Greater Boston Investment Volume Increases by 10% Year-Over-Year

▲ $4.5 B
Q2 Boston Total Investment Volume[1]

▲ $1.3 B
Q2 Laboratory Investment Volume

▲ $99.0 M
Q2 Boston Cross-Border Inflow

Arrows indicate change in growth rate from same quarter in the previous year.
[1]All references to deal volume cited in this report are based on Real Capital Analytics transactional database, which includes single-asset and portfolio transactions and excludes development site transactions.

Executive Summary

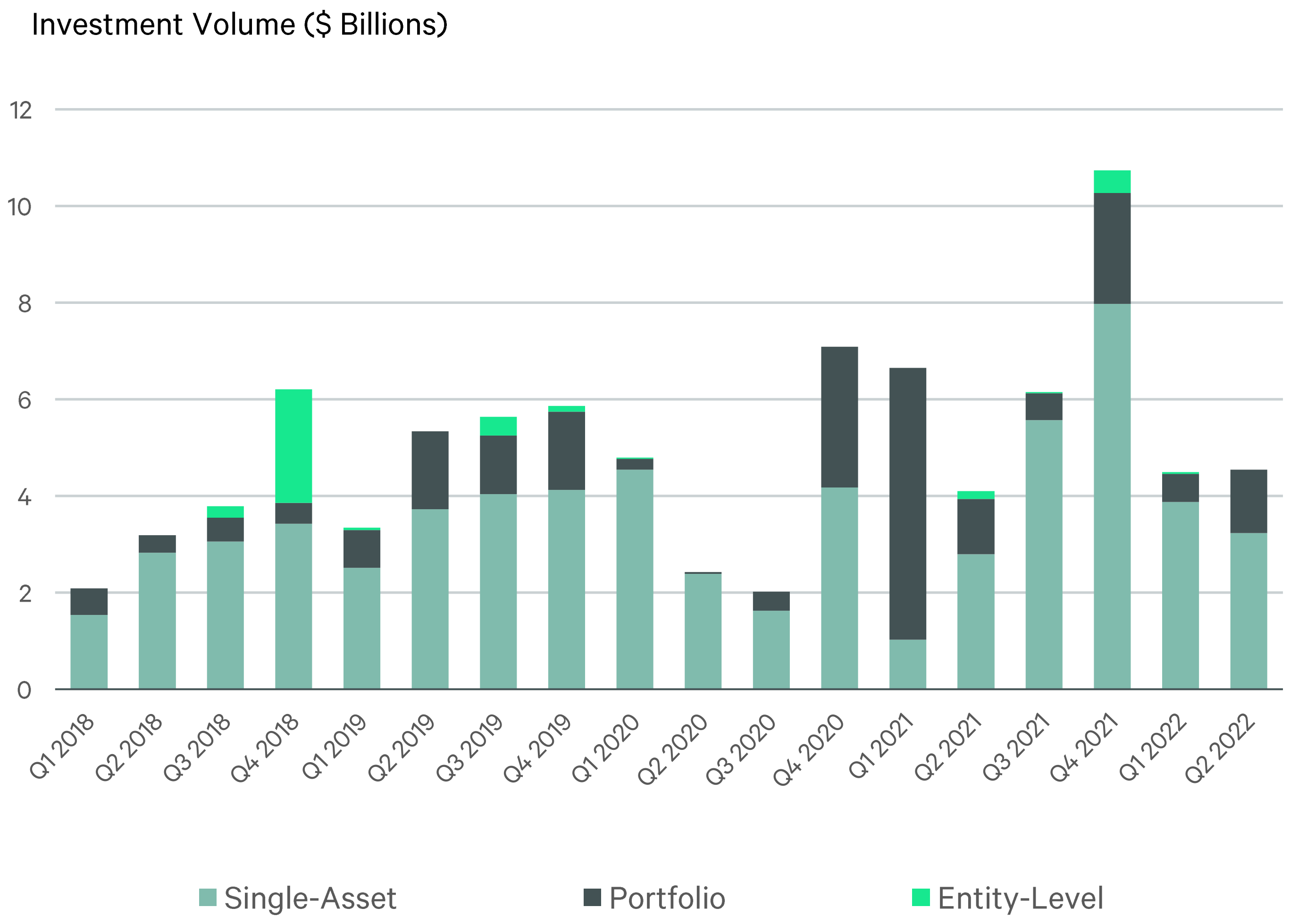
- Greater Boston commercial real estate investment volume of $4.5 billion in Q2 2022 brought the trailing four-quarter total to $25.9 billion.
- Multifamily led all sectors for investment volume in Q2 ($1.26 billion) followed by lab ($1.25 billion).
- Multifamily is the leading asset type thus far in 2022 ($2.46 billion) with lab close behind ($2.41 billion).
- Markets in the Core 128 corridor led the region for investment volume in Q2 2022 ($1.9 billion), roughly unchanged from one year ago, while the markets along the Core 495 corridor were second ($950 million) with a growth rate of 19%.
- Institutional buyers accounted for the most Q2 investment volume ($3.1 billion) and had the highest year-over-year growth rate at 69%.
- Cross-border investment in Greater Boston rose by 111% year-over-year to $99 million in Q2 2022.
- For the four quarters ending in Q2 2022, Norway was the largest source of foreign capital with $812 million, followed by Hong Kong with $448 million.
- For more CBRE capital markets insights, view the U.S. CBRE Capital Markets Report | Q2 2022.

