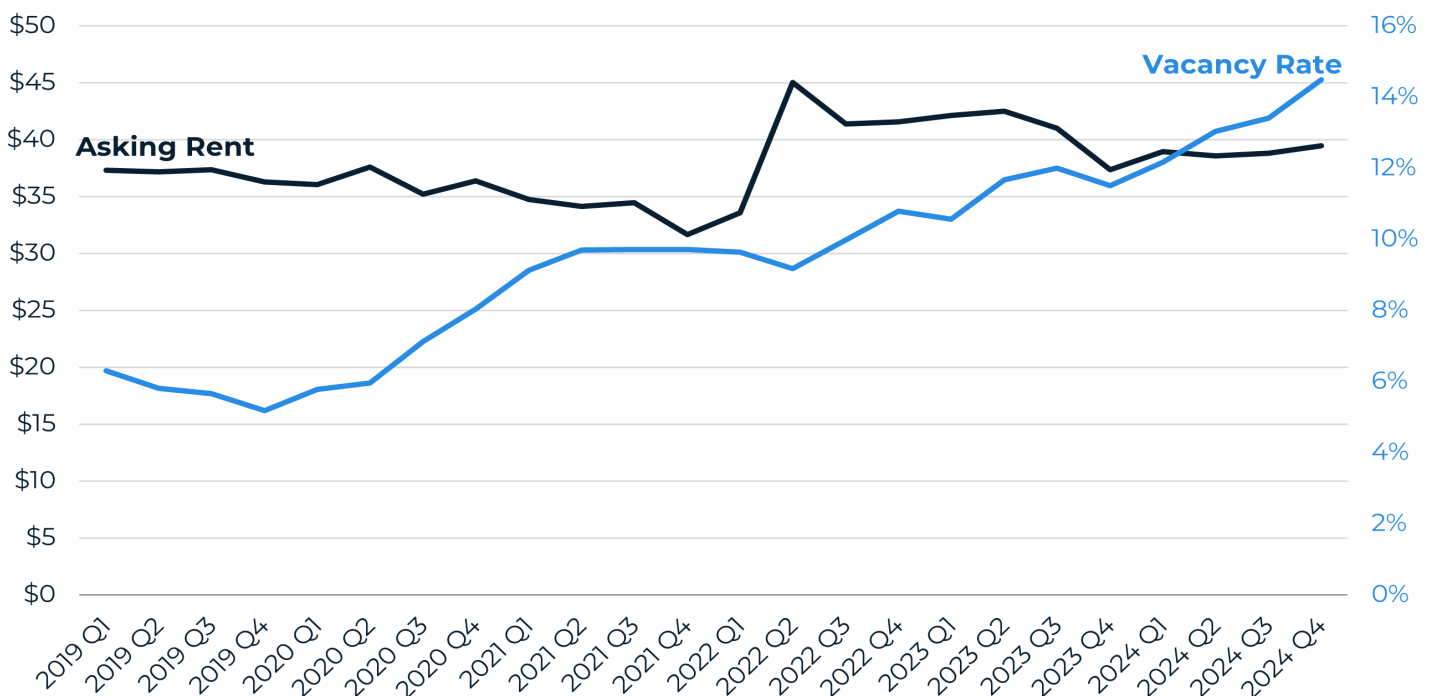
### OFFICE

Boston's office vacancy rate has been steadily increasing from 6.3% in January 2019 to 14.2% in December 2024

Over the same period, asking rent has been more stable at around \$40 per square foot.

## BOSTON OFFICE RENT AND VACANCY

Q1 2019 - Q4 2024



Source: CoStar Real Estate Analytics, accessed 1/23/25; City of Boston Planning Department Research Division Analysis.



The softening of the office real estate market over the past five years is not unique to Boston. The rise of remote and hybrid work schedules has reduced demand for office space in Boston’s peer cities as well, leading to increased office vacancy rates. According to CoStar estimates, Boston’s Q4 2024 office vacancy rate of 14.5% is below the median for the set of peer cities<sup>25</sup> (17.3%) and is similar to that of New York City (15.4%). San Francisco has the highest office

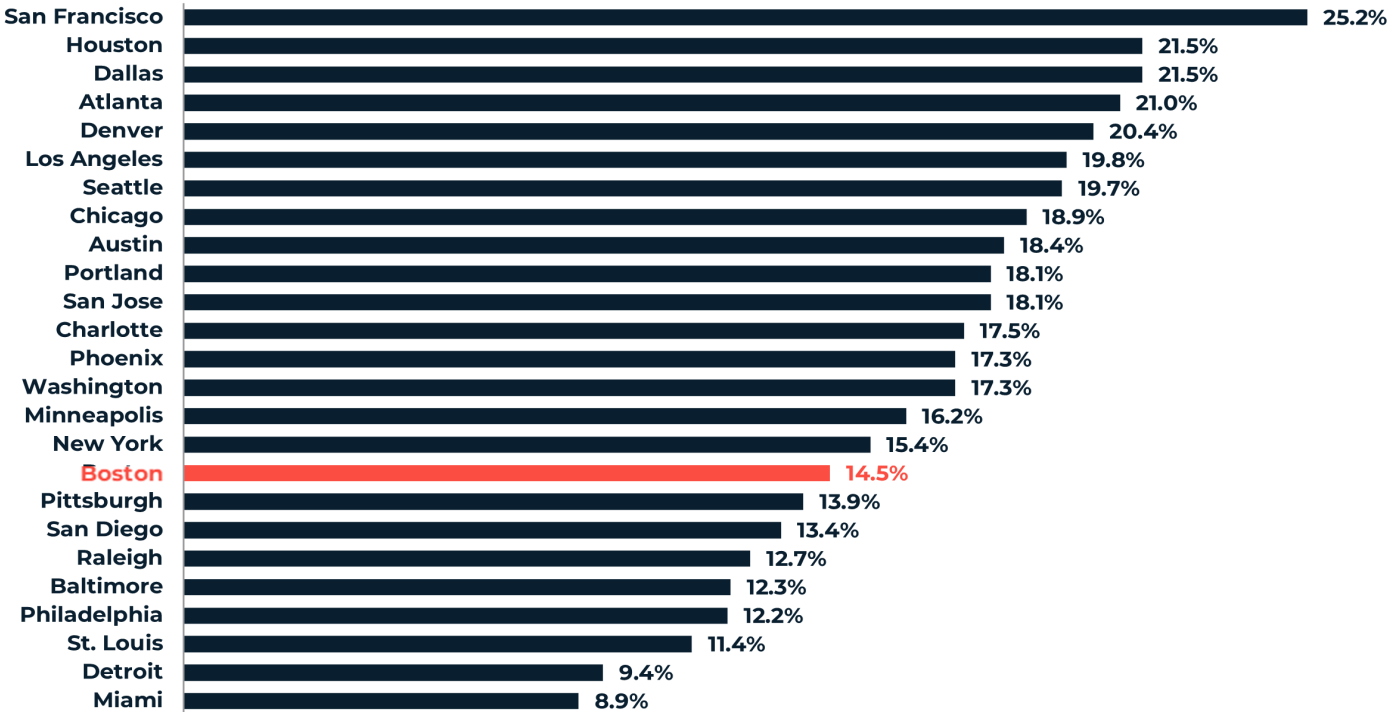
vacancy rate (25.2%) due to a shift to remote work as well as significant layoffs in the tech industry. Houston and Dallas also have office vacancy rates over 20% as a result of significant office construction in advance of softening demand. By contrast, Miami’s office vacancy rate is the lowest among the set of peer cities due to strong growth in finance and technology employment and office construction that is not keeping pace with demand.

**Notes:**

<sup>25</sup> Cities in the graph below excluding Boston

## PEER CITIES OFFICE VACANCY RATE

Office Vacancy Rate (Percent), Q4 2024



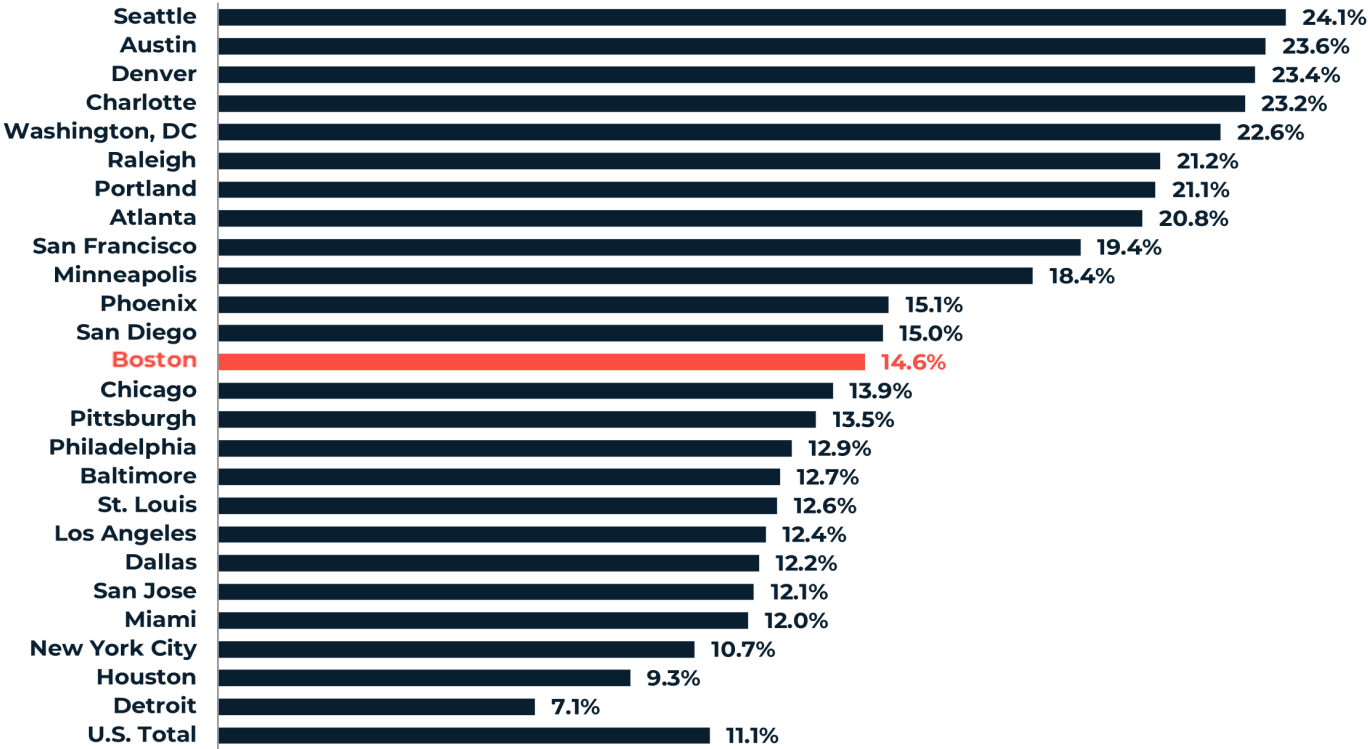
Source: CoStar, City of Boston Planning Department Research Division Analysis.

