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## **Greater Springfield industrial market continues to experience increased levels of activity**

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Greater Springfield's industrial marketplace continues to experience increased activity and increased levels of interest and inquiry. The marketplace was very active in 2013 and has transitioned into 2014 with an extension of this renewed interest and a continuance of market transactions.

The market places improving conditions have been fueled by numerous sales and lease transactions removing many long vacant industrial offerings from the available roster. This had led to a sharp decline in the overall vacancy rate which is estimated to be around 12% and declining. This is welcome news to a market whose estimated vacancy rate skyrocketed in a short one plus year window during the economic downturn to in excess of 15% from a historical range of 8-10%.

As 2014 progresses the vacancy rate continues to decline as absorption continues to outpace new additions to inventory reversing a long standing trend of excessive surplus availability across the region and market sectors. This again is a measurable positive as during the past several years monthly if not weekly additions to inventory created a surplus of available inventory the market had seldom experienced and provided for many years of absorption.

Recent market sales have been dominated by user driven acquisitions with some limited investment purchases and "value acquisitions" as sales prices remain at historic lows far below development and new construction costs.

Sale prices continue to vary greatly predominantly driven by the property owner's individual tolerance to continue to weather the continuous lack of appreciation and individual disposition for continuation of a situation where the likelihood of a measurable increase in sales prices is unlikely in the near future.

The majority of sale prices of newer modern larger industrial park located properties continue to be represented in the high teens to low twenties per s/f. There are numerous transactions below this mean with their own individual circumstances dictating their diminished sales prices.

Midsized industrial building in the 10,000 to 25,000 s/f range have fared much better as their compatibility with local requirements is more numerous and their availability is scarce. Sales prices in this size category vary from a range of approximately \$25 to \$60 per s/f.

Lease rates continue to be represented in the \$2.00-\$3.50 per s/f NNN range for existing warehouse/distribution space, and in the \$2.50 to \$3.00 per s/f NNN range for manufacturing space. Lease terms and conditions continue to be weighted in the lessee's favor with landlords continuing to offer incentives and concessions to fill vacancies

The marketplace continues to see strong interest in 5,000 to 50,000 s/f availabilities from local users with demand far out pacing supply. Most requirements from this local prospect pool continue to have a preference for acquisition verses leasing.

The region's industrial land marketplace continues to experience a scarcity of sales predicated by the availability of existing inventory. It is hopeful that with a continuation of the absorption of the market inventory this will change and lead to construction of new buildings for requirements not able to utilize existing properties.

The area continues to experience interest from larger regional and national companies looking to satisfy regional distribution needs for the New England marketplace through Greater Springfield's excellent access to I-90 and I-91 and its central accessible location.

This interest is encouraging as the region experienced a sharp decline and retraction as many of these users consolidated requirements elsewhere in the recent economic downturn.

Greater Springfield's industrial marketplace continues to be active and exhibit signs of stabilization. We are optimistic that as the nation's economy improves it will continue its rebound and reach a level of improvement that will provide for new construction and continued absorption of existing and additional market inventory.

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