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NAR: Commercial Real Estate Outlook, Second Quarter 2010

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According to the National Association of Realtors (NAR) Research Department, economic activity maintained a positive growth trend in the first quarter of this year, but at a slightly slower pace. Most major components of gross domestic product (GDP) registered advances. Employment also experienced growth during the quarter, after seven consecutive quarters of decline. The trends were mirrored by gains in industrial production and productivity.

Meanwhile, declines in commercial real estate fundamentals have been slowing. Investments were down in the first quarter from the fourth quarter of last year, but up year-over-year. Credit availability continued to be tight, but the sources of financing are growing. Nonetheless, the office, warehouse and retail sectors continue to experience the delayed effects of the recession.

2010.Q1 NAR Commercial

Real Estate Survey Highlights

- * Sales volume declined 6% in the first quarter compared with a year ago.
- * Sales prices declined 16% in the fourth quarter on a year-over-year basis.
- * On a positive note, leasing activity rose 3% from the previous quarter.
- * However, rental rates declined 10% compared with the previous quarter.
- * Concession levels moved up 9% on a quarterly basis.
- * Financing continues to top the list of most pressing current challenges, followed by the pricing gap between buyers and sellers.
- * The estimated average transaction value was \$1.2 million.

The Realtors Commercial Real Estate Market Survey measures quarterly activity in the commercial real estate markets. The survey collects data from commercial Realtors®. The survey is designed to provide member Realtors® with an overview of their markets' performance, sales and rental transactions, along with current economic challenges and future expectations. The questions are designed to capture the effects of the existing economic conditions on the commercial real estate business. Each quarter, participants respond to questions regarding the current demand for commercial properties, price, cap rates, rental concessions and other economic factors. Download this report from: http://www.realtor.org/research/research/cre_market_survey

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