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Greater Springfield's industrial marketplace continues to offer competitively priced offerings

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The industrial marketplace for Greater Springfield continues to experience continued ample market availability with measurable recent sales activity at historically low sales prices.

Greater Springfield's industrial marketplace remains negatively affected by the challenging poor economic conditions that continue to affect the local, regional, national and international economies.

The marketplace's overall vacancy rate continues to remain at historic highs with increased market activity and some but limited absorption.

The marketplace has experienced improved sales activity with recent sales continuing to trend downward. Sales prices for modern, in many cases newer, industrial building range in the $15-$20 per s/f price range. Some sales prices for modern, well located, older but functional industrial buildings have been under $10 per s/f as property owners divest themselves of properties vacant in most instances for several years. Many recent sales appear to be purchased as "value buy" opportunities as purchasers believe the sales prices are overly depressed and present opportunity or value with many of these sales the property while sold are not being placed back into productive reuse and therefore, have not increased absorption or reduced the vacancy rate.

Market offerings continue to exhibit downward price adjustment to align sales and lease pricing with recent downward market conditions.

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

The marketplace continues to have scarce for sale offerings in the small to midsized building market segment which is more sought after in the local marketplace as the region has larger concentrations 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 10,000 to 100,000 + s/f range. Availability of small to midsized spaces continues to be less than larger properties but has begun to increase as larger availabilities are sold and only partially occupied. Lease activity has increased with most lease transactions having typically shorter lease terms at tenant favorable lease rates and terms.

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 $3.50 to $5 per s/f NNN for existing space and may range higher for specialized or new space.

Non rent incentives and other tenant advantageous landlord concessions continue to be common in the marketplace.

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 continues to be beneficial to the marketplace.

Market activity continues to see improvement over 2011 with increased interest in sales and showings. While hopefully the increased activity is an indicator of improving economic conditions it maybe more premised on speculative acquisition and may have a limited positive effect on the overall marketplace.

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 the market improvement in 2012 will continue measured improvement in Greater Springfield's industrial marketplace.

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