



SIOR

CT / WESTERN MA
CHAPTER



UPCOMING EVENTS:

MEETINGS & EVENTS:

March 14, 2019
Chapter Meeting
Greenbox-is; Hartford, CT

May 2, 2019
CT Commercial RE Alliance Conf.
Hartford, CT

CONFERENCES:

April 10 – 13, 2019
2019 Spring World Conference
Omni Shoreham
Washington DC

PRESS RELEASE

From: Art Ross, Director of Communications

Date: February 18, 2019

SIOR Chapter Market Report

Hartford, CT – The Connecticut/ Western Massachusetts chapter of SIOR announced the results of its semi-annual membership survey of commercial real estate market conditions. The survey is based on market activity for the period July 2018 through December 2018 within Connecticut and western Massachusetts.

Market activity was healthy and future expectations are weighted towards stable or improving market conditions with limited expectations of declines. The industrial sector continues to have a more favorable outlook than the office sector which has lagged behind. Results for the office sector are mixed which suggests differing rates of progress in the sub-markets.

The survey results for market conditions in the last half of 2018 versus the first half of 2018 were stable market conditions (65%), improving market conditions (29%) and declining (6%). There was a significant positive shift from the prior survey from declining market conditions to stable. Predictions for 2019 are similar with 59% anticipating no change, 29% expecting improvement and 12% expecting a decline.

Predictions regarding lease rates for 2019 are also indicative of status quo with a slightly more positive outlook for industrial which has been consistent for multiple surveys. For the industrial sector members forecast an increase (40%) or no change (60%) and no predictions of a decrease. Office lease rates are largely expected to remain unchanged (67%) although there is a sizable amount of negative sentiment as 27% of the members forecast a decline and a small group expects rates to increase (6%).

Expectations for market vacancy rates for the first half of 2019 for the industrial sector forecast that vacancy rates will decrease (80%) or remain unchanged (13%) with limited prospect of an increase in vacancy rates (6%). Predictions for office vacancy rates forecast rates to remain unchanged (47%) or increase (40%) with a limited number of responses forecasting a decrease (13%).

The outlook for sales prices in 2019 for industrial properties is positive with stable pricing (53%) or increases (40%) and limited expectations of declines (7%). Survey responses for office are mixed as (60%) indicate prices have stabilized but a sizable group anticipates further price declines (40%). Federal Reserve interest rate hikes appear to be less of a concern as 62% anticipate no changes in

investment cap rates. Remaining responses are divided between cap rates increases (23%) which results in declining sales values for investment properties and a decrease in cap rates (15%).

The majority of SIOR Chapter members do not anticipate new development (76%) in 2019 with the remainder predicting an increase (18%) in development or a decline (6%). Expectations regarding growth by users indicate no change (65%) or expansion (24%) or contraction (12%). Comments by SIOR Chapter members note short supply of industrial product may trigger new development. Office is over supplied and will continue to struggle. Real sustained growth will require attracting new companies to the region.

The Connecticut/Western Massachusetts Chapter is one of forty-eight 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.

Please 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, please contact Stephen Press, SIOR at 203.288.1900 or John Reed, SIOR at 860.987.4788.