Office vacancy rates are the product of both the supply of office space and the demand, which is partially informed by the recent increase in workers working from home. Of Boston resident workers, 14.6% work primarily from home, an average share among peer cities.

In 2013, only 3.4% of Boston resident workers worked primarily from home. Seattle has the highest share of resident workers working primarily from home at 24.1%, while Detroit has the lowest share at 7.1%.

## REMOTE WORK TRENDS: BOSTON AND PEER CITIES

*Percentage of Workforce Primarily Working from Home, 2023*



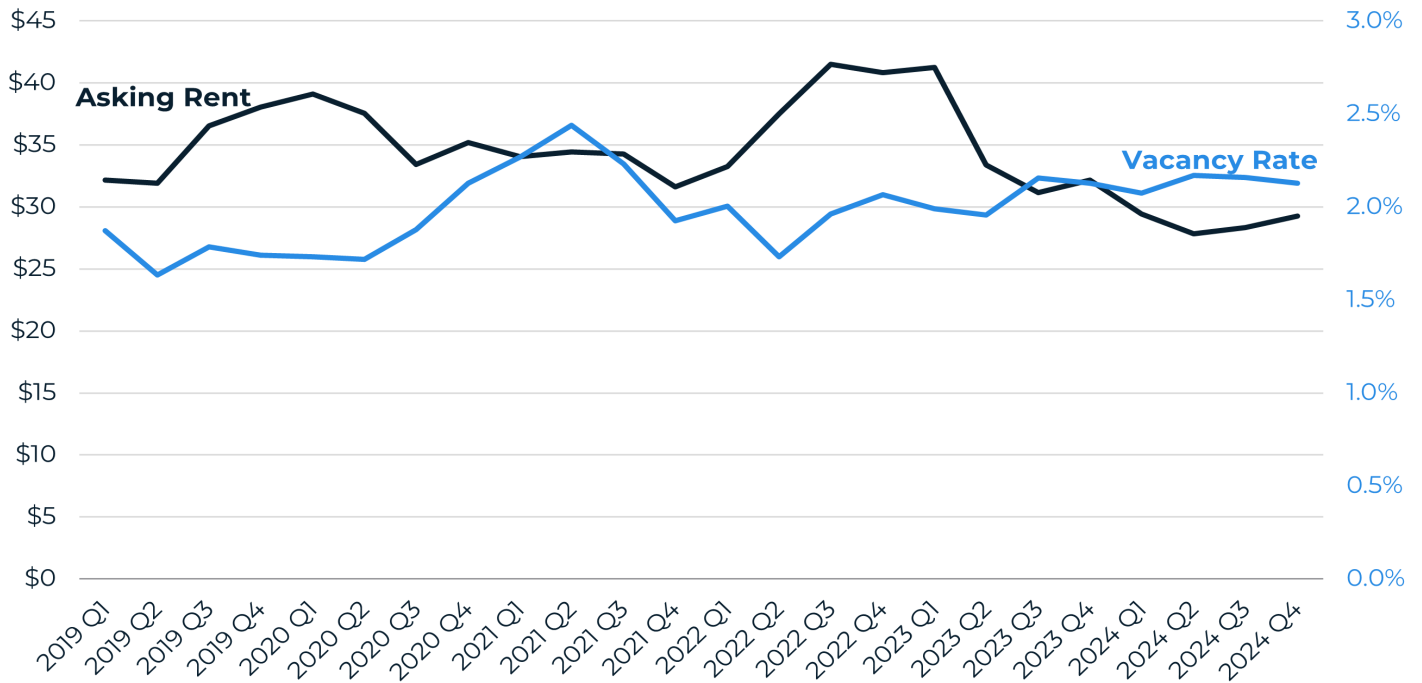
Source: 1-Year ACS PUMS 2023, City of Boston Planning Department Research Division Analysis.

## RETAIL

Despite the upheavals of the past five years, Boston retail vacancy rates and retail asking rents have been remarkably stable. Retail asking rents in Boston oscillated between \$30 and \$40 per square foot from

2019 to 2024. Over the same period, vacancy rates remained relatively low, ranging between 1.5% and 2.5%.

### BOSTON RETAIL RENT AND VACANCY Q1 2019 - Q4 2024



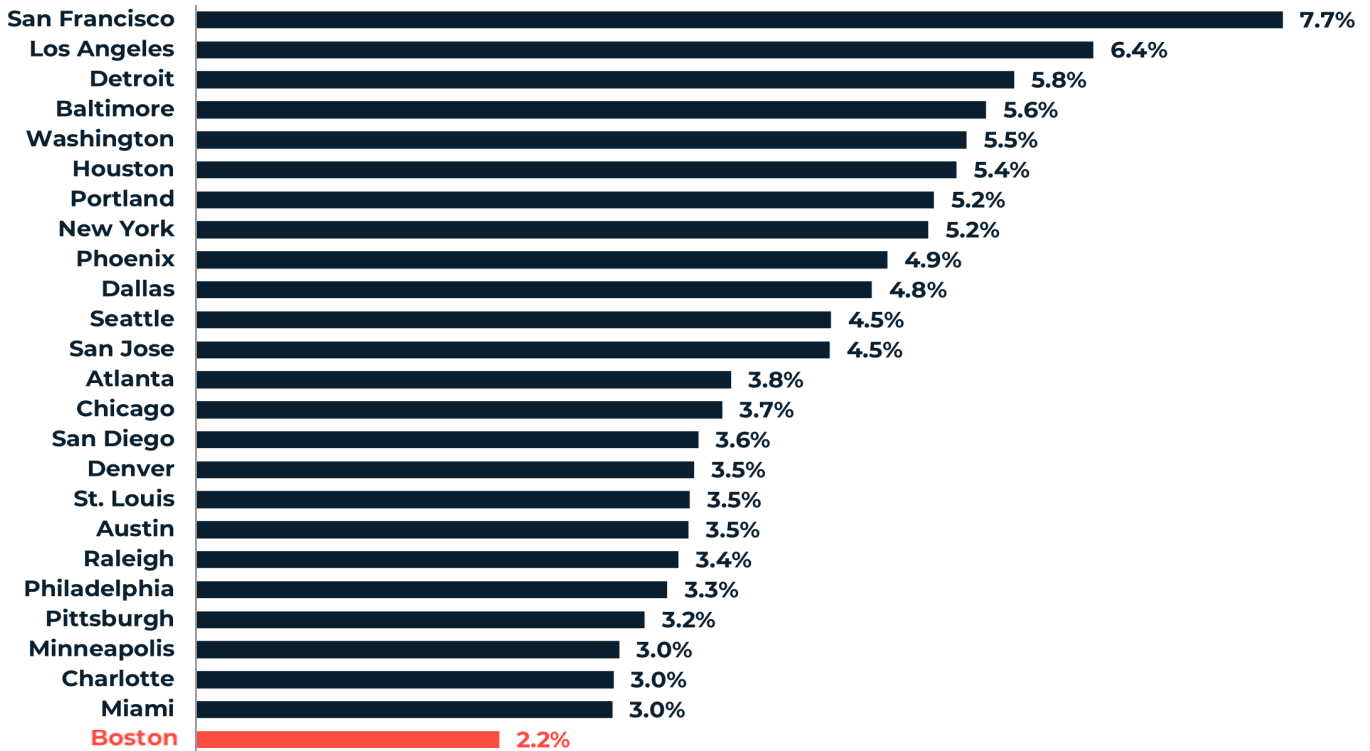
Source: CoStar Real Estate Analytics, accessed 1/17/2025; City of Boston Planning Department Research Division Analysis.

Boston's retail real estate market is strong compared to peer cities - its 2.2% retail vacancy rate in Q4 2024 was the lowest among the 25 cities. Boston's retail vacancy rate was even lower than Miami's (3%).

San Francisco had the highest retail vacancy rate at 7.7%, related to its high office vacancy rate with fewer office commuters coming to the city to be retail customers.

## PEER CITIES RETAIL VACANCY RATE

Retail Vacancy Rate (Percent), Q4 2024



Source: CoStar, City of Boston Planning Department Research Division Analysis.

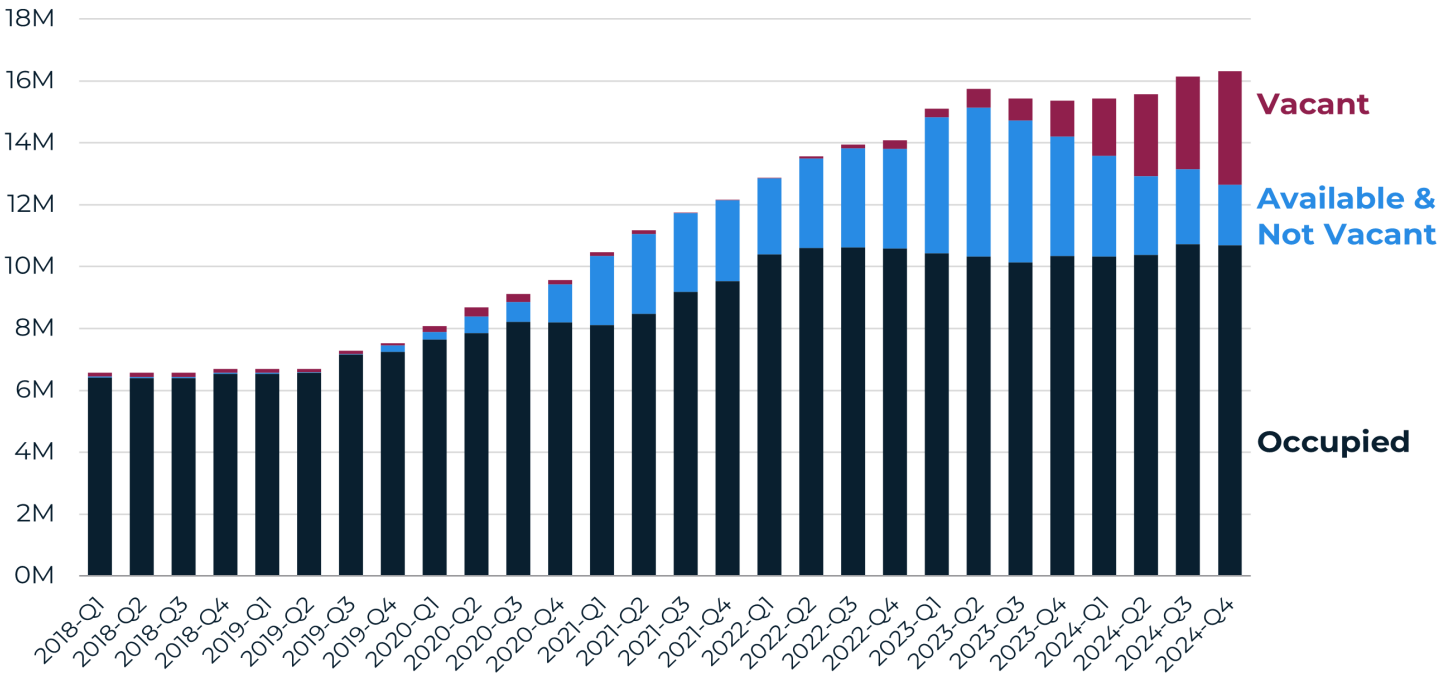
## LIFE SCIENCES

Boston’s lab inventory has expanded significantly since 2018, growing from approximately 6 million square feet to more than 16 million square feet by the end of 2024. This increase reflects sustained investment in the life sciences sector, driven by Boston’s strong research ecosystem and demand for lab space. As of March 2025, an additional 4.1 million square feet of lab space is

under board review, 16 million square feet is board-approved, and 4.6 million square feet has been permitted. The growing portion of vacant lab space suggests decreasing demand for lab space, while lab supply may continue to increase. The combination of these factors is likely to impact future development trends and rental prices in the sector.

