

**September 2023 | Market Update**

# **Greater Boston**

Office | Commercial Real Estate



**Atlantic Commercial**  
Real Estate, LLC

## Overview | Office Leasing

- The pace of downsizing is accelerating in Boston, sending net absorption further into negative territory as we move through 2023.
- Over the past year, almost 500,000 SF of space has returned to the market, helping to drive vacancy to 11.0%, a 10-year high.
- As in most markets, office utilization is the key issue, still sitting at 50% of pre-pandemic levels.

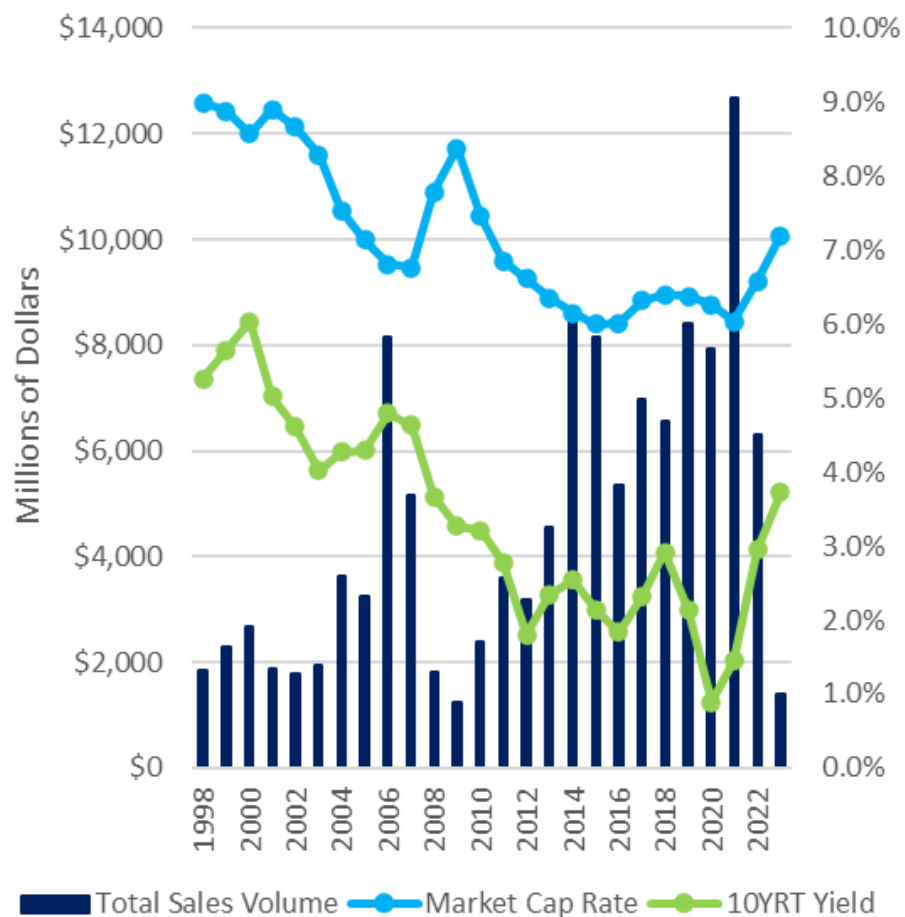
## Important Figures:

Market Cap Rate	<b>7.0%</b>
Change from Last Quarter	<b>+20 bps</b>
Change from Last Year	<b>+60 bps</b>
Median PSF Sale Price YOY	<b>\$211</b>
Average PSF Sale Price YOY	<b>\$444</b>
Vacancy Rate	<b>11.0%</b>
Market Rent (SF/YR)	<b>\$41.60</b>
YOY Rent Growth	<b>0.2%</b>
YOY Net Absorption (SF)	<b>(947K)</b>
YOY Delivery (SF)	<b>6.1M</b>
Under Construction (SF)	<b>18,272,598</b>



# Office

## Investment Sales Volume, Market Cap Rates & Ten Year Treasury Yields (Annual)



Source: Atlantic Commercial Real Estate, LLC, Federal Reserve Bank of St. Louis & CoStar

## Overview | Office Investment Sales

- After peaking above \$12 billion in 2021, transaction activity has declined steadily as the cost of capital moved higher.
- In the first half of 2023, just \$1.3 billion in assets traded, putting the market on pace to see the lowest level of investment in more than a decade.
- The life sciences sector remains the market's key driver, albeit at significantly reduced volumes.



## Office

### Notable Sale Comparables:



#### **70 Federal Street | Boston**

Property Type: Class A Office

Property Size: ±65,031

Sold Price: \$630/SF (August 2023)





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