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Greater Springfield's commercial and industrial marketplace shows signs of improvement

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With the start of the second quarter of 2010 Greater Springfield's commercial and industrial marketplace seems to show some optimistic opinions, and signs of improvement, however, the marketplace continues to experience negative absorption and the continued addition of inventory in all market categories.

While the current state of the national and international economies continues to be debated by those much more qualified than myself and the true reading of the tea leaves continues its daily if not hourly interpretations it would appear that the macro economy as a whole has begun to improve. This being said this tepid resurgence continues to lack measureable job creation though current retention after this wild economic ride is more than worthy of mention.

As these modestly improved economic conditions trickle down to Greater Springfield's commercial and industrial marketplace the overall market has experienced a recent improvement in market interest and we are hopeful this renewed market interest will evolve into sustainable increased market activity progressing toward positive absorption.

Greater Springfield's office marketplace continues to see increased availabilities with its urban counterpart continuing to experience higher overall vacancy rates and marketing times than its suburban counterpart.

That being said the suburban office marketplace has not escaped these less than favorable economic times unscathed and has experienced increasing availability and increasing vacancy. While this trend has not increased the overall vacancy rate as dramatically as it has in the urban areas, it has begun to be an increasingly measurable occurrence.

Overall office market conditions continue to be sluggish with limited absorption whose gains continue to be offset by increased availability.

Market rental rates for existing office space continue to be pressured by increased availability with many landlords offering increased incentives to attract interest.

These increasing market challenges offer landlords difficult choices as operating costs and tenant improvement costs have not decreased leaving landlords a very slim margin in which to negotiate.

Class A rental rates have begun to experience a downward migration with asking rental ranging from $14 to $20 per s/f gross and current contract rental rates ranging under $18 per s/f with many in the $14 per s/f range.

Class B office space continues to be negatively affected by the lessening of Class A rents and the migration of historic Class B office users to Class A space.

Greater Springfield's industrial marketplace continues to be dramatically affected by the recessionary trends and less than favorable economic conditions that have affected the international, national, regional and local economies with continued lack of positive absorption and increasing available inventory. Overall vacancy remains in excess of 11%.

For several years the region's industrial marketplace had experienced a long standing overall market vacancy rate ranging from approximately 7-8% and this recent increase has occurred in a relatively short time frame.

The local marketplace presently offers a diversity of availabilities ranging from smaller spaces to 500,000 s/f properties. The majority of the newer offerings are typically 100,000+ s/f for sale properties readily adaptable to a variety of industrial uses.

Area rental rates have begun to exhibit signs of destabilization with property owners attempting to adjust rates and terms to attract market prospects.

Asking sales prices have begun a downward migration as property owners assess market availability and price properties accordingly. Market absorption continues to be negative as new inventory has rapidly outpaced market activity. New construction continues to be very limited and focused on previously planned projects and requirements whose needs are not compatible with the existing market inventory, due to specialized locational or physical requirements.

The region's retail component has yet to experience the rapid compaction experienced elsewhere in the country, but availabilities attributable to consolation and realignment continue to emerge.

We are cautiously optimistic that the worst may be behind the region but still consider that the area which has so far fared better than many other areas of the county has a foreseeable long road to achieve positive market conditions.

Douglas Macmillan is president of Macmillan and Son, Inc., Springfield, Mass.