## TOTAL COMMERCIAL LAB INVENTORY IN BOSTON

2018-2024, in millions of square feet



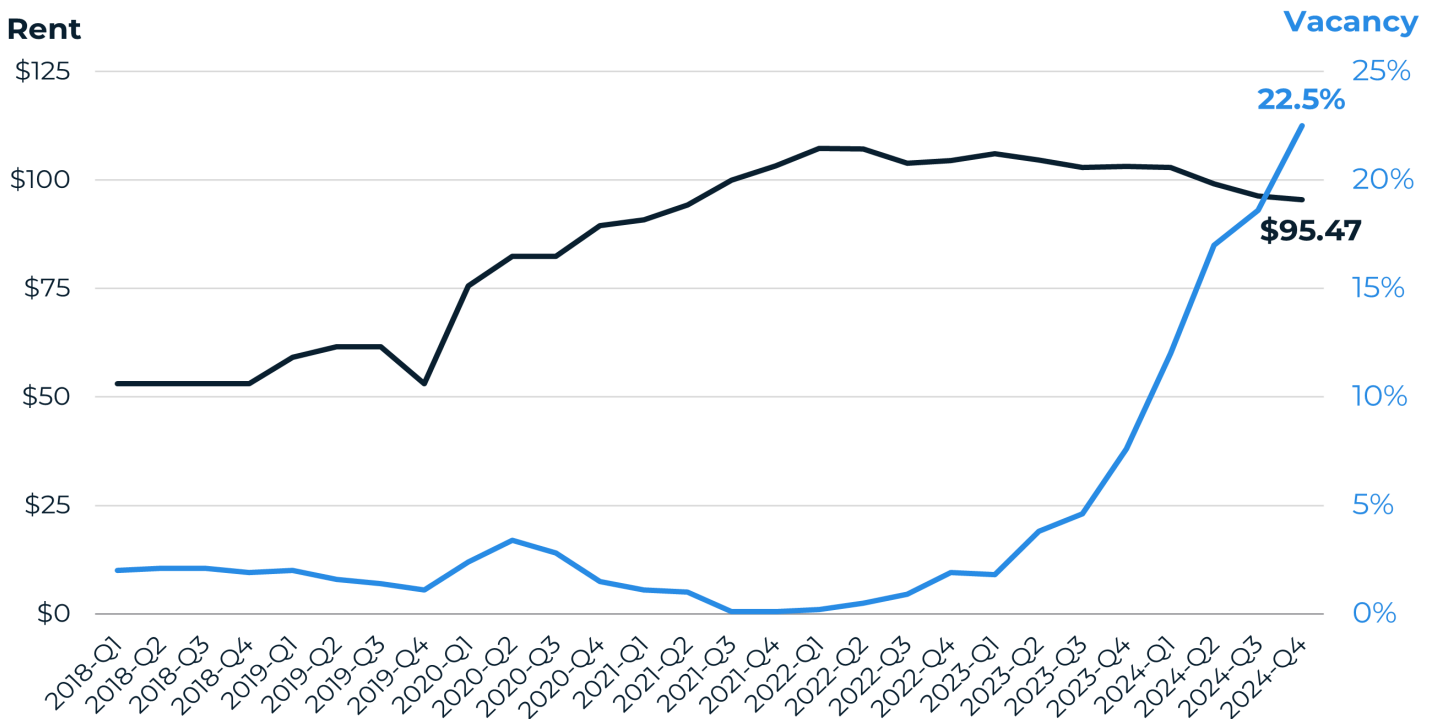
Source: CBRE Research, City of Boston Planning Department Research Division Analysis

Asking rents for lab space climbed steadily from 2018 through 2023, peaking above \$100 per square foot before slightly declining to \$95.47 by the end of 2024. However, vacancy rates have surged dramatically, reaching 22.5% in 2024 after remaining below 10% for much of the prior period. This sharp increase in vacancies, combined

with stabilizing rents, suggests that demand for lab space has cooled amid increased supply, economic uncertainties, and shifts in funding for biotech and pharmaceutical firms. The market's trajectory will depend on future demand, investment trends, and the adaptability of lab space to evolving industry needs.

## BOSTON LIFE SCIENCE LAB MARKET

2018-2024 average asking rent per square foot and vacancy rate

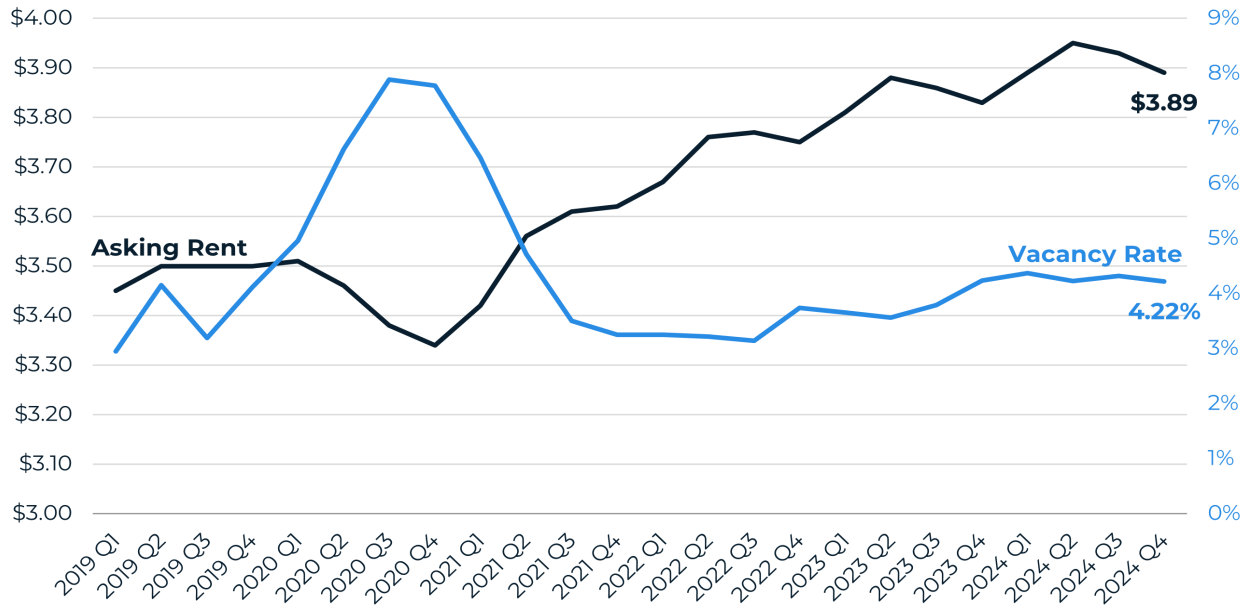


Source: CBRE Research, City of Boston Planning Department Research Division Analysis

# MULTIFAMILY RESIDENTIAL

## BOSTON MULTIFAMILY RENT AND VACANCY

Q1 2019 - Q4 2024

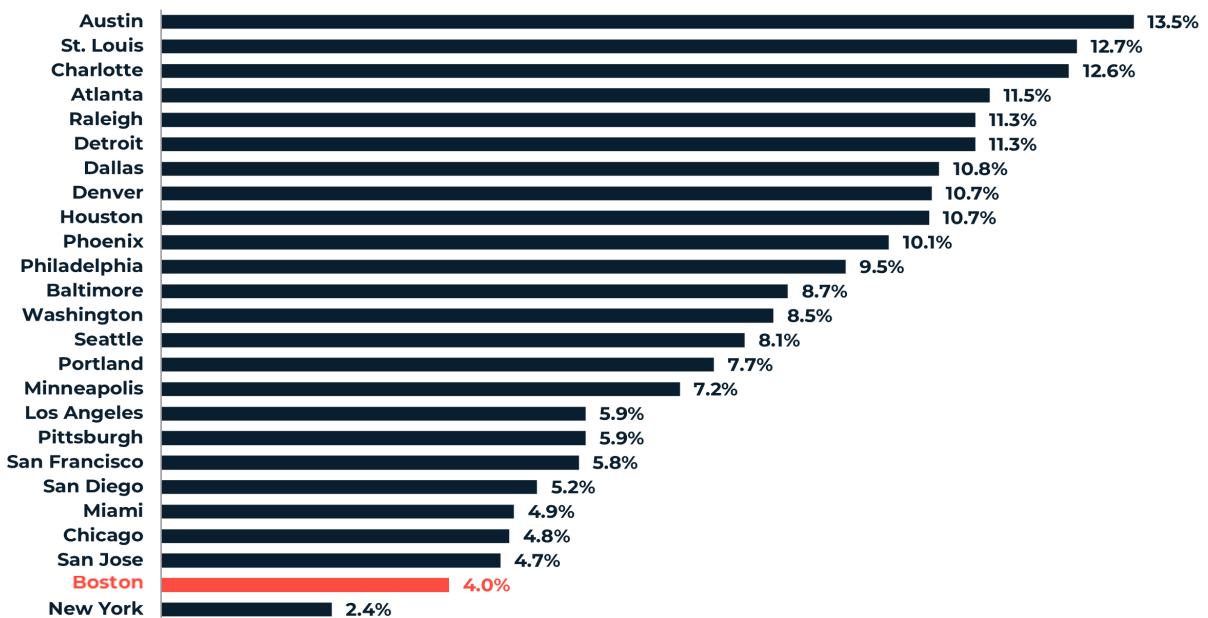


Source: CoStar Real Estate Analytics, accessed 1/27/2025; City of Boston Planning Department Research Division Analysis.

