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Connecticut/Western Massachusetts Chapter of SIOR response to market survey

February 16, 2012 - Connecticut

The Connecticut/ Western Massachusetts chapter of SIOR released the results of its semi-annual survey of its membership regarding commercial real estate market conditions within the region. Member responses were generally positive with over 56% indicating market conditions within Connecticut and Western Massachusetts have either stabilized or improved in the latter half of 2011 from the prior six months.

Predictions for the future are optimistic but realistic with continued gradual improvement over time. Over 66% of the responses predict improvement in 2012 and the remaining 31% anticipate no change in market conditions, only one respondent believes there will be further decline in 2012. Expectations for the first six months of 2012 suggest the industrial and office markets have stabilized although a significant minority is concerned about further declines in market lease rates. Members (80%) largely believe that industrial lease rates will remain unchanged while a number (20%) anticipate a decline. A lesser majority (60%) believe that office lease rates will remain unchanged while a greater number (36%) expect declines and a limited number (4%) expect rates to increase. Expectations regarding the direction of market vacancy rates were similar by product type and the majority evenly divided between no change and a decrease. Respondents expect industrial vacancy rates to decrease (48%), remain unchanged (44%) or increase (8%). Respondents also expect office vacancy rates to decrease (37.5%), remain unchanged (37.5%) or increase (25%).

Future trends for sale prices are more optimistic than prior surveys as a larger percentage of members expect prices to remain the same and a small minority predict sales prices will increase. Survey responses for industrial properties were favorable with a majority (61.5%) indicating prices have stabilized or anticipating an increase (15%) while a sizable minority is predicting a decline (23%). Survey responses for office were slightly less positive as a majority (55%) indicated prices have stabilized or anticipate an increase (1%) with a more sizable minority (37%) predicting further declines. Similar results were also noted for investment cap rates with a majority anticipating that they will remain unchanged (62%) or evenly split between increases (19%) and decreases (19%).

The members do not anticipate new development in 2012. However, their expectations regarding corporate growth in 2012 are either positive with expansions (31%) or stabilized (50%) with a limited number (19%) anticipating further contraction. Members noted increases in activity and closed transactions but in some cases they were for shorter term leases or decreased space. Comments by members were positive noting increased transactional activity in the closing months of 2011 but guarded as 2010 closed with a similar increase in activity which was not sustained in the New Year.

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. The survey was

conducted among chapter members in Connecticut and Western Massachusetts to measure market conditions within the region

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 a 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.

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