October 2023
Commercial Real Estate Market Insights Report

National Association of REALTORS®
Research Group

NATIONAL ASSOCIATION OF REALTORS®

Summary

In the final quarter, there is usually the opportunity to end a year and start the next year strong. Although the third quarter of the year has already ended, there is still much uncertainty in the market since the Federal Reserve continues its tightening monetary policy. The labor market remains firm, and the U.S. economy grows faster than the expectations. However, risks are still anticipated in the market as the full impact of the Federal Reserve's higher rates may not have been fully reflected yet in households and businesses.

As a result, the Commercial Real Estate market continues to experience rising vacancy rates and slowing rent growth. Shrinking leasing velocity in tandem with the construction boom in the multifamily sector has tapered off the market. However, the fundamentals remain solid for the industrial, retail, and multifamily sectors, although activity has dropped from the pandemic highs. The office sector continues to suffer from the slow return-to-office movement even though there are multiple efforts to repurpose the increasing number of unused office spaces.

Here is how each Commercial Real Estate sector performed in the third quarter of 2023.

With mortgage rates above 7.5%, the **Multifamily** segment is witnessing a resurgence of demand for apartments after slowing down for nearly a year. The net absorption over the last 12 months has risen significantly by 33% compared to the preceding year. This has encouraged construction firms to increase unit deliveries by 17% compared to the same timeframe a year earlier. Challenges like overbuilding and the resistance of the sector to immediate change have pushed vacancy rates to an unprecedented 7%, subsequently reducing rent growth to 0.8%. Nonetheless, the multifamily sector is anticipated to remain above the pre-pandemic levels, driven by favorable demographics and a robust job market fostering household establishment.

Despite some employers mandating in-person work and the decline of remote jobs, the **Office** sector is still facing challenges. The downward trend of office space demand has continued throughout the year, resulting in a record-high vacancy rate of 13.3% compared to the previous year's 12.2%. The future of the traditional office space is unclear due to the ongoing impact of COVID-19, with many businesses adopting hybrid work arrangements that allow for a mix of in-person and remote work. However, office spaces have gained popularity among AI-driven companies looking to accommodate their staff amid the sudden surge in AI demand.

Rent prices in the **Industrial** segment of commercial real estate continue to expand, though the pace of the rent growth has decelerated to 7.5% in the third quarter of 2023. Despite this, it's still above pre-pandemic figures and is the most robust growth among all commercial real estate sectors. Conversely, with a 43% increase in square footage delivered over the past year in the industrial real estate market, both vacancy rates and net absorption have moderated back to pre-pandemic standards.

The **Retail** sector of commercial real estate has further decreased its vacancy rate to a 10-year low of 4.1% in September, and it remains the lowest among all sectors. Furthermore, although the rent growth rate has eased, it remains above the pre-pandemic levels. Despite higher prices, consumer spending remains strong. As a result, this sector continues to perform better than before COVID-19.

Summary

For the past seven months, the **hospitality** sector's revenues have stabilized near $97, reflecting a 13% increase from the pre-pandemic levels. Although the average daily rate has remained consistent over the last four months and stands 17% above pre-pandemic figures, the occupancy rate lags, still trailing nearly 3% behind its pre-coronavirus state. These trends suggest that while the hospitality sector has yet to recover from the COVID-19 impact fully, it is certainly on a promising trajectory towards recovery.

Economy

Job growth (compared to March 2020): 3.9%
Inflation (September 2023): 3.7%
Gross Domestic Product (GDP) Q2 2023: 2.1%

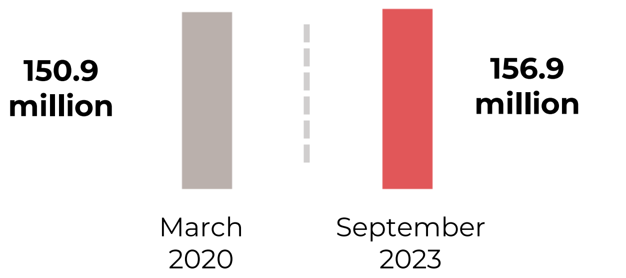
The labor market remains strong

The labor market continues to grow with a record-high number of jobs available in the market. As of September 2023, there are about 3.9% more jobs than in March 2020, when the pandemic hit our country. In addition, the unemployment rate is still below 4% at 3.8%.

In September of 2023, there were 5.9 million more jobs compared to March 2020 and 3.2 million more jobs than the previous year (September 2022).

