

Forecast Suggests a Strong Start for CRE in 2022



A new report from the National Association of Realtors (NAR) says US commercial real estate (CRE) professionals can anticipate a stellar 2022, buoyed by optimism from 2021’s recovery.

2021 Review

The December 2021 Commercial Market Insights report – published by NAR in January 2022 – paints a sunny forecast for the industry, outlining the strong end of 2021, compared to 2020. Specifically, they cite the “historic strong demand for multifamily and industrial space and the resiliency of brick-and-mortars in serving consumer demand off-premises” as contributing and positive factors in 2021.

The data was still incoming at the time of writing, but the report says, “NAR expects the full-year level of acquisitions to hit nearly \$645 billion, surpassing the prior peak level of acquisitions in 2006 of \$581 billion”.

In their article on the report, Realtor Magazine also highlights the Apto National Broker Buzz Poll from December 2021 in which 69% of CRE brokers say “they made more money in 2021 than in 2020” and 66% say “they completed more transactions in 2021 than in 2020”.

Looking Forward

In terms of the year ahead, the report writers say: “NAR expects the demand for commercial real estate to strengthen in 2022, even with the broad uptick in interest rates as the Federal Reserve moves aggressively to rein back inflation towards 2%, given the strong demand and supply fundamentals underlying the demand for commercial real estate”.

They highlight multifamily as one sector expected to stay “robust”, but also point to positive signs for retail and office sectors recovery.

NAR Commercial Real Estate Outlook				
	2019	2020	2021	2022F
Vacancy Rate				
Multifamily	6.3%	6.7%	5.1%	4.8%
Office	9.6%	10.3%	12.2%	13.5%
Industrial	5.0%	5.5%	4.9%	5.0%
Retail	4.5%	4.9%	4.9%	4.6%
Asking Rent Growth				
Multifamily	2.7%	0.7%	7.8%	10.0%
Office	3.7%	0.6%	-1.0%	-0.8%
Industrial	5.5%	4.8%	6.7%	7.4%
Retail	2.3%	1.6%	1.8%	2.9%

Figures and forecasts
Source: https://cdn.nar.realtor/sites/default/files/documents/CMI_December2021_Final_2.pdf