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CT/Western Mass Chapter of SIOR release membership survey

August 16, 2019 - Connecticut

Hartford, CT The Connecticut/ Western Massachusetts chapter of SIOR have presented the results of its semi-annual membership survey of commercial real estate market conditions. The survey is based on market activity for the period January 2019 through June 2019 within Connecticut and western Massachusetts.

Survey results were positive and optimistic with results generally in line with the prior survey. No increases in negative or declining market conditions but there was a shift from improving market conditions to stable or unchanged market conditions. Industrial continues to demonstrate greater strength than the office sector. Responses regarding overall market conditions were split between no change (60%), improvement (33%) and decline (7%). Predictions for the remainder of 2019 are 53% expecting no change, 40% anticipating improvement and 7% expecting a decline.

Predictions regarding lease rates for the remainder of 2019 are positive for industrial which has been a consistent trend and members forecast either no change (57%) or an increase (43%). Office lease rates are expected to remain unchanged (69%) although there is still a sizable amount of negative sentiment as 31% of the members forecast a decline with no predictions for office lease rates to increase.

Predictions for market vacancy rates for the remainder of 2019 are once again more favorable for industrial versus office. Responses for the industrial sector although favorable suggest a slowing in activity with vacancy rates remaining unchanged (43%) or decreasing (57%) and no responses predicting an increase. Predictions for office vacancy rates are less negative than prior surveys with a majority (46%) expecting rates to remain unchanged and a small amount of positive sentiment in the form of a decrease in office vacancy rates (23%) although a sizable number expect an increase in vacancy rates (31%)

The outlook for sales prices for 2019 is also consistent by property type with a more favorable outlook for industrial than the office sector. Survey responses for industrial properties predict upward pressure on pricing (43%) or stable pricing (57%). Survey responses for office indicate prices (57%) have stabilized but a notable number of responses anticipate further price declines (43%). Predictions for investment cap rates are also positive with 59% anticipating no changes or an increase in cap rates (33%) and a decrease in cap rates (8%).

Expectations regarding market expansion are less optimistic for both growth and new development.

The majority of members do not anticipate new development (54%) in 2019 with the reminder predicting a decline (13%) or an increase (33%). Expectations regarding growth by users indicate no change (67%) or expansion (27%) or contraction (6%).

The Connecticut/Western Mass. Chapter is one of 48 chapters of the international organization, the Society of Industrial and Office Realtors. Commercial real estate professionals must meet rigorous requirements to earn the SIOR designation. SIOR, founded in 1941, has over 3,200 members in 685 markets located in 36 countries. SIOR represents some of today's most knowledgeable, experienced, and successful commercial real estate brokerage specialists. The SIOR designation stands unchallenged for excellence in the performance of real estate services, and is universally recognized as the prerequisite in the selection of a commercial real estate broker, agent, or consultant.

Visit the chapter's website (www.siorct.com) to find additional information on the Connecticut/Western Mass. Chapter, members, and upcoming events. Should you have questions or interest in the requirements and benefits of becoming an SIOR and joining the Connecticut/Western Massachusetts Chapter, please contact John Reed.

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