Job growth is crucial for a healthy economy, as it increases consumer spending and demand for goods and services, which can lead to growing businesses and demand for commercial real estate.

Number of Jobs



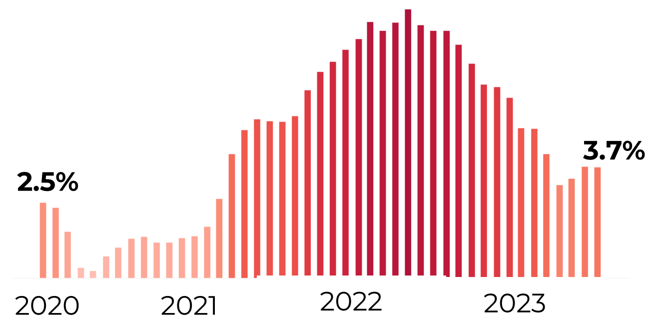
Source: NAR analysis of U.S Bureau of Labor Statistics data

Inflation continues to ease

Inflation may not have yet reached the Federal Reserve's goal of 2%, but it's significantly lower than the previous year. In September 2023, consumer prices were 3.7% higher compared to the previous year. A year ago, inflation was 8.2%.

The inflation rate will ease further in the following months as government data will continue to reflect the decelerating trend of apartment rent growth. Potential interest rate cuts from the Federal Reserve will push down further consumer price growth next year.

Inflation

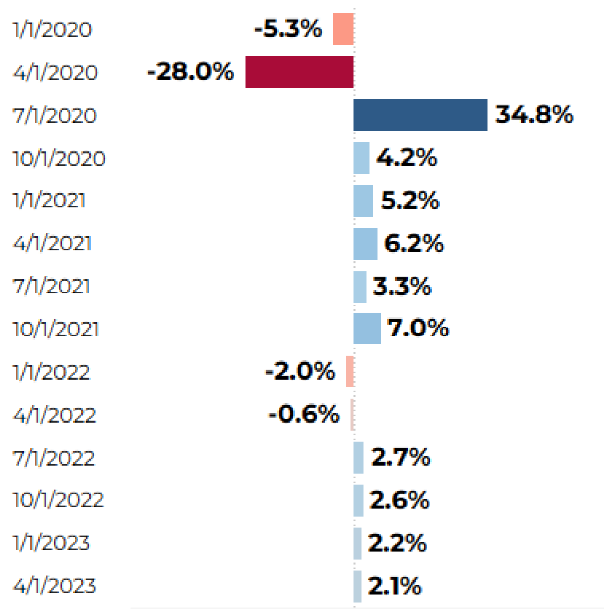


Source: NAR analysis of U.S Bureau of Labor Statistics data

The economy is growing faster than expected

Although the real GDP in Q2 2023 grew less than the previous quarter, the U.S. economy remains a bright spot in the global economy. The increase in the second quarter primarily reflected increases in business investment, consumer spending, and state and local government spending that were partly offset by a decrease in exports.
The U.S. economy is expected to expand more than 2% in 2023.

Real GDP growth from previous quarter



Source: Bureau of Economic Analysis

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Commercial Real Estate Lending

The impact of higher rates on commercial real estate lending

One of the scariest statistics to learn this year was that small banks hold about 70% of the U.S. commercial real estate debt. While commercial real estate continues to face challenges amid higher rates with increasing vacancy rates, there are still many concerns about the liquidity of these banks, especially after the recent collapse of the two regional banks. But, one favorable step has already been taken with the Federal Reserve pausing its interest rate hikes even though an additional hike may follow by the end of the year. This pause will give the Fed some time to assess the impact of higher rates on the economy and the market.

Here is what the data shows so far:

1. **Tighter Standards and Weaker Demand for all CRE loans**

The Federal Reserve monitors changes in the standards and terms of the banks' lending and the state of business and household demand for loans. The Senior Loan Officer Opinion Survey on Bank Lending Practices survey is conducted quarterly, surveying up to 80 large domestic banks and 24 U.S. branches and agencies of foreign banks. In the last several years, this survey has provided critical information on a number of important banking topics. Recent special questions have addressed issues in rapidly changing credit markets, including banks' lending terms and outlook for commercial real estate lending standards and demand, banks' assessments of the levels of their lending standards relative to longer-term norms, and banks' expectations about changes in asset quality and credit standards over the coming year.

