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By Chris Mellen - National Assn. of Realtors says: Greater Boston commercial real estate markets are doing better than national markets

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Third quarter vacancy numbers have been posted and despite an economy that is still struggling, the Greater Boston commercial real estate markets are doing better, overall, than the national markets. This is mainly due to a lower jobless rate of approximately 6.8%, in the Boston area as compared to the national rate of 9.1%. According to the U.S. Bureau of Labor Statistics, there has been a labor expansion in the Greater Boston area, over the past couple of years, of approximately 2.5% in employment as opposed to a .3% decrease in the nation. This employment growth has been mainly in the technology, science, management, service and film, TV and digital media industries, according to the Executive Office of Housing and Economic Development, State of Mass. In addition, the employment increase boosted the state's salaries and wages by approximately 3.5%, which had a positive effect on retail and spending.

Apartment Market

Although the national apartment vacancy rate is only 5.6%, the Greater Boston market is doing far better at an average rate of approximately 3.8%. This puts Boston in the top 10 rental markets. The Mass. vacancy stabilized in 2010 at approximately 5% and did decrease further in 2011, as predicted. The decreased vacancy rate has fueled an increase in rent. Average apartment rents rose approximately 3% through the third quarter of 2011. It is forecasted that we will continue to be in a landlord's market.

Office Market

As the jobless rate fell and the technology and science industries expanded, the demand for office space has increased. This absorption of vacant space occurred in the Cambridge, Boston waterfront and Rte. 128 beltway areas. Average rent for a Class A building in Boston increased to approximately \$37 per s/f with average vacancy at approximately 14%. This compares to a national average vacancy rate of approximately 16.5%. Although, rents have increased by approximately \$2 per s/f in the Boston market, it has remained static in the suburban market.

Industrial Market

As expected the average Greater Boston industrial vacancy rate of 16% continued to be higher than the national average of 13%. The positive news is that tenant demand for industrial space in Greater Boston and every sub market was at its highest level for 3rd quarter, 2011. This included all Industrial types; manufacturing, warehouse, research and development and flex space. There was also a very slight increase in asking rents.

Retail Market

The best news of 2011 was in the retail sector. The Massachusetts retail vacancy rate of 7.1% is much lower than the national vacancy rate of 13% and will continue to trend down. Overall the Greater Boston retail market will continue to do well in 2012. Any new planned construction projects will not proceed until rental rates strengthen.

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