

September 2023 | Market Update

Greater Boston

Retail | Commercial Real Estate



Atlantic Commercial
Real Estate, LLC

Overview | Retail Leasing

- While headwinds have gathered strength for the U.S. consumer, little weakness is apparent in Boston's retail market, which remains one of the tightest of the major markets nationally.
- The availability rate of 3.2% reflects both standout demand and a lack of speculative development.
- With just 200,000 SF of space underway remaining available, and a long list of tenants vying for it, fundamentals are expected to remain solid even as a recession looms.

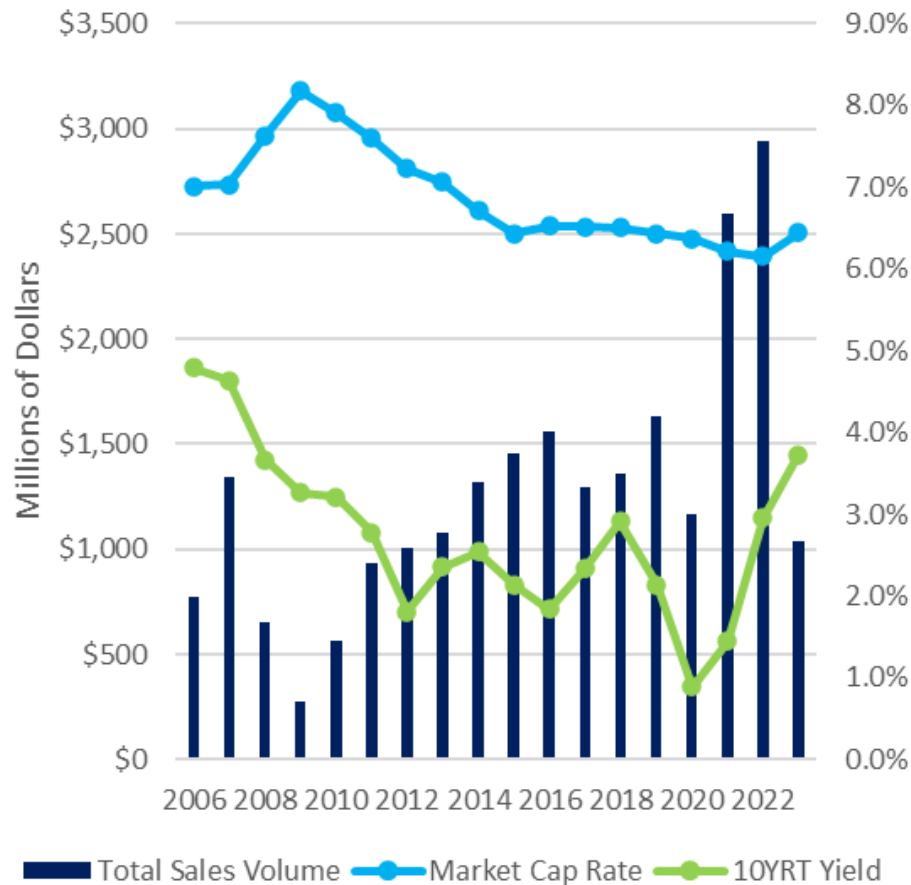
Important Figures:

Market Cap Rate	6.3%
Change from Last Quarter	+10 bps
Change from Last Year	+10 bps
Median PSF Sale Price YOY	\$257
Average PSF Sale Price YOY	\$260
Vacancy Rate	2.5%
Market Rent (SF/YR)	\$26.49
YOY Rent Growth	0.9%
YOY Net Absorption (SF)	805K
YOY Delivery (SF)	595K
Under Construction (SF)	661,517



Retail

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



Overview | Retail Investment Sales

- A third-consecutive year of record retail sales volume in Boston is almost unimaginable following a marked deceleration in the first half of 2023.
- Elevated interest rates appear to have finally depressed capital markets, and expectations are growing for 2023 to be one of the lightest investment years in a decade.



Retail

Notable Sale Comparables:



60-75 Mystic Avenue | Somerville

Property Type: Mall
Property Size: ±391,409 SF
Sold Price: \$160/SF (July 2023)



11 Newbury Street | Boston

Property Type: High Street Retail
Property Size: ±15,810,000
Sold Price: \$1.6K/SF (July 2023)



450 Paradise Road | Swampscott

Property Type: High Street Retail
Property Size: ±65,268
Sold Price: \$345/SF (July 2023)





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