

Data Show Industrial, Multifamily Still in Correction But retail had a solid November.

By Richard Berger

Industrial and multifamily continued in their corrections mode last month, while retail performed best with four months straight of pricing gains, according to data from Crexi that is based on properties in its database.

Office occupancy went unchanged in November and industrial rents were stagnant.

For-sale properties on Crexi experienced a seventh month of pricing growth alongside a gradual compression of cap rates.

Shanti Ryle, CREXi Senior Content Marketing Manager, reported that occupancy has also been trending up overall in new listings with the past four months experiencing growth and with new listings posting an 80.33% average occupancy.

Industrial and multifamily's struggles can be attributed to over-deliveries, Ryle said, and "too-high" rents pricing out renters in some major metros, "but it will ultimately be okay in the long term." And the high-priced single-family home market continues to make renting more attractive.

"Would-be homeowners are still prioritizing renting due to rising mortgages, with equilibrium a long way off. While this is bad news for homebuyers, it's good for apartment owners," according to Ryle.

Industrial deliveries are glutting the "accelerated growth" from previous months, Ryle said. "However, a healthy demand exists, especially as companies continue onshoring their manufacturing and retailers prioritize last-mile logistics facilities."

Offices showed life, posting a third consecutive month of pricing gains. However, nationwide office occupancy didn't change. It's at a 64.5% average.

Crexi found a fourth straight month of pricing gains and average occupancy rates in November for retail as it hit its highest levels since October 2022 at 85.96%.

Retail remains a desirable asset and one of the fastest growing on Crexi, Ryle said.

The sector is expected to hit \$400 per square foot after the holidays after inching so close to that milestone in November.

Retail's rent growth rose for a second consecutive, touching a three-month high and a 9.64% rent rate increase compared to November 2022.

Restaurants' average asking rents experienced a third consecutive month of contraction in November, even though there is similar average square footage available for lease.