



VII.

# BOSTON'S PEOPLE AND ECONOMY

# Boston's People and Economy

## INTRODUCTION

Boston was first incorporated as a town in 1630 and then as a city in 1822, making it one of the oldest cities in the United States (see Table 1). The city has evolved into a center for innovation and entrepreneurship as well as for social and political change. Boston has become the economic engine and cultural hub of New England.

As the seat of Suffolk County, the capital city of Massachusetts, and the region's hub, Boston is home to approximately 650,000 residents, many world-renowned institutions of higher education, some of the world's finest inpatient hospitals, numerous successful corporations, and many professional sports teams and cultural organizations. Tens of millions of people typically visit Boston each year to take in its historic sites, visit diverse neighborhoods, and attend cultural or sporting events, and functions in one of Boston's convention centers.

**Table 1: Boston, Massachusetts Quick Facts**

Government	
Founded	Sept. 17, 1630
State (capital)	Massachusetts
County (seat)	Suffolk
Government Type	Strong Mayor-Council
Mayoral Term (years)	4
Councilor Term (years)	2
District Councilors	9
At-Large Councilors	4
U.S. House Reps. (MA)	9
Electoral Votes (MA)	11
People	
Population (2023)	652,442
% of State	9.3%
% Growth (from 2010)	5.6%
% Non-white/Hispanic	55.9%
% White/non-Hispanic	44.1%

<b>Median age (years)</b>	<b>33.7</b>
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<b>Geography</b>	
<b>Neighborhoods</b>	<b>23</b>
<b>Land area (Sq. miles)</b>	<b>48.4</b>
<b>Water area (Sq. miles)</b>	<b>41.2</b>
<b>Density (Pop./Sq. mile)</b>	<b>13,480</b>
<b>Public road mileage</b>	<b>937.5</b>
<b>Ft. above sea-level</b>	<b>141</b>

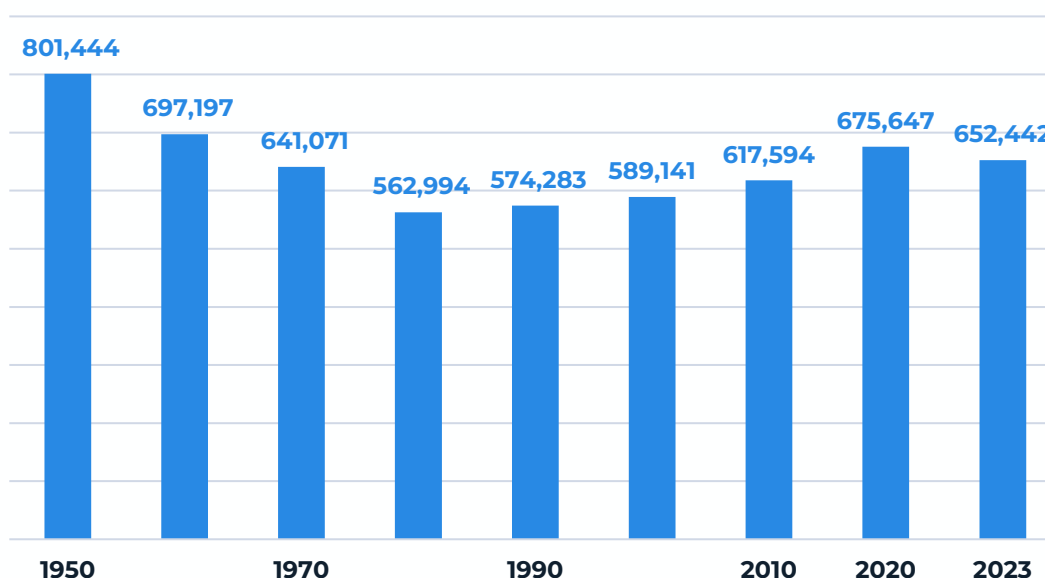
<b>Boston Firsts</b>	
<b>Public park (Bos. Common)</b>	<b>1634</b>
<b>Public school (Boston Latin)</b>	<b>1635</b>
<b>Public library</b>	<b>1653</b>
<b>Telephone</b>	<b>1875</b>
<b>Subway (in the U.S.)</b>	<b>1897</b>
<b>World Series</b>	<b>1903</b>
<b>Mutual Fund</b>	<b>1924</b>
<b>Community Health Center</b>	<b>1965</b>

Boston ranks as the 25<sup>th</sup> largest city by population and is the center of the 11<sup>th</sup> largest metropolitan statistical area in the United States. According to the 2023 U.S. Census Population Estimates, the city's population is 652,442. This figure is likely understated, considering that there was a successful challenge to a population undercount in the 2020 Census. Of the 4,919,179 people residing in the metro area, roughly 1 in 7 live in Boston.

