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## **Greater Springfield Industrial Market 3rd Quarter 2012**

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The Greater Springfield industrial market is still recovering. We expect continued improvement for the remainder of 2012 into 2013.

Last year the national economy was gaining traction in its recovery. The larger distribution markets in the mid Atlantic and metropolitan New York rebounded well. Greater Springfield was not far behind and has seen some improvement. There is increasing demand in the 20,000 to 50,000 s/f range. We expect there might be multiple 100,000 s/f requirements in the region in 2013.

Many of the users in the Greater Springfield industrial market have been small manufacturing companies that supply larger regional companies. Service, warehousing and distribution companies operate out of the remaining inventory. When the economy softened and retail sales diminished, it directly affected the local industrial real estate industry. This sector is slowly returning in individual distribution requirements and a modest increase in 3PL activity.

In 2011 the industrial vacancy was above 16%, sales and leasing activity has increased in 2012 and vacancy has diminished slightly. Due to long marketing time of some properties, pricing remains competitive. Lease rates are \$3 to \$4.25 per s/f NNN for high-bay space and \$1.75 to \$3.25 per s/f, NNN for low-bay space. Landlord incentives are a component of all leases.

Creative reuse of industrial properties continues. WMDC is in the process of repositioning the Ludlow Mills complex. This project has commitments from Health South and WinnDevelopment. The newly completed high-performance computer center is a pleasant addition to the Holyoke industrial inventory.

Greater Springfield

Industrial Market Forecast:

The Greater Springfield industrial market will continue to see progress through the remaining months of 2012 and into 2013. Attractive prices exist for buyers and tenants seeking opportunities in the market. Absorption will be gradual as the market continues its recovery.

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