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John Reed sees improvement as the Greater Springfield industrial market shows signs of renewed interest and activity

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Last year it was predicted that the Greater Springfield industrial market would experience a slow and steady recovery. However, in 2010 there was minimal activity and the industrial sector remained relatively static. Conservatively, area companies made the decision to rebuild their businesses rather than expand. Unemployment began to decline. Late in the year, there were the beginning signs of renewed interest and activity which should continue through 2011.

The growing local optimism should not be overshadowed by the increased vacancy in the industrial market. The overall industrial vacancy rate in the Springfield market has increased from 8.7% in 2007 to a rate in excess of 16% in 2010. While this is not an attractive statistic, it can only translate into more opportunities for users and investors.

Marketing timelines continued to elongate due to lack of demand. Marketing periods are now as long as 9-36 months. Asking lease rates and terms are more aggressive than in previous years. They are \$3 \$4.50 per s/f NNN for high bay space and \$2 - \$3.25 per s/f NNN for lower bay space. More free rent is being offered, sometimes 6-12 months on a 3-5 year deal. Most landlords have adopted an aggressive posture and will negotiate to stabilize the asset in spite of lease rate compression.

Rebuilding manufacturing is always an incessant desire in the Northeast. The state and local governments continue to work diligently to attract and retain jobs creating and generating companies that can utilize the partially dormant skilled labor pool. On an infrastructure level, local municipalities continue to pursue the creative reuse and redeployment of many of the old and obsolete multi story industrial complexes.

Warehousing is still a large part of the local real estate market. As the national economy improves and the retailers begin to expand, the Greater Springfield market excels as an excellent location for distribution to all of New England.

Well located, economical industrial land is always available in the Greater Springfield area. Many of the sites are "shovel ready" and are priced under \$100,000 per acre or \$5 to \$7 by FAR. Construction and build to suits are typically the last to rebound, but the opportunity is there for the companies that desire that solution to their space needs.

The Greater Springfield industrial market will see improvement in 2011. Owners will need to get more aggressive due to the extensive available inventory. Increased vacancy, more alternatives and aggressive landlords and sellers can only have a positive result for buyers and tenants seeking opportunities in the market. It will be gradual but expect to see absorption, growth and improvement though 2011.

John Reed is first vice president at CB Richard Ellis - N.E. Partners, LP, Springfield, Mass.