Figure 1
Historical commercial real estate investment volume

- Boston commercial real estate investment volume increased by 10% year-over-year in Q2 to $4.5 billion.
- Trailing four-quarter volume totaled $25.9 billion.
- Portfolio investment volume rose by 13% year-over-year in Q2.
- Elevated borrowing costs led to no entity-level deals being recorded in Q2.

Assessment

- Investment confidence remained strong in Boston through 2021 with quarterly volumes frequently exceeding pre-pandemic levels.
- Investment volume peaked in Q4 2021 before falling off in 2022.
- A downward trend in investment volume is likely to continue through the second half of 2022 as the global economy cools.



Note: Volume excludes development site transactions.
Source: CBRE Research, Real Capital Analytics, Q2 2022.

Figure 2
Greater Boston commercial real estate investment volume by sector, Q2 2022 vs. Q2 2021

- Multifamily led all sectors for investment volume in Q2 2022 with an 8% year-over-year increase in volume to $1.26 billion.
- Lab was the second most-preferred sector with $1.25 billion, up 325% from a year ago.
- Industrial was the third most-preferred sector with $806 million, down 30% from a year ago.

Assessment

- A variety of asset types attracted investment across the Greater Boston region with multifamily, lab, and office performing best in markets nearest to Boston's urban core and industrial performing best in the Core 495 and Worcester markets.
- Retail investment had a strong Q2 2022, attracting significant YoY increases in capital in every market except Worcester and Boston CBD and had the highest trailing four-quarter average growth rate among all asset types with 131%.

	Total ($ billions)				Total ($ billions)			
	Q2 2022	Q2 2021	Change (%)	Market Share (%)	Trailing 4 QTRs ending Q2 '22	Trailing 4 QTRs ending Q2 '21	Change (%)	Market Share (%)
All Types of Investment								
Multifamily	1.26	1.17	7.7	27.8	5.93	3.47	71.1	22.9
Industrial	0.81	1.15	-29.7	17.7	4.50	4.12	9.2	17.4
Office	0.44	0.66	-32.5	9.8	5.30	6.02	-12.1	20.4
Lab	1.25	0.29	325.4	27.5	6.41	4.19	53.2	24.7
Retail	0.68	0.45	52.4	15.0	2.36	1.02	130.9	9.1
Hotel	0.08	0.39	-78.6	1.7	0.85	0.75	14.3	3.3
Other	0.02	0.01	70.5	0.5	0.58	0.30	94.2	2.2
Total	4.54	4.10	10.8	100.0	25.93	19.86	30.6	100.0

Note: Total for All Types includes single-asset and portfolio transactions. Some numbers may not total due to rounding.
Source: CBRE Research, Real Capital Analytics, Q2 2022.

Figure 3
Boston CBD commercial real estate investment volume, Q2 2022 vs. Q2 2021

- Lab properties led all sectors for investment volume in Q2 2022 with nearly $700 million, or over 90% of the quarterly total.
- Retail was the second most-preferred sector with $41.6 million.

	Total ($ millions)				Total ($ millions)			
	Q2 2022	Q2 2021	Change (%)	Market Share (%)	Trailing 4 QTRs ending Q2 '22	Trailing 4 QTRs ending Q2 '21	Change (%)	Market Share (%)
All Types of Investment								
Multifamily	9.23	2.75	235.7	1.2	445.67	37.25	1,096.4	11.9
Industrial	0.00	0.00	N/A	0.0	0.00	317.86	N/A	0.0
Office	14.00	347.70	-96.0	1.8	1,056.25	634.24	65.0	28.0
Lab	693.84	0.00	N/A	91.5	1,760.09	1,963.65	-10.4	47.1
Retail	41.58	0.00	N/A	5.5	72.79	50.88	43.1	1.9
Hotel	0.00	142.00	N/A	0.0	409.76	255.00	60.7	11.0
Other	0.00	0.00	N/A	0.0	0.00	0.00	N/A	0.0
Total	758.66	492.45	54.1	100.0	3,734.56	3,258.88	14.6	100.0

Figure 4
Boston (Excl. CBD) commercial real estate investment volume, Q2 2022 vs. Q2 2021

- Multifamily led all sectors for investment volume in Q2 2022 with $132.0 million, a 499% year-over-year increase.
- Retail was the second most-preferred sector with $75.5 million, up substantially from the $3.8 million invested in Q2 2021.