Boston has a low multifamily vacancy rate compared to peer cities, just 4%. Only New York City has a lower vacancy rate at 2.4%. Austin has the highest vacancy rate at 13.5%, likely due to strong residential construction.

## PEER CITIES MULTIFAMILY VACANCY RATE

Multifamily Vacancy Rate (Percent), Q4 2024



Source: CoStar, City of Boston Planning Department Research Division Analysis.

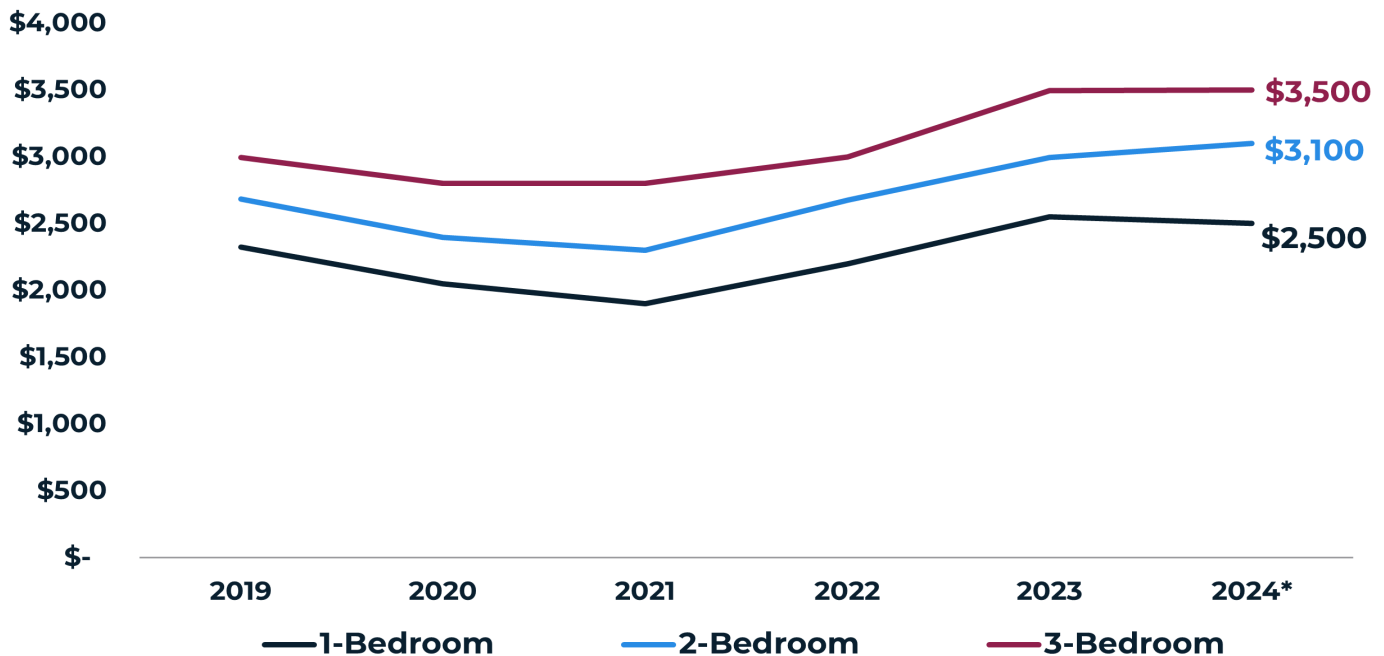
## RESIDENTIAL RENTS BY NEIGHBORHOOD

Low residential vacancy rates in Boston are correlated with high and rising rents. In Boston, average rent prices fell just following the COVID-19 pandemic but have since rebounded, rising to a median 2-bedroom rental price throughout the city of \$2,995 per month in 2023. Since then, the rate of growth has returned to trend with 2-bedroom median rents rising only by approximately 3.5% between the first three quarters of

2024 and 2023, consistent with the nearly 3% compound annual growth rate (CAGR) since 2019. This is slightly faster than the growth rate citywide of approximately 0.7% CAGR due to falling rents in studio and 1-bedroom apartments between 2023 and 2024. Larger apartments (4-bedrooms plus) saw the greatest trend growth rate at over 5% CAGR.

## BOSTON AVERAGE RENT PRICES

1-Bedroom, 2-Bedroom, 3-Bedroom Rents; 2019-2024\*



Source: Mayor's Office of Housing (MOH), City of Boston Planning Department Research Division Analysis.

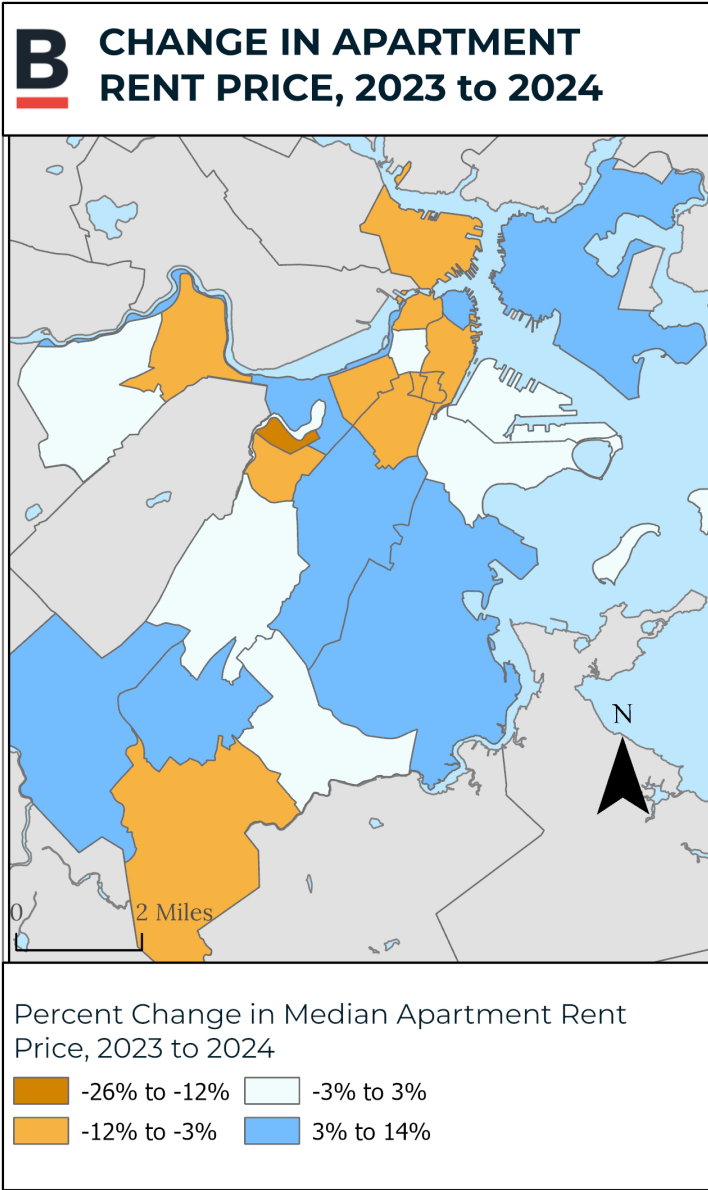
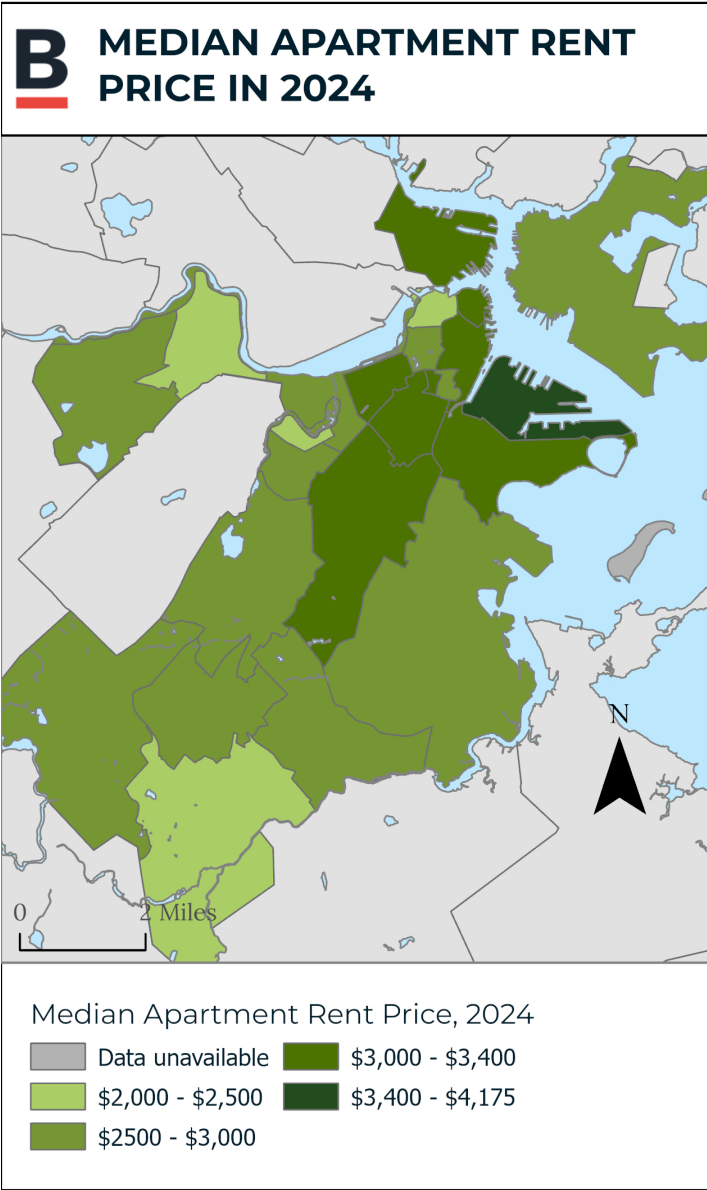
\*2024 is from Q1 to Q3.



Median market rate asking rents in 2024 for an apartment in Boston's neighborhoods ranged from a low of \$2,025 in Longwood to a high of \$4,175 in the South Boston Waterfront. Some of the southern residential neighborhoods saw significant increases in median asking rent from 2023 to the first three quarters of 2024: Roslindale rent rose 13.7% from \$2,550 to \$2,900, West Roxbury rent rose 8.0% from \$2,500 to \$2,700, and Dorchester rent rose 7.3% from \$2,750 to \$2,950. The rent increases in 2024 were continuations of a trend towards higher rents in these neighborhoods

since 2019. While Mattapan rent was flat in 2024 and Hyde Park rent dipped slightly, these southern neighborhoods have seen significant rent increases in 2019.

