



CELEBRATING
55 YEARS

nerej

CERC SiteFinder commercial real estate index finds slight improvement in confidence

July 17, 2014 - Connecticut

Although it seems as if we are experiencing a mixed bag of confidence in Connecticut's real estate market conditions, there is good reason to believe that we are headed in the right direction. Maybe not at the pace we would all prefer, but the right direction no less. Respondents from a recent CERC real estate survey expressed lackluster confidence in the real estate investment and residential sectors, but respondents also stated that they expect sale and lease prices to continue to increase in the office, industrial, and retail markets regardless of the stagnant expectations on the number of transactions. Factors such as the laws of supply and demand, the Federal Reserve, and seller preferences, are creating opposing trends for these variables.

Respondents believe the overall economy still has not recovered because its index of concurrence has been low for five consecutive second quarters - however, the overall economy's index of concurrence is higher than the previous second quarters.

Other findings from the survey include:

- * Residential Market: Sale and lease price expectations for the residential sector have been volatile in the past five second quarters, and respondents are not confident that prices for the sector will increase.
- * Investment Market: Although confidence increased when compared to Q22013, respondents are not confident that sale and lease prices for the investment sector will increase. Price expectations had risen from 2Q2010 to 2Q2013, but there was a decline in price expectations for 2Q2014.
- * Office Market: Sale and lease price expectations for the office sector have risen steadily since the 2Q2010.
- * Industrial Market: Respondents believe sale and lease prices for the industrial sector will remain relatively similar to the previous year's prices.
- * Retail Market: 2Q2014 indicates no improvement in confidence for the number of transactions in the retail sector when compared to the second quarters in 2012 and 2013 - confidence has decreased for the past two years when compared to 2Q2012.

As the momentum of the recovery slows a bit, ongoing engagement and attraction of international business investments into Connecticut will play an important role in helping to grow the investment market and increase confidence in this sector. As these companies go through the due diligence process of evaluating potential expansion and relocation options, the CERC SiteFinder database remains the go-to resource for commercial real estate information for prospects considering future investment in the state of Connecticut. CTSiteFinder.com not only gives the user access to the available commercial real estate listings provided by Connecticut brokers and municipalities, but it also shares quantitative data, and serves as a gateway to the qualitative information that companies are beginning to view as an important aspect in the decision making process. Information that is

difficult to quantify, measure and capture (at times) that communicates the quality of life inquiries such as strong and reputable schools, social atmosphere and landscape, and more. Taking into consideration that employee satisfaction outside of the workplace is increasingly beginning to show a correlation with workforce productivity.

To view the executive summary of CERC's most recent real estate survey results, visit:
<http://www.cerc.com/images/customer-files//RealEstate2Q2014Analysis.pdf>

Erron Smith is program manager, real estate, for Connecticut Economic Resource Center, Inc. (CERC), Rocky Hill, Conn.

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