	Total ($ millions)				Total ($ millions)			
	Q2 2022	Q2 2021	Change (%)	Market Share (%)	Trailing 4 QTRs ending Q2 '22	Trailing 4 QTRs ending Q2 '21	Change (%)	Market Share (%)
All Types of Investment								
Multifamily	131.98	22.03	499.2	59.7	150.13	153.99	-2.5	21.6
Industrial	0.00	59.19	N/A	0.00	133.76	177.49	-24.6	19.2
Office	0.00	26.38	N/A	0.00	13.00	323.87	-96.0	1.9
Lab	0.00	0.00	N/A	0.00	271.86	160.92	69.0	39.1
Retail	75.51	3.80	1,887.0	34.2	103.77	47.42	118.9	14.9
Hotel	0.00	0.00	N/A	0.0	0.00	0.00	N/A	0.0
Other	13.60	0.00	N/A	6.2	23.10	0.00	N/A	3.3
Total	221.09	111.39	98.5	100.0	695.63	863.68	-19.5	100.0

Note: Total for All Types includes single-asset and portfolio transactions. Some numbers may not total due to rounding.
Source: CBRE Research, Real Capital Analytics, Q2 2022.

Figure 5
Cambridge commercial real estate investment volume, Q2 2022 vs. Q2 2021

- Office led all sectors for investment volume in Q2 2022 with $297.8 million.
- Retail was the second most-preferred sector with $112.5 million, followed closely by multifamily with $107.4 million.

	Total ($ millions)				Total ($ millions)			
	Q2 2022	Q2 2021	Change (%)	Market Share (%)	Trailing 4 QTRs ending Q2 '22	Trailing 4 QTRs ending Q2 '21	Change (%)	Market Share (%)
All Types of Investment								
Multifamily	107.35	325.00	-67.0	20.7	337.79	340.00	-0.7	6.8
Industrial	0.00	0.00	N/A	0.0	271.00	49.60	446.4	5.4
Office	297.75	0.00	N/A	57.5	1,937.85	3,916.61	-50.5	38.8
Lab	0.00	0.00	N/A	0.0	2,327.60	452.04	414.9	46.6
Retail	112.48	4.20	2,578.0	21.7	112.48	64.30	74.9	2.3
Hotel	0.00	0.00	N/A	0.0	6.05	139.50	-95.7	0.1
Other	0.00	0.00	N/A	0.0	0.00	0.00	N/A	0.0
Total	517.58	329.20	57.2	100.0	4,992.77	4,962.05	0.6	100.0

Figure 6
Core 128 commercial real estate investment volume, Q2 2022 vs. Q2 2021

- Multifamily led all sectors for investment volume in Q2 2022 with $792.2 million, a 49% year-over-year increase.
- Industrial was the second most-preferred sector with $356.7 million, down 33% from one year ago.

	Total ($ millions)				Total ($ millions)			
	Q2 2022	Q2 2021	Change (%)	Market Share (%)	Trailing 4 QTRs ending Q2 '22	Trailing 4 QTRs ending Q2 '21	Change (%)	Market Share (%)
All Types of Investment								
Multifamily	792.22	532.18	48.9	42.4	2,680.11	1,823.95	46.9	31.9
Industrial	356.68	532.72	-33.0	19.1	1,6544.12	1,977.44	-16.4	19.7
Office	64.78	120.65	-46.3	3.5	1,099.64	710.79	54.7	13.1
Lab	300.10	283.72	5.8	16.1	1,314.31	1,173.44	12.0	15.6
Retail	289.90	246.14	17.8	15.5	1,084.05	498.84	117.3	12.9
Hotel	63.00	146.81	-57.1	3.4	258.35	166.37	55.3	3.1
Other	0.00	0.00	N/A	0.0	319.13	145.19	119.8	3.8
Total	1,866.68	1,862.22	0.2	100.0	8,409.72	6,496.02	29.5	100.0

Note: Total for All Types includes single-asset and portfolio transactions. Some numbers may not total due to rounding.
Source: CBRE Research, Real Capital Analytics, Q2 2022.

Figure 7
Core 495 commercial real estate investment volume, Q2 2022 vs. Q2 2021

- Industrial led all sectors for investment volume in Q2 2022 with $351.0 million, a 6% year-over-year increase.
- Lab was the second most-preferred sector with $253.3 million, up from $9.5 million in Q2 2021.

*Core 495 includes the Route 495 South, Mass Pike West, Route 2 West, Framingham/Natick, and Route 3 North markets.