According to the latest report (Q2 2023), tighter standards and weaker demand for commercial and industrial (C&I) loans were reported. Among the following CRE loan types – construction and land development loans, loans secured by multifamily residential properties, and loans secured by nonfarm nonresidential properties - it seems that construction and land development loans were most affected. For example, more than 70% of the banks reported that the standards for these loans had tightened somewhat or considerably compared to 50% a year ago.

In addition, demand for CRE loans has weakened in the last three months, especially for loans that are secured by nonfarm nonresidential properties of small and mid-sized banks. More than 70% of the small and mid-sized banks reported moderately or substantially weaker demand for these loans in the second quarter of the year compared to 16% a year ago.

Unfortunately, even tighter standards are expected for the year's second half. For example, nearly half of the small and mid-sized banks reported tighter construction and land development standards and loans secured by nonfarm, nonresidential properties. However, the majority of large banks reported that lending standards will likely remain unchanged.

Commercial Real Estate Lending

Change of Commercial Real Estate Lending Standards

		Q2 2022			Q2 2023		
		All	Large Banks	Other Banks	All	Large Banks	Other Banks
Tightened considerably	Construction & Land Development Loans	0.0%	0.0%	0.0%	16.7%	18.8%	14.3%
	Secured by Multifamily Residential Properties	0.0%	0.0%	0.0%	13.3%	12.5%	14.3%
	Secured by Nonfarm Nonresidential Properties	0.0%	0.0%	0.0%	13.3%	15.6%	10.7%
Tightened somewhat	Construction & Land Development Loans	50.0%	50.0%	50.0%	56.7%	53.1%	60.7%
	Secured by Multifamily Residential Properties	33.3%	33.3%	33.3%	50.0%	50.0%	50.0%
	Secured by Nonfarm Nonresidential Properties	43.1%	45.5%	40.6%	55.0%	53.1%	57.1%
Remained basically unchanged	Construction & Land Development Loans	48.4%	50.0%	46.9%	25.0%	28.1%	21.4%
	Secured by Multifamily Residential Properties	63.6%	66.7%	60.6%	36.7%	37.5%	35.7%
	Secured by Nonfarm Nonresidential Properties	55.4%	54.5%	56.2%	31.7%	31.2%	32.1%
Eased somewhat	Construction & Land Development Loans	1.6%	0.0%	3.1%	1.7%	0.0%	3.6%
	Secured by Multifamily Residential Properties	3.0%	0.0%	6.1%	0.0%	0.0%	0.0%
	Secured by Nonfarm Nonresidential Properties	1.5%	0.0%	3.1%	0.0%	0.0%	0.0%
Eased considerably	Construction & Land Development Loans	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Secured by Multifamily Residential Properties	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Secured by Nonfarm Nonresidential Properties	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Federal Reserve

Change of Commercial Real Estate Loans Demand

		Q2 2022			Q2 2023		
		All	Large Banks	Other Banks	All	Large Banks	Other Banks
Substantially stronger	Construction & Land Development Loans	1.6%	3.1%	0.0%	1.7%	0.0%	3.6%
	Secured by Multifamily Residential Properties	4.5%	9.1%	0.0%	1.7%	0.0%	3.6%
	Secured by Nonfarm Nonresidential Properties	0.0%	0.0%	0.0%	1.7%	0.0%	3.6%
Moderately stronger	Construction & Land Development Loans	15.6%	9.4%	21.9%	5.0%	9.4%	0.0%
	Secured by Multifamily Residential Properties	18.2%	12.1%	24.2%	3.3%	6.2%	0.0%
	Secured by Nonfarm Nonresidential Properties	15.4%	12.1%	18.8%	0.0%	0.0%	0.0%
About the same	Construction & Land Development Loans	48.4%	37.5%	59.4%	35.0%	37.5%	32.1%
	Secured by Multifamily Residential Properties	60.6%	54.5%	66.7%	40.0%	46.9%	32.1%
	Secured by Nonfarm Nonresidential Properties	53.8%	42.4%	65.6%	38.3%	50.0%	25.0%
Moderately weaker	Construction & Land Development Loans	34.4%	50.0%	18.8%	46.7%	40.6%	53.6%
	Secured by Multifamily Residential Properties	16.7%	24.2%	9.1%	46.7%	40.6%	53.6%
	Secured by Nonfarm Nonresidential Properties	26.2%	39.4%	12.5%	51.7%	43.8%	60.7%
Substantially weaker	Construction & Land Development Loans	0.0%	0.0%	0.0%	11.7%	12.5%	10.7%
	Secured by Multifamily Residential Properties	0.0%	0.0%	0.0%	8.3%	6.2%	10.7%
	Secured by Nonfarm Nonresidential Properties	4.6%	6.1%	3.1%	8.3%	6.2%	10.7%

