

Over the past several decades the University has worked to lessen its impact on the local Allston-Brighton housing market through a number of intentional and carefully crafted strategies including the addition of undergraduate beds to the on-campus housing supply and most importantly, through the establishment of a welcoming residentially focused student culture on campus.

While much has been done to offer students more on-campus housing options, a number of undergraduates remain in off-campus accommodations. The following analysis seeks to quantify the impacts which these students exert on the neighborhood marketplace today and the effect that net new on-campus beds proposed by the IMP are likely to have on the future performance of the Allston-Brighton housing markets.

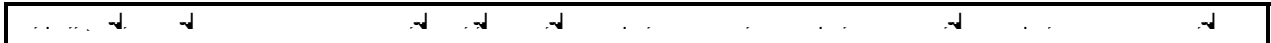
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Based on data compiled by the US Census and estimates generated by Claritas, Inc., a nationally recognized source for econometric data, the supply of housing stock in the Allston-Brighton neighborhood in 2008 is estimated to total 28,361 units as shown in Table 1. Of the total occupied stock, roughly 80 percent is currently renter occupied and 20 percent is owner occupied. Only 2 percent of the existing Allston-Brighton 2008 housing unit supply is currently vacant (559 units).

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00	# B	%	7, 0	%	,	%	, T	%	%	
	2,195	7.7%	2,158	7.8%	65	1.2%	2,092	9.4%	37	6.7%
1 B	9,384	33.1%	9,177	33.0%	976	17.5%	8,201	36.9%	207	37.0%
2 B	9,920	35.0%	9,713	34.9%	2,044	36.6%	7,669	34.5%	207	37.1%
3 B	4,849	17.1%	4,755	17.1%	1,530	27.4%	3,225	14.5%	94	16.9%
4 B	1,360	4.8%	1,354	4.9%	605	10.8%	750	3.4%	6	1.0%
5 M B	656	2.3%	647	2.3%	366	6.6%	281	1.3%	8	1.5%

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Given the nature of the neighborhood housing demand, rental occupancy is prevalent across all unit types in Allston-Brighton, ranging from 95 percent of studio units to 43 percent of 5+ bedroom unit supply as shown in Table 5. Vacancy levels are relatively uniform within the supply.

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00	# B	%	%
		3.0%	95.3%
1 B		10.4%	87.4%
2 B		20.6%	77.3%
3 B		31.6%	66.5%
4 B		44.5%	55.1%
5 M B		55.8%	42.9%

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Owner-occupied units comprise 20 percent of Allston-Brighton’s overall 2008 housing supply (5,585 units). Of these, over one third are condominiums located in multi-unit buildings throughout the neighborhood (1,852 units), 27 percent (1,491 units) are single-family homes and the remaining 40 percent (2,241 units) are primarily owner-occupant units in the neighborhood’s many duplexes, triple-deckers and four-family row-houses. While the number of owner occupied units is down somewhat from the 2000 peak of 6,060, the distribution of ownership by unit type has been relatively consistent.

Allston-Brighton home sale prices are shown in Table 6. They reached a market peak in 2005, with the median single-family price exceeding \$475,000 and the median price for two and three-family houses approaching \$650,000. The year-end 2007 median price of a single family home in Allston-Brighton was \$445,000 and for a two-three family was \$590,000.

A-1 - Boston

Year	#	Avg. Price	% Change	#	Avg. Price	% Change	#	Avg. Price	% Change
2000	54	\$ 215,350		113	\$ 392,688		639	\$ 141,000	
2001	51	\$ 330,000	53.2%	90	\$ 464,350	18.2%	753	\$ 182,000	29.1%
2002	63	\$ 364,000	10.3%	115	\$ 511,461	10.1%	581	\$ 209,000	14.8%
2003	73	\$ 380,000	4.4%	92	\$ 570,978	11.6%	602	\$ 236,000	12.9%
2004	90	\$ 439,000	15.5%	163	\$ 612,086	7.2%	878	\$ 253,000	7.2%
2005	83	\$ 479,000	9.1%	150	\$ 643,167	5.1%	874	\$ 285,550	12.9%
2006	56	\$ 450,750	-5.9%	121	\$ 593,678	-7.7%	653	\$ 285,000	-0.2%
2007	64	\$ 445,000	-1.3%	130	\$ 590,000	-0.6%	725	\$ 285,000	0.0%

Condominium prices have also escalated dramatically in recent years, but remain relatively affordable for Boston, with the median at approximately \$285,000 as of year-end 2007. The average annual growth rate for the Allston-Brighton single-family market over the past 7 years was 15 percent per year (including the recent 2006 and 2007 down years). Two and three-family price appreciation averaged 7 percent per year and condominium price growth averaged 15 percent for the period.

