

FIGURES | BOSTON CAPITAL MARKETS | Q4 2022

Greater Boston Investment Volume Decreases by 36% in 2022



Arrows indicate change from previous quarter. ¹All references to deal volume cited in this report are based on MSCI Real Assets transactional database, which includes single-asset and portfolio transactions and excludes development site transactions.

Executive Summary

- Greater Boston commercial real estate investment volume of \$3.2 billion in Q4 2022 brought the full-year total to \$17.9 billion.
- Multifamily led all sectors for investment volume in 2022 (\$5.3 billion) followed by lab (\$3.5 billion).
- Markets in the Core 128 corridor led the region for investment volume in 2022 (\$6.2 billion), down 25% from 2021 while the markets along the Core 495 corridor were second (\$3.8 billion), down 16% from one year ago.
- Private buyers accounted for the most Q4 investment volume (\$2.0 billion) but still saw a year-over-year contraction of 45%.
- Cross-border investment in Greater Boston fell by 91% year-over-year to \$154 million in Q4 2022 and 87% for the full year to \$385 million from 2021’s total of \$2.9 billion.
- For more CBRE capital markets insights, view the [U.S. CBRE Capital Markets Report | Q4 2022](#) and the [U.S. Real Estate Market Outlook for 2023](#).

Figure 1

Historical commercial real estate investment volume

- Boston commercial real estate investment volume fell by 70% in Q4 to \$3.2 billion.
- Trailing four-quarter volume totaled \$17.9 billion.
- Portfolio investment volume fell by 76% year-over-year in Q4.

Assessment

- After a record-breaking 2021, investment activity moderated in 2022 before falling off sharply in Q4 in the face of economic headwinds and rising interest rates.
- Investment activity is expected to remain subdued through the first half of 2023 before recovering towards the end of the year.

Investment Volume (\$ Billions)



Note: Volume excludes development site transactions.
 Source: CBRE Research, MSCI Real Assets, Q4 2022.

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

- Multifamily led all sectors for investment volume in 2022 with \$5.32 billion, up 4% from 2021.
- Lab was the second most-preferred sector with \$3.48 billion, down 62% from 2021.
- Industrial was the third most-preferred sector with \$3.27 billion, down 29% from a year ago.

Assessment

- Popular asset types such as industrial, office, and lab accounted for the steepest declines in investment activity while the recovering hotel and retail market notched improved 2021.
- Multifamily performed relatively strongly in most Greater Boston submarkets with nearly one-third of all investment activity flowing into the sector.
- Areas with greater asset class diversification, such as the Route 128 and 495 Corridors experienced a less severe contraction in investment activity.

	Total (\$ billions)				Total (\$ billions)			
	Q4 2022	Q4 2021	Change (%)	Market Share (%)	Year Ending Q4 '22	Year Ending Q4 '21	Change (%)	Market Share (%)
All Types of Investment								
Multifamily	0.97	1.71	-43.4	30.3	5.32	5.13	3.8	29.7
Industrial	0.38	2.00	-81.1	11.8	3.27	4.59	-28.8	18.2
Office	0.87	2.54	-65.7	27.2	2.34	5.87	-60.2	13.0
Lab	0.55	3.28	-83.1	17.4	3.48	9.10	-61.8	19.4
Retail	0.23	0.75	-68.7	7.3	2.03	1.93	5.6	11.3
Hotel	0.15	0.22	-28.0	4.9	1.12	0.76	46.8	6.3
Other	0.04	0.26	-86.2	1.1	0.36	0.44	-18.2	2.0
Total	3.19	10.74	-70.3	100.0	17.92	27.82	-35.6	100.0

Note: Total for All Types includes single-asset and portfolio transactions. Some numbers may not total due to rounding.
Source: CBRE Research, MSCI Real Assets, Q4 2022.

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

- Lab properties led all sectors for investment volume in 2022 with nearly \$908 million, down 61% from 2021.
- Office was the second most-preferred sector with \$536 million, down 67% from 2021.