Like many American cities, Boston's population peaked in 1950. Over the 30 years between 1950 and 1980, Boston's population declined 30% from 801,444 to 562,994. This decline is attributed to a national trend of suburbanization following World War II. Since 1980, however, Boston's population has stabilized and grown. The 2010 U.S. Census recorded the city's population at 617,594, representing a nearly 5% increase over its 2000 population and a nearly 10% increase over 1980. The 2020 U.S. Census recorded Boston's population at 675,647, a 9.4% increase over 2010. Following the COVID-19 pandemic, cities around the world experienced population shifts away from dense urban cores. Boston was no exception. The City lost 23,205 residents, a 3.4% decrease from 2020.



**Figure 1: Boston's Population 1950-2020 Census, 2023 ACS Estimate**



The demographic makeup of the city has also changed. In 1950, the share of white residents was 95%, while non-White residents accounted for 5% of the city's population. Boston became a majority-minority city in 2000. As of 2023, 55.9% of Boston's residents are Hispanic/Latino and/or non-white.

Data from the Census Bureau's American Community Survey (ACS) shows that Boston is a relatively young city. The median age in Boston is 33, due to the large number of students and young professionals living and working in the city. More than one out of every three people in Boston is between 18 and 34 years old (38%). People ages 35 to 54 years old make up 24% of the population and people ages 55 to 64 years old account for 11%. Senior citizens ages 65 and above, an age group that has been growing in line with national trends relating to the aging of the baby boomer generation, make up 13% of the city's population.

Housing and homeownership has also increased over the past 20 years. From 2000 to 2023 occupied housing units increased by 20.2% to 288,129. Of these units, 35.9% are owner-occupied, an increase from 32.2% in 2000.

## **BOSTON'S JOBS, LABOR FORCE, AND INCOME**

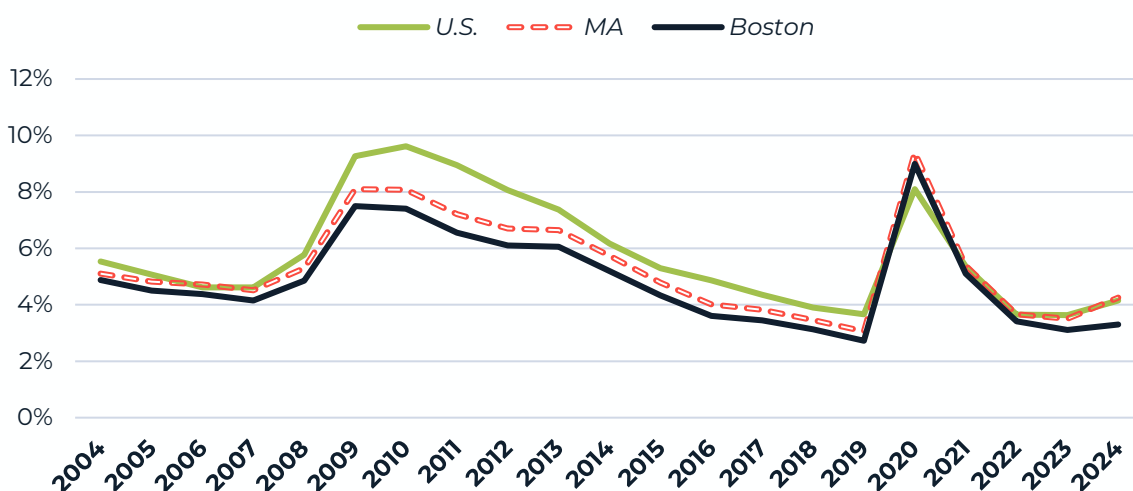
Boston ranks among the highest concentrations of employment in the U.S. and supplies an estimated 95% of the jobs in Suffolk County. In 2024, there were approximately 684,000 payroll jobs in Boston.

As reflection of the strength of the regional economy, the unemployment rate within the Boston metro has historically been lower than state and national averages. The metro experienced brief

spikes in unemployment rates during the Great Recession: 8.1% in the first quarter of 2010, and 14.9% during the COVID-19 pandemic in the second quarter of 2020. Since the fourth quarter of 2021, the metro has had an unemployment rate lower than 4.0%, and has been roughly 0.4% lower than the national and state averages (see Figure 2).

