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## **Greater Springfield's market plan has fared better than markets in other areas of the country**

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Greater Springfield's industrial market continues to experience less than favorable overall market conditions of oversupply and a continuation of additional market availability.

The region continues to be impacted by recessionary local, regional, national and international markets and the negative conditions affecting industrial space users and owners.

The region continues to experience an oversupply of modern industrial and warehouse/distribution facilities with continued measurable additional inventory being added to the existing inventory on a monthly if not weekly basis.

This has increased overall vacancy rates significantly to over 10% within the last year and created a market surplus of quality 100,000 s/f industrial and warehouse/distribution buildings. The market place has an increased depth of availability ranging from 50,000 to 500,000 s/f offerings with numerous free standing 100,000 s/f availabilities.

The majority of this availability continues to be attributable to corporate restructuring, downsizing and consolidation to primary market places or owned versus leased facilities.

Market absorption continues to be minimal and negative in light of the continuous additional market availabilities. This trend continues to have a negative and destabilizing impact on market asking prices and marketing times.

Asking rental rates have begun a downward migration with the majority of asking rental rates for existing warehouse, distribution space ranging between \$2.50 to \$4 per s/f NNN. Asking rental rates for existing manufacturing space range from approximately \$3.50 to \$5 per s/f NNN.

Asking sale prices for industrial and warehouse distribution properties range greatly dependent upon age, amenities and utility. The majority are priced in the \$25 to \$35 per s/f range for modern well maintained properties in industrial park locations offering good overall utility and amenities.

New industrial construction is limited however, the market place has seen the beginning of construction for the long awaited 657,000 s/f Home Depot rapid distribution center in Westfield. Additionally there are plans for the construction of a 1 million s/f Target distribution center and a 400 mega watt power generation plant. It is estimated that these new additions to Westfield will create in excess of 500 jobs which is a welcome addition to the region in these troubled times.

Industrial land sales and development remains limited and most actively continues to be attributable to projects previously in the pipe line or planned prior to the recent economic downturn.

New construction continues to be less prevalent and continues to be user specific generally for specific requirements not readily available in the market place or additions to existing facilities. Speculative construction is limited if not non-existent as construction costs far outweigh the asking prices of available existing inventory alternatives.

The marketplace continues to see interest and activity in the 5,000 to 20,000 s/f market segment with a continued preference for purchase versus lease alternatives.

While the market place continues to be impacted by less than favorable conditions and is far from certain how long this will continue. Greater Springfield's local market plan has fared better than other markets in other areas of the country.

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