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## **By Doug Macmillan - Greater Springfield's market activity has increased with increased interest in showings**

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Not unlike other demographically similar or even larger industrial market places, Greater Springfield's industrial marketplace continues to experience less than favorable market conditions. Greater Springfield's industrial marketplace of approximately 40 million s/f continues to add to its existing inventory with these additions outpacing tepid market absorption. Overall vacancy has been in excess of 15% with some notable recent additions to the marketplace increasing this historically high vacancy rate.

The marketplace has experienced some recent sales whose sale prices in the \$18 to \$25 per s/f range are indicative of the market's decline from its 2007 highs of \$30 to \$40 per s/f. These sales are of mid-sized to larger quality modern industrial properties located in industrial park locations whose reproduction costs would be in \$60 to \$80 per s/f range. Asking sales prices continue downward as many properties have been on the market in excess of a year or even two or more.

Asking and contract rental rates continue their downward migration with the majority of asking and contract rental rates for existing warehouse, distribution space ranging between \$2.50 - \$4 per s/f NNN. Asking rental and contract rates for existing manufacturing space range from approximately \$3.50 to \$5 per s/f NNN.

Overall market pricing continues to exhibit signs of destabilization and with the realization of recent negative market activity market offerings continue downward adjustments in pricing and increased offers of tenant concessions and other creative incentives from both sellers and landlords.

Availability in the marketplace remains ample with a continued notable concentration of 100,000 +/- s/f quality modern industrial park located offerings.

The marketplace continues to experience limited availability in the smaller to mid-sized market with limited inventory in the 5,000 to 50,000 +/- s/f product category and relative interest in this market segment

This market segment serves a significant amount of the region's core business who continue to weather the recession as their smaller to mid-sized business models and markets they serve continue to be active and in need of product.

New or speculative construction continues to be limited and concentrated on special requirements whose physical or locational needs are not readily compatible with the existing inventory.

Market activity has increased with the majority of broker's indicating increased interest and showings although sales and leases remain limited.

We are hopeful that the economy will transition and begin to produce and require increased employment opportunities which should translate to increased interest in Greater Springfield's industrial market is its locational attributes coupled with its very competitively priced industrial availabilities should be of interest to prospects in the marketplace.

Douglas Macmillan is president of Macmillan and Son, Inc., Springfield, Mass.

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