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Results of SIOR Connecticut/Western Massachusetts chapter market survey

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The Connecticut/ Western Massachusetts chapter of SIOR announced the results of its semi-annual survey of its membership. The survey measured market conditions for the period July through December 2012 within the region.

Member responses were positive with 52% indicating market conditions within Connecticut and western Massachusetts have stabilized over the latter half of 2012 and 36% indicating improvement. These results are consistent with the survey conducted earlier in 2012. Predictions for market conditions for 2013 are optimistic with a majority indicating improvement (58%), a significant minority indicating no change in conditions (32%) and the remainder anticipating further declines (10%). However, the improvement in market conditions are not expected to result in improved market lease rates. Industrial lease rates will remain unchanged (88%) with a minority indicating an increase (12%). Office lease rates are also expected to remain unchanged (93%) while a small number (7%) expect a further decline.

Expectations regarding the direction of market vacancy rates are similar for industrial and office. Industrial vacancy rates are expected to hold steady (47%) with a number anticipating improvement in the market as they expect vacancy rates to decrease (41%) and a small group expecting vacancy to increase (12%). A greater number of respondents believe office vacancy rates will remain the same (57%) and the remainder expects office vacancy rates to decrease (36%) or for vacancy rates to increase (9%).

By a significant margin, members believe sales prices for industrial and office product as well as cap rates will be stable into 2013. Survey responses for industrial properties indicate stable pricing (70%) with the remainder divided between price increases (18%) and prices decreases (12%). Survey responses for office differ slightly as a similar majority (72%) indicates prices have stabilized but the remainder believes further declines (21%) will occur and a small number anticipating price increases (7%). Similar results were also noted for investment cap rates with a majority anticipating that they will remain unchanged (60%) or expect cap rates to increase (27%) which results in declining values for investment properties and the remainder anticipating a decrease in cap rates (13%).

The members do not anticipate significant new development in 2013. Their expectations regarding corporate growth in 2013 are not optimistic with the majority expecting status quo (58%) with the remainder evenly divided between expansion (21%) and contraction (21%). Comments by members noted improvement in market conditions year over year and although this trend is projected to continue, increases will continue to be slight and the pace will be slow. A number of issues including high unemployment, budget and anticipated tax increases at the federal and state level will continue to over shadow the market.

A sampling of recent member transactions in New Haven County include the sale of the 398,107 s/f Farrell Corporation complex in Ansonia for \$1.9 million to Washington Management, LLC by Alan Fisher, SIOR. Stephen Press, SIOR sold 1050 Sherman Avenue in Hamden, an 18,500 s/f industrial facility for \$575,000. Ed Godin, SIOR completed two leases in Waterbury's Captain Neville Industrial Park; 36,000 s/f leased to Eemax, Inc. and 29,500 s/f to IMS Waterjet, Inc. An 18,000 s/f class A office building at 322 East Main Street in Branford was leased to Durata Therapeutics, a Chicago based pharmaceutical company. Steve Inglese, SIOR represented the landlord and Phil Gagnon, SIOR represented the tenant in this transaction.

Hartford County transactions include the 115,301 s/f industrial facility at 235 Dividend Rd. in Rocky Hill sold to Simoniz by Mark Duclos, SIOR for \$3.9 million. Ed Godin, SIOR represented The Davidson Company and Bill Bronson, SIOR represented the landlord in a long-term lease of distribution space totaling 120,500 s/f in Newington. 44 Mill Lane in Farmington, a 5,572 s/f historic grist mill was sold to Miss Porter's School for \$810,000 by Stephen Press, SIOR.

349 Lake Rd. in Dayville, a 210,000 s/f industrial facility situated on I-395 in northeast Connecticut, was sold to The Grossman Companies for \$3.2 million by Nick Morizio, SIOR. In Middlesex County, Kevin Geenty, SIOR and Kristin Geenty, SIOR completed three transactions in the Centerbrook section of Essex: two contiguous buildings were sold on behalf of Rolls Royce in conjunction with Michael Cook, SIOR from UGL Equis in Indianapolis for \$550,000; and retail and office properties at 61 Main St. sold for \$760,000 and 35 Main St. sold for \$725,000. In New London, Nick Morizio, SIOR sold a 48,000 s/f office building to Lawrence & Memorial Hospital for \$2.5 million.

Two investment transactions occurred in Fairfield County's Westport: 1365 - 1391 Post Rd., a two building 50,000 s/f retail development, was sold for \$18.25 million by Bruce Wettenstein, SIOR and Dave Fugitt, SIOR; and Village Square on Main St., a three building 14,850 s/f retail property, was sold by Ted Hampe, SIOR for \$14.138 million. Also in Fairfield County a 155,000 s/f industrial facility situated at 7 Edmund Rd. in Newtown was sold to Clancy Moving Systems for \$4.8 million by Sal Buono, SIOR.

In western Massachusetts, John Reed, SIOR completed two industrial leases; 149,000 s/f to Plastipak at 425 Meadow Street in Chicopee, and 50,000 s/f to LG Hausys at 22 Progress Ave. in Westfield.

Outside Connecticut and Western Massachusetts, Art Ross, SIOR completed industrial sales in Groveton, N.H., a 500,000 s/f former paper mill; a 250,000 s/f manufacturing facility in Claremont, N.H.; a 77,250 s/f former printing/converting facility in Vernon, N.Y.; and a 1,700,000 s/f former automotive plant in East Syracuse, N.Y. in conjunction with John Clark, SIOR from Pyramid Brokerage Company in Syracuse.

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