	Total (\$ millions)				Total (\$ millions)			
	Q4 2022	Q4 2021	Change (%)	Market Share (%)	Year Ending Q4 '22	Year Ending Q4 '21	Change (%)	Market Share (%)
All Types of Investment								
Multifamily	26.80	60.24	-55.5	5.1	275.34	444.06	-38.0	13.3
Industrial	0.00	5.77	N/A	0.0	0.00	5.78	N/A	0.0
Office	502.60	959.72	-47.6	94.9	536.15	1,629.70	-67.1	25.9
Lab	0.00	720.60	N/A	0.0	908.49	2,299.17	-60.5	43.8
Retail	0.00	13.30	N/A	5.5	0.00	27.48	N/A	0.0
Hotel	0.00	176.76	N/A	0.0	352.00	318.76	10.4	17.0
Other	0.00	0.00	N/A	0.0	0.00	0.00	N/A	0.0
Total	529.40	1,936.38	-72.7	100.0	2,071.98	4,724.94	-56.1	100.0

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

- Multifamily led all sectors for investment volume in 2022 with \$453 million, a 488% year-over-year increase driven by a small number of high-value transactions.
- Retail was the second most-preferred sector with \$100 million, a 68% increase over 2021.

	Total (\$ millions)				Total (\$ millions)			
	Q4 2022	Q4 2021	Change (%)	Market Share (%)	Year Ending Q4 '22	Year Ending Q4 '21	Change (%)	Market Share (%)
All Types of Investment								
Multifamily	88.84	24.21	267.0	65.1	452.56	76.93	488.2	67.3
Industrial	27.78	88.60	-68.6	20.4	69.07	192.24	-64.1	10.3
Office	0.00	0.00	N/A	0.00	26.50	31.38	-15.5	3.9
Lab	0.00	0.00	N/A	0.00	0.00	271.88	N/A	0.0
Retail	10.03	18.74	-46.5	7.3	100.40	59.81	67.9	14.9
Hotel	0.00	0.00	N/A	0.0	0.00	0.00	N/A	0.0
Other	9.85	9.50	3.7	7.2	23.45	9.50	146.8	3.5
Total	136.50	141.05	-3.2	100.0	671.98	641.73	4.7	100.0

Note: Total for All Types includes single-asset and portfolio transactions. Some numbers may not total due to rounding.
 Source: CBRE Research, MSCI Real Assets, Q4 2022.

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

- Lab led all sectors for investment volume in 2022 with \$1.7 billion, down 64% from 2021.
- Multifamily was the second most-preferred sector with \$546 million, up 1% from 2021.

	Total (\$ millions)				Total (\$ millions)			
	Q4 2022	Q4 2021	Change (%)	Market Share (%)	Year Ending Q4 '22	Year Ending Q4 '21	Change (%)	Market Share (%)
All Types of Investment								
Multifamily	252.85	30.20	737.3	54.7	546.37	540.80	1.0	19.0
Industrial	5.60	199.00	-97.2	1.2	77.60	199.00	-61.0	2.7
Office	98.50	504.00	-80.5	21.3	446.40	1,779.66	-74.9	15.6
Lab	78.73	1,613.60	-95.1	17.0	1,661.36	4,649.23	-64.3	57.9
Retail	26.40	0.00	N/A	5.7	138.88	4.20	3,206.6	4.8
Hotel	0.00	0.00	N/A	0.0	0.00	38.05	N/A	0.0
Other	0.00	0.00	N/A	0.0	0.00	0.00	N/A	0.0
Total	462.08	2,346.80	-80.3	100.0	2,870.61	7,210.93	-60.2	100.0

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

- Multifamily led all sectors for investment volume in 2022 with \$1.8 billion, a 24% decrease from 2021.
- Industrial was the second most-preferred sector with \$1.3 billion, down 28% from 2021.