While the metro region has benefited from low unemployment rates, disparities still exist for communities of color; for instance, in 2024 the average estimated unemployment rates for Black/African American Massachusetts residents (5.5%) and Hispanic/Latino residents (4.7%) were significantly higher than the rate for white residents (3.4%).

**Figure 2: National, Massachusetts, and Boston Metro Unemployment Rates, 2004–2024, Federal Reserve Economic Data**



Higher education and health care play major roles in Boston’s economy. Jobs in health care/social assistance and education represent more than a quarter (28.4%) of the total jobs in Boston. Combined, the concentration of education and health services jobs in Boston is 1.19 times the national average.

Boston hosts more than two dozen universities, colleges, and community colleges, with a combined enrollment of 150,000 students annually. Included among the city’s colleges and universities are some of the most prestigious educational institutions in the country, namely, Boston College, Boston University, Northeastern University, and Harvard University.

The concentration of higher education institutions has a major effect on Boston’s economy. These institutions do beneficial work through their educational and research missions, and many of their students remain in Boston after graduation. As such, these institutions are a major source of highly-skilled professionals for Boston’s workforce.

Despite the enrollment disruptions and the rise of remote coursework in the wake of the COVID-19 pandemic, real estate development by Boston’s medical and higher education

institutions have remained robust. Developments include more than 1.75 million square feet permitted since 2023.

Many of the nation's finest research and teaching hospitals are located in Boston, including Massachusetts General Hospital, Brigham and Women's Hospital, Beth Israel Deaconess Hospital, Boston Medical Center, Tufts Medical Center, and Boston Children's Hospital. In total, there are 18 inpatient hospitals in the city with a combined 6,116 beds. Furthermore, Boston is home to the medical and dental schools of Harvard University, Tufts University, and Boston University.

According to the commercial real estate firm CBRE, the Boston-Cambridge area hosts the largest life sciences cluster in the nation, as defined by size, growth and concentration of employment, laboratory inventory, National Institute of Health awards, and venture capital funding. Boston's life science industry benefits from skilled labor force availability, leading universities in basic academic science fields, innovative research and development districts, proximity to major research hospitals, and strategic presence of venture capital resources.

Several of the country's leading financial services firms are located in Boston, including Fidelity Investments, John Hancock/Manulife Financial, State Street Corporation, and Wellington Management.

Table 2 provides a summary of total estimated payroll jobs in the City of Boston for the year 2024 broken down by industry. This figure excludes temporary and contract employees, so it may understate employment in the city.

**Table 2: Boston Employment by Industry – 2024**

Industry	Count	Percent
Health Care and Social Assistance	149,864	21.9%
Professional, Scientific, and Technical Services	99,106	14.5%
Finance and Insurance	72,337	10.6%
Government	66,809	9.8%
Educational Services	60,495	8.8%
Accommodation and Food Services	44,630	6.5%
Real Estate and Rental and Leasing	29,842	4.4%
Transportation and Warehousing	28,255	4.4%
Administrative and Waste Services	23,214	3.4%
Retail Trade	20,642	3.0%
Other Services, excluding Public Admin.	20,499	3.0%
Information	14,487	2.1%
Construction	14,183	2.1%
Arts, Entertainment, and Recreation	12,503	1.8%
Wholesale Trade	8,507	1.2%

