



CELEBRATING
55 YEARS

nerej

Western Massachusetts real estate marketplace showing signs of improvement

May 12, 2010 - Spotlights

If there was anything positive that happened to real estate brokers in 2009 and to a lesser extent the first quarter of 2010, it was the education of our clients in the fickle markets in which we try to earn a living. I know I'm not the only one who has had to defend myself and my company, to an owner, when a property doesn't sell in the time frame we predicted or space that didn't get leased. My experience is that owners agree with our pricing strategy 30%-50% of the time and then dump us when their strategy fails. But in the past 18 months I've actually had clients call to offer their condolences. Having said that, the real estate market in Western Mass. is slowly improving.

With unemployment over 10%, and probably closer to 18% in Western Massachusetts (my opinion please don't call), we've been through some very difficult times and continue to lose manufacturing to other areas as well as overseas. However, none of these normally disturbing events are even noticeable in the current environment; it's been that bad. There have been so few industrial real estate sales during this period that appraisers have to go back almost two years for comps. Not so for retail leasing. Although arguable the hardest hit sector, during this recession, our company has done a fair number of retail leases during this time; however, most of the activity is in "B" locations and with many concessions. It is not uncommon to see a tenant granted the first year of their lease rent free.

We are seeing a gradual improvement in the local real estate market, very gradual. The phone is ringing again and buyers are starting to appear, although loans are still difficult to come by and mortgage guidelines remain strict. I am actually completing a lease that stalled 12 months ago due to the economic disaster that occurred, another good sign.

Some stalled projects are back on the table, including the planned \$50 million renovation of the train station in downtown Springfield which will be a welcome improvement to that area. The school department will be moving into the former federal building on Main St. That should help the retailers in the central business district and further stabilize downtown.

So while the problems we always have in Western Mass., namely the lack of new industry entering the market and job growth, things are definitely improving. Now it remains to be seen whether we learned anything this past 18 months.

William Low is senior vice president of NAI Samuel D. Plotkin and Associates, Inc., Springfield, Mass.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540