	Total (\$ millions)				Total (\$ millions)			
	Q4 2022	Q4 2021	Change (%)	Market Share (%)	Year Ending Q4 '22	Year Ending Q4 '21	Change (%)	Market Share (%)
All Types of Investment								
Multifamily	149.81	906.16	-83.5	13.7	1,804.56	2,386.04	-24.4	29.2
Industrial	161.10	642.40	-74.9	14.7	1,325.97	1,848.41	-28.3	21.4
Office	84.98	597.43	-85.8	7.8	733.20	1,347.91	-45.6	11.8
Lab	464.50	636.83	-27.1	42.5	728.83	1,302.60	-44.0	11.8
Retail	115.49	376.13	-69.3	10.6	930.59	946.68	-1.7	15.0
Hotel	94.35	22.00	328.9	8.6	523.92	177.36	195.4	8.5
Other	22.05	218.19	-89.9	2.0	140.29	250.65	-44.0	2.3
Total	1,092.27	3,399.13	-67.9	100.0	6,187.36	8,259.65	-25.1	100.0

Note: Total for All Types includes single-asset and portfolio transactions. Some numbers may not total due to rounding.
Source: CBRE Research, MSCI Real Assets, Q4 2022.

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

- Multifamily led all sectors for investment volume in 2022 with \$1.6 billion, a 43% increase over 2021.
- Industrial was the second most-preferred sector with \$1.1 billion, down slightly from \$1.2 billion in 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)			
	Q4 2022	Q4 2021	Change (%)	Market Share (%)	Year Ending Q4 '22	Year Ending Q4 '21	Change (%)	Market Share (%)
All Types of Investment								
Multifamily	326.30	498.93	-34.6	55.3	1,550.11	1,087.03	42.6	41.3
Industrial	100.45	557.17	-82.0	17.0	1,130.09	1,207.05	-6.4	30.1
Office	95.84	381.50	-74.9	16.2	378.41	940.16	-59.8	10.1
Lab	0.00	306.77	N/A	0.0	162.00	580.92	-72.1	4.3
Retail	32.92	186.08	-82.3	5.6	333.15	438.93	-24.1	8.9
Hotel	31.12	16.63	-87.2	5.3	121.68	132.21	-8.0	3.2
Other	3.80	30.63	-87.6	0.6	76.16	92.40	-17.6	2.0
Total	590.43	1,977.70	-70.1	100.0	3,751.60	4,478.70	-16.2	100.0

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

- Industrial led all sectors for investment volume in 2022 with \$376 million, down 45% from 2021.
- Retail was the second most-preferred sector with \$196 million, down 11% from 2021.

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

	Total (\$ millions)				Total (\$ millions)			
	Q4 2022	Q4 2021	Change (%)	Market Share (%)	Year Ending Q4 '22	Year Ending Q4 '21	Change (%)	Market Share (%)
All Types of Investment								
Multifamily	34.60	104.60	-66.9	23.3	148.30	301.42	-50.8	16.6
Industrial	54.00	385.61	-86.0	36.4	376.01	685.96	-45.2	42.2
Office	32.50	62.57	-48.1	21.9	61.46	95.14	-35.4	6.9
Lab	11.50	0.00	N/A	7.7	20.30	0.00	N/A	2.3
Retail	15.80	31.17	-49.3	10.6	196.27	220.35	-10.9	22.0
Hotel	0.00	0.00	N/A	0.0	52.93	45.11	17.3	5.9
Other	0.00	0.00	N/A	0.0	35.98	61.72	-41.7	4.0
Total	148.40	583.95	-74.6	100.0	891.25	1,409.70	-36.8	100.0

Note: Total for All Types includes single-asset and portfolio transactions. Some numbers may not total due to rounding.
Source: CBRE Research, MSCI Real Assets, Q4 2022.

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

- Multifamily led all sectors for investment volume in 2022 with \$543 million, an 87% increase over 2021.
- Industrial was the second most-preferred sector with \$290 million, down 36% from 2021.

	Total (\$ millions)				Total (\$ millions)			
	Q4 2022	Q4 2021	Change (%)	Market Share (%)	Year Ending Q4 '22	Year Ending Q4 '21	Change (%)	Market Share (%)
All Types of Investment								
Multifamily	89.75	88.13	1.8	38.3	543.13	290.44	87.0	40.1
Industrial	27.75	116.81	-76.2	11.9	290.21	454.28	-36.1	21.4
Office	54.10	30.33	78.4	23.1	155.71	45.42	242.8	11.5
Lab	0.00	0.00	N/A	14.1	0.00	0.00	N/A	0.0
Retail	33.00	120.11	-72.5	12.6	213.54	227.98	-6.3	15.8
Hotel	29.50	0.00	N/A	0.0	69.56	51.36	35.4	5.1
Other	0.00	0.00	N/A	0.0	83.00	24.50	238.9	6.1
Total	234.10	355.38	-34.1	100.0	1,355.15	1,093.97	23.9	100.0

Note: Total for All Types includes single-asset and portfolio transactions. Some numbers may not total due to rounding.
Source: CBRE Research, MSCI Real Assets, Q4 2022.

