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Greater Springfield Industrial Market 2025 - by John and Jack Reed

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The Greater Springfield Industrial Market experienced steady sales and leasing activity through 2024. The first three quarters were filled with uncertainty due to the election and the uncertain direction of interest rates. 2024 concluded with optimism due to increased market activity and transactions.

The significant 2024 market trends:

- Strong industrial demand;
- Slowing demand for facilities larger than 100,000 s/f;
- 10,000-100,000 s/f sector is active;
- Available local workforce strength; and
- Demand for developable industrial land.

Rents for existing spaces increased steadily. As of Q4 rents have leveled off. Average asking rents are approximately \$6.95 per s/f NNN. Rents for new construction will be higher. Vacancy rate increased slightly to about 5%.

With a lack of quality product in the market, some tenants and owner occupiers are turning to new construction as an alternative. The Greater Springfield market has available industrial sites. Industrial land prices are between \$5.00-\$10.00 per s/f FAR (Floor Area Ratio) or \$75,000-\$150,000 per acre. Regionally FAR values have been increasing to \$15 to \$20 per s/f. The largest inventory of available industrial sites are currently located in Westfield, Ludlow, and Sturbridge. A developer has a 125-acre site approved and entitled for 525,000 s/f in the city of Westfield.

Additionally, there are multiple sites in the entitlement process and 2025 should create new opportunities for build to suit development.

Greater Springfield Industrial Market Forecast

The Industrial market in Greater Springfield experienced a slowdown in 2024, characterized by reduced demand and slightly increased vacancy rates. Factors contributing to the slowdown included economic uncertainties, supply chain disruptions, and high inflation.

Improved economic conditions, easing inflation, and a resurgence in manufacturing activity are expected to drive demand for industrial space in 2025. Additionally, investments in infrastructure and logistics are anticipated to enhance the region's appeal to businesses. As confidence in the market rebuilds, leasing and sale activity is projected to increase.

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