In contrast, median asking rents fell significantly from 2023 to 2024 in some more commercial neighborhoods: 26.4% in Longwood, 11.7% in the West End, 7.3% in Chinatown, and 6.1% in Downtown. This is a continuation of rent declines in these neighborhoods since 2019. Allston and Mission Hill rents are also lower in 2024 than in 2019.



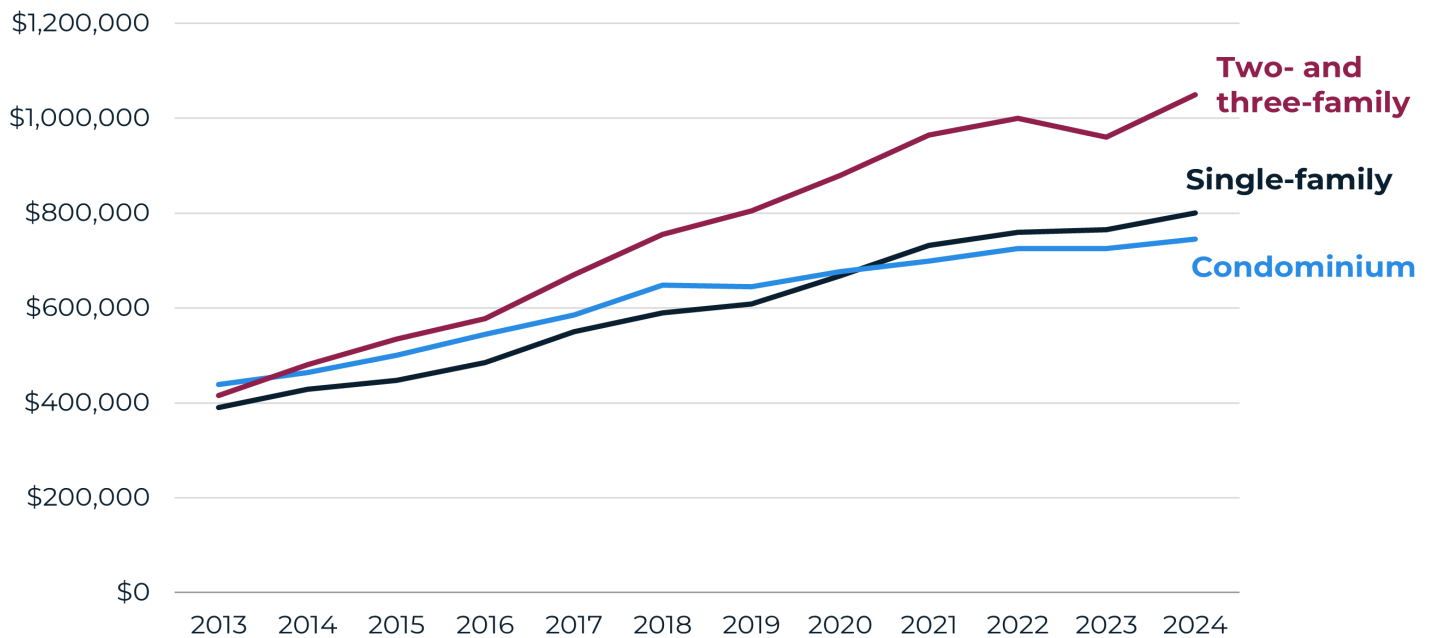
Source: City of Boston Mayor's Office of Housing using Craig's List rental data received from MAPC, City of Boston Planning Department Research Division Analysis.

## RESIDENTIAL SALES

The median sale prices for residential properties in Boston continued to rise in 2024, with two- and three-family homes experiencing the highest price growth. Single-family homes and condominiums exhibited more modest price increases, with prices for single-family homes peaking at \$850,000 in Q2 2024, but dropping to near-parity with condominium unit prices by the end of the year at \$770,000.

Overall from 2023 to 2024, two- and three-family sales prices increased 9.4%, single family sales prices increased 4.6%, and condo prices increased 2.8%. These trends suggest that demand for housing remains strong; however, rising prices also indicate supply constraints, further exacerbating affordability concerns in Boston's housing market.

### MEDIAN SALE PRICES BY BUILDING TYPE IN BOSTON 2013-2024 in nominal dollars



Source: City of Boston Mayor's Office of Housing (MOH) using Data from the Warren Group, City of Boston Planning Department Research Division Analysis

Sales volumes declined across all housing types from their 2021 peak, continuing the cooling trend seen in 2023. Condominium sales, which represent the largest share of transactions, dropped by 4.4% between 2023 and 2024, reflecting continued buyer hesitation amid high interest rates. Single-family home sales showed a slight recovery, increasing by 4.2%, though volumes

remained below pre-pandemic levels. Two- and three-family home sales remained relatively stable, increasing marginally by 0.3% from 2023 to 2024. These shifts indicate that while demand for housing persists, elevated borrowing costs and limited inventory may continue to constrain market activity in the near term.

## RESIDENTIAL SALES VOLUMES IN BOSTON

By building type, 2019 - 2024

	2019	2020	2021	2022	2023	2024	Percentage Change 2023 to 2024
Single-family	1,171	1,033	1,387	1,109	834	869	+4.2%
Condominium	4,348	5,010	7,049	5,265	4,060	3,881	-4.4%
Two- and three-family	1,032	807	1,153	909	598	600	+0.3%

Source: City of Boston Mayor's Office of Housing (MOH) using Data from the Warren Group, City of Boston Planning Department Research Division Analysis.

Boston's housing market has undergone significant shifts in recent years, shaped by rising mortgage rates, cautious buyers, and supply constraints. Home sales peaked in 2021 across single-family, condominium, and multi-family properties before steadily declining through 2024. Despite the slowdown in transactions, prices have remained resilient, with single-family homes reaching \$800,000 and two- and three-family properties surpassing \$1 million in 2024. This price stability suggests that limited inventory is keeping values elevated even as demand softens. Meanwhile, multifamily rental trends highlight the impact of these shifting dynamics. After a pandemic-driven dip in 2020, asking rents per square foot have steadily risen, peaking at \$3.95 in mid-2024 before slightly retreating. Vacancy rates, which had declined from their 2020 highs, have edged up slightly but remained relatively stable around 4.2% in 2024.

A key driver behind these trends appears to be the behavior of moderate- to high-income potential buyers who, faced with higher borrowing costs and uncertain market conditions, are choosing to remain in rental housing. This shift has fueled demand for apartments, keeping rents elevated even as home sales slow. Additionally, empty nesters looking to downsize may also be opting for rentals rather than buying in a high-cost environment. On the supply side, constraints on new inventory have further limited housing availability, reinforcing both high home prices and strong rental demand. As a result, Boston's real estate market reflects a complex interplay between affordability challenges, shifting buyer behavior, and persistent supply-side pressures, with rising rents and stable vacancies suggesting that many would-be homeowners are continuing to rent rather than buy.

## RESIDENTIAL SALES BY NEIGHBORHOOD

Boston’s condo market in 2024 exhibits notable trends in pricing and sales volume across neighborhoods. Citywide, the median condo price saw a modest increase, rising from \$725,000 in 2023 to \$745,000 in 2024, a 2.8% gain. Some neighborhoods saw significant price increases, such as Mission Hill (72.5%) and Hyde Park (12.8%), while others, like Fenway (-17.7%) and

Jamaica Plain (-10.0%), experienced declines. Sales activity also varied, with Brighton, Roslindale, and Jamaica Plain seeing sharp drops, while neighborhoods like Longwood and Dorchester recorded notable increases. These trends highlight shifting demand patterns and affordability constraints shaping Boston’s residential real estate market.

