



## **Results of the Connecticut/Western Massachusetts SIOR semi-annual membership survey**

August 15, 2013 - Connecticut

The Connecticut/ Western Massachusetts chapter of SIOR announced the results of its semi-annual membership survey. The survey measured market conditions for the period January through July 2013 within the region.

Member responses noted improvement from the last half of 2012 to the first half of 2013, but also noted transactional activity continues to be below historical norms. In regards to overall market conditions 42% of the membership indicated improvement and 46% saw no change in market conditions and the remainder (12%) experienced a decline within Connecticut and western Massachusetts. Predictions for the rest of 2013 are optimistic with a majority indicating improvement (56.5%) and the remainder (43.5%) does not anticipate a change in market conditions. The majority of members do not expect lease rates to change in the second half of the year. Industrial lease rates are expected to remain unchanged (79%) and the remaining respondents are evenly divided between an increase (10.5%) and a decrease (10.5%). Office lease rates are also expected to remain unchanged (74%) while a number (21%) expect a further decline and only 5% expect an increase.

Expectations regarding the direction of market vacancy rates are similar for industrial and office. Industrial vacancy rates are expected to hold steady (55.5%) with a number anticipating improvement in the market as they expect vacancy rates to decrease (33%) and a small group expecting vacancy to increase (11.5%). Respondents believe office vacancy rates will remain the same (50%) and the remainder expects office vacancy rates to decrease (35%) or for vacancy rates to increase (15%).

A majority of members believe sales prices for industrial and office product as well as cap rates will be stable for the remainder of 2013. Survey responses for industrial properties indicate stable pricing (67%) with the remainder divided between price increases (16.5%) and prices decreases (16.5%). Survey responses for office differ slightly as a similar majority (73%) indicates prices have stabilized but once again the remainder are evenly split between further declines (13.5%) and price increases (13.5%). Similar results were also noted for investment cap rates with a majority anticipating that they will remain unchanged (58%) or expect cap rates to increase (31.5%) which results in declining values for investment properties and the remainder anticipating a decrease in cap rates (10.5%).

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 (70.8%) with the remainder divided between expansion (16.7%) and contraction (12.5%). Comments by members point to a market that has improved over the much weaker conditions of several years ago but still

remains weak: "market conditions continue to be marginally positive... there are very few new requirements in the market..." "The market has shown improvement as it relates to traffic (showing activity) at buildings as well as new corp rep assignments - However this has not translated into increased transaction activity (of significance)."

A sampling of recent member transactions includes the sale of 100 Trap Falls Road Extension in Shelton, a modern 81,500 s/f industrial and office facility. It was sold for \$3.322 million to Cambridge Hanover. Bruce Wettenstein, SIOR represented the seller, W. E. Bassett Company. Elsewhere in Fairfield County, Dave Fugitt, SIOR and Wettenstein, SIOR represented Zeisler & Zeisler in their lease of 12,086 s/f of office space located at 10 Middle St. in Bridgeport.

In New Haven County, Kevin Geenty, SIOR represented Composite Machining Experts, who leased 19,246 s/f of industrial manufacturing space located at 222 Universal Dr. in North Haven. In Westbrook, Kevin Geenty, SIOR and Kristen Geenty, SIOR represented the seller, Peoples Bank, in the sale of a 12,359 s/f light industrial building located at 1244 Old Clinton Road. The purchaser was Solid State Heating Corporation who paid \$475,000 for the property.

Also in New Haven County, Steve Inglese, SIOR handled the investment sale of a 50,000 s/f class A multi-tenant office building located at 322 East Main St. in Branford. The transaction was recorded at \$4.5 million.

Activity in Hartford County includes a 12,910 s/f office lease expansion at 1404 Blue Hills Ave. in Bloomfield, by Rideshare Company and represented by Larry Levere, SIOR. Larry also handled an 8,500 s/f office lease expansion by Parsons Brinckerhoff, Inc. at 500 Windingbrook Dr. in Glastonbury.

Industrial activity in Hartford County includes the sale of 8 Craftsman Road in East Windsor, a 75,000 s/f industrial building acquired by DeMattia Companies for \$1 million. Bill Bronson, SIOR represented the seller, Genuine Parts Company.

In western Massachusetts, John Reed, SIOR represented the US Postal Service in the sale of their 50,000 s/f distribution facility located at 123 First Ave. in Chicopee, Mass. for \$2.9 million to JMDH Real Estate.

Elsewhere in the northeast, Art Ross, SIOR represented Belden, Inc. in the sale of their 201,000 s/f manufacturing building in Leominster, Mass. for \$2.25 million to New England Wire Products, Inc.

Art Ross, SIOR also handled the sale of the former Oneida Limited manufacturing facility totaling 1,035,000 s/f in Sherrill, N.Y. on behalf of the seller, Sherrill Manufacturing, Inc. 102 E. Seneca Street - Sherrill, NY