



nerej

Connecticut/Western Mass. market survey

March 19, 2021 - Connecticut

Hartford, CT The Connecticut/ Western Massachusetts chapter of SIOR has completed its semi-annual membership survey of commercial real estate market conditions. The survey is based on market activity for the period July 1, 2020 through December 31, 2020 within Connecticut and western Massachusetts.

It is important to note market activity continues to be impacted by the Coronavirus and government imposed restrictions. In general, survey results indicate a greater negative impact on the office market while the industrial market remains active with greater future prospects. This bifurcation of the market is more clearly reflected in the individual sector results than the broader market survey results. Survey results for changes in market conditions from the first half of 2020 to the last half of 2020 indicate improving market conditions (52%), stable market conditions (35%), and a decline (13%). Predictions for 2021 are 57% expecting improvement, 30% anticipating no change, and 13% expecting a decline.

Predictions regarding lease rates for 2021 demonstrate the different prospects for the industrial and office sectors. For the industrial sector members forecast an increase in lease rates (60%) or no change (40%) and no predictions of a decrease. There is a sizable amount of negative sentiment for the office sector as 85% of the members forecast a decline in office lease rates and a small minority expect rates to remain unchanged (15%) with no forecasts for an increase.

Expectations for market vacancy rates for the first half of 2021 for the industrial sector forecast continued strong demand. Most members expect vacancy rates will decrease (85%) or remain unchanged (10%) with limited prospect of an increase in vacancy rates (5%). Predictions for office vacancy rates are once again negative as they forecast a sizable increase (85%) in vacancy with limited responses predicting rates will remain unchanged (10%) or forecasting a decrease (5%).

The outlook for industrial sales prices in 2021 is positive with a sizable majority predicting increases (80%) or stable pricing (20%). Survey responses for office overwhelmingly predict further price declines (85%) with limited responses predicting prices will remain stable (15%). Survey results for cap rates do not distinguish between product types and reflect the overall market. A majority (82%) anticipate no changes in investment cap rates. Remaining responses are divided between a decrease in cap rates (12%) and cap rates increases (6%) which results in declining sales values for investment properties.

The majority of SIOR Chapter members do not anticipate new development (50%) in 2021 with the

remainder predicting an increase (32%) in development or a decline (18%). Expectations regarding growth by users in 2021 indicate no change (57%), contraction (26%) or expansion (17%). Short term impacts of the virus and governmental influences (restrictions, stimulus) heavily influence the market at present which are unique in nature. We anticipate continued healthy demand in the industrial sector and the weakness in the office sector will continue until users re-occupy their vacant offices.

The Connecticut/Western Massachusetts Chapter is one of 48 chapters of the prestigious 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 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 Massachusetts Chapter, 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, contact John Reed, SIOR at 860.987.4788.

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