

NAR REPORT: COMMERCIAL REAL ESTATE IS OUTPACING THE OVERALL ECONOMY

Mar 01, 2016 | Ryan Boysen, Bisnow, NY [✉](#)

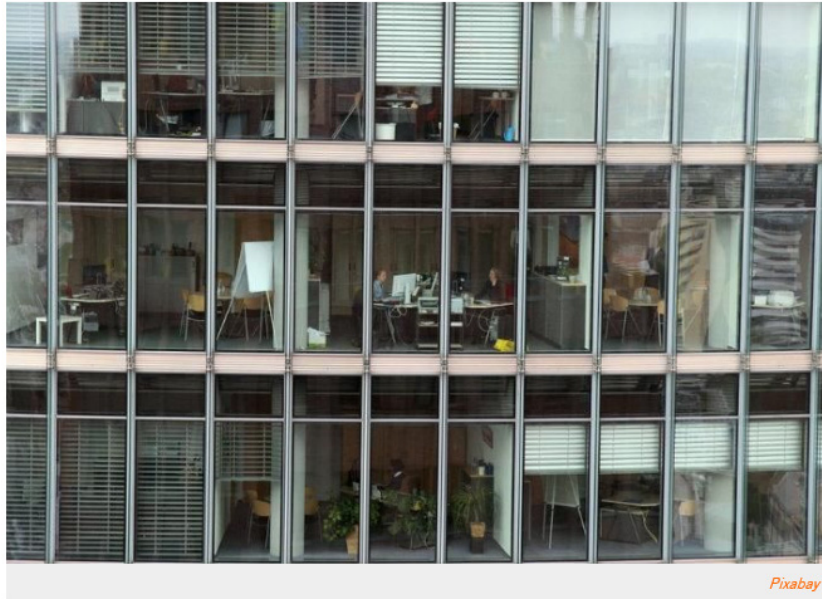


The outlook on the overall economy is **so-so** as we approach **Q1 2016**, but commercial real estate looks poised to do **better than other sectors**, a NAR report says.

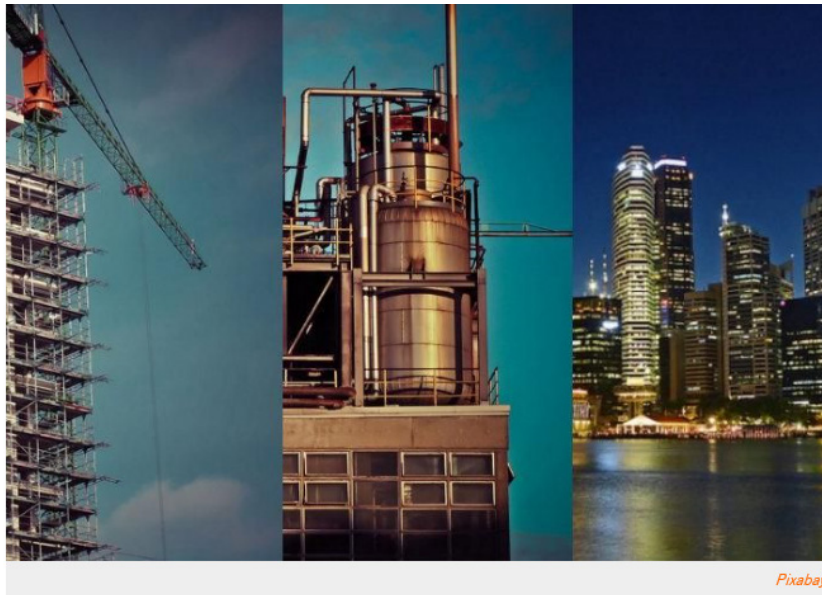
The report, “**Commercial Real Estate Outlook 2016 Q1**,” projects GDP growth in the first quarter to be moderate, at **1.4%**, and to pick up afterwards, reaching **2%** by the fourth quarter.



The **unemployment rate** is projected to hit just **4.8%** by the end of 2016, a minor change from the current **4.9%**. However commercial real estate “fundamentals are expected to improve,” the report says, with **vacancies dropping** and employment gains driving demand.



Office vacancies are projected to decline to **13.4%** by the end of the year and **12.7%** by the end of 2017. Industrial and retail availability are projected to **shrink**, while multifamily vacancies are projected to rise slightly to an average of **6.5%** by the end of 2016.



While the report notes several of the headwinds faced by the broader economy—including **weak GDP growth**, the **strong dollar** and **uncertainty in financial markets**—it predicts the commercial real estate market will remain mostly insulated from those pressures.

“Given the global uncertainty,” the report says, “CRE is likely to **remain an attractive alternative**,” projecting sales to surpass **\$560B** in 2016.