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Connecticut/Western Massachusetts SIOR commercial real estate market survey

March 03, 2011 - Connecticut

The Connecticut/Western Massachusetts Chapter of SIOR announced the results of its semi-annual survey of the region's commercial real estate market conditions. Member responses were generally positive with over 70% indicating market conditions within Connecticut and western Massachusetts have either stabilized or improved in the latter half of 2010 from the first half of 2010. Predictions for the future are optimistic, but realistic, with continued gradual improvement over time. Over 70% of the responses predict improvement in 2011 and the remaining 30% anticipate no change in market conditions; none of the respondents believe there will be further decline in 2011. Expectations regarding vacancy rates were also positive with members either indicating rates would remain the same or show improvement.

Responses were mixed as to the direction of sales prices for the various property types. There were no expectations that sales prices would increase for office, industrial or investment properties in 2011. A minority (27%) of members believe that there will be further declines in lease rates for office and industrial space, while the majority feels that rates will remain unchanged in 2011. Survey responses for office properties were almost evenly divided between prices remaining at current levels (52%) and further declines (48%). Similar results were also noted for investment cap rates with a majority anticipating that they will remain unchanged (52%) or they will increase (48%). Survey responses for industrial properties were more favorable with a majority indicating prices have stabilized (66%), while a sizable minority predicted a decline (33%).

Members do not anticipate new development in 2011. However, their expectations regarding corporate growth in 2011 are either positive with expansions (37%) or stabilized (48%) with a limited number (15%) anticipating further contraction.

Comments by SIOR members support the positive results, but also reference concerns impacting the market. The concerns include the continued difficult lending environment, weak consumer confidence as well as the budget difficulties of the federal government, State of Connecticut and some municipalities. A frequently referenced issue is the persistent high rate of unemployment even as improvements in market conditions require an increase in hiring.

A number of responses indicated increased transactional activity which is both noteworthy and positive. Overall, conditions have improved; 2010 was noticeably better than 2008 and 2009 with continued improvement in the commercial real estate market anticipated in 2011.

The survey was conducted among chapter members in Connecticut and western Massachusetts to measure market conditions within the region.

SIOR is the leading professional commercial and industrial real estate association. With more than 3,000 members in 580 cities in 26 countries, SIOR represents today's most knowledgeable, experienced, and successful commercial real estate brokerage specialists.

Please visit our website www.siorct.com to find additional information on the Connecticut/Western Massachusetts Chapter, Chapter members, and upcoming events. Should you have questions or interest in the requirements and benefits of becoming an SIOR and joining the Connecticut/Western Massachusetts Chapter, please contact Sherri Thompson, SIOR at 860.528.0884 or John Reed, SIOR at 860.987.4788.

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