	Total ($ millions)				Total ($ millions)			
	Q2 2022	Q2 2021	Change (%)	Market Share (%)	Trailing 4 QTRs ending Q2 '22	Trailing 4 QTRs ending Q2 '21	Change (%)	Market Share (%)
All Types of Investment								
Multifamily	222.65	221.34	0.6	23.4	1,593.72	938.28	69.9	29.2
Industrial	350.96	332.19	5.7	36.9	1,376.16	1,059.61	29.9	25.2
Office	62.10	146.15	-57.5	6.5	1,022.17	285.99	257.4	18.7
Lab	253.30	9.50	2,566.3	26.6	739.00	402.50	83.6	13.5
Retail	52.88	38.89	36.0	5.6	478.55	116.58	310.5	8.8
Hotel	8.55	39.70	-78.5	0.9	138.57	89.54	54.8	2.5
Other	0.00	12.50	N/A	0.0	113.25	118.03	-4.0	2.1
Total	950.48	800.26	18.8	100.0	5,461.43	3,010.54	81.4	100.0

Figure 8
Worcester commercial real estate investment volume, Q2 2022 vs. Q2 2021

- Industrial led all sectors for investment volume in Q2 2022 with $84.7 million, down 16% year-over-year.
- Hotels were the second most-preferred sector with $7.2 million, down 78% from one year ago.

*Worcester includes areas west of the Core 495 markets and parts of northeastern Connecticut.

	Total ($ millions)				Total ($ millions)			
	Q2 2022	Q2 2021	Change (%)	Market Share (%)	Trailing 4 QTRs ending Q2 '22	Trailing 4 QTRs ending Q2 '21	Change (%)	Market Share (%)
All Types of Investment								
Multifamily	0.00	7.69	N/A	0.0	372.53	61.69	503.9	26.0
Industrial	84.66	100.80	-16.0	87.0	704.56	234.08	201.0	49.2
Office	5.43	8.76	-38.0	5.6	93.92	115.10	-18.4	6.6
Lab	0.00	0.00	N/A	0.0	0.00	33.00	N/A	0.0
Retail	0.00	133.00	N/A	0.0	154.99	194.91	-20.5	10.8
Hotel	7.21	32.52	-77.8	7.4	12.93	45.11	-71.3	0.9
Other	0.00	0.00	N/A	0.0	92.38	8.60	974.2	6.5
Total	97.30	282.77	-65.6	100.0	1,431.31	692.49	106.7	100.0

Note: Total for All Types includes single-asset and portfolio transactions. Some numbers may not total due to rounding.
Source: CBRE Research, Real Capital Analytics, Q2 2022.

Figure 9
Southern New Hampshire commercial real estate investment volume, Q2 2022 vs. Q2 2021

- Retail led all sectors for investment volume in Q2 2022 with $109.0 million, a 418% year-over-year increase.
- Industrial was the second most-preferred sector with $13.7 million, down 89% from one year ago.

	Total ($ millions)				Total ($ millions)			
	Q2 2022	Q2 2021	Change (%)	Market Share (%)	Trailing 4 QTRs ending Q2 '22	Trailing 4 QTRs ending Q2 '21	Change (%)	Market Share (%)
All Types of Investment								
Multifamily	0.00	62.49	N/A	0.0	352.73	112.63	213.2	29.3
Industrial	13.65	121.47	-88.8	10.5	361.62	305.48	18.4	30.0
Office	0.00	8.23	N/A	0.0	76.95	30.39	153.2	6.4
Lab	0.00	0.00	N/A	0.0	0.00	0.00	N/A	0.0
Retail	109.00	21.03	418.4	83.6	354.36	49.62	614.1	29.4
Hotel	0.00	7.88	N/A	0.0	26.25	49.65	-47.1	2.2
Other	7.71	0.00	N/A	5.9	32.20	26.84	20.0	2.7
Total	130.35	221.08	-41.0	100.0	1,204.11	574.61	109.6	100.0

