



Results of SIOR Connecticut/Western Massachusetts chapter market survey

February 20, 2014 - Connecticut

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 2013 within the region.

Survey results were generally more positive than in more recent surveys. Respondents noted increased showing and transactional activity during the fall of 2013 which many believe will lead to improved market conditions in the future. Member responses noted the change in market conditions from the first half of 2013 to the last half of 2013 with 59% indicating market conditions had improved and 41% indicating no change in market conditions. As a result, predictions for market conditions for 2014 are optimistic with a majority indicating improvement (68%) and a significant minority indicating no change in conditions (32%), none of the members anticipate further declines. However, most members do not anticipate that the improvement in market conditions will result in improved market lease rates during the first six months of 2014. Industrial lease rates are expected to remain unchanged (80%) with a minority expecting an increase (20%). Office lease rates are also expected to remain unchanged (81%) while a small number (13%) expect a further decline or expect a price increase (6%).

Expectations regarding the direction of market vacancy rates are more positive for industrial than office. Industrial vacancy rates are expected to decrease (69%) with a significant number anticipating vacancy rates to remain unchanged (25%) and a small number anticipating vacancy rates will increase (6%). The office market is less optimistic as respondents believe office vacancy rates will remain the same (47%) and the remainder expect office vacancy rates to decrease (33%) or for vacancy rates to increase (20%).

By a significant margin, members believe sales prices for industrial and office product as well as cap rates will be stable into 2014. Survey responses for industrial properties indicate stable pricing (69%) with the remainder anticipating an increase (31%). Survey responses for office differ slightly as a larger majority (88%) indicate prices have stabilized but the remainder is evenly split between further declines (6%) and a price increase (6%). Similar results were also noted for investment cap rates with a majority anticipating that they will remain unchanged (61%), a sizable minority anticipating a decrease in cap rates (31%) or increase in sales prices and a small group forecasting cap rates to increase (8%).

Remarkably a number of members anticipate an increase (45%) in development in 2014 while a majority (55%) expect it to remain the same. Expectations regarding corporate growth in 2013 are mixed with the majority expecting status quo (55%) with the remainder divided between expansion (27%) and contraction (18%). Although survey results were positive with improvement in market conditions, the pace of recovery continues to be slow and uncertain. Members also noted a number

of issues including high unemployment and declining labor force participation as well as budgetary and anticipated tax increases at the federal and state level that will continue to over shadow the market.

A sampling of recent member transactions includes the sale of 1 Morningside Drive North in Westport, a 3 building office complex totaling 30,000 s/f on 1.87 acres. It sold for \$5.8 million, and Dave Fuget, SIOR represented the seller in this transaction.

Also in Fairfield County, a 38,000 s/f industrial facility located at 1330 Honeyspot Road Extension in Stratford was acquired by Nuovo Pasta Productions for \$2.7 million. David Gorbach, SIOR represented the seller and Bruce Wettenstein, SIOR represented Nuovo Pasta Productions in this transaction.

In Bridgeport, Carl Russell, SIOR represented Webster Bank in the sale of a 5,259 s/f industrial building located at 271 Wheeler Ave. for \$154,000.

In the Waterbury area, Shelter Logic Corporation completed a lease for 103,000 s/f at 1100 Buckingham St. in Watertown. Ed Godin, SIOR represented the landlord in this lease agreement.

In New Haven County, Kevin Geenty, SIOR and Kristen Geenty, SIOR represented the seller, Maritime International in the sale of their 117,549 s/f former freezer storage facility located at 1 Brewery St. in New Haven. Connecticut Department of Transportation purchased the property for \$1.753 million.

A 9-unit apartment building located at 200-204 Alden Ave. in New Haven, near Yale Bowl, sold for \$800,000. Frank Hird, SIOR represented the seller in this transaction. Also in New Haven, a 17,246 s/f office building located at 348-350 Orange St. was sold for \$1.175 million. Stephen Press, SIOR represented the purchaser, Three Fifty Orange Street, LLC.

Kevin Geenty, SIOR represent the sell, Palmer Realty, in the sale of 48 North Branford Road in Branford, a 26,000 s/f industrial facility on 1.65 acres for \$1.6 million.

A 13,340 s/f medical office building, located at 2447 Whitney Ave. in Hamden was sold for an undisclosed price. Stephen Press, SIOR represented the seller, Whitney Medical Group, LLC in this transaction.

In Hartford County, Mark Duclos, SIOR and Art Ross, SIOR represented the seller, New Boston EH, LLC in the sale of their modern 53,325 s/f industrial facility located at 71 George Street in East Hartford. The property was acquired by Nixon Uniform for \$2.475 million.

In New London County, Art Ross, SIOR represented the purchaser, Change Wind Corporation, in the acquisition of the former Wyre-Wynd facility, totaling 200,000 square feet on 17 acres. The property transferred with a selling price of \$550,000.

In western Massachusetts, a long-term lease for 72,060 s/f was signed at 77 Champion Dr. in Chicopee, Mass. Mark Duclos, SIOR and Art Ross, SIOR represented the landlord, WE77 Champion, LLC, and John Reed, SIOR represented the tenant, Menck USA. The Chicopee facility will be the U.S. headquarters and manufacturing plant of high end windows for the German based firm Menck.

Also in western Massachusetts, Mark Duclos, SIOR and Art Ross, SIOR represented Garden Park, LLC, the purchaser of a 125,400 s/f industrial facility at 35 Industrial Dr. in East Longmeadow. The purchase price was \$2.05 million.

And outside Connecticut and western Massachusetts, Art Ross, SIOR and Michael Manzari, SIOR represented the landlord, MS York, LLC in the long-term lease of 484,844 s/f of warehouse/distribution space to Tall Timbers Distribution in Horseheads, N.Y.

SIOR is the leading professional commercial and industrial real estate association. With more than 3,000 members in 580 cities in 26 countries, SIOR represents today's most knowledgeable, experienced, and successful commercial real estate brokerage specialists.

Please visit the website (www.siorct.com) to find additional information on the Connecticut/Western Massachusetts Chapter, Chapter members, and upcoming events.

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