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As 2010 drew to a close the Greater Springfield marketplace reflected modest improvement

January 27, 2011 - Spotlights

With the start of 2011 and a new year Greater Springfield's industrial marketplace continues to experience the challenges of the past few years and an optimistic outlook for improving market conditions for 2011.

As the national economy continued to experience recessionary trends in 2010 Greater Springfield's industrial market place continued to experience declining market conditions of oversupply and limited absorption and subsequent devaluation of sales prices and contract rents.

However, as 2010 drew to a close the marketplace was able to reflect on modestly improving conditions with some absorption of existing inventory and a decline in additional inventory added to the marketplace.

These conditions coupled with indications of an improving national economy and an increased level of local activity and interest will hopefully translate into modest improvement in Greater Springfield's industrial market place in 2011.

With current overall vacancy estimated in excess of fifteen percent from a historical seven to ten percent the market place still needs considerable recovery to materialize before the market place begins to exhibit signs of a measurable recovery.

The local marketplace continues to offer a diversity of availabilities ranging from mid-sized spaces, 50,000 s/f to a few 500,000 s/f properties for sale or lease. The majority of the offerings continue to be 100,000 s/f modern industrial park located properties readily adaptable to a variety of industrial and distribution or warehouse uses and well suited for reuse.

Quoted area rental rates and asking prices continue to exhibit signs of destabilization and decline though it appears they have begun to level off.

Asking rental rates have continued a downward migration with the majority of asking rental rates for existing warehouse, distribution space ranging between $2.50 and $4 per s/f NNN. Asking rental rates for existing manufacturing space range from approximately $3.50 to $5 per ss/f NNN. These asking rental rates vary by location, property and amenity. The majority of recent lease transactions have also seen a notable increase in non rent landlord concessions, such as free rent, turnkey delivery of space and other tenant specific requests indicative of landlords recognition of less than favorable market conditions.

Asking sales prices have continued a downward migration as sales transaction volume and market continue to be impacted by declining interest. Market absorption continues to be negative as additional inventory continues to outpace 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.

Absorption has begun to be measureable though it is sporadic, specific need driven and limited on its impact on the overall vacancy rate. That being said it is a long awaited move in a positive direction which the marketplace has not experienced in two plus years.

Recently Springfield based Smith and Wesson announced its intention to relocate its recently acquired Thompson Center Fire Arms to its Springfield facility from N.H. While this will not immediately affect the area's vacancy rate this relocation of the division and its skilled employees is a major plus for the city, the region and should have some additional economic spin off for the city and region.

This addition to Greater Springfield's employment base along with other recent additions such as the completion of Home Depot's new rapid deployment warehouse in Westfield continue to attest to the region's positive locational features, its adaptive workforce and overall cost effectiveness the region offers.

We are cautiously optimistic that Greater Springfield's industrial marketplace will continue to see more interest in 2011 and positive absorption will begin to take root.

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