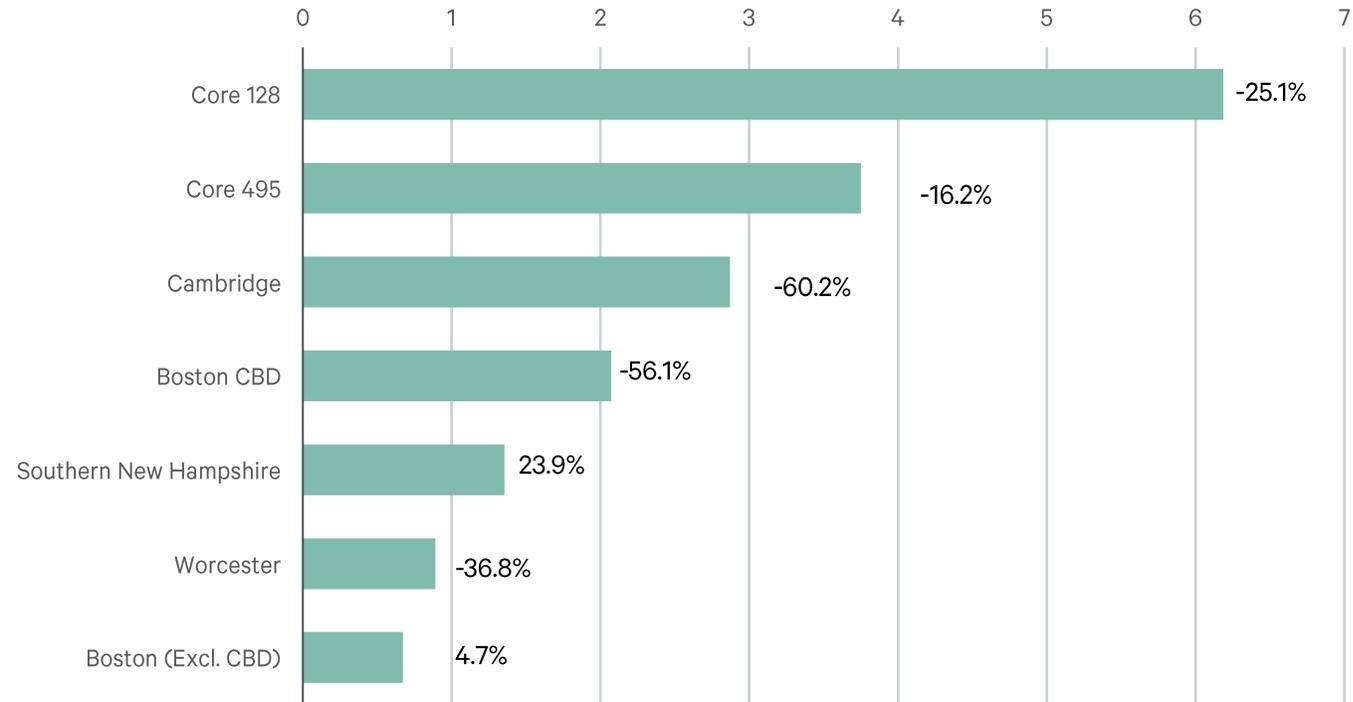
Figure 10 2022 Investment Volume & Annual Percent Change

- Core 128 markets led Greater Boston for investment volume over the past four quarters with \$6.2 billion.
- Core 495 markets had the second-highest total of \$3.8 billion.
- Cambridge rounded out the top three with \$2.9 billion in investment volume.
- Boston (excl. CBD) and Southern New Hampshire were the only markets to see an increase in investment volumes in 2022.