Source: Federal Reserve

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Commercial Real Estate Lending

Expectations on CRE Lending Standards in the second half of the year

		All	Large Banks	Other Banks
Tighten considerably	Construction & Land Development Loans	18.0%	18.8%	17.2%
	Secured by Multifamily Residential Properties	8.3%	6.5%	10.3%
	Secured by Nonfarm Nonresidential Properties	16.7%	22.6%	10.3%
Tighten somewhat	Construction & Land Development Loans	36.1%	25.0%	48.3%
	Secured by Multifamily Residential Properties	35.0%	29.0%	41.4%
	Secured by Nonfarm Nonresidential Properties	35.0%	22.6%	48.3%
Remain basically unchanged	Construction & Land Development Loans	45.9%	56.2%	34.5%
	Secured by Multifamily Residential Properties	56.7%	64.5%	48.3%
	Secured by Nonfarm Nonresidential Properties	48.3%	54.8%	41.4%
Ease somewhat	Construction & Land Development Loans	0.0%	0.0%	0.0%
	Secured by Multifamily Residential Properties	0.0%	0.0%	0.0%
	Secured by Nonfarm Nonresidential Properties	0.0%	0.0%	0.0%
Ease considerably	Construction & Land Development Loans	0.0%	0.0%	0.0%
	Secured by Multifamily Residential Properties	0.0%	0.0%	0.0%
	Secured by Nonfarm Nonresidential Properties	0.0%	0.0%	0.0%

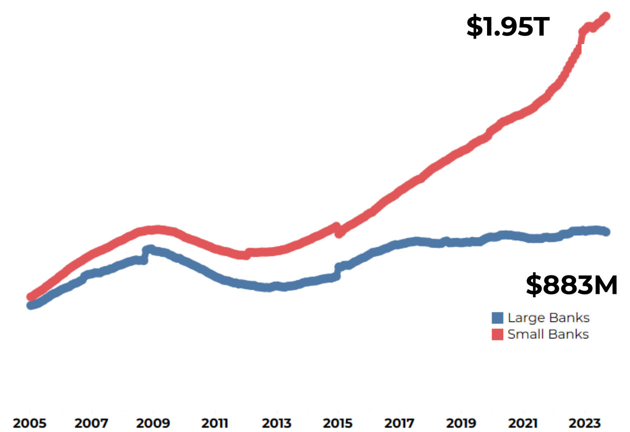
Source: Federal Reserve

Commercial Real Estate Lending

2. But CRE debt is increasing

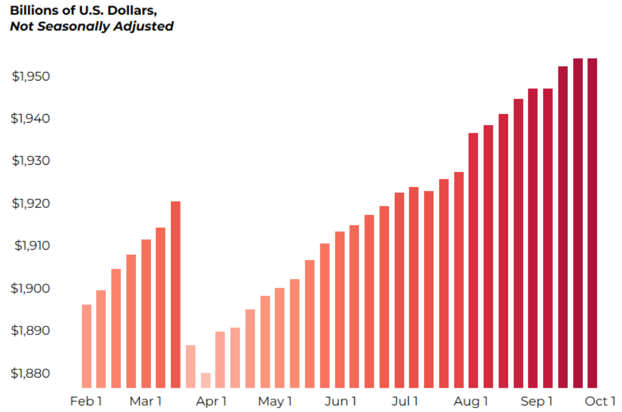
Despite reports of tighter lending standards, commercial real estate debt continues to grow. In fact, the CRE debt is currently larger than before the collapse of the two regional banks. In April, the CRE debt of small domestically chartered commercial banks fell to $1.88 trillion, while now it is $1.95 trillion, nearly 3% higher than in February of 2023. As for CRE debt held by large domestically chartered banks, it seems that the volume of CRE loans is slightly lower - near $880 billion – than it was before the collapse of the two regional banks.