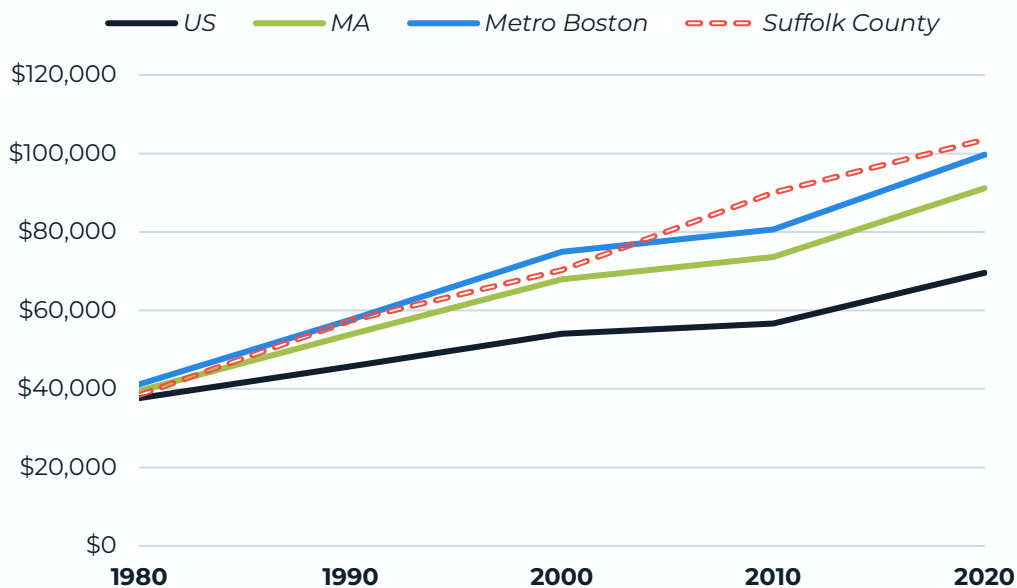
<b>Manufacturing</b>	<b>8,432</b>	<b>1.2%</b>
<b>Management of Companies and Enterprises</b>	<b>7,815</b>	<b>1.1%</b>
<b>Utilities</b>	<b>1,985</b>	<b>0.3%</b>
<b>Natural Resources and Mining</b>	<b>70</b>	<b>0.0%</b>
<b>Total Jobs</b>	<b>683,675</b>	<b>100%</b>

Source: U.S. Bureau of Economic Analysis, Massachusetts Executive Office of Labor and Workforce Development (EOLWD), BPDA Research Division Analysis.

Like most American cities, the Boston economy has shifted away from manufacturing and towards services over the last 50 years. The changing needs of a service-based economy have resulted in a better-educated and more highly skilled workforce. In 2023, 90% of the adults in Boston had finished high school, compared to 53% in 1970. In 2023, 57% of adults in Boston had completed a bachelor's degree or higher compared to only 10% in 1970 and 36% in 2000.

Boston's well-educated workforce also translates to comparatively high household incomes and wages. Per capita personal income in Metro Boston was \$99,702 in 2020, up 24% from 2010 and 33% from 2000 in real terms. The average annual wage and salary disbursement per job in Suffolk County was \$103,562 in 2020. Beginning in 1990, wages in Suffolk County began to grow faster than the state and the nation. In 2020, the average annual wage per job in Suffolk County was 15% higher than the average Massachusetts wage and 47% higher than the national average wage (see Figure 4).

**Figure 4: Average Annual Wages in the U.S., Massachusetts, and Suffolk County, 1980–2020, 2023 dollars, BPDA Research Division Analysis**



# ECONOMIC ACTIVITY IN THE CITY OF BOSTON

## Transportation

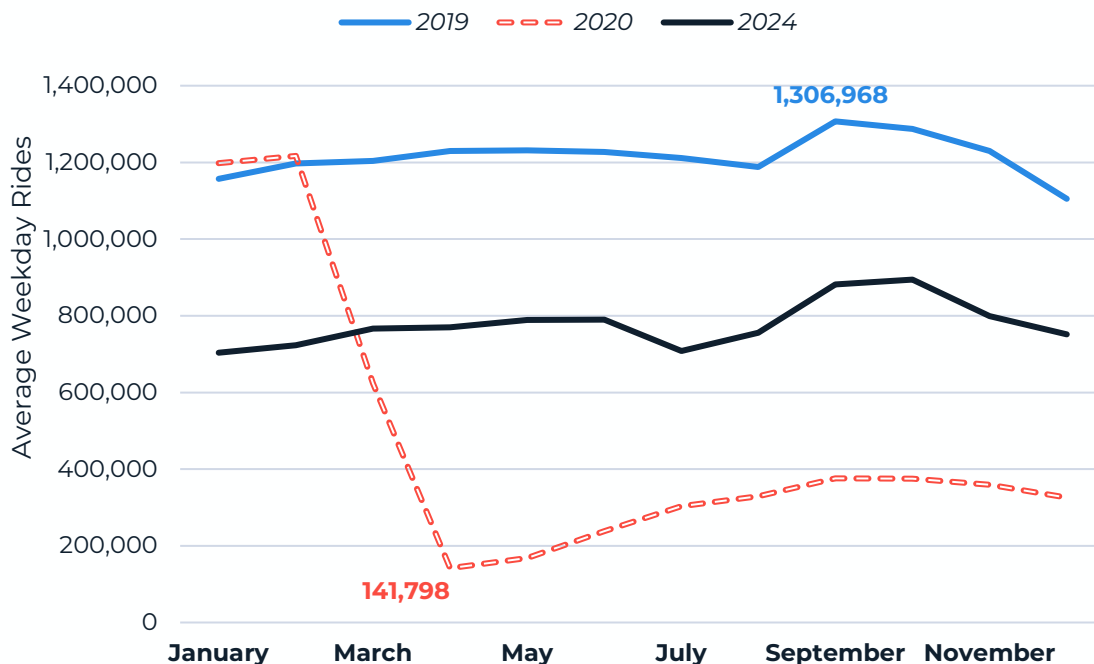
A key to any city's economic strength and long-term health is its ability to transport residents, workers, visitors, and goods efficiently and safely to their intended destinations, whether in the city, throughout the region, or beyond.