## MEDIAN CONDO SALE PRICES AND VOLUMES

By neighborhood, 2023 and 2024

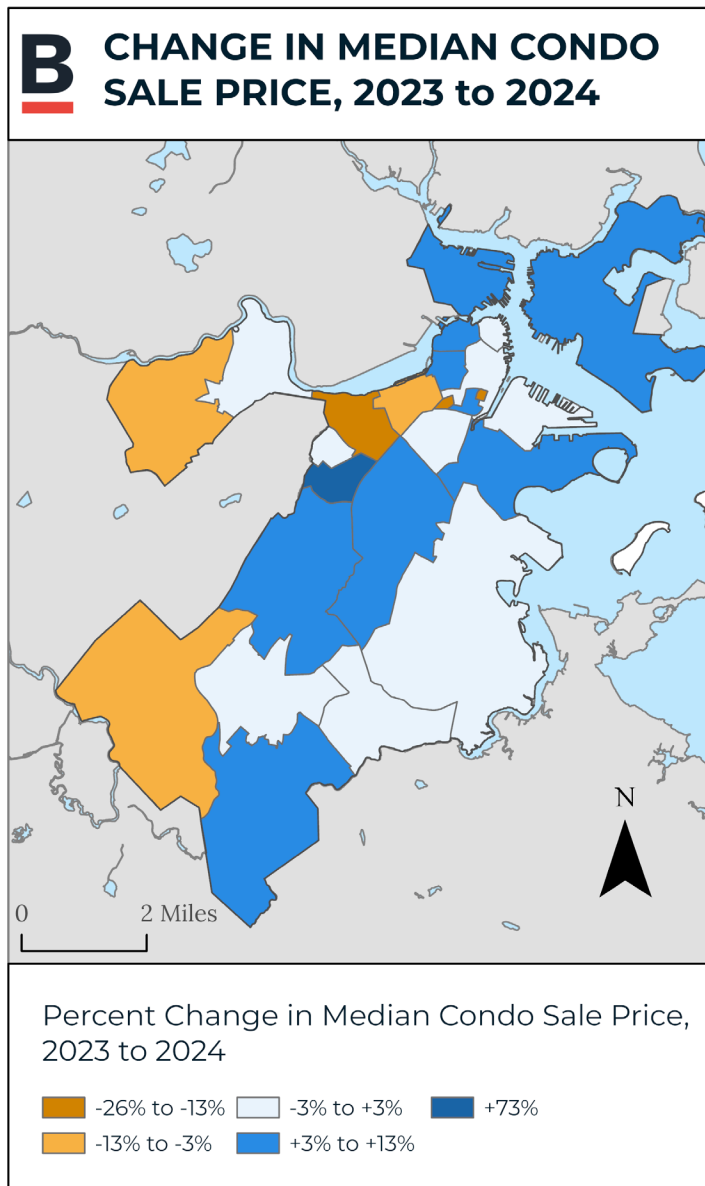
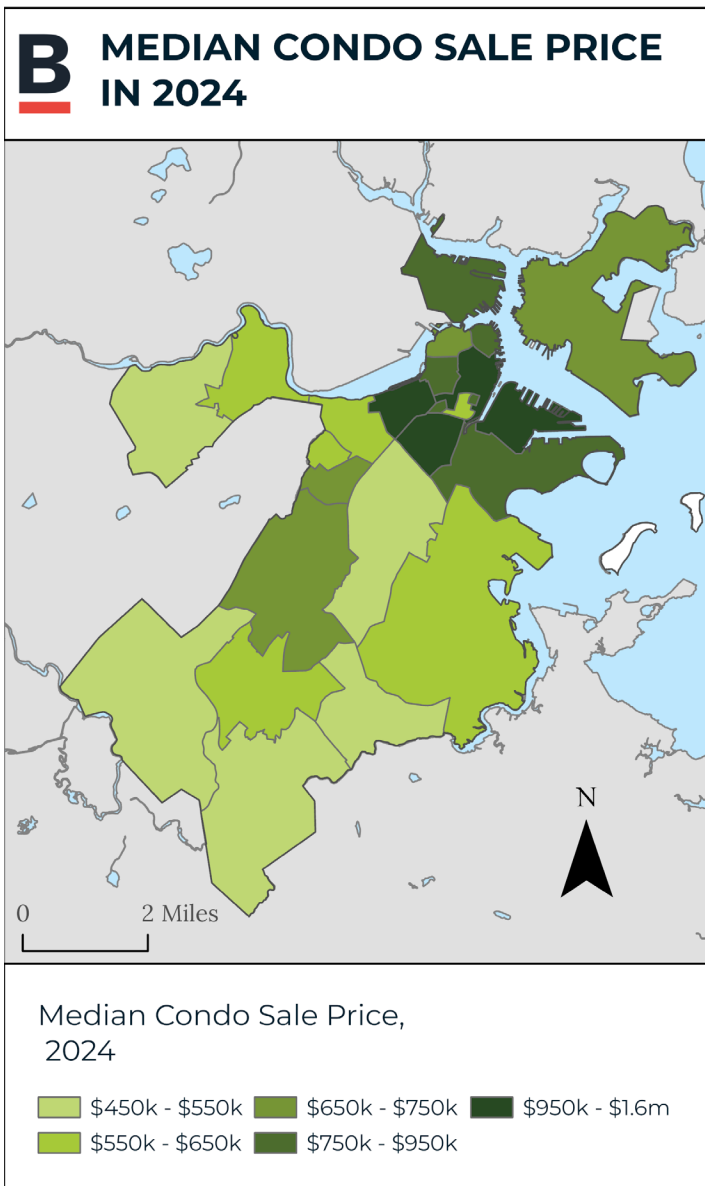
Neighborhood	2023 Median Condo Price	2024 Median Condo Price	Percent Change (%)	2023 Sales Volume	2024 Sales Volume	Percent Change (%)
Allston	\$576,500	\$585,000	+1.5	102	75	-26.5
Back Bay	\$1,300,000	\$1,242,000	-4.5	341	268	-21.4
Bay Village	\$1,230,000	\$920,000	-25.2	11	19	+72.7
Beacon Hill	\$844,500	\$920,000	+8.9	120	98	-18.3
Brighton	\$568,950	\$520,000	-8.6	424	248	-41.5
Charlestown	\$826,250	\$894,500	+8.3	214	256	+19.6
Chinatown	\$572,500	\$594,000	+3.8	10	8	-20.0
Dorchester	\$580,000	\$586,250	+1.1	351	414	+17.9
Downtown	\$1,337,500	\$1,354,500	+1.3	210	204	-2.9
East Boston	\$631,250	\$665,000	+5.3	292	339	+16.1
Fenway	\$723,000	\$595,000	-17.7	86	88	+2.3
Hyde Park	\$400,000	\$451,000	+12.8	39	53	+35.9
Jamaica Plain	\$675,000	\$742,500	+10.0	329	296	-10.0
Leather District	\$1,065,000	\$920,000	-13.6	16	15	-6.3
Longwood Medical Area	\$597,500	\$615,000	+2.9	4	7	+75.0
Mattapan	\$525,000	\$534,950	+1.9	35	42	+20.0
Mission Hill	\$391,273	\$675,000	+72.5	36	27	-25.0
North End	\$857,500	\$853,000	-0.5	102	111	+8.8
Roslindale	\$580,000	\$595,000	+2.6	158	103	-34.8
Roxbury	\$480,000	\$525,000	+9.4	117	129	+10.3
South Boston	\$800,000	\$835,000	+4.4	395	451	+14.2
South Boston Waterfront	\$1,592,500	\$1,580,000	-0.8	82	79	-3.7
South End	\$1,126,500	\$1,160,000	+3.0	400	385	-3.8
West End	\$635,000	\$670,000	+5.5	56	65	+16.1
West Roxbury	\$507,450	\$480,000	-5.4	130	100	-23.1
<b>Citywide</b>	<b>\$725,000</b>	<b>\$745,000</b>	<b>+2.8</b>	<b>4060</b>	<b>3880</b>	<b>-4.4</b>

Note: The prices and volumes in the above table exempt all sales of properties of less than \$25,000 because these low-price sales are not considered “arms-length” transactions. Data in the above table do not include “paired-sales” so the size, quality and type of houses sold vary from year-to-year.

Source: City of Boston Mayor’s Office of Housing (MOH) using Data from the Warren Group, City of Boston Planning Department Research Division Analysis.

The distribution of condo prices across the city demonstrates a stark contrast between high-cost and more affordable neighborhoods. Central areas such as Back Bay and Beacon Hill continue to command the highest prices, with median values ranging from

\$950,000 to \$1.6 million. Meanwhile, outer neighborhoods like Hyde Park, Mattapan, and parts of East Boston offer more affordable options, with median prices between \$450,000 and \$550,000.



Source: City of Boston Mayor's Office of Housing using Data from the Warren Group, City of Boston Planning Department Research Division Analysis.

# REAL ESTATE DEVELOPMENT

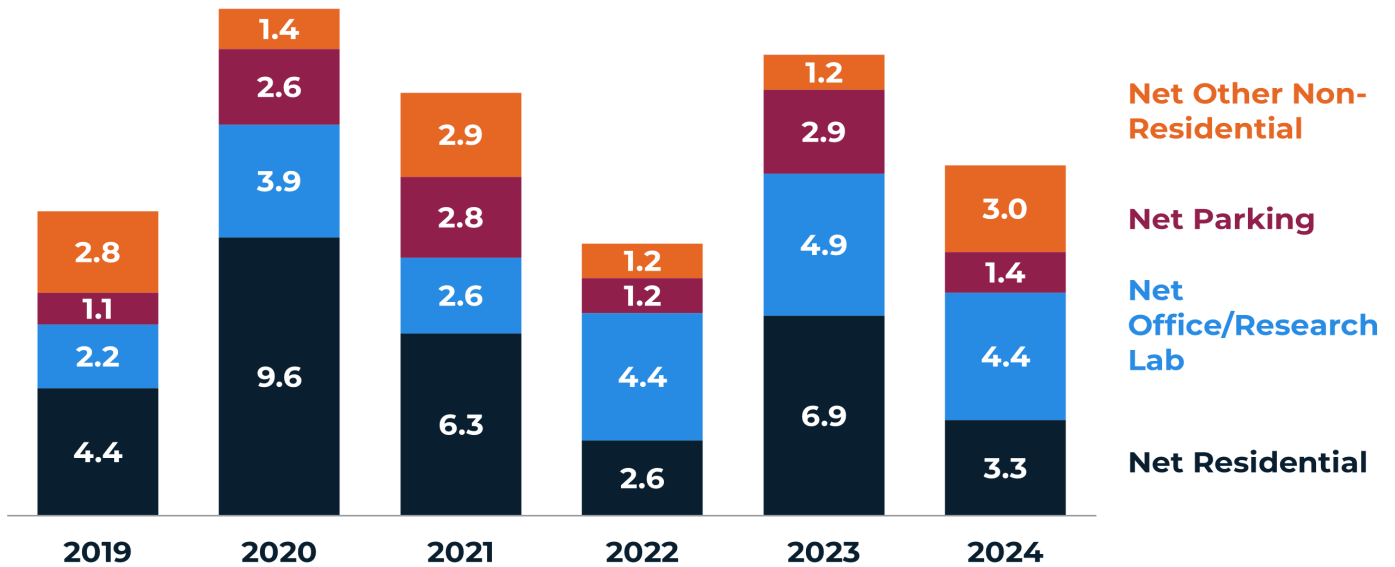
## ARTICLE 80 APPROVALS

The City of Boston Planning Department oversees a development review process (Article 80) that requires BPDA Board approval of all development projects that either are larger than 20,000 square feet or are residential projects with 15 or more units. The volume of projects approved by the BPDA Board is an indicator of future real estate growth. 2024 was an average year

for development approvals, with over 12.1 million square feet of development in newly-approved projects and a small net reduction of square feet in previously approved projects (NPCs). Office and research space made up the majority of approvals in 2024, with a net 4.4 million square feet in new residential space approved.

## NET SQUARE FEET (MILLIONS) APPROVED BY YEAR AND USE

2019-2024



Note: 12.7 million square feet approved in 2020 was in a single project (Suffolk Downs)

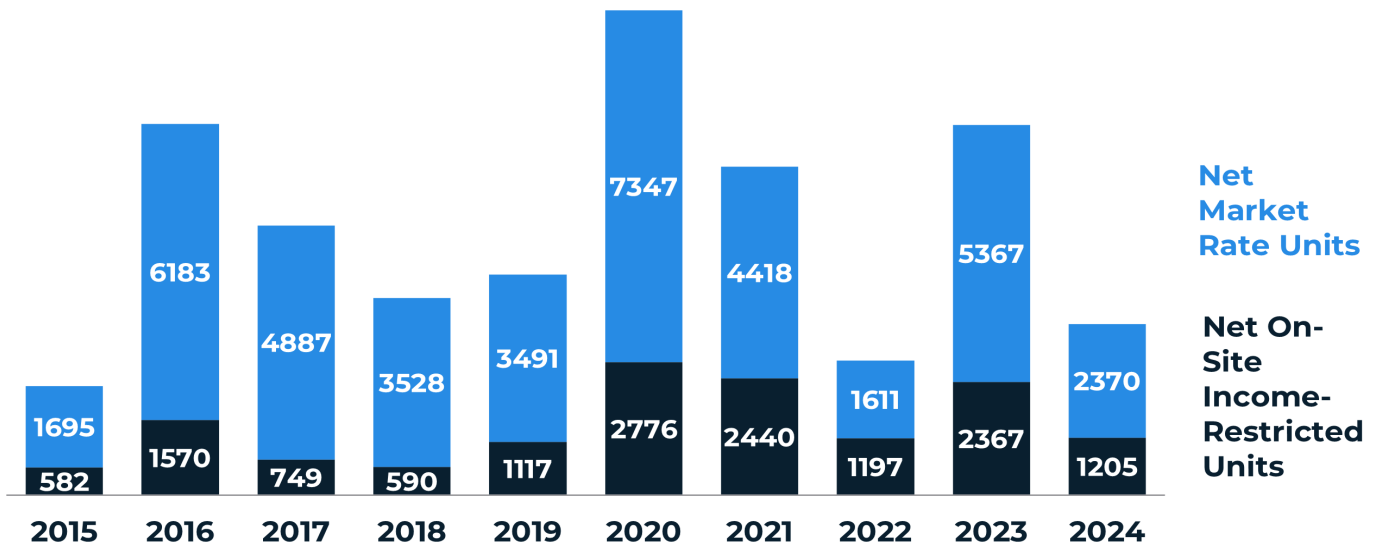
Source: City of Boston Planning Department Development Review Development Database, City of Boston Planning Department Research Division Analysis.