Commercial Real Estate Debt by Bank Size



Source Federal Reserve

Commercial Real Estate Debt by Bank Size-weekly data

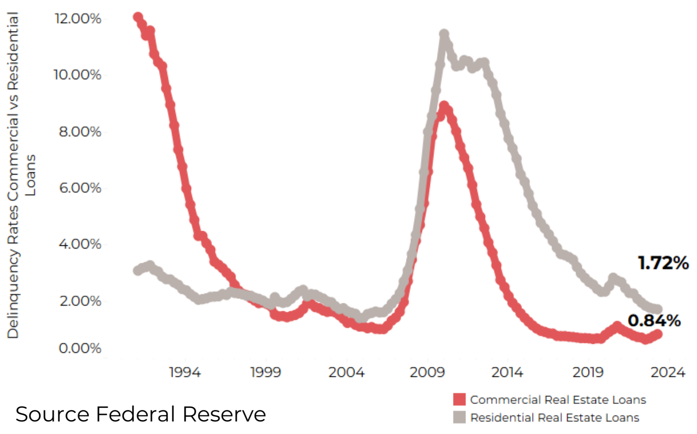


Source Federal Reserve

3. Increasing CRE delinquency rates but still historically low

Another measure that the Federal Reserve releases is the delinquency rates for CRE and residential loans. According to the data, commercial loans continue to have lower delinquency rates than residential loans. However, while the residential delinquency rate is moving downwards, the number of delinquent commercial real estate loans has been increasing since the last quarter of last year. The CRE delinquency rate was 0.65% in Q3 2022, while now it's 0.88%. However, the historical delinquency rate for CRE loans continues to remain historically low, below 1%.

Delinquency rates Commercial vs Residential loans



Source Federal Reserve

Multifamily

Absorption of units in the last 12 months: 280,078 units
Rent growth in the last 12 months: 0.8%
Cap rate: 5.6%

The multifamily sector continues to slow down after achieving record-breaking results in 2021. On a national scale, the vacancy rate has reached a record high level, rising to 7.0%, mostly due to the construction boom. However, the vacancy rate is rising at a slower pace than the previous months, increasing only by 0.1% from the previous quarter.

In addition, although rent prices are still advancing, the pace of their increase has slowed down. In 2023's third quarter, there was a 0.8% year-over-year rise in rents, a decline from the 1.2% growth seen in the previous quarter. The multifamily industry is generally slowly reverting to its conditions before the pandemic.

In major urban hubs like New York, NY, Washington, DC, Houston, and Dallas-Fort Worth, TX, there continues to be a robust demand for apartments. Over the past 12 months, ending in September, these areas have witnessed the absorption of over 10,000 multifamily units. While higher mortgage rates have curtailed the purchasing power of many potential buyers, the rental market in numerous high-cost areas throughout the country is anticipated to maintain its strength.

While many parts of the country are witnessing a slowdown in rent growth, the Midwest regions, especially Peoria and Rockford, IL, lead the nation in terms of rent increase. The Northeast also remains competitive, with Providence, RI, and Trenton, NJ, showcasing impressive rent growth and ranking among the top ten U.S. metro areas with the lowest vacancy rates this quarter. On the other hand, Austin, TX, along with Sarasota and Ocala, FL, have seen rent reductions of over 3% year-over-year.

Top 10 areas with fastest rent growth

	2023 Q3	2022 Q3
Rockford, IL	8.07%	3.88%
Peoria, IL	6.51%	10.77%
Anchorage, AK	6.07%	9.86%
Lexington, KY	5.77%	8.33%
Rochester, NY	5.70%	6.88%
Kingsport, TN	5.58%	11.08%
Providence, RI	5.51%	5.88%
Trenton, NJ	5.32%	6.80%
Killeen, TX	5.28%	10.62%
Brownsville-Harlingen, TX	5.19%	7.37%

Top 10 areas with the strongest 12-month absorption

	2023 Q3	2022 Q3
New York, NY	19,351	29,914
Houston, TX	11,623	6,999
Washington, DC	10,491	11,482
Dallas-Fort Worth, TX	10,480	9,946
Phoenix, AZ	9,507	1,044
Austin, TX	9,333	7,895
Chicago, IL	8,393	8,900
Minneapolis, MN	8,300	8,173
Denver, CO	6,696	8,595
Boston, MA	6,472	6,086

Source: NAR analysis of CoStar data

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Office

Net absorption in the last 12 months: -50.1 million sq.ft.
Rent growth in the last 12 months: 0.6%
Cap rate: 8.1%