Assessment

- A sharp decrease in lab and office investment were most apparent in Boston CBD and Cambridge where these assets have been the cornerstone of investment activity.
- Less severe declines were seen in suburban areas with more diversified asset types along Routes 128 and 495.
- Markets with more multifamily opportunity performed best in 2022 and in Q4 specifically, a trend that is likely to extend into 2023.

Investment Volume (\$ Billions) & YoY Percent Change Across Greater Boston



Note: Volume excludes development site transactions.
Source: CBRE Research, MSCI Real Assets, Q4 2022.

Figure 11
Investment volume by market & property type, year ending Q4 2022

Office Investment

Rank	Market	Volume (\$m)	Growth (Y-o-Y)
1	Core 128	733	-45.6%
2	Boston – CBD	536	-67.1%
3	Cambridge	446	-74.9%
4	Core 495	378	-59.8%
5	So. New Hampshire	156	242.8%
6	Worcester	61	-35.4%
7	Boston (excl. CBD)	27	-15.5%

Lab Investment

Rank	Market	Volume (\$m)	Growth (Y-o-Y)
1	Cambridge	1,661	-64.3%
2	Boston CBD	908	-60.5%
3	Core 128	729	-44.0%
4	Core 495	162	-72.1%
5	Worcester	20	N/A
6	Boston (excl. CBD)	0	N/A
7	So. New Hampshire	0	N/A

Industrial Investment

Rank	Market	Volume (\$m)	Growth (Y-o-Y)
1	Core 128	1,326	-28.3%
2	Core 495	1,130	-6.4%
3	Worcester	376	-45.2%
4	So. New Hampshire	290	-36.1%
5	Cambridge	78	-61.0%
6	Boston CBD	69	1,097.7%
7	Boston (excl. CBD)	0	N/A

Multifamily Investment

Rank	Market	Volume (\$m)	Growth (Y-o-Y)
1	Core 128	1,805	-24.4%
2	Core 495	1,550	42.6%
3	Cambridge	546	1.0%
4	So. New Hampshire	543	87.0%
5	Boston (excl. CBD)	453	488.2%
6	Boston – CBD	275	-38.0%
7	Worcester	148	-50.8%

Retail Investment

Rank	Market	Volume (\$m)	Growth (Y-o-Y)
1	Core 128	931	-1.7%
2	Core 495	333	-24.1%
3	So. New Hampshire	214	-6.3%
4	Worcester	196	-10.9%
5	Cambridge	139	3,206.6%
6	Boston CBD	121	340.4%
7	Boston (excl. CBD)	100	67.9%

Hotel Investment

Rank	Market	Volume (\$m)	Growth (Y-o-Y)
1	Core 128	524	195.4%
2	Boston – CBD	352	10.4%
3	Core 495	122	-8.0%
4	So. New Hampshire	70	35.4%
5	Worcester	53	17.3%
6	Cambridge	0	N/A
7	Boston (excl. CBD)	0	N/A

Note: Tables ranked by highest investment volume among Greater Boston Markets
 Source: CBRE Research, MSCI Real Assets, Q4 2022.

Figure 12 Investment volume by buyer type, Q4 2022 vs. Q4 2021

- Private investors accounted for \$2.0 billion or 62% of total Greater Boston investment volume in Q4.
- Inbound cross-border investment volume decreased by 91% year-over-year in Q4 to \$154 million.

Assessment

- Cross-border capital into Greater Boston totaled \$385 million in 2022, down 87% from the \$2.9 billion seen in 2021.
- The strong U.S. dollar and a confluence of global geopolitical and economic challenges are contributing to the sharp reduction in foreign investment.

	Volume (\$ billions)			Market Share (%)	
	Q4 2022	Q4 2021	Change (%)	Q4 2022	Q4 2021
Private	1.99	3.58	-44.5	62.3	33.4
Institutional	0.86	2.50	-65.5	27.1	23.3
Public Companies	0.03	2.15	-98.5	1.0	20.1
Cross-Border	0.15	1.65	-90.7	4.8	15.4
Other*	0.15	0.85	-81.9	4.8	7.9
Total	3.19	10.74	-70.3	100.0	100.0

Source: CBRE Research, MSCI Real Assets, Q4 2022.

