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Greater Springfield's commercial and industrial market place begin to improvement Q1 and Q2 2012

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Greater Springfield's commercial and industrial market place appears to have begun to experience improvement in the first and second quarter of 2012.

Greater Springfield's commercial and industrial market place which has experienced a measurable period of limited activity, limited absorption and significantly increased vacancies attributable to the recession has begun to exhibit positive signs of improvement with increased activity.

The industrial marketplace had seen several years of historically high vacancy, limited if any measurable absorption and a continual addition of properties to its inventory.

The region's industrial marketplace has seen a recent flurry of sales activity with most properties selling at historically low sales prices.

Recent sales transaction prices have ranged from approximately \$6 per s/f to approximately \$25 per s/f for modern, well located buildings, some exhibiting deferred maintenance and the need for the replacement of long lived items such as roofs, but generally in good condition offering good functional utility.

This market trend should continue downward price adjustments for many market offerings as the destabilization effect of recent market activity should impact the market place negatively relating to sales price repositioning as the market begins to absorb inventory at lower sales prices

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

The market place continues to have scarce for sale offerings in the small to midsize building market segment which are 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 the 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. Asking rental and contract rates for existing manufacturing space range from approximately \$3.50 to \$5 per s/f.

Incentives such as free rent, generous tenant improvement allowances, and other tenant advantageous landlord concessions continue to be common in the market place.

Most market participants while concerned with the dramatic price concessions view the increased sales activity as positive as it potentially repositions long idle building stock and in some instances removes it from the inventory.

Greater Springfield's office market place continues to experience elevated vacancy rates with urban areas performing more poorly than suburban space.

Springfield's central business district has experienced some recent positive signs with several larger tenants renewing expiring leases and with some leasing additional space. Additionally, Springfield's central business district has attracted new interest and tenants which hopefully will continue as the area offers excellent space options in all market categories.

Office rents continue to vary and remain relatively flat as inventory and alternatives remain abundant in most size categories. Landlords continue to employ incentives to attract and secure tenants.

We continue to be hopefully through guardedly optimistic that 2012 will see continued though measured improvement in the Great Springfield commercial and industrial marketplace.

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