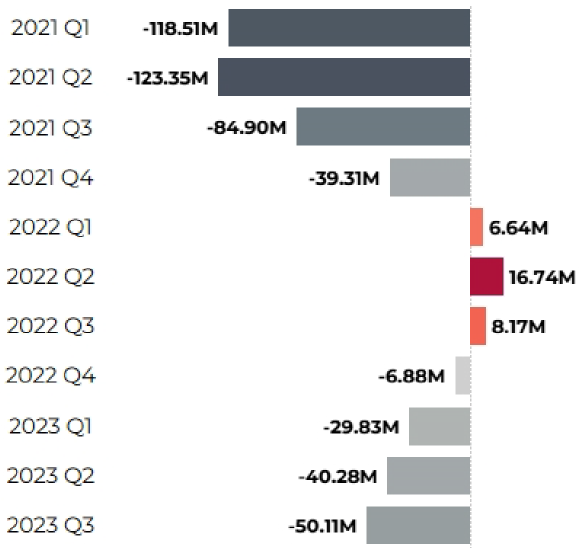
As many companies have adopted hybrid work models as their new standard, the need for office spaces has consistently declined over the past four quarters. This downward trajectory intensified in September, indicating that more office spaces were left vacant than were taken up.

Over the past 12 months ending in September, the net absorption rate dropped 24% from the previous quarter. In contrast, the delivery of office spaces rose by 22% during the same period. Consequently, vacancy rates edged up by 0.2%, reaching a record high of 13.3%.

On a local scale, the major rise in vacancy rates occurred in prominent technology centers such as San Francisco, Houston, Dallas-Fort Worth, Austin, and Chicago, IL. This shift was driven by the relocation of numerous companies and individuals to more cost-effective regions.

In contrast, metropolitan areas exhibit favorable vacancy rates in the Southern region. Wilmington, NC, Savannah, GA, and Huntington, WV, are leading the pack, with vacancy rates under 2%.

12-month Net Absorption in sq. ft



Top 10 areas with the largest vacancy rates

	2023 Q3	2022 Q3
San Francisco, CA	20.08%	15.53%
Houston, TX	18.65%	17.99%
Dallas-Fort Worth, TX	17.82%	16.71%
Austin, TX	16.53%	13.48%
Chicago, IL	16.29%	14.95%
Washington, DC	16.12%	15.63%
Denver, CO	16.10%	14.69%
Phoenix, AZ	15.83%	14.51%
Atlanta, GA	15.02%	13.84%
Los Angeles, CA	14.96%	13.83%

Top 10 areas with the lowest vacancy rates

	2023 Q3	2022 Q3
Wilmington, NC	1.72%	2.03%
Savannah, GA	1.75%	2.21%
Huntington, WV	1.87%	1.77%
Pensacola, FL	2.05%	1.39%
Hickory, NC	2.19%	2.62%
Myrtle Beach, SC	2.21%	2.32%
Davenport, IA	2.30%	3.83%
Olympia, WA	2.50%	2.69%
Gulfport-Biloxi-Pascagoula, MS	2.52%	3.21%
Asheville, NC	2.63%	3.18%

Source: NAR analysis of CoStar data

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Industrial

Net absorption in the last 12 months: 242.7 million sq. ft.
Rent growth in the last 12 months: 7.5%
Cap rate: 7.0%

Despite a slowdown in demand compared to the previous year, the industrial sector continues to experience higher levels of absorbed industrial space compared to pre-pandemic times. Over the past 12 months, ending in September, the net absorption reached nearly 243 million square feet. Consequently, the industrial sector now has the lowest vacancy rate at 5.1%, after the retail sector.

Although rent price increases have decelerated by 3.9%, currently standing at 7.5% year-over-year from an unprecedented 11.4% the previous year, they continue to surge at a rate unparalleled in other sectors and surpass pre-pandemic figures. Notably, the logistics space has seen a brisker growth in rent, registering an 8.8% annual rise. On the other hand, flex space recorded a 4.5% uptick, and specialized space grew at a rate of 6.1%.

Dallas-Fort Worth, TX, had the largest absorption of industrial space in the past 12 months. Chicago, IL, Houston, TX, Phoenix, AZ, and Indianapolis, IN absorbed more than 17 million square feet over the past 12 months, ending in September 2023.

In contrast, Los Angeles, CA, is experiencing negative net absorption as more industrial spaces are available for lease than occupied. After seeing strong demand in early 2022, market momentum has moderated as vacancy levels have slightly increased. However, Los Angeles continues to have a vacancy rate of 4.0%, which is below the national average of 5.1%.

Furthermore, cities like Orlando, FL; Charlotte, NC; Phoenix, AZ; and Salt Lake City, UT saw the most significant increases in rent. In these locations, industrial space rents have surged more than 13 percentage points from the previous year, driven by the unwavering demand for warehouse areas.