In 2024, the BPDA Board approved 3,659 new housing units in newly approved projects. While several previously-approved developments revised projects to reduce the number of housing units, the reduction in

units was minimal. Including all changes to previously-approved projects, 3,575 net units were approved in 2024. Of these units, 1,205 are on-site income-restricted units.

## NET RESIDENTIAL UNITS APPROVED PER YEAR

*Including new projects and project changes, 2015-2024*



Source: City of Boston Planning Department Development Review Development Database, City of Boston Planning Department Research Division Analysis.

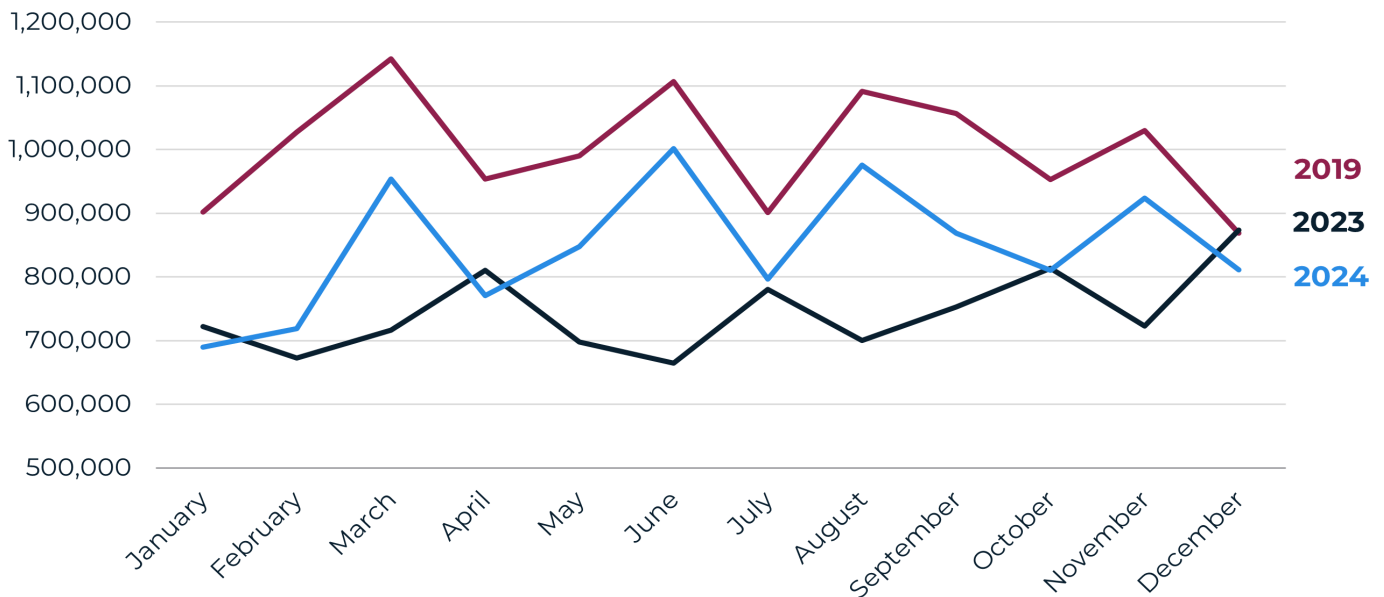
## CONSTRUCTION ACTIVITY

In 2024, construction hours working in Boston development projects were 13.9% higher than 2023 and 15.4% below 2019 levels. Non-residential construction start permits continued to fall in 2024. A total of 1.4 million square feet of non-residential space was

permitted, the lowest square footage permitted in over 10 years. Non-residential development completions as measured by certificates of occupancy (COO) also fell in 2024 to 2.6 million square feet, the lowest level since 2020.

## TOTAL CONSTRUCTION HOURS WORKED

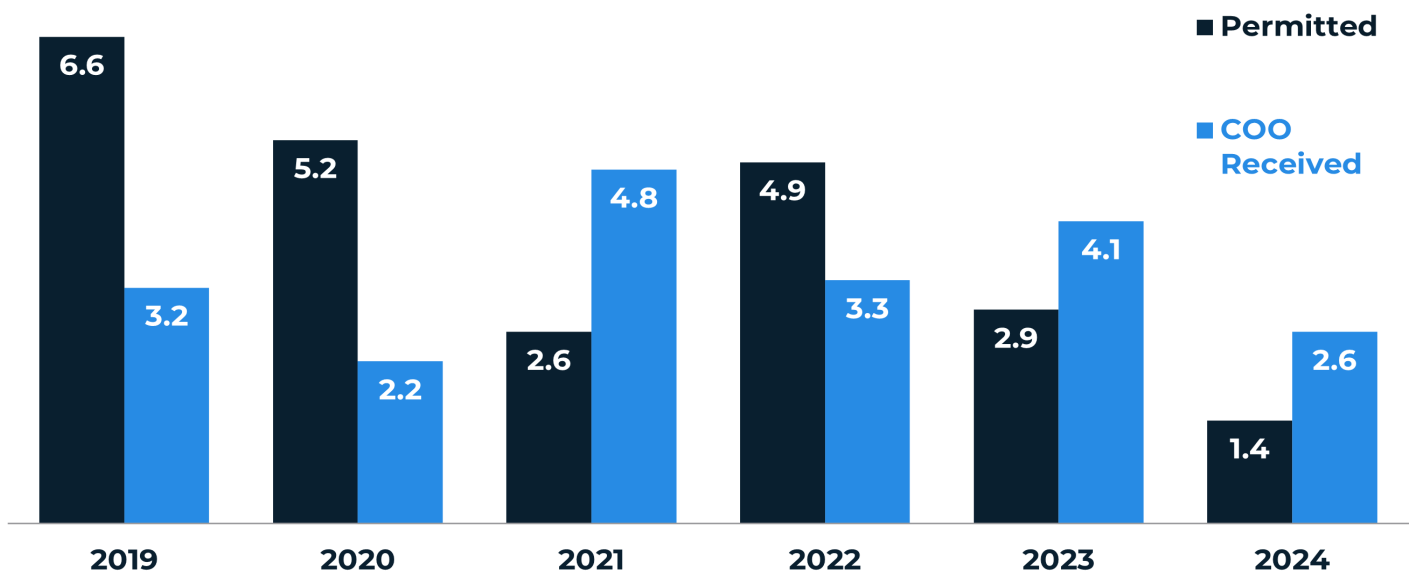
2019, 2023, and 2024



Source: The Boston Residents Job Policy (BRJP) Office, Boston Jobs Policy Compliance Reports, City of Boston Planning Department Research Division Analysis.

## SQUARE FOOTAGE (MILLIONS) OF NON-RESIDENTIAL CONSTRUCTION START PERMITS ISSUED AND COOS RECEIVED

2019-2024



Source: City of Boston Mayor's Office of Housing, City of Boston Planning Department Research Division Analysis.

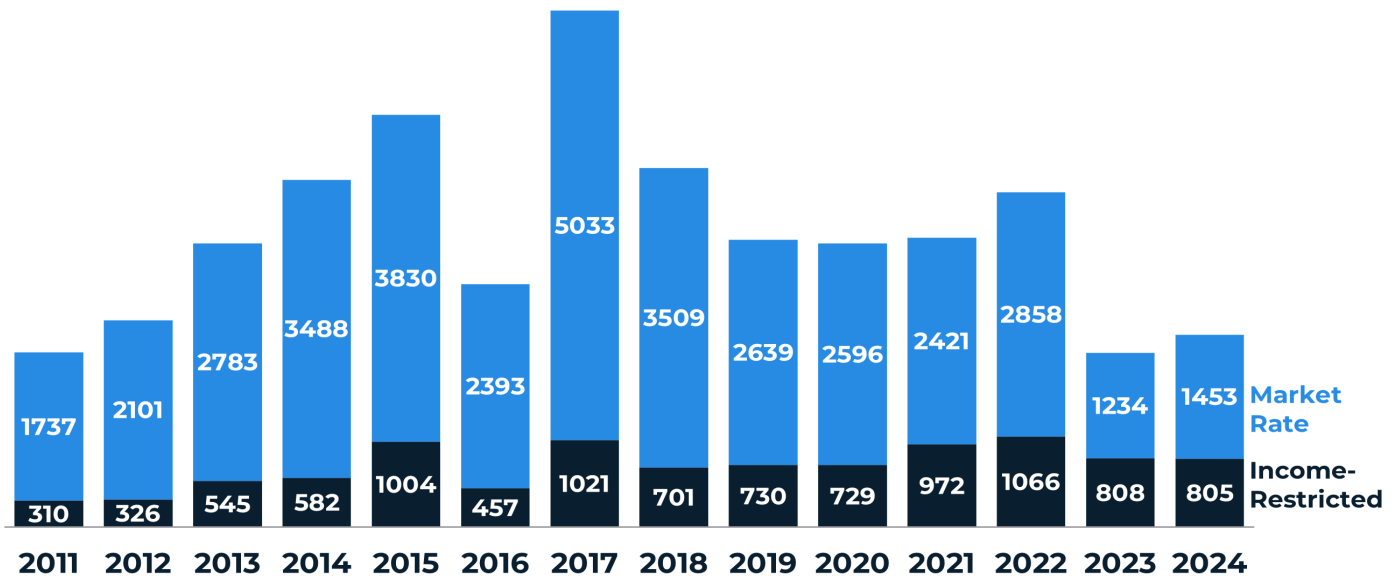


In 2024, 2,258 new housing units (including 805 income-restricted units) received construction permits. This is a slight increase from 2023, the lowest year of

permitting net of demolition since 2011, but is still more than 1,000 units below the average from 2011 to 2022.

