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Class A warehouse demand growing

April 09, 2015 - Front Section

As we head into the final portion of 2015's first quarter, the industrial market is shaping up to be just as busy-if not busier-than it was during 2014. Demand only is growing for class A warehouse space as tenants look to the hub as a prime market for distribution. With many of the larger requirements being absorbed in the area, we expect that there will be higher demand for spec and build-to-suits to formulate through the first half of the year. Class A warehouse space is so valuable to potential tenants because this space is typically newer construction. Class A space has ceiling heights of 24' or more, good column spacing, ESFR sprinkler systems and a minimum of 110 feet by loading docks for distribution but 130 feet makes this space appealing.

Typically, 5% of class A space would be offices and a loading dock for every 10,000 s/f and a drive-in door makes the space even more attractive to tenants. Class A warehouse rents average around \$6 to \$6.95 per s/f, while class B space averages around \$4 to \$5.50 per s/f (depending on the size).

Demand for Class A warehouse is growing in Massachusetts as distribution tenants in e-commerce, dry goods, the automotive and food & beverage industries look to utilize cubic height in a high quality space. From food processors and distributors to medical device manufacturers, and automotive tool manufacturers, companies looking to service New England are especially drawn to the quality space provided by class A warehouse, where they can find everything they need for their operations. South of the city continues to be the best place to find this space, from Norwood to Taunton, Walpole, and Fall River. The Rte. 24 and I-95 belts provide access to key areas even as other desirable locations fill up, and is ideal for those companies with a high volume of distribution and manufacturing while rental rates remain attractive.

Throughout the year, the industrial market will continue to be hot for companies like Amazon and Google looking to grow. Class A space with high bays for distribution will be a draw, as will spec and build-to-suit space.

The demand for this space will continue to grow, and we expect an uptick in construction in response to increased interest in class A space that will be leased at a premium.

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