Top 10 areas with the strongest 12-month absorption

	2023 Q3	2022 Q3
Dallas-Fort Worth, TX	34.93M	36.22M
Chicago, IL	25.07M	31.93M
Houston, TX	22.68M	33.87M
Phoenix, AZ	17.67M	22.53M
Indianapolis, IN	12.65M	19.66M
Kansas City, MO	11.32M	10.55M
Columbus, OH	10.94M	13.88M
Savannah, GA	10.46M	9.49M
Atlanta, GA	9.61M	27.35M
Richmond, VA	8.79M	4.90M

Top 10 areas with the slowest 12-month absorption

	2023 Q3	2022 Q3
Los Angeles, CA	-15.27M	0.86M
Inland Empire, CA	-3.75M	16.96M
Shreveport, LA	-1.82M	0.59M
San Diego, CA	-1.51M	3.84M
San Francisco, CA	-1.47M	0.85M
Birmingham, AL	-1.39M	2.35M
Manchester, NH	-0.90M	1.53M
Seattle, WA	-0.81M	9.92M
Ventura, CA	-0.64M	2.64M
New York, NY	-0.63M	3.27M

Source: NAR analysis of CoStar data

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Retail

Net absorption in the last 12 months: 56.5 million sq. ft.
Rent growth in the last 12 months: 3.5%
Cap rate: 6.7%

Demand for retail space continues to be robust. While absorption might have dipped 26% compared to the previous year, current vacancy rates are the lowest the retail sector has seen in the past ten years. In fact, the retail sector boasts the smallest vacancy rate among all commercial real estate sectors, standing at 4.1%.

General Retail and Neighborhood Centers have been pivotal when broken down by retail store type, contributing to nearly 87% of the net absorption in Q3 2023.

Net Absorption by type (September 2019, 2021, and 2023)

	2015 Q3	2019 Q3	2023 Q3
General Retail	57.22M	16.38M	33.34M
Mall	11.91M	-4.21M	-2.78M
Neighborhood Center	33.25M	12.55M	17.77M
Other	2.71M	0.15M	0.38M
Power Center	8.84M	1.41M	4.13M
Strip Center	8.44M	5.31M	3.04M
All	**122.36M**	**31.60M**	**55.87M**

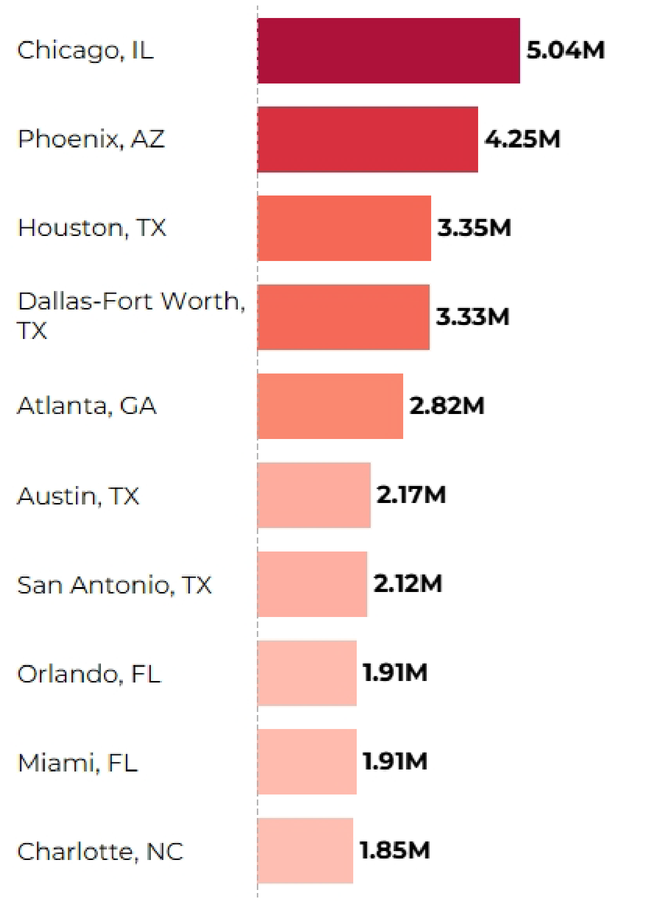
While the rents for retail spaces remain elevated in comparison to last year, the pace of their growth has moderated, possibly due to consumer caution in the face of rising costs. Nationally, the growth rate for retail asking rents was 3.5%, a deceleration from the previous year's peak of 4.4%, yet faster than rates seen before the pandemic. In terms of specific retail categories, neighborhood centers (4.4%) and power centers (4.2%) registered the most significant rent hikes.

