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## **Greater Springfield's office and industrial marketplace reflects on a year of increased activity**

November 08, 2012 - Front Section

As 2012 draws to a close, Greater Springfield's office and industrial marketplace reflects on a year of increased activity and limited, but positive absorption in some market segments.

Greater Springfield's industrial marketplace has experienced a year of increased sales and lease activity with limited absorption as many recent sales resulted in new ownership, but continued vacancy or partial vacancy of the property.

The year's sales transactions have occurred at record low sales prices ranging from approximately \$6 to \$25 per s/f for modern buildings some with significant deferred maintenance though the majority being in relatively good condition.

The industrial marketplace also experienced increased lease activity though lease rates also were at an unprecedented market lows. Lease rates continue to be represented in the \$2.25 to \$3.50 range for modern warehouse and distribution properties.

The overall industrial marketplace continues to offer ample availability though availability of smaller to midsized industrial offerings continues to be scarcer than the availability of 100,000 s/f offerings.

Asking sale prices continue to be in the \$15 to \$25 per s/f range for modern industrial building offering good utility and industrial park settings.

Asking and contract rents continue to reflect the less than favorable market conditions with rates for warehouse distribution space in the \$2 to \$3.50 range. Asking and contract rents for manufacturing space for existing space typically range a little higher in the \$3 to just below \$5 per s/f range.

Greater Springfield's office market has experienced an increased level of interest and lease activity in both the urban and suburban marketplaces.

Springfield's Central Business District continues to exhibit positive signs with several larger tenants renewing sizeable lease and with some expanding.

Office space has experienced an increased level of interest and activity with a measurable level of increased lease activity with several larger prospects deciding on relocation to class A office space or renewal and/or expansion of existing class A tenants.

Greater Springfield's suburban office marketplace continues to experience activity and interest with most areas continuing to maintain higher occupancy rates and higher rental rates than their urban counter parts.

Overall office rental rates continue to vary dependent upon lease structure, location and amenity.

Lease rates continue to remain consistent with little appreciation for existing properties and to be derived from cost for new construction

This often creates a measurable disparity and disproportionate economics between existing and new office space with existing office space offering significantly reduced rental rates over new construction.

Office rents vary but overall existing Class A gross rental rates continue to be reflected in the \$14 to \$18 gross per s/f range. New class A office space is typically suburban space with a lease structure with rents reflected in the \$20 to \$25 per s/f range.

Overall market conditions continue to experience increased activity with increased interest and showings. We continue to be guardedly optimistic that Greater Springfield's industrial and office market will continue to experience increased improvement through the end of 2012 and into 2013.

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