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## **By Doug Macmillan - Greater Springfield's industrial marketplace continues to offer competitively priced quality offerings**

October 27, 2011 - Spotlights

With the start of the fourth and final quarter of 2011, Greater Springfield's industrial market place remains challenged by the poor economic conditions affecting the local, regional, national and international economies.

Greater Springfield's industrial market place continues to experience oversupply with limited market activity and absorption. The market place's overall vacancy rate continues to remain in excess of 15% with limited absorption and a continuation of the addition of new property offerings.

The market place has experienced some sales activity in 2011 with recent sales trending downward in the \$18 to \$25 per s/f range for modern, industrial park located, industrial offerings.

This has added validity to recent downward price adjustments for many market offerings with the realization that market conditions are not improving and it's likely that this trend will continue for the immediate foreseeable future.

The region continues to offer an ample supply of competitive for sale offerings in the 100,000 s/f range.

The market place continues to have scarce for sale offerings in the small to mid-sized building market segment which are more typically more sought after in the local market place as the region has a larger concentration of users in this market segment.

The region's industrial lease offerings continue to be ample with a greater degree of diversity of square footage offered with numerous availabilities in 20,000 to 100,000 s/f range.

Asking and contract rents have continued a downward migration with the majority of asking and contract rental rates for existing warehouse, distribution space ranging between \$2.50 and \$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.

Incentives such as free rent, generous tenant improvement allowances, and other tenant advantageous landlord concessions are common in the market place. Well versed landlords continue to offer creative lease proposals utilizing a combination of competitive rental pricing in conjunction with landlord concessions to entice the limited prospects.

Overall market sales and lease pricing continues to exhibit signs of destabilization though the overall vacancy rate is beginning to show signs of stabilization as additions to the present market appear to be decreasing.

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. The continued absence of non-committed new space should be beneficial as the market place transitions.

Market activity continues to see improvement over 2010 with increased interest and showings. However, interest and showings need to translate to sales and lease commitments for a measurable improvement in the market place. The increased activity is hopefully an indicator of improving economic conditions and indication of future demand for space.

Greater Springfield's industrial marketplace continues to offer competitively priced quality industrial offerings with exceptional locational characteristics.

We continue to be hopeful though guardedly optimistic that 2012 will see continued though measured improvement in the Greater Springfield industrial marketplace.

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