

Fall SIOR Commercial Real Estate Index provides views on market conditions

March 13, 2008 - Spotlights

The Fall 2007 SIOR Commercial Real Estate Index, representing the third quarter 2007 data, is compiled by the Society of Industrial and Office Realtors and evaluated by the National Association of Realtors. The national index, which measures 10 variables pertinent to the performance of U.S. industrial and office markets, dropped 6.5 points to a fall reading of just 107.2. While still higher than a value of 100 (indicating a balanced office and industrial marketplace), it appears that we are in a market that is less buoyant for property owners.

The SIOR Commercial Real Estate Index is a diffusion index where a score of 100 indicates markets in balance. Although a score of 107.2 reflects positive conditions in the commercial real estate industry for landlords and sellers, it is clear that the robust market enjoyed until recently has ended at least temporarily. 54% of markets indicated that leasing activity was normal or a little higher, down from the 76% reporting those conditions in October 2006. The 3rd quarter Index was based on replies from 371 SIOR members who provided their views on market conditions in their respective markets in early to mid-October.

The Index results indicated that approximately one-half of the local markets surveyed continued to be strong with the national economy having little or no effect on local market conditions. Modest rental rate growth was experienced in 55% of the markets reporting, down 10% from October 2006. 33% of respondents indicated that their market was favorable to tenants (those offering moderate levels of landlord concessions). More respondents described a balanced market (63% now vs. 53% last year) where landlord concessions were insignificant. Overall, the investment market was balanced with only a slight increase in favorable conditions for sellers.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540