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

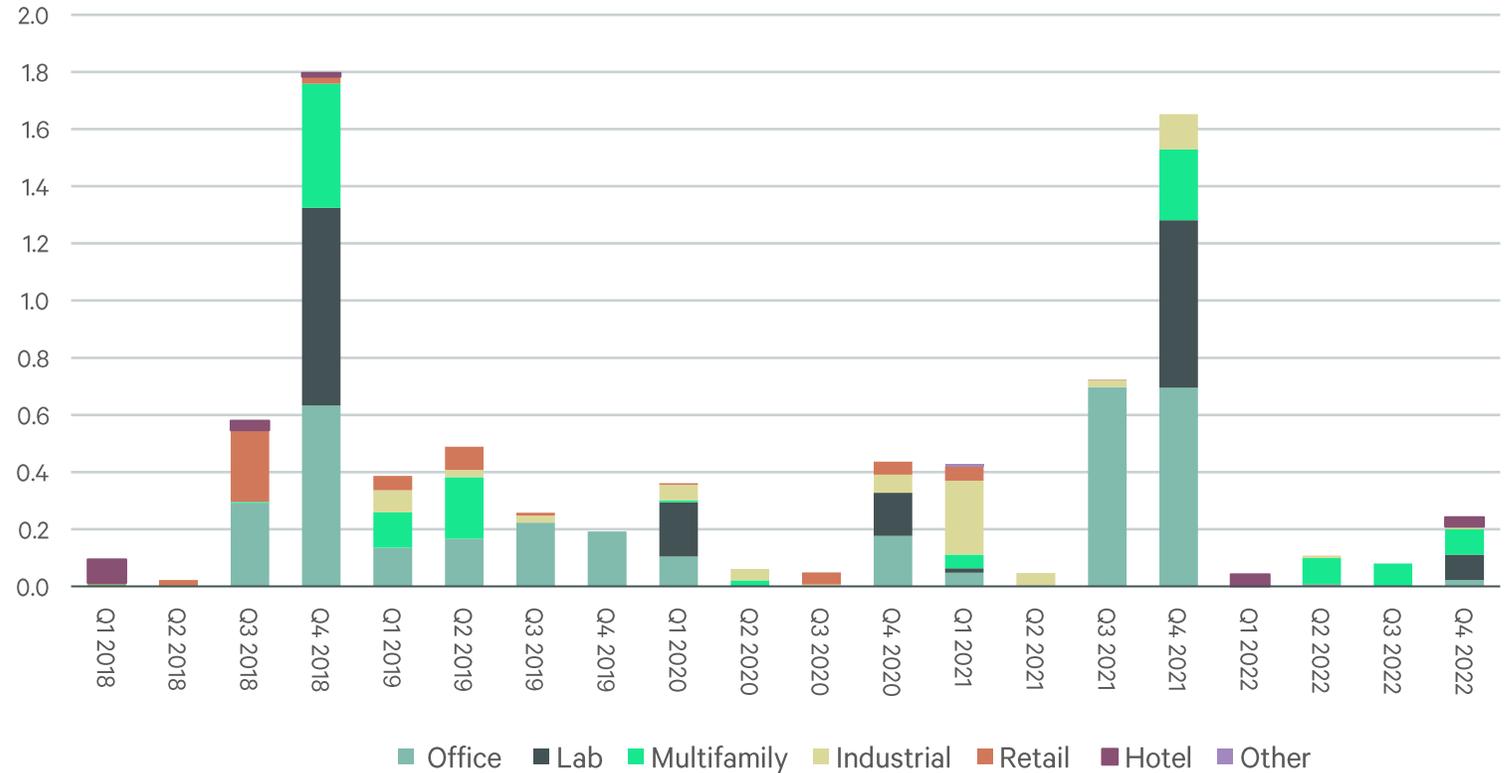
Figure 13 Cross-border investment by property type: Greater Boston

- Multifamily was the leading sector for inbound cross-border investment into Greater Boston in 2022 with \$259 million, followed by lab with \$89 million.
- Cross-border investment for the year totaled \$385 million, down 87% from 2021's total of \$2.9 billion.

