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According to NAR, the commercial real estate markets are stabilizing and will see slight uptick

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As the economy mended itself in the 3rd and 4th quarter of 2010, The commercial real estate market flattened out. 2011 will bring a modestly improving commercial real estate market. According to The National Association of Realtors the various commercial real estate sectors have begun to stabilize and we will begin to see a slight improvement in 2011.

Vacancy rates in the office, industrial and retail markets have peaked and there will be a decline in vacancy rates through 2011. Falling vacancy rates will mean increasing rents, although slight at first.

Occupancy in the Boston apartment market in 2010 remained one of the highest in the country and the Boston office market was rated as one of the most improved. The Boston retail market ranked in the top 10 markets for investors and the industrial market enjoyed a second half end of year of positive absorption.

Apartment Market

Unlike the national apartment vacancy rate of 7% in 2010, Mass. vacancy stabilized at approximately 5% and may decrease further in 2011. The decreased vacancy rate will fuel an increase in rent, as slight as it might be. Average apartment rents rose, minimally in the third quarter of 2010, and are expected to rise approximately 1.5 to 2% in 2011. Rental concessions have all but disappeared which is a positive sign for this market. The rest of the New England market should follow in the 4th quarter of 2011 into 2012. Overall, the New England multi-family market will get a boost as many of the economic indicators turn positive.

Office Market

As the work force continued to downsize in 2010, so did the office market. After at least 2 years of shrinking office environments, the Greater Boston office market appears to be recovering. A sure sign is that the rent per s/f in Class A office buildings has increased for the last 2 quarters of 2010. It appears that The office market has stabilized with brisk leasing in most markets in New England, indicating that the market is moving forward although the vacancy rate is still not good; a low of approximately 14% in Boston to a high of 24% in areas of western Mass. The national average fell to 16.4% at the end of the 4th quarter, 2010. The overall amount of available office space has dropped and with analysts predicting the U.S. economy steadily adding jobs, the vacancy rate should drop further in 2011. Many landlords have taken the lead in the market after office rents hit rock bottom in the 2nd quarter of 2010 and began raising asking rents on average by approximately 3.5%. At best the overall office market will remain steady through 2011 until unemployment drops from its 9.5% to a more normal level of 6%.

Industrial Market

As expected the industrial market continued to decline in the Greater Boston area in 2010. Year end

2010 vacancy rate saw some improvement at 15% for manufacturing space, 17% for warehouse space to approximately 18% for flex space however was below the 4th quarter national industrial vacancy rate average of approximately 14.3%.

Although higher than the national average, it is expected with Massachusetts' prominent technology and medical sectors, combined with the weak dollar that has spurned exports, that there will be a demand for industrial space of all kinds and landlords should see increased activity. The industrial sector will further reduce its vacancy throughout 2011 but will not enjoy increase in rents until vacancy can be decreased to below 10%.

Retail Market

The best news of 2010 was in the retail sector. Massachusetts retailers outpaced the national year-end holiday sales numbers surging 7.6% which translated into good news for retail landlords. Although vacancy is still high there are submarkets in Mass. that are experiencing what might be considered moderate, at 10%, in an Industry that has experienced many store closings, consolidations and staff layoffs. Overall the Greater Boston retail market will do well in 2011, under the circumstances, as retailers move their stores into better locations to position themselves, so as to take advantage of the market as it improves. Rental rates will remain relatively stable until vacancy decreases further. Any new planned construction projects will not proceed and will remain on hold until vacancy is decreased and rents increase to afford new development.

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