### Local Transportation

According to 2023 ACS data, 33% of households in Boston did not have a vehicle and 41% of Boston resident workers commuted to work without a car. Roughly 1 in 4 residents commute via public transportation. Another 18% of residents work from home.

Boston's public transportation system reaches into every neighborhood of the city whether by trolley, subway, bus, or commuter train. The MBTA provides commuter rail, subway, local and express bus services, and water ferry service to 177 cities and towns in eastern Massachusetts, offering public transit to a population of more than 4.8 million people over 3,200 square miles. Prior to the COVID-19 pandemic, the passengers on the MBTA completed about 1.2 million weekday rides every month. Average weekday rides dropped to 140,000 in April 2020 before beginning to rebound. Average weekday rides has slowly recovered, reaching 777,000 in 2024. Despite this recovery, average weekday ridership is still 36% below 2019 levels. Figure 5 illustrates the average weekday rides by month for 2019, 2020 and 2024.

**Figure 5: MBTA Average Weekday Rides by Month, 2019, 2020, 2024**

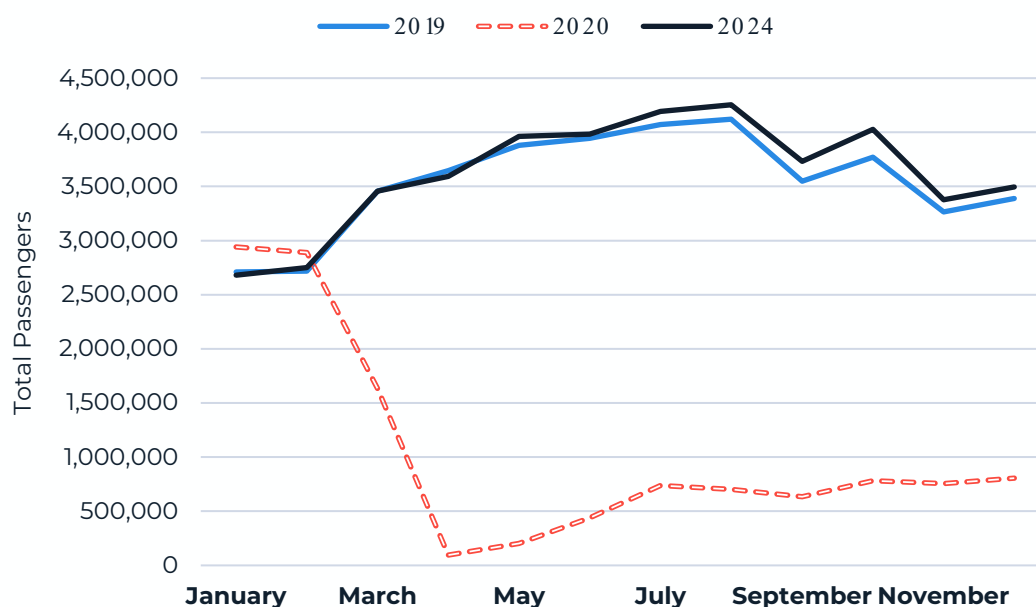




### *National and International Travel*

Boston's Logan International Airport is the most active airport in New England and the 16<sup>th</sup> busiest in terms of passenger transit in the United States. Due to the COVID-19 pandemic and the related travel restrictions, total annual passengers dropped from more than 42.5 million in 2019 to about 12.6 million in 2020, a 70% decrease. Unlike MBTA ridership, airport operations have surpassed pre-pandemic levels with 43.4 million passengers in 2024 (see Figure 6). Most notably, Logan served 9.7 million international passengers in 2024, 16% above pre-pandemic levels.