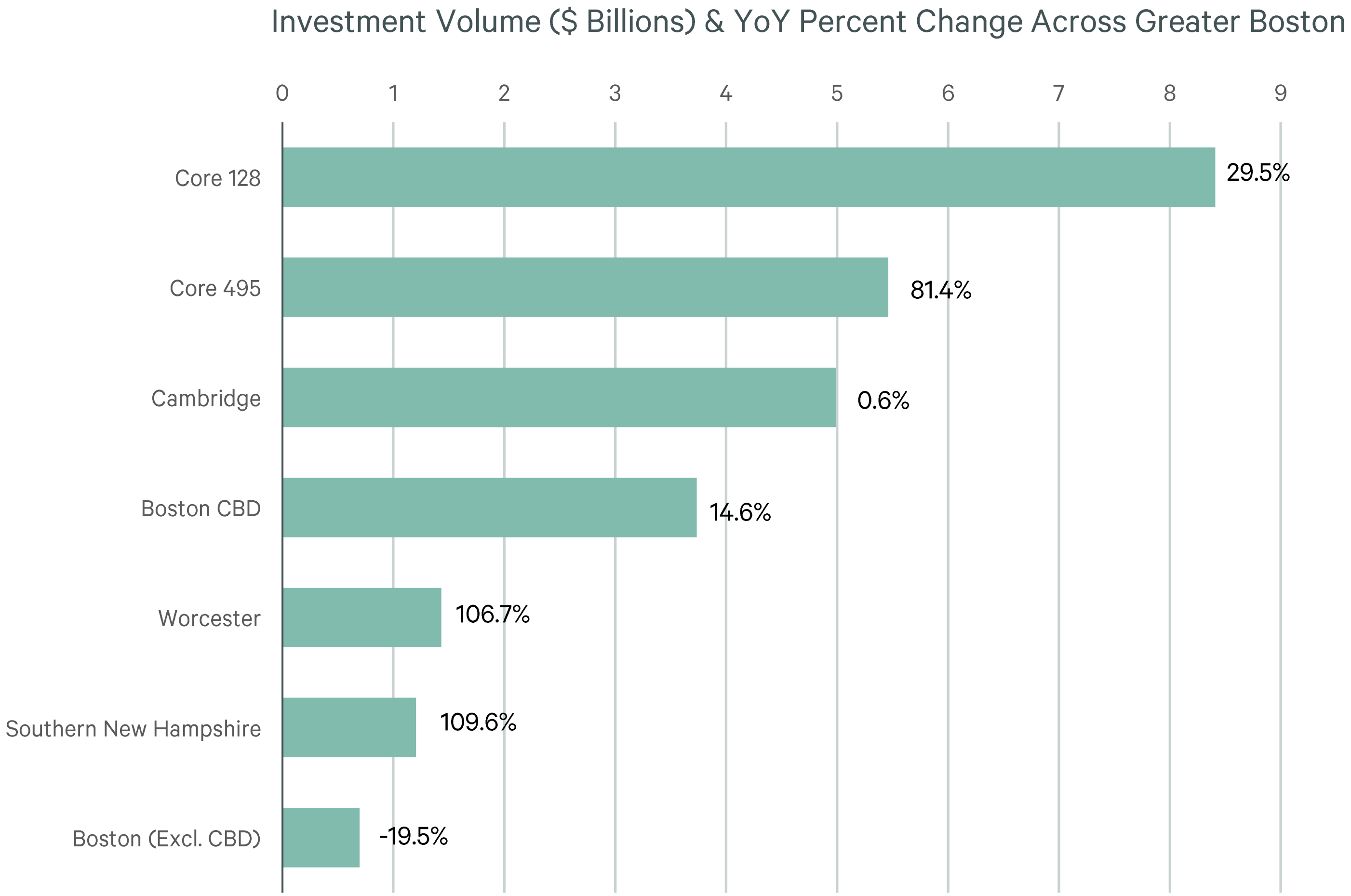
Note: Total for All Types includes single-asset and portfolio transactions. Some numbers may not total due to rounding.
Source: CBRE Research, Real Capital Analytics, Q2 2022.

Figure 10
Greater Boston investment volume & percent change (trailing four quarters ending Q2 2022)

- Core 128 markets led Greater Boston for investment volume over the past four quarters with $8.4 billion.
- Core 495 markets had the second-highest total of $5.5 billion.
- Cambridge rounded out the top three with $5.0 billion in investment volume.
- Worcester and Southern New Hampshire saw the largest increases in investment volumes YoY.

Assessment

- The City of Boston, outside of downtown and the seaport, was the only part of Greater Boston to experience a YoY decline in investment volume in Q2.
- The strongest growth in Greater Boston was seen at the edges of the metropolitan area in Worcester and Southern New Hampshire.
- Near-in suburban markets along Route 128 and in Cambridge accounted for just over 50% of total regional investment volume for the four quarters ending in Q2.



Note: Volume excludes development site transactions.
Source: CBRE Research, Real Capital Analytics, Q2 2022.

Figure 11
Investment volume by market & property type, year ending Q2 2022

Office Investment

Rank	Market	Volume ($m)	Growth (Y-o-Y)
1	Cambridge	1,938	-50.5%
2	Core 128	1,100	54.7%
3	Boston CBD	1,046	65.0%
4	Core 495	1,022	257.4%
5	Worcester	94	-18.4%
6	So. New Hampshire	77	153.2%
7	Boston (Excl. CBD)	13	-96.0%

Lab Investment

Rank	Market	Volume ($m)	Growth (Y-o-Y)
1	Cambridge	2,328	414.9%
2	Boston CBD	1,760	-10.4%
3	Core 128	1,314	12.0%
4	Core 495	739	83.6%
5	Boston (Excl. CBD)	272	69.0%
6	So. New Hampshire	0	N/A
7	Worcester	0	N/A

Industrial Investment

Rank	Market	Volume ($m)	Growth (Y-o-Y)
1	Core 128	1,654	-16.4%
2	Core 495	1,376	29.9%
3	Worcester	705	201.0%
4	So. New Hampshire	362	18.4%
5	Cambridge	271	446.4%
6	Boston (Excl. CBD)	134	-24.6%
7	Boston CBD	0	N/A

Multifamily Investment

Rank	Market	Volume ($m)	Growth (Y-o-Y)
1	Core 128	2,680	46.9%
2	Core 495	1,594	69.9%
3	Boston CBD	446	1,096.4%
4	Worcester	373	503.9%
5	So. New Hampshire	353	213.2%
6	Cambridge	338	-0.7%
7	Boston (Excl. CBD)	150	-2.5%

