What Is the Cost of Living in Boston?

Here is what it takes to afford to buy, rent and live in the capital of Massachusetts.

By Dima Williams, Contributor | Dec. 20, 2019, at 10:44 a.m.


This is only a snippet of the more than 60 colleges and universities Google delivers in a search for higher-education institutions within Boston's metropolitan area.

Then, there are health care facilities — 15 of them in Boston proper alone.

With their renown, the educational and medical industries thriving in Massachusetts’s capital, among other enterprises, draw a horde of professionals, many from abroad. By 2030, Boston's mayoral office predicts that more than 700,000 people will reside in the city.

What is perhaps even more astounding is that these city dwellers will occupy a land area of less than 50 square miles, living in the nation's second-smallest city, geography-wise, after San Francisco, according to a 2018 report by the Boston Planning and Development Agency.
To bring matters to an even more miniscule scale, nearly half of Boston's parcels are for public and institutional use. In a historic, densely mapped-out city, housing carves out less than 40% of the tracts.

To put that in perspective, over 88% of San Francisco's real estate carries residential designation, according to the city's appraiser.

The combination of a limited housing stock and a flourishing job market boosts the cost of living in Boston. In 2018, the Boston Planning and Development Agency ranked the metro area the fourth least affordable in the country behind San Francisco, Seattle and New York for cost of living.

Here's what you can expect to pay while living in Boston:

- $597,000 is the median home value in Boston, according to Zillow.
- $2,400 is the median monthly payment for a mortgage, property taxes and utility bills in the city, according to the U.S. Census Bureau.
- $2,450 is the median rent for a one-bedroom apartment, according to Zumper.
- $9,000 may be what you have to pay in up-front costs for an apartment, including the application fee, security deposit and broker's fee.
- $600 per month is what parking costs in some downtown areas of the city.
- 6.25% is the sales tax in Boston, lower than many other large cities.

The True Cost of Living in Boston

Resting on the 27th spot in U.S. News' Best Places to Live rankings for 2019, Boston charms with its New England allure, fostered by a long history that has left its mark on anything from lifestyle to the city's real estate. At the same time, the city is a hub for innovation that attracts highly educated, highly paid professionals.

According to the U.S. Census Bureau's 2018 American Community Survey, the median household income in Boston, amounts to a little under $72,000, a number greater than the nation's median.

Yet, “higher income levels in the Boston metropolitan area are still not nearly enough to offset the region's extremely high housing prices,” the city's Planning and Development Agency states in its 2018 report on general statistics for the area.

The median home value in the city of Boston, according to Zillow, is nearly $597,000 as of the end of October 2019, and is expected to inch up by 2.3% in 2020. At the same time, the U.S. Census Bureau estimates that homeowners pay a median of nearly $2,400 per month in mortgage outlays and other costs such as property taxes and utility bills within the city of Boston. These financial obligations total $28,800 a year, which is 40% of the median household income.

The renter market offers no shelter away from Boston's extortionate housing. As of July 2019, the median rent for a one-bedroom apartment stood at $2,450 per month, according to a report by rental information company Zumper. A two-bedroom apartment commanded about $400 more.
Home Prices in Boston

“The Boston market is historically a very stable market,” says Ricardo Rodriguez, a real estate agent with Coldwell Banker Residential Brokerage in Boston. “We did see it during the last recession in which prices remained stable for years.”

Because a sizable swath of Boston bears historical landmark or protective designations, new construction has largely remained sluggish throughout the years, propping values up.

“There’s a limited new housing stock, which has caused a strong seller’s market to run its course over the last five or seven years,” says Nick Warren, founder and CEO of Warren Residential with Berkshire Hathaway HomeServices in Boston.

This year, however, parts of Boston’s residential real estate have slipped into what Warren calls “a transition into a neutral market.” In some neighborhoods, inventory is staying on the market for longer than just a couple of weeks and prices are cooling off from double-digit annual gains.

While condos dominate the housing market in the city, some of the most desirable and, thus, costly communities feature rows of classic brownstones. Some of those neighborhoods — where home values often exceed $1 million — are South End, Beacon Hill and Back Bay, Warren says.

A new-construction, high-end neighborhood on the rise is the Seaport District in south Boston, where average prices run about $3 million, Rodriguez says. The area flaunts commercial buildings, office spaces and residences close together, catering to Bostonians’ proclivity for a walkable lifestyle.

“That is where we are right now seeing some of the highest price points in terms of sales and in a price per square foot in the city,” Rodriguez says.

On the other end of the price spectrum lies Dorchester, Boston’s largest neighborhood, where condos sold for an average of $510,000 in the third quarter of 2019, according to a report put together by Warren Residential.

Affording a Home in Boston

“Boston is a very small city geographically, but it’s rich in terms of culture and lifestyle,” Rodriguez says. “Yet, there are very striking cultural differences between neighborhoods that are next to each other. So, I think that is important for people to understand.”

Rodriguez advises homebuyers to reflect on the lifestyle they yearn for alongside assembling a budget. Because prices may dramatically differ in disparate city communities as well as in the surrounding towns, those looking to purchase should have a methodical approach rather than “jumping into something in a more random matter,” Rodriguez says.

Renting in Boston, a city crawling with students seeking temporary housing, comes with its own caveats. Warren recommends hiring a broker or a real estate agent who can introduce renters to landlords who eschew advertising online.

“There are really good landlords who don’t allow people to come directly to them,” Warren says. “If someone’s trying to shop on their own, they’re missing a lot of the inventory if they’re not working with a pretty good real estate agent.”

Most renter stock changes hands on Sept. 1, but Warren suggests inking a deal earlier (a good time to start looking is June) in order to avoid the heightened demand at the start of each fall semester.

Aside from being quite competitive, securing a lease can also be expensive. To consider and vet a renter, a landlord would often request a fee worth one month’s rent. Once approved, a tenant needs to pay a security deposit composed of the first and last month of rent as well as a broker’s fee, which equates a month of rent. At the end, the upfront costs of renting a median-priced, one-bedroom unit can reach up to $9,000.

Renters with rickety credit scores — especially if they are below 680, Warren says — may need guarantors as well.
Other Costs of Living

Because of its limited land mass – which contributes to the city’s walkability – Boston may slim the wallets of car owners. Parking spots are few and at a premium.

“One of the things a lot of people don’t realize is how expensive parking can be in Boston,” Warren says, adding that in some downtown areas it can fetch up to $600 per month.

That is why, Warren says, Boston transplants tend to discard their vehicles for the city’s public transportation.

According to tax information firm Avalara, Boston has a sales tax of 6.25%, levied by the state. The rate is lower than in cities such as San Francisco, Seattle, Chicago and New Orleans.