

September 2023 | Market Update

Greater Boston

Industrial | Commercial Real Estate



Atlantic Commercial
Real Estate, LLC

Overview | Industrial Leasing

- Demand for industrial space has slowed notably in recent quarters, which has helped to drive Boston's vacancy rate up from last year's historic low.
- Availability will expand significantly this year with about 2 million SF of space underway likely to come on line, fully available by year end.
- Market vacancy, in turn, could hit 6% by year-end.

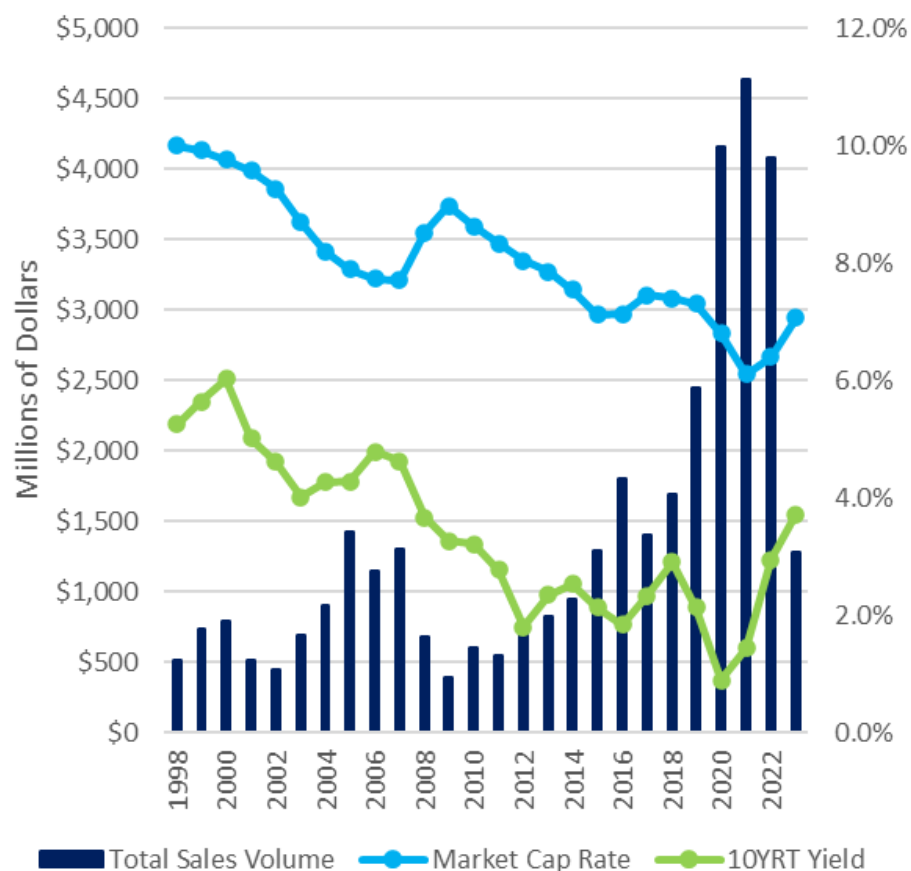
Important Figures:

Market Cap Rate	6.8%
Change from Last Quarter	-10 bps
Change from Last Year	+60 bps
Median PSF Sale Price YOY	\$156
Average PSF Sale Price YOY	\$222
Vacancy Rate	4.9%
Market Rent (SF/YR)	\$15.17
YOY Rent Growth	6.8%
YOY Net Absorption (SF)	(319K)
YOY Delivery (SF)	2.9 M
Under Construction (SF)	8,139,076



Industrial

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



Overview | Industrial Investment Sales

- With debt costs climbing and the banking industry buckling down, investment in Boston's industrial market has continued to decelerate.
- Sales Transaction volume has declined consistently every quarter since Q2 of 2022.
- Around \$1 billion in assets traded in the first half of 2023, a five-year low.
- Activity was concentrated in Q1 of 2023, with sales volume down another 50% in Q2 of 2023.



Notable Lease Comparables:

250 Ballardvale Street | Wilmington

Property Type: High Bay Warehouse

Space Size: ±146,492

Tenant: Eversource Energy
(August 2023)



24 South Hunt Road | Amesbury

Property Type: High Bay Warehouse

Space Size: ± 400,000

Tenant: Munters Corporation
(August 2023)



Industrial

Notable Sale Comparables:



571 East 1st Street | Boston

Property Type: High Bay Warehouse
(Purchased to Redevelop)

Property Size: ±40,848

Sold Price: \$575/SF (August 2023)



6 Technology Drive | Andover

Property Type: Flex/Manufacturing

Property Size: ±138,400

Sold Price: \$185/SF (July 2023)





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