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Connecticut/Western Mass. SIOR chapter completes semi-annual CRE market survey for second half of 2021

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Avon, 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, 2021 through December 31, 2021 within Connecticut and western Massachusetts.

Consistent with prior survey results the outlook for the industrial market continues to be positive while the outlook for the office market continues to be negative and impacted by COVID related issues. The divergence in market conditions are more clearly reflected in the individual sector results rather than the broader market survey results. Survey results for changes in market conditions during the year were positive with a majority of responses indicating improvement (67%) or stable market conditions (28%) with a limited number of responses indicating a decline (5%). Predictions for 2022 are positive with the majority of members forecasting improvement (57%) or anticipating no change (38%) and limited expectations of a decline (5%).

Predictions regarding lease rates for 2022 demonstrate the different outlooks for the industrial and office sectors. For the industrial sector members forecast an increase in lease rates (94%) or no change (6%) and no predictions of a decrease. There is a fair amount of negative sentiment for the office sector as a majority of members forecast a decline in office lease rates (62.5%) and a minority expect rates to remain unchanged (37.5%) with no forecasts for an increase.

Expectations for market vacancy rates for the first half of 2022 for the industrial sector forecast continued strong demand. All respondents (100%) expect industrial vacancy rates will decrease. Predictions for office vacancy rates forecast an increase (61%) in vacancy with limited responses predicting vacancy rates will remain unchanged (28%) or forecasting a decrease (11%).

The outlook for industrial sales prices in 2022 is positive with a sizable majority predicting increases (89%) or stable pricing (11%). Survey responses for office predict further price declines (63%) or that prices will remain stable (37%). Survey results for cap rates do not distinguish between product types and reflect the overall market. A majority anticipate a decrease in cap rates (54%) while the remainder are evenly divided between an increase (23%) and no change in cap rates increases (23%). Decreasing cap rates result in an increase in sales prices.

The majority of SIOR chapter members anticipate new development (57%) in 2022 with the remainder predicting no change (43%) in development. Expectations regarding growth by users in

2022 indicate no change (45%), expansion (40%) or contraction (15%). Market fundamentals for the industrial sector both locally and nationally are very robust which is expected to continue throughout 2022.

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.

Please visit the chapter's website (www.siorct.com) to find additional information on the Connecticut/Western Massachusetts 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, SIOR at 860.987.4788.

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