Assessment

- Cross-border investment into Greater Boston remains low and was exclusively directed to suburban markets in 2022.
- Multifamily was the asset type of choice for foreign investors, commanding 65% all dollars directed to Greater Boston.

Investment Volume (\$ Billions)

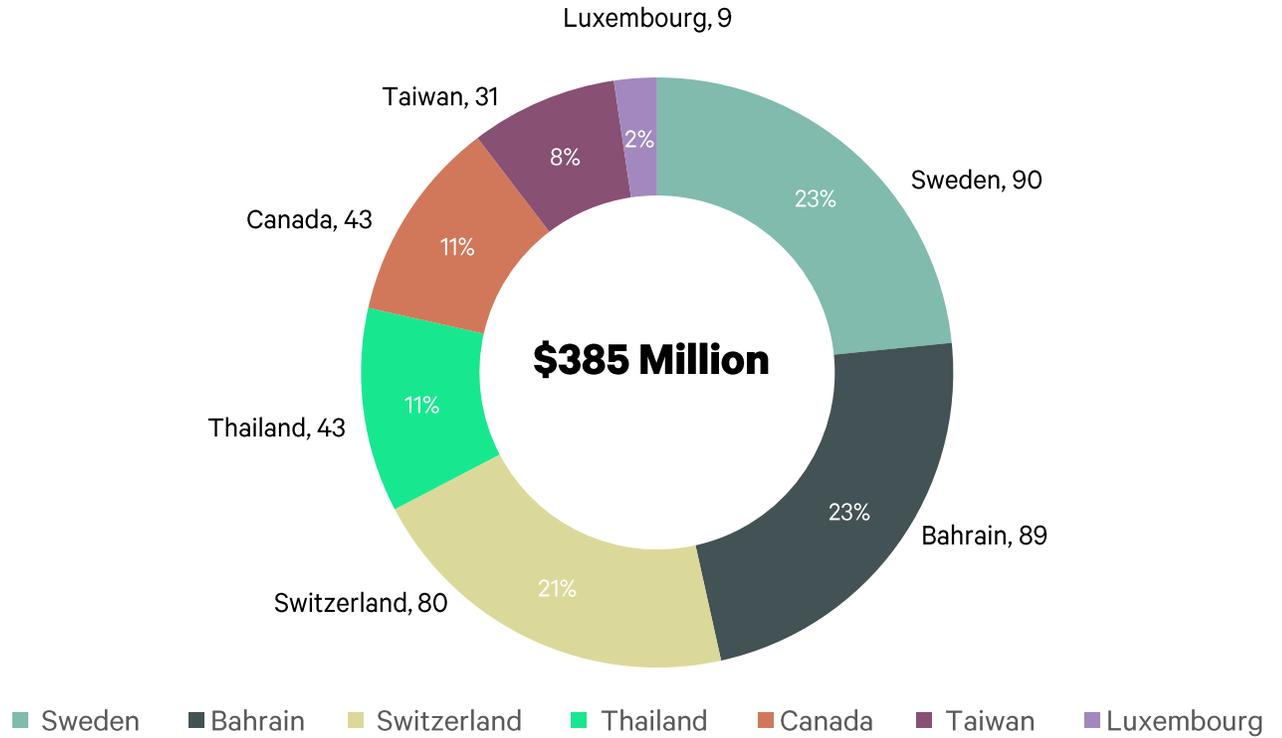


Source: CBRE Research, MSCI Real Assets, Q4 2022.

Figure 14
Cross-border investment for all asset types by country of origin: Greater Boston

— Sweden was the top country for inbound cross-border investment into Greater Boston in 2022 with \$90 million, followed closely by Bahrain with \$89 million, and Switzerland with \$80 million.