**Figure 6: Total Air Passengers at Logan Airport by Month, 2019, 2020, 2024, Massport Airport Statistics**



### **Tourism and Culture**

Boston offers a breadth of options to attract visitors both domestic and foreign. Whether it is those seeking historical sites, museums, sporting events, restaurants, theatre performances, or business conventions, the city is a year-round destination. According to Meet Boston, a regional tourism marketing non-profit organization, an estimated 20 million people visit Boston each year. Of those, an estimated 3 million are international visitors. These figures are slightly below pre-pandemic averages. However, marquee events like the 2026 FIFA World Cup and celebrations related to the 250<sup>th</sup> United States Independence Day anniversary will likely boost the local tourism economy.

For business and leisure travelers alike, Boston is an attractive destination for conventions, meetings, and trade shows. The Thomas M. Menino Convention & Exhibition Center (MCEC) (formally the Boston Convention and Exhibition Center), located on a 60-acre site in South

Boston, contains 516,000 square feet of contiguous exhibition space designed to accommodate larger conventions. This facility, along with new hotel projects in the city, has given a significant boost to the local economy. In 2019, the MCEC, along with the John B. Hynes Memorial Convention Center, hosted 336 events, totaling 832,243 attendees. Convention center attendance was approximately 531,000 in 2024, 36% lower than pre-pandemic levels.

The Boston area is home to five major professional sports teams: The Boston Red Sox baseball team plays at historic Fenway Park, the Boston Bruins hockey team and the Boston Celtics basketball team play at the TD Garden, and the The New England Patriots football and Revolution soccer teams play at Gillette Stadium in nearby Foxborough, Massachusetts.

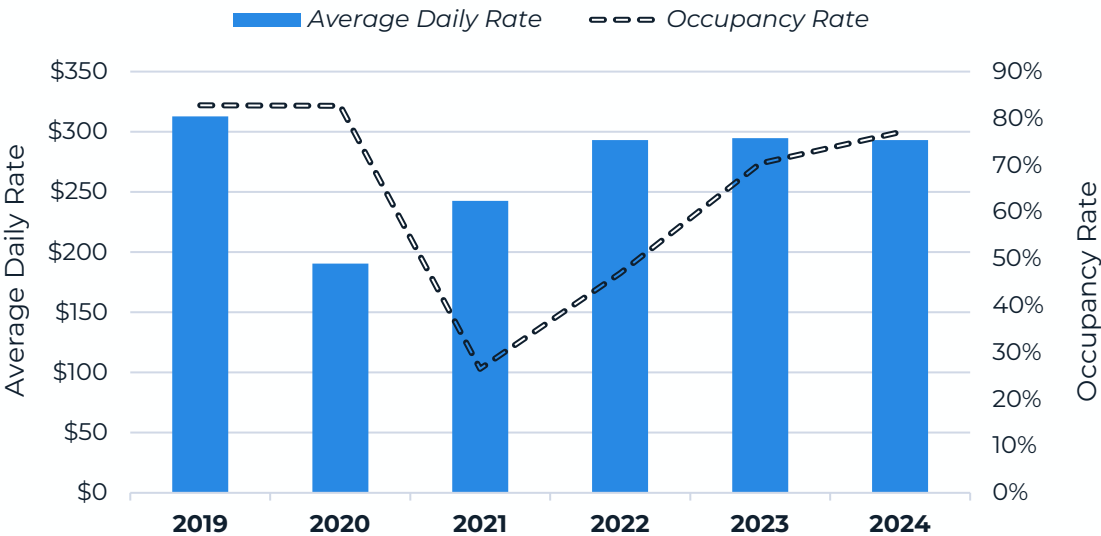
The New England Aquarium, Museum of Fine Arts, Isabella Stewart Gardner Museum, Institute of Contemporary Art, Boston Opera House, and many other cultural attractions bring in thousands of tourists each year. The city is also home to venues for concerts, ice shows, and other entertainment performances as well as street festivals and parades in its neighborhoods and parks.

*Hotels*

Tourism is a large Boston industry that supported approximately 59,000 Accommodation and Food Services payroll jobs in 2023, 8.6% of Boston’s total jobs. The hotel industry provided 10,458 jobs in Boston in 2023, down from 11,609 in 2018.

As of January 2024, Boston had 94 hotels with 24,038 rooms in establishments with 50 or more rooms. This is a substantial increase from the 22,524 rooms available just five years ago. During the pandemic, the average occupancy rate of Boston hotels fell from 82.7% to 26.5%. Average daily occupancy has improved each year, with the hotel industry recording its best average occupancy rate, 77.2%, since the pandemic in 2024.