In contrast, general retail marked a modest rent growth of 3%, yet it retains the lowest vacancy rate of 2.5% among all retail subsectors.

Locally, Sun Belt cities, including Phoenix, AZ, Jacksonville and Tampa, FL, Las Vegas, NV, and Salt Lake City, UT, are experiencing a surge in demand, with rent growth surpassing 8%.

Furthermore, the retail sector is thriving in areas such as Chicago, IL, Phoenix, AZ, Houston and Dallas-Fort Worth, TX. These locales have seen considerable net absorption, with an occupation of over 3 million square feet in the year leading up to Q3 2023.

Top 10 areas with the strongest net absorption in the last 12 months



Source: NAR analysis of CoStar data

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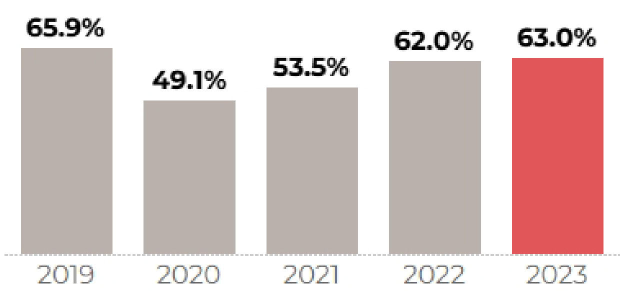
Hotel

Occupancy rate in the last 12 months: 63.0%
Average daily rate in the last 12 months: $154/room
Revenue per available room in the last 12 months: $97/room

The hospitality sector continued to advance at the end of the third quarter of 2023. However, the hotel occupancy still has not quite fully recovered from the pre-pandemic level. The average daily rate and revenue per available room might have regained positions, but the 12-month occupancy rate stays 2.9 percent down from the pre-pandemic level.

12-month Occupancy Rate in September



Specifically, in 2023, the average daily rate (ADR) per room rose to $154/room, up 18% from September 2019. The revenue per available room (RevPAR) also increased to $97/room, up 13% compared to the same period in 2019.

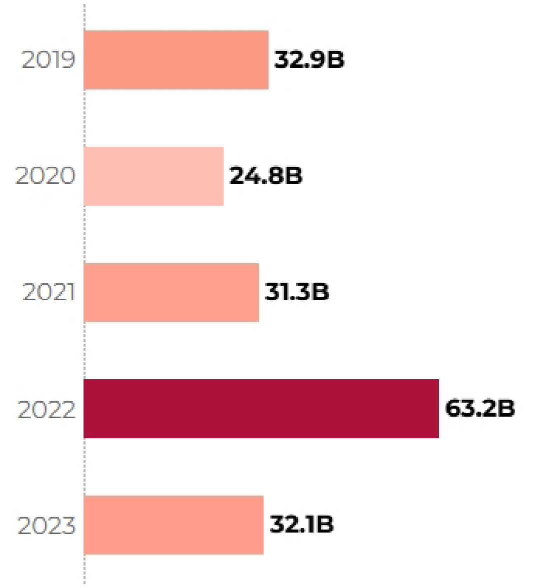
12-month ADR and RevPAR in September

	Average daily rate	Revenue per available room
2019	$131	$86
2020	$114	$56
2021	$116	$62
2022	$145	$90
2023	$154	$97

ADR is the total revenue/number of rooms.
RevPAR is ADR x occupancy rate.

Sales acquisitions have declined since the last year. In Q3 2023, the 12-month sales volume dropped to $32.1 billion from $63.2 billion in the previous year.

12-month Sales Volume as of September



Source: NAR analysis of CoStar data

At a local level, Maui Island, HI, stands out as one of the top-performing markets in the hospitality sector, registering the largest ADR is 54% higher than the pre-pandemic times. It also holds the highest ADR and RevPAR nationwide at $614 and $394, respectively. New York remains the most bustling hotel destination with an 80% occupancy rate, while Sarasota, FL witnessed a remarkable 58% surge in their hotel revenue per available room.

Conversely, the San Jose/Santa Cruz and San Francisco/San Mateo regions in California are still grappling with the pandemic's effects, having seen 29% and 27% declines in RevPAR, respectively, since the second quarter of 2019.

COMMERCIAL REAL ESTATE REPORT
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