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Industrial market will stay very active, as e-commerce continues to accelerate - by William Low

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Bill Low

Coming out of the pandemic, the economy is continuing to recover. Western Mass. saw an unprecedented amount of activity in the industrial sector over the last year with sale prices rising and lease rates nearly doubling for smaller facilities. We don't see this slowing much, as e-commerce continues to accelerate.

Investor demand for single tenant retail properties has remained strong throughout the pandemic with cap rates compressing, however rents have not increased significantly. Investors are still enjoying high yields due to continued low interest rates. The retail rental market is still slowly rebounding in our area.

Office properties were hurt by COVID-19 and are slow to recover. One phenomenon we're seeing is: people who were working from home are renting single offices in "executive suites". This activity far outpaced the traditional multi personnel office suite lease. In fact, in several office buildings we represent, we've converted office suites to executive suites with shared conference rooms and kitchenettes.

The future, as always, is very uncertain. Going forward we anticipate a hybrid office model, with employees working a few days from home and a few in an office suite setting. Some markets will continue to struggle within the retail sector as consumers continue shopping online. Industrial activity will continue to be very active, although in Western Mass. we need to see some new construction or else companies will locate elsewhere.

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