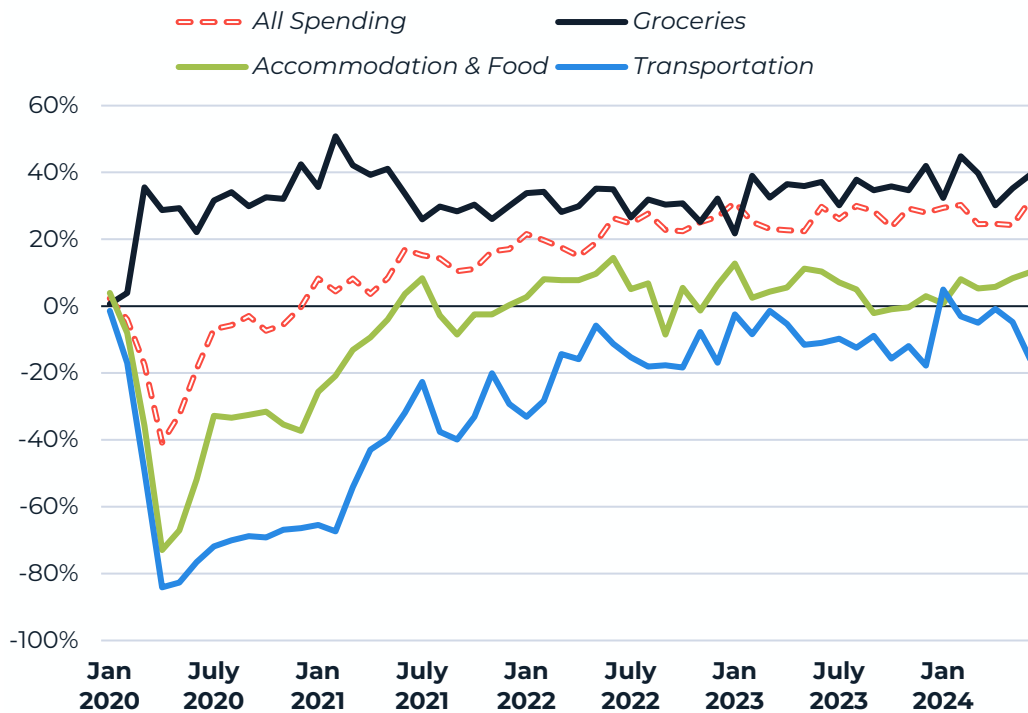
**Figure 7: Boston Average Daily Rate and Room Occupancy, 2019-2024,  
Pinnacle Advisory Group and BPDA Research Division**



## Consumer Spending

Consumer spending has experienced dramatic shifts over the past five years. From a baseline in January 2020, overall consumer spending by Boston residents experienced pronounced shifts in the wake of the COVID-19 pandemic, with most categories recovering to pre-pandemic levels by 2023 (See Figure 8). As the pandemic eased and regular business operations returned, so did consumer spending. Subsequent price inflation trends have also pushed the cost of goods higher and contributed to elevated spending levels. Transportation spending remains at or below January 2020 levels due in part to increased remote work schedules. For additional detail on inflation, see the “Revenue Estimates and Analysis” chapter.

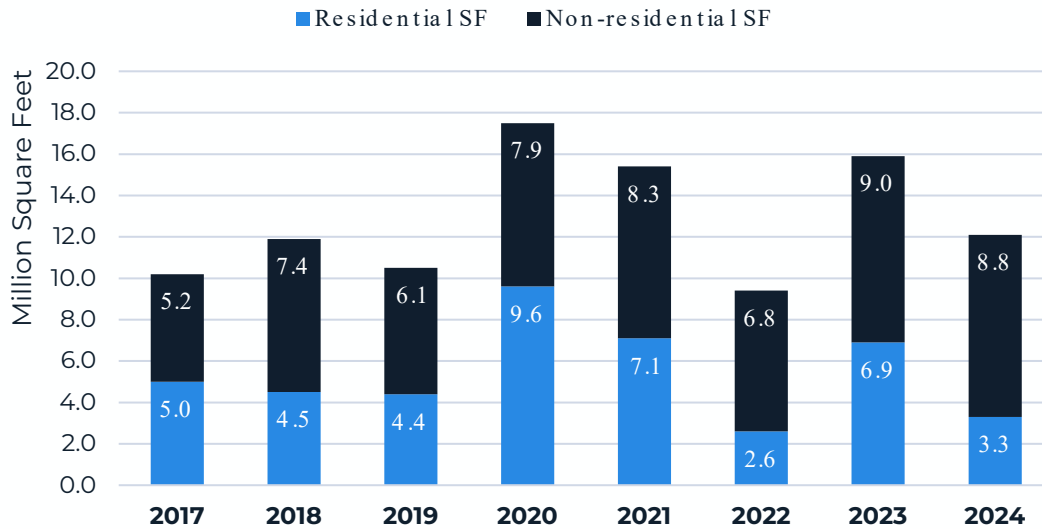
**Figure 8: Indexed Consumer Spending to January 2020, January 2020–June 2024, Opportunity Insights Economic Tracker**