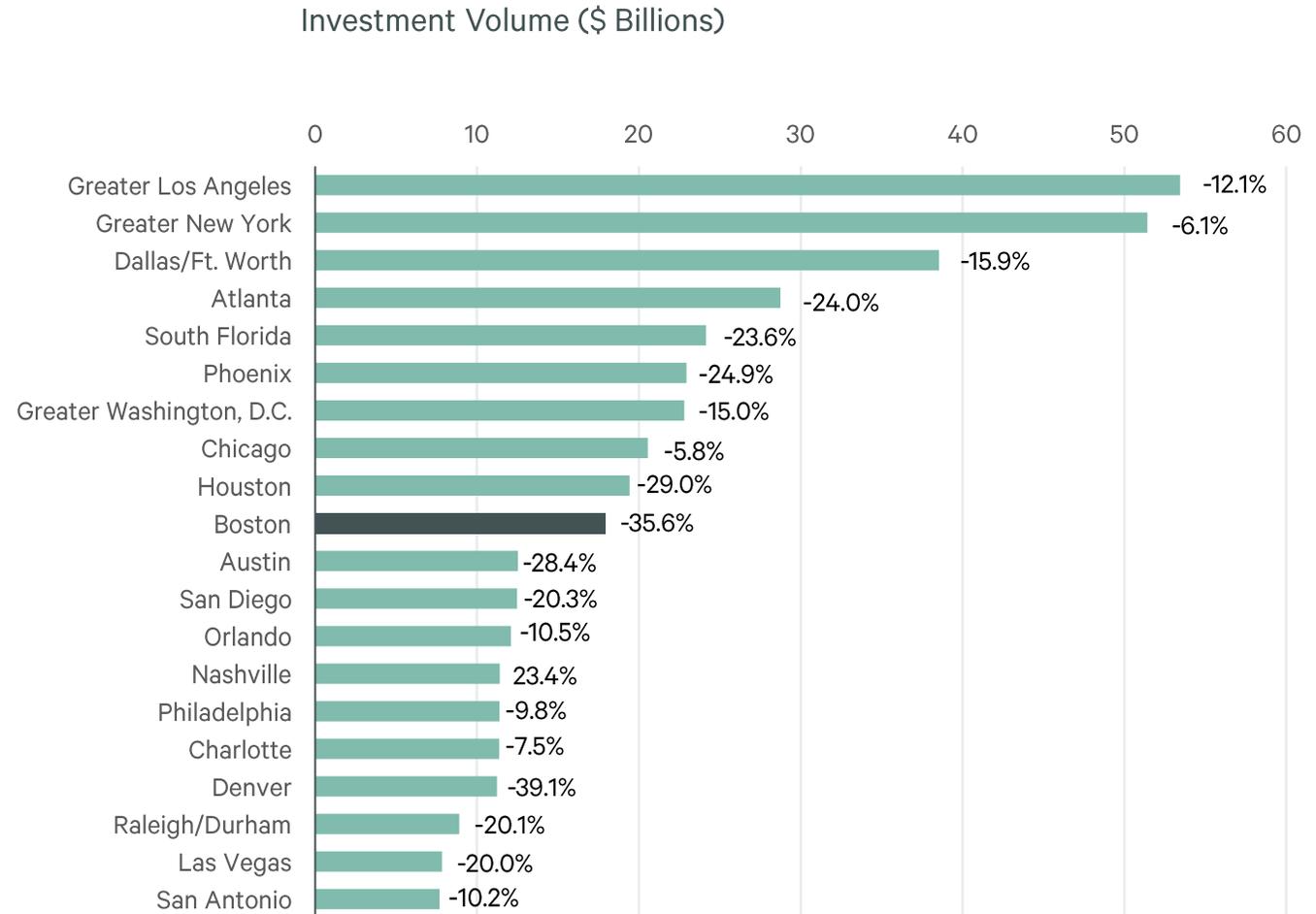
Cross-Border Investment Volume (\$ Millions)



Source: CBRE Research, MSCI Real Assets, Q4 2022.

Figure 15
Top 20 markets for total investment volume, year ending Q4 2022

– Boston was the tenth highest market for total investment volume in 2022, reaching nearly \$18 billion, but had the second steepest decline among top markets behind Denver.



*Percentage change from trailing four quarter total in previous year.
 Source: CBRE Research, MSCI Real Assets, Q4 2022.

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