A-2 - Boston

Focusing on the rental market supply, for which Boston College undergraduates directly compete, reveals that the great majority (82 percent) of Allston-Brighton rental housing units are located in multi-family structures containing three units or more. Nearly 14 percent of rental units are located in two-family buildings and less than 4% of the rental unit supply consists of single-family attached and detached units.

The bedroom mix underscores this distribution, with roughly 41 percent of rental units in the studio and one-bedroom categories; 35 percent, having two-bedrooms; 17 percent having three-bedrooms and 7 percent having four-bedrooms or more.

Allston-Brighton rental vacancy rates remain low at roughly 2 percent (see Table 7). This is far below the 5 percent structural vacancy level needed to produce a balance between supply and demand in the marketplace. The effect of the low vacancy rate is well documented in the form of continued high rents for the neighborhood.

After a period of double digit increases between 1996 and 2001, Allston-Brighton rents peaked in 2001, declined through 2004 as new supply additions were absorbed and then stabilized. Year end figures for 2007 show gains again (3.8 percent over 2006) in part correlating to the softening for-sale markets. The annual rent growth for the past 10 years averaged 4.0 percent per year including the down years between 2002 and 2004.

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	A	B	A	B
2000	\$ 1,400.00	N/A	267	N/A
2001	\$ 1,500.00	7.1%	340	27.3%
2002	\$ 1,450.00	-3.3%	449	32.1%
2003	\$ 1,350.00	-6.9%	463	3.1%
2004	\$ 1,300.00	-3.7%	257	-44.5%
2005	\$ 1,300.00	0.0%	121	-52.9%
2006	\$ 1,300.00	0.0%	40	-66.9%
2007	\$ 1,350.00	3.8%	80	100.0%

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Table 9 shows the variety of on-campus housing options on the Chestnut Hill and Newton campuses that Boston College offers to accommodate its undergraduate enrollment.

In total, Boston College residence halls house 7,330 undergraduate students (excluding beds occupied by Assistant Directors, Resident Hall Directors, Peer Ministers, and Resident Ministers) with 3,147 beds located at the Lower Campus in

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90	M R	90 M R B	381
110	M R	110 M R B	306
200	H	200 M R B	771
2051 C	H	2051 C A B	33
100	A H	100 M R B	444
70	A H	70 M R B	423
150	H	150 M R B	789
Sub-total Lower Campus			3,147
66 C	A	66 C A N	233
80 C	H	80 C A N	156
100 C	H	100 C A N	364
90 C	H	90 C A N	363
110 C	H	110 C A N	218
Sub-total Middle Campus			1,334
C	H	127 H 410.32 562.5	233

Table 10. Comparison of the 2000 and 2001 data for the 100 largest firms in the manufacturing sector.

Category	2000		2001		2002	
	Count	%	Count	%	Count	%
Total	9,000	100%	8,951	100%	49	1%
Manufacturing	350	4%	348	4%	2	1%
Non-manufacturing	8,650	96%	8,603	96%	47	1%
Manufacturing as a % of total	7,330	85%	6,459	75%	871	13%

Today, 85 percent of the 8,600 undergraduates living locally (excluding commuter students and those living abroad) reside in on-campus housing. By 2018, the percentage of total undergraduates being accommodated in University housing will reach 100 percent, when all the new residence halls are completed.

A comprehensive student survey conducted by the BC Off-Campus Housing Office provides a clear picture of the characteristics of off-campus housing occupied by undergraduates of Boston College. Based on survey results, roughly 77 percent of the University's local non-resident undergraduates typically occupy apartments in multi-unit buildings, 19 percent rent entire houses with multiple bedrooms and 3 percent rent single rooms in private homes (Table 13).

Table 13. Off-Campus Housing Occupied by Undergraduates of Boston College

Type of Housing		Percentage
Apartment in Multi-Unit Building		
Apartments		77%
House		19%
Room in Private Home		3%
Other Housing		
1 Bedroom		4%
2 Bedrooms		21%
3 Bedrooms		31%
4 Bedrooms		26%
5 Bedrooms		8%
Other (5+ Bedrooms)		10%

In the apartment category, two, three and four bedroom apartments dominate the mix, while the majority of units with 5 or more bedrooms consist of rented homes. Undergraduate students typically occupy very few 1-bedroom units, presumably because the rents are too much to bear for single or even double student occupancy.

The average occupancy per unit underscores the point. The average occupancy for a 2-bedroom unit is three persons. The average for a 3-bedroom unit is four persons. The average for a 4-bedroom unit is five occupants. And at 5+ bedrooms, the average occupancy jumps to seven occupants and above.

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Comparing Boston College undergraduate student occupancy data for the 2007-2008 academic year with statistics for the Allston-Brighton market overall, reveals that non-resident undergraduates enrolled at Boston College occupy approximately 1.2 percent of the total rental housing supply within Allston-Brighton and roughly 1.0 percent of the Allston-Brighton supply overall.