## REAL ESTATE

The COVID-19 pandemic, supply chain disruptions, and subsequent price inflation and high interest rates have all affected the construction industry in recent years. Despite these disruptions and economic headwinds, the pipeline of real estate development has remained strong. In 2024, the BPDA board approved 12.1 million square feet of new development (see Figure 9).

**Figure 9: Total Square Feet Approved, 2016–2023,  
in millions, BPDA Research Division**



## Housing

The housing market is a spur for many industries and serves as a barometer of economic health overall. New investments encourage affordability while also contributing to the City’s property tax base.

Across Boston’s housing stock, nearly two thirds of occupied units in Boston are classified as rentals. In 2024, the median rent was \$2,800 per month. This figure is flat relative to 2023 and an 8% increase from 2022. Rental rates can vary substantially between neighborhoods. In 2024 the West End was Boston’s most affordable neighborhood with a median monthly rent of \$2,450 and the South Boston Waterfront was the most expensive at \$3,364 per month.

Higher interest rates have negatively affected real estate sales. Turnover in single family homes increased slightly in 2024, 4% increase relative to 2023, but are still 24% below 2022 levels. Condo sales were 4% lower year-on-year and 27% lower than 2022. Despite the slack in sales, homeowners have also experienced value increases. The median sales price of a single-family home was \$800,000 in 2024, a 5% increase from 2023. Likewise, the median price of a condo increased to \$745,000, 3% higher than 2023.

With appreciating home values, the production of new affordable housing has been a priority for the City. In 2024 the BPDA board approved 3,575 residential units, adding to the more than 32,000 units approved since 2019. Approximately a third of the approved units in 2024 are income-restricted.



## **Office Market**

As of the fourth quarter of 2024, Boston contained 69.3 million square feet of office space. Downtown, which includes the Financial District, remains Boston's largest commercial office market with nearly 40 million square feet of office space, followed by Back Bay with 13 million square feet, and the South Boston Waterfront with almost 10 million square feet.

Prior to the COVID-19 pandemic, Boston experienced job growth in industries such as professional and scientific services, and finance and insurance, which increased the demand for office space. During the pandemic, many office workers began working from home, with most continuing a hybrid schedule as the pandemic abated. Census estimates in 2023 suggested that 18% of Bostonians exclusively worked from home, a fourfold increase from 2019.

As existing commercial office leases have expired, some tenants have renewed with smaller footprints. This, in combination with new office developments hitting the market and reduced demand, has led to increased vacancy rates in the commercial office market. According to Jones Lang LaSalle (JLL) data, vacancy rates reached 11.6% in the South Boston Waterfront, and 20% in Downtown as of the fourth quarter of 2024. Average commercial vacancy stood at 17.4% citywide, a 1-percentage point increase from 2023. Average asking rents in the fourth quarter of 2024 stood at \$66 per square foot, only \$4 below pre-pandemic levels.

To partially address lagging commercial demand and robust residential demand, the BPDA and the Mayor's Office of Housing announced a conversion incentive program to transform underutilized commercial space into residential space. Applications for this program were open through June 2024 and conversion work began in 2025.

## **Life Science and Technology Industry**

The Greater Boston lab and life science market has continued to rank first across the nation in JLL annual reports since 2012. Record low vacancy rates in life sciences facilities during the pandemic fueled new lab space development. New availability has resulted in higher vacancy rates. At the end of 2024, vacancy rates stood at 18.6%. Asking rents stood at \$95 per square foot, well above the office market rate. This is largely due to the highly specialized fit-outs of laboratory floor plans.

While availability remains high, investment in lab space continues to be an area of strength. As of September 2024, 4.7 million square feet of lab space under construction with an additional 16 million square feet approved but not permitted. In 2024, the BPDA board approved 11 lab space projects for a net increase of 4 million square feet. These developments stretch across several neighborhoods including: Allston, Brighton, Charlestown, Downtown, Fenway, South Boston, South End, and the South Boston Waterfront.