## HOUSING UNITS: NET CONSTRUCTION PERMITS BY YEAR

Net of demolitions, 2011-2024



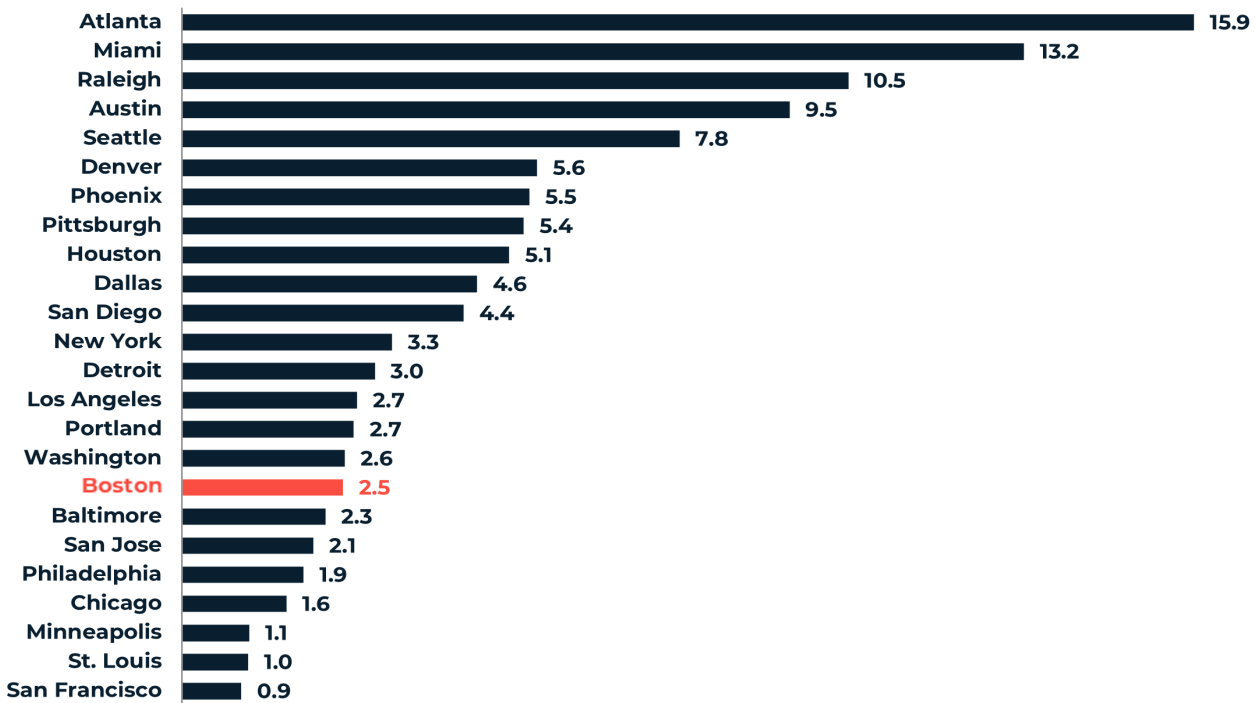
Source: City of Boston Mayor's Office of Housing, City of Boston Planning Department Research Division Analysis.

The ratio of housing unit permitted to resident population is a measure of growth in residential development. In 2024 Boston permitted 2.5 new housing units per 1,000 residents, a rate similar to Washington DC and Baltimore.

Atlanta, Miami, and Raleigh had high rates of new housing permitting at over 10 new units per 1,000 residents. In contrast, San Francisco permitted less than one new housing unit per 1,000 residents.

## PEER CITIES HOUSING SUPPLY

*Housing Units Permitted in 2024 per 1,000 Population in 2023*



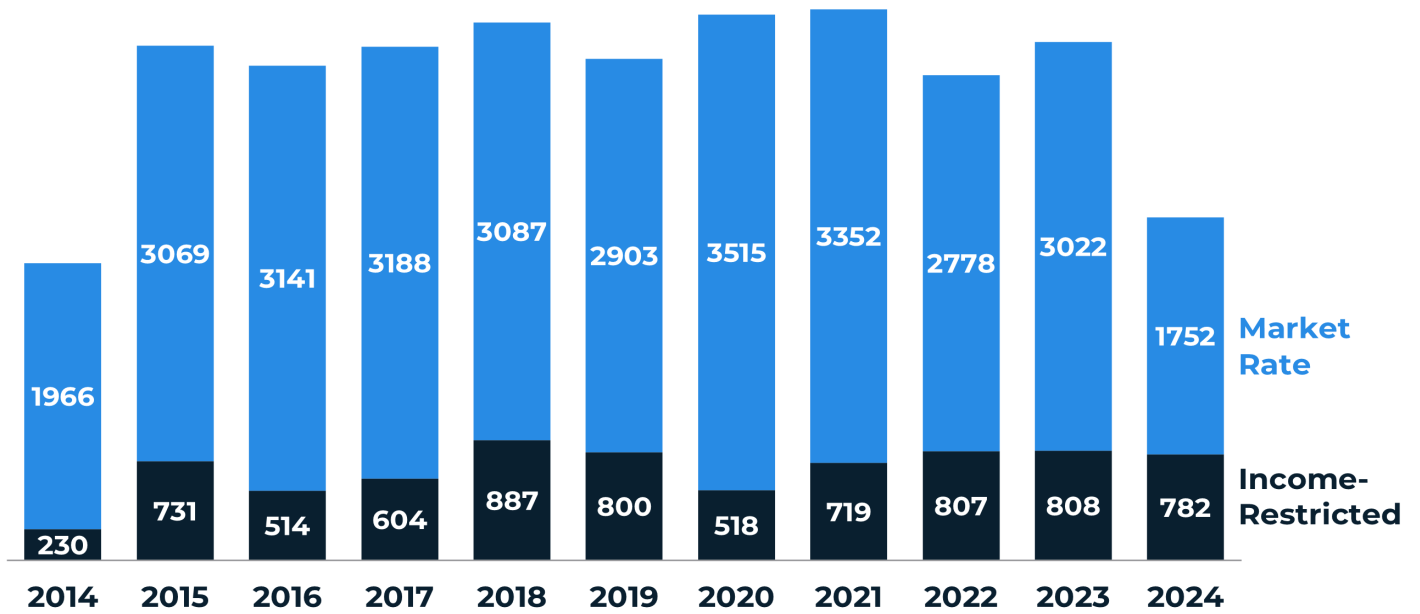
Source: Census Bureau building permits, ACS 1-Year Estimates 2023 Census Bureau except Boston is Planning Department Research Division estimates. City of Boston Planning Department Research Division Analysis.

In 2024, 2,534 new housing units were completed in Boston (net of demolitions and replacement units), 782

of which were income-restricted, a significant decrease in production from the average of the past decade.

## HOUSING UNITS: COMPLETED BY YEAR

Net of demolitions, 2014-2024



Source: City of Boston Mayor's Office of Housing, City of Boston Planning Department Research Division Analysis.

# CONCLUSION

Boston's economy in 2024 showcases a complex landscape, with both sustained strength and emerging challenges. While the city's GCP growth of 0.9% in 2023 underscores a deceleration from the robust post-pandemic rebound, several key sectors have demonstrated strong momentum. The Information sector led growth, driven by investments in AI and data infrastructure, while Healthcare and Education continued to expand steadily, underscoring their foundational roles in Boston's economy. In-person services, including Transportation and Warehousing, made significant contributions to 2023's growth, yet these sectors haven't fully recovered to pre-pandemic levels, and the residential real estate market remained robust with low vacancy rates and rising rents.

At the same time, Boston's economic landscape reveals persistent structural challenges. Inflationary pressures, particularly in housing, diverged from national trends, exacerbating affordability challenges and slowing the normalization of core inflation. The office real estate market struggled with elevated vacancy rates, reflecting a lasting shift towards remote work. Retail and commercial hubs continued to face reduced foot traffic, underscoring shifts in consumer behavior and urban dynamics.

The Professional Services sector, while having recovered strongly from the pandemic, experienced recent declines, suggesting a period of weakness rather than broader structural issues.

Looking ahead, Boston faces both opportunities and challenges. Strong performance in the Information and Healthcare sectors points to areas of continued growth potential. However, inflationary pressures, particularly in shelter, and the uneven recovery across sectors such as Retail and commercial real estate highlight ongoing uncertainties. The long-term impact of remote work, evolving mobility patterns, and recent declines in employment and output in Professional Services could affect Boston's economic trajectory in the years to come.

**Sources:**

<sup>3</sup><https://www.stern.nyu.edu/sites/default/files/assets/documents/Michaely%2C%20Roni%20-%20Are%20US%20Industries%20Becoming%20More%20Concentrated.pdf>

<sup>4</sup><https://ccsi.columbia.edu/sites/default/files/content/docs/ccsi-harms-from-concentrated-industries.pdf?ref=embodied-economics.ghost.io>

<sup>5</sup>Prager and Schmitt, *Employer consolidation and wages: Evidence from hospitals*, *American Economic Review*, 2021.

<sup>6</sup><https://www.fiercehealthcare.com/providers/bostons-largest-academic-medical-centers-are-taking-another-step-closer-mass-general>

<sup>8</sup> <https://www.boston25news.com/news/local/parent-company-2-mass-supermarket-chains-gives-up-blockbuster-merger-agreement/4NQN5REMJFAUHET6XGRPJEATHQ/>

<sup>10</sup><https://www.constructiondive.com/news/construction-labor-retirement-recruiting-dei/651184/>

<sup>12</sup><https://buildertrend.com/blog/construction-labor-shortage/>

<sup>13</sup>Autor, David, Arindrajit Dube, and Annie McGrew. *The unexpected compression: Competition at work in the low wage labor market*. No. w31010. National Bureau of Economic Research, 2023.

<sup>16</sup><https://www.mbta.com/projects/track-improvement-program>

<sup>20</sup> <https://www.mbta.com/projects/bus-network-redesign>

<sup>21</sup><https://www.mbta.com/projects/better-bus-project>

<sup>22</sup> <https://www.boston.gov/departments/transportation/bike-share-expansion-2024-2025>

<sup>23</sup> <https://www.boston.gov/departments/boston-bikes/discounted-bluebikes>

<sup>25</sup> <https://www2.census.gov/retail/releases/historical/ecommerce/19q1.pdf>

<sup>26</sup> <https://www2.census.gov/retail/releases/historical/ecommerce/24q4.pdf>