Retail Investment

Rank	Market	Volume ($m)	Growth (Y-o-Y)
1	Core 128	1,084	117.3%
2	Core 495	479	310.5%
3	So. New Hampshire	354	614.1%
4	Worcester	155	-20.5%
5	Cambridge	112	74.9%
6	Boston (Excl. CBD)	104	118.9%
7	Boston CBD	73	43.1%

Hotel Investment

Rank	Market	Volume ($m)	Growth (Y-o-Y)
1	Boston CBD	410	60.7%
2	Core 128	258	55.3%
3	Core 495	139	54.8%
4	So. New Hampshire	26	-47.1%
5	Worcester	13	-71.3%
6	Cambridge	6	-95.7%
7	Boston (Excl. CBD)	0	N/A

Note: Tables ranked by highest investment volume among Greater Boston Markets
Source: CBRE Research, Real Capital Analytics, Q2 2022.

Figure 12
Investment volume by buyer type, Q2 2022 vs. Q2 2021

- Private investors accounted for $3.1 billion or 69% of total Greater Boston investment volume in Q2.
- Inbound cross-border investment volume increased by 111% year-over-year in Q2 to $99 million.

Assessment

- Cross-border capital into Greater Boston totals $185 million for the first half of 2022, down 70% from H1 2021, reflecting the strength of the U.S. dollar.

	Volume ($ billions)			Market Share (%)	
	Q2 2022	Q1 2021	Change (%)	Q2 2022	Q2 2021
Private	0.99	1.86	-46.4	21.9	45.3
Institutional	3.11	1.48	110.4	68.5	36.1
Public Companies	0.27	0.61	-55.6	6.0	14.9
Cross-Border	0.10	0.05	110.6	2.2	1.1
Other*	0.06	0.11	-38.8	1.4	2.6
Total	4.54	4.10	10.8	100.0	100.0

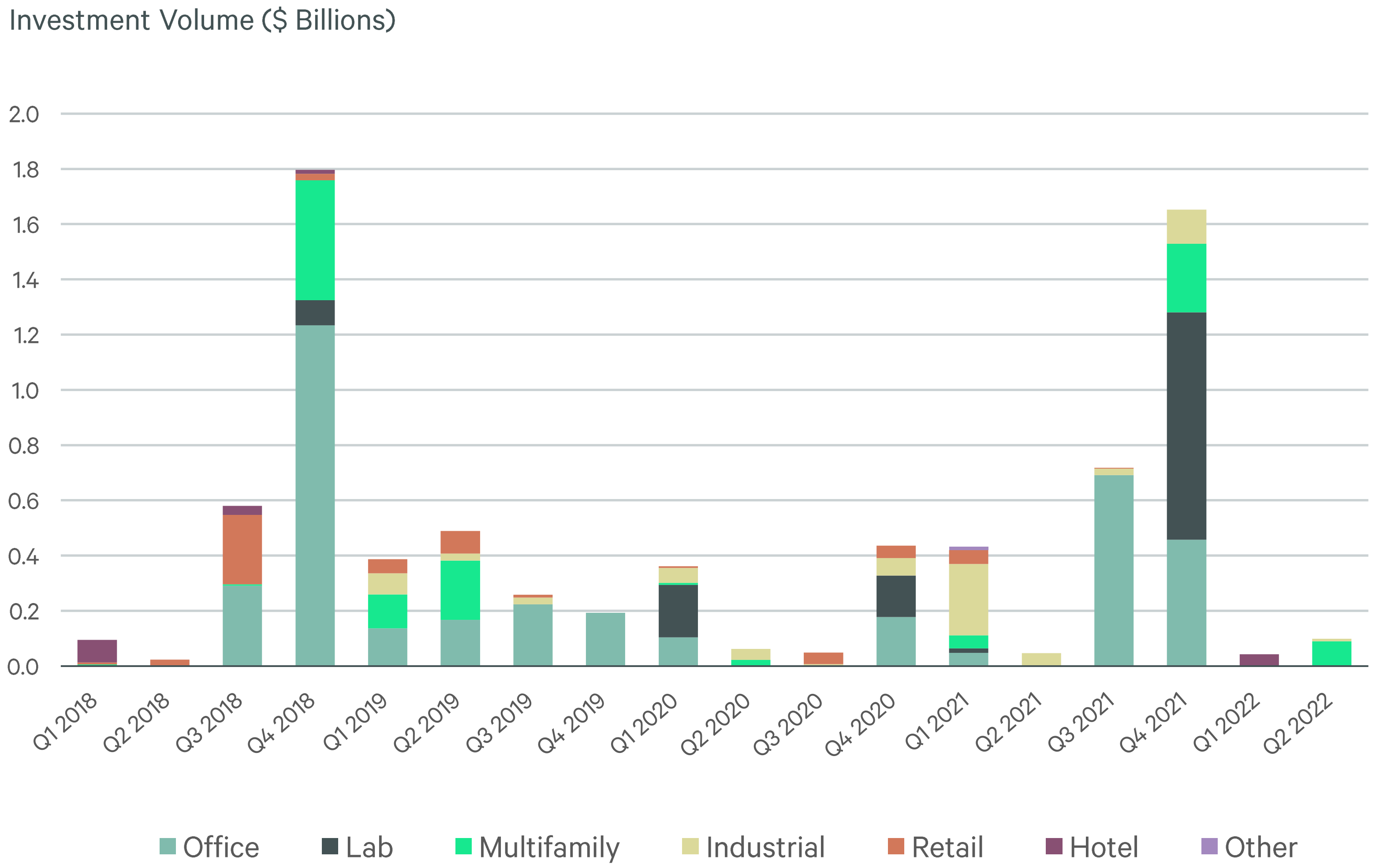
*Other = user, unknown, other types of investors.

