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NH CIBOR president's message: Statistical update - by Joe Friedman

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Here's a statistical update on the commercial real estate markets in in the U.S. and the metro market of Manchester.

Nationally, office occupancy fell by 2.3 million s/f compared to 3 months ago, after rising in the second quarter. From 2020 Q2 to date, 131.4 million s/f of office space has become unoccupied. The vacancy rate is at 12.6%. The average asking rent is down by 0.5%. 139.8 million s/f is under construction, equivalent to 1.7% of the current office inventory. Some of the ongoing construction will add to vacant space so expect vacancy rates to remain over 10% in 2022. Cap rates decreased to 6.8%. In New Hampshire the vacancy rate was 9.8% on an inventory of 19.62 million s/f. In the last 12 months there was 90,111 s/f of leasing and minus 345,471 s/f of absorption. Cap rates average 8.7%

In the national industrial market, occupancy increased by 125 million s/f compared to three months ago, with a total of 670 million s/f of industrial space absorbed since 2020 Q2. The vacancy rate has fallen to 4.4%, the lowest rate among the core commercial markets. The average asking rent per s/f rose 7.2%. The acceleration of e-commerce sales is bolstering the demand for industrial warehouses and distribution centers. 449.5 million s/f is under construction, equivalent to 2.6% of current inventory. Cap rates rose to 6.7% (7.1% in 2020 Q1). In New Hampshire the vacancy rate was 5.9% on an inventory of 42.6 million s/f. In the last 12 months there was 587,985 s/f of leasing and minus 62,973 s/f of absorption. Average asking rents increased 7.3% to \$8.90 per s/f. There are 327,318 s/f under construction. Cap rates average 5.7%.

Nationally in the retail property market, 15.1 million s/f became occupied compared to three months ago, with total net absorption of 47.1 million s/f since 2020 Q2. The vacancy rate is at 4.7%. The average asking rent rose 2.5%. There are 50.1 million s/f under construction, down from 60.8 million in 2020 Q1. This is just 0.4% of the inventory of retail space. Cap rates dropped to 6%. In New Hampshire the vacancy rate was 2.5% on an inventory of 28.73 million s/f. In the last 12 months there was 131,639 s/f of leasing and 405,498 s/f of absorption. Average asking rents increased 0.4% to \$17.30 per s/f.

Nationally, multifamily asking rents continue to soar, rising to 11.4% year-over-year, a new high for rent growth. Occupancy increased by 101,223 units compared to three months ago, with a total increase in units occupied by 1.05 million units since 2020 Q2. The vacancy rate is at 4.6% (6.7% in 2020 Q1). As of 2021 Q3, there were 644,690 apartment units under construction, equivalent to 3.6% of the current inventory of apartment units. However, the level of units under construction is down from 719,272 units in 2020 Q1 (pre-pandemic). Cap rates rose to 5.2%.

This information is from the National Association of Realtors ("NAR") and their chief economist Lawrence Yun. The NAR includes the greater Nashua market as part of the Boston-Cambridge market. Overall, the Boston-Cambridge market is even stronger than New Hampshire. More detailed information can be found on NAR's website.

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