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		%	%
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B.		%	% %
0-1 B.	11,335	10,294 90.8%	29 0.3% 0.3%
2 B.	9,713	7,669 79.0%	75 0.8% 1.0%
3 B.	4,755	3,225 67.8%	84 1.8% 2.6%
4 B.	1,354	750 55.4%	58 4.3% 7.7%
5 M B.	647	281 43.5%	26 3.9% 9.1%

Not surprisingly, given the relative size of the market for one, two and three bedroom rental units in Allston-Brighton, Boston College non-resident undergraduates play only a nominal role in influencing the workings of this portion of the market. They constitute less than 0.5 percent of studio and one-bedroom unit occupancy, less than 1 percent of two-bedroom unit occupancy and less than 2 percent of three-bedroom unit occupancy.

In the four and five bedroom-plus product categories, Boston College non-resident enrollees are more significant, accounting for roughly 4 percent of total occupied units and for 7.7 percent and 9.1 percent, respectively, of the rental market activity for these two unit types.

Boston College Non-Resident Undergraduate Occupancy	Allston-Brighton Rental Market			Boston College Non-Resident Undergraduate Occupancy		
	Units	% of Total	% of Units	Units	% of Total	% of Units
Studio	7,000	0%	7	1.0%	1.1%	1.1%
One Bedroom	1,587	21.3%	339	21.3%	21.3%	21.3%
Two Bedroom	690	64.9%	448	64.9%	64.9%	64.9%
Three Bedroom	2,278	34.5%	787	34.5%	2.6%	7.6%
Four Bedroom	4,811	66.6%	3,202	66.6%		
Five Bedroom	3,860	86.4%	3,333	86.4%		
Five Bedroom Plus	8,671	75.4%	6,535	75.4%	1.0%	1.4%
Multi-Family	7,836	86.4%	6,767	86.4%		
2-4 Family	5,153	87.5%	4,508	87.5%		
Single-Family	3,837	93.6%	3,592	93.6%		
Other	27	100.0%	27	100.0%		
Total	16,853	88.4%	14,895	88.4%	0.7%	0.8%

This pattern is further illustrated by examining student occupancies by building type. Boston College undergraduate occupancy influences less than 1 percent of the multi-family rental marketplace, less than 2 percent of the 2-4 family rental market and under 8% of the single-family rental market.

To more fully understand the meaning of these percentages, it is useful to examine the effect of returning 100 percent of units now occupied by Boston College non-resident undergraduates to the market. In theory, vacated units would either be

absorbed by other market occupants seeking units in Allston-Brighton or in the alternative, would contribute to increased vacancy in the marketplace.

As the analysis illustrates, even if no other occupants stepped in to absorb the vacated units, the vacancy rate for Allston-Brighton specifically would increase to only 3 percent. This vacancy rate is still well below the level sufficient to produce a meaningful impact on rents or appreciation rates and would have to reach at least 5 percent to produce a supply-demand balance and as much as 7 to 10 percent to produce meaningful reductions in average rents or sale prices in the larger marketplace.

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Bedroom Type	Scenario A: Allston-Brighton			Scenario B: Allston-Brighton + Boston College		
	Units	Vacancy	%	Units	Vacancy	%
Allston-Brighton	11,335	244	2.2%	11,335	244	2.2%
Allston-Brighton + Boston College	11,335	244	2.2%	11,335	244	2.2%
0-1 Bedroom	11,335	244	2.2%	11,335	244	2.2%
2 Bedroom	9,713	207	2.1%	9,713	207	2.1%
3 Bedroom	4,755	94	2.0%	4,755	94	2.0%
4 Bedroom	1,354	6	0.4%	1,354	6	0.4%
5+ Bedroom	647	8	1.3%	647	8	1.3%

An examination of the results by bedroom type further illustrates the point, particularly with respect to the impact of Boston College students on the Allston-Brighton rental housing market. For studio and one bedroom units (90 percent of which are rental units), two bedroom units (80 percent are rental units) and three bedroom units (70 percent are rental units), the effect of removing 100 percent of Boston College non-resident tenants from the market would serve to alleviate the rental vacancy level in these units by less than 1 percent, producing an overall vacancy for the smaller unit types at under 3 percent.

Somewhat more significant is the impact of Boston College students in the larger unit, four-plus bedroom sector of the market. Removal of Boston College student occupants from this sector produces an average 3.9 percent improvement in overall vacancy for these unit types, and resultant vacancy levels roughly commensurate with a balanced market standard at 5.2 percent. It follows, then, that the effect of removing students from this sector of the market might produce a more moderate rate of growth in rents within these larger unit types, assuming that they continue to compete in the rental sector.

In reality, however, a significant number of the largest rental units in the market consist of single-family homes being rented to students by absentee owners. As is demonstrated by data compiled through the Boston College non-resident housing surveys, the historic advantages of this approach from an investor-owner's perspective are clear.

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