Figure 13
Cross-border investment by property type: Greater Boston

- Multifamily was the leading sector for inbound cross-border investment into Greater Boston in Q2 with $90 million, followed by industrial with $9 million.

Assessment

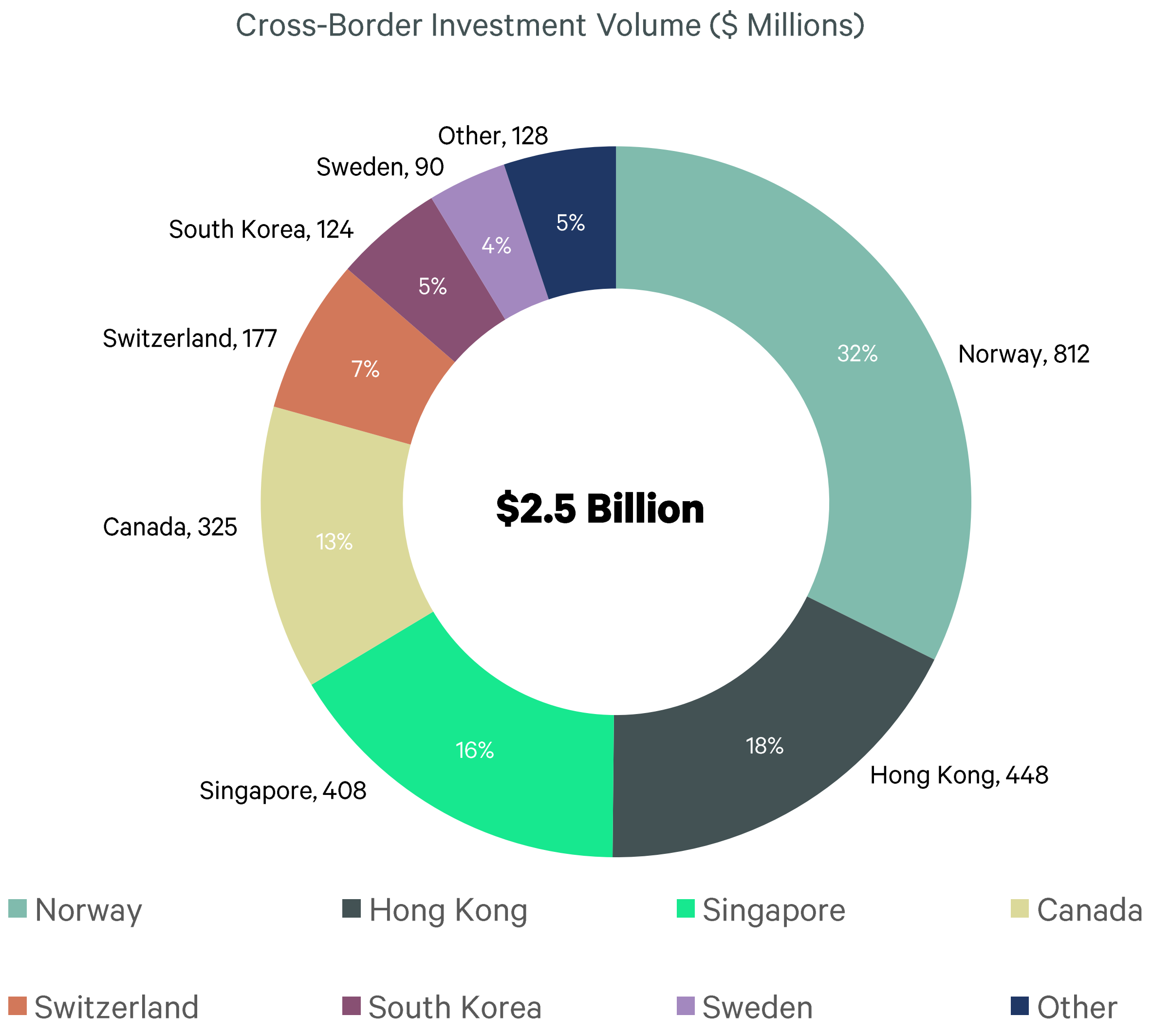
- Cross-border investment into the Boston region rebounded relatively quickly in late 2020 before experiencing an uneven 2021.
- No single property type consistently commands the greatest share of investment volume in Greater Boston quarter-over-quarter, though office and lab properties attracted commanding sums of investment volume in H2 2021.



