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## **Springfield's industrial market remains stable with low vacancy and consistent rental rates**

February 27, 2008 - Spotlights

With the start of 2008 greater Springfield's industrial market place remains relatively stable with continued low vacancy rates and consistent market rental rates.

The industrial market place continues to experience an overall vacancy rate of approximately 9% for the market's 40 million s/f.

The majority of the market place's vacancy continues to be represented in the region's older, less functional space and in for lease offerings. The market place has experienced a recent increase in the availability of 100,000 s/f for sale property offerings. This continues to be attributable to more challenging economic times and global restructuring. The recent market additions should be well received in the market place as availabilities have remained limited.

The market place continues to experience a stronger interest in acquisition than in lease alternatives. This trend continues to be representative of the user driven nature of the market place. This interest shows its greatest concentration in the 10,000 to 100,000 s/f market segments. This continued demand has had a positive effect on market value as continued scarcity of available properties coupled with increased construction costs has measurably increased sales prices.

Overall absorption continues to be healthy with typical marketing times of three to 12 months, with some larger for lease offerings experiencing longer marketing times in excess of a year.

Regionally rental rates have remained stable, with rental rates for existing warehouse/distribution space ranging between \$3.50 and \$4.75 per s/f NNN. Rental rates for manufacturing space continues to range from \$3.75 to \$5.25 for existing modern manufacturing space.

New construction continues to be less prevalent and fueled by user driven new construction or additions for principally local or regional companies.

Speculative construction continues to be very limited as the user driven market preference of ownership versus leasehold continues to dominate the market place. Additionally, new construction costs continue to establish rental rates exceeding available market offerings.

These two factors of a strong existing user drive market place and controlled speculative construction continues to provide for sound market ;conditions which continue to predicate low overall vacancy rates and stabilized market rents.

The region's industrial investment market place continues to remain limited as the market place continues to be user/occupant driven. With favorable locational employment and cost factors we forecast continued relative stability for the Greater Springfield industrial market place.

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