

CRE Pricing Inches Upward in May

By Paul Bubny

The Green Street Commercial Property Price Index increased 0.7% in May from the previous month. The all-property index, a measure of pricing for institutional-quality commercial real estate, has increased 1% this year and is now 21% below its peak in March 2022.

“Property pricing this year has trended in line with our expectations,” said Peter Rothmund, co-head of strategic research at Newport Beach, CA-based Green Street. “By the end of last year, real estate prices had finished adjusting to higher interest rates, and pricing has been stable since then. We expect that to continue.”

May pricing gains or losses varied by property type. Office pricing, which was flat in May, showed the sharpest year-over-decline at -14%, as well as the sharpest decline from its recent peak. The steepest month-over-month decline was in self-storage.

Aside from malls, which showed the best monthly gain, all property types were down Y-0-Y, while each of the 13 sectors tracked by Green Street was down from peak levels.