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Greater Springfield's office and industrial markets

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Greater Springfield's office and industrial markets continue to experience increased interest and activity with positive signs of a recovering market place.

Greater Springfield's office market place has experienced measurable increased market activity in 2013. After a long period of less than favorable market conditions Greater Springfield's office market has begun to see positive signs of an improving market place as evident by increased lease activity of a measurable level.

The office market began to experience increased interest and increased lease activity and some sales activity in 2012 which has continued into 2013 and expanded in depth.

Springfield's Central Business District which had long suffered the ills of decline due to the downturn in the economy and downsizing of the national and regional office base coupled with an exodus of long standing tenancies to the suburbs has experienced a resurgence of interest and more importantly a measurable positive increase in lease activity.

This recent lease activity has been an interesting mix of new tenancies and retention or expansion of existing tenancies. These new tenancies have been as sizeable of full floor users with a greater concentration of smaller to mid-sized users more typically represented in Springfield's office market place.

This activity has been a welcome relief to Springfield's Central Business District stabilizing a market place which had long experienced long standing vacancies, depressed and declining rental rates with very limited interest.

These improving market conditions along with the University of Massachusetts' interest in establishing a educational presence in the CBD coupled with the possibility of a downtown casino have contributed to a more optimistic and positive market place with declining availabilities.

Greater Springfield's suburban market place though not as negatively adversely affected by the recessionary market conditions as it urban counter parts has also experienced positive increased activity as evidenced by absorption of some long vacant availabilities and increased stability.

Market rents continue to vary greatly by product type, location and category typically ranging from \$14 to \$18 per s/f gross for class A space.

Greater Springfield's industrial market place continues to experience increased activity with continued limited but measurable absorption of longstanding availabilities.

Market activity continues to see selective purchases of vacant availabilities, many of which have been available for in excess of a year and in many instances great that two years.

Sale prices continue to be at historic market lows typically represented in the \$15 to \$20 per s/f range for modern, quality properties offering good utility and condition.

The market place has also experienced sales price in the \$10 and less per square foot range where property owners weary of the ongoing cost and obligations of ownership have opted to accept the

only offers present.

The industrial lease market place has also experienced increased activity though its level of activity has not been as active as the sales market place.

Lease rates have also experienced decline with lease rates and terms highly advantageous to the Lessees.

Lease rates for general warehouse distribution are typically trending in the \$2.25 to \$3 per s/f NNN range. Lease rates for manufacturing space typically mirror warehouse distribution rates with some leases ranging higher for specialized or newer facilities.

The market place continues to experience scarcity in the small to mid-sized for sale availabilities typically sought after in the Greater Springfield market place. We are optimistic that market conditions will continue to stabilize and hopefully improve further provided vacancy continues to decline and interest levels remain at their present rate.

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