Source: CBRE Research, Real Capital Analytics, Q2 2022.

Figure 14
Cross-border investment for all asset types by country of origin, trailing four quarters ending Q2 2022: Greater Boston

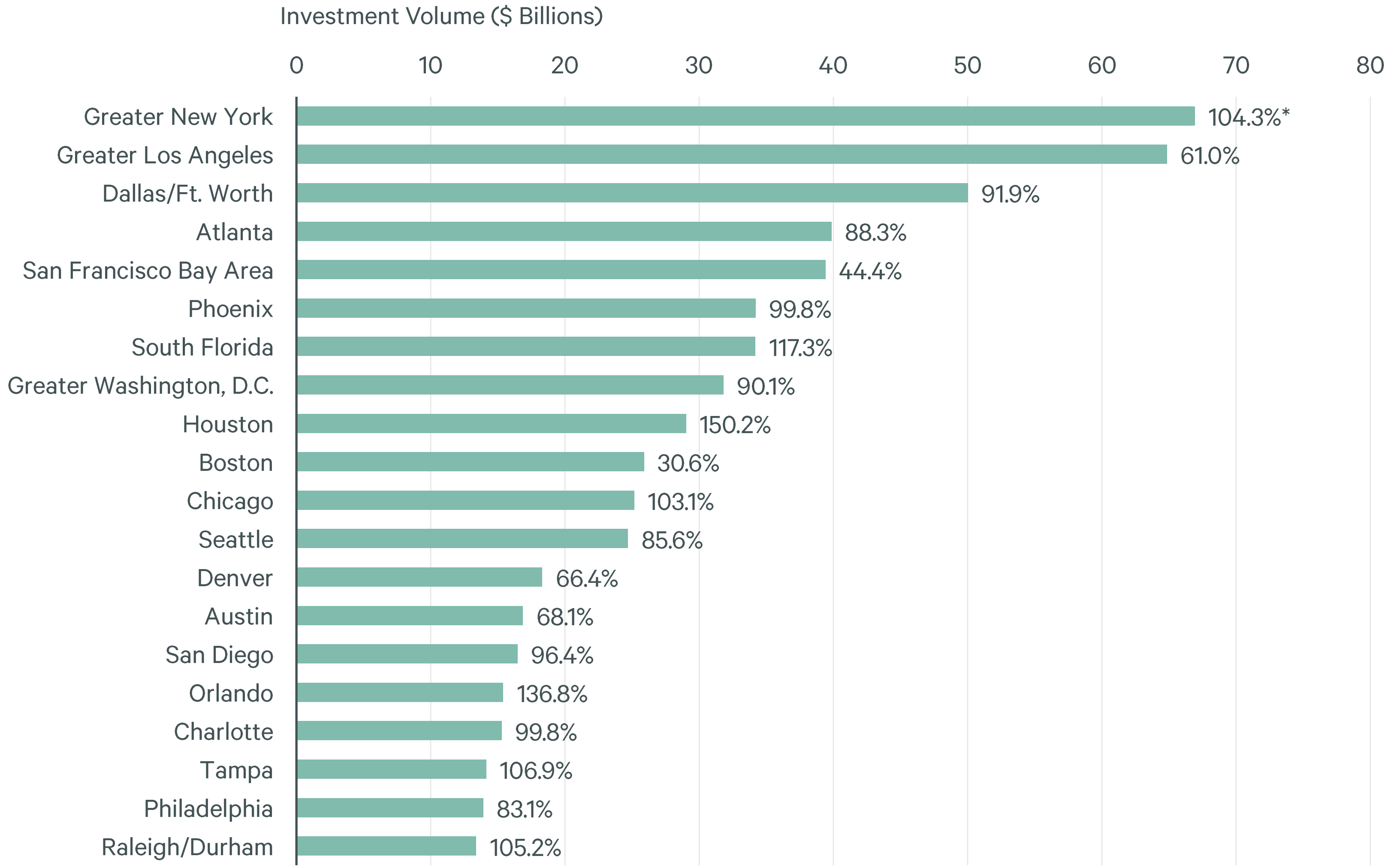
- Norway was the top country for inbound cross-border investment into Greater Boston $812 million or 32% for the trailing four quarters ending in Q2 2022.
- Hong Kong accounted for 18% of the total volume with $448 million followed distantly by Singapore with $408 million or 16%.



Source: CBRE Research, Real Capital Analytics, Q2 2022.

Figure 16
Top 20 markets for total investment volume (trailing four quarters ending Q2 2022)

- Boston was the tenth highest market for total investment volume over the past four quarters, reaching over $25 billion, but had the lowest growth rate for the trailing four quarters among major metros.



*Percentage change from trailing four quarter total in previous year.
Source: CBRE Research, Real Capital Analytics, Q2 2022.

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