



SIOR

CT / WESTERN MA
CHAPTER



UPCOMING EVENTS:

PRESS RELEASE

From: Art Ross, Director of Communications

Date: February 8, 2018

Connecticut/Western Massachusetts 2017 Year-End SIOR Market Survey

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 through December 2017 within Connecticut and western Massachusetts.

SIOR survey results point to a continuation of the overall positive outlook established earlier in 2017. The industrial sector continues to outperform the office sector and overall the results indicate a market that is generally stable to improving although there is some negative outlook for the office sector. Members noting improving market conditions were in the majority (55%) which is a slight increase from the prior survey. Members experiencing a stable market decreased to 40% and those experiencing a decline remained stable at 5%. Predictions for 2018 are slightly more positive than previously with 60% expecting improvement, 40% anticipating no change, and no responses expecting a decline.

Predictions regarding lease rates for 2018 are positive for industrial which has been consistent for multiple surveys and members forecast an increase (63%) or no change (37%). Office lease rates are largely expected to remain unchanged (60%) although there is a sizable amount of negative sentiment as 35% of the members forecast a decline and a small group expects rates to increase (5%).

Expectations for market vacancy rates for the first half of 2018 are once again more favorable for the industrial sector than the office sector. Responses for the industrial sector forecast that vacancy rates will decrease (75%) or remain unchanged (25%). Predictions for office vacancy rates forecast an increase in vacancy rates (42%) with a slim majority (53%) expecting rates to remain unchanged and a limited number of responses forecasting a decrease (5%).

The outlook for sales prices for 2018 is consistent with other survey categories with a more favorable outlook for industrial. Survey responses for industrial properties predict upward pressure on pricing (63%) or stable pricing (37%). Survey responses for office are mixed as (55%) indicate prices have stabilized but a sizable group anticipates further price declines (45%). Predictions for investment cap rates presumably reflect potential interest rate hikes with a sizable number expecting cap rates to increase (47%) which results in declining sales values for investment properties. Remaining responses for cap rates are 40% anticipating no changes or a decrease in cap rates (13%).

MEETINGS & EVENTS:

February 15, 2018
Finance Panel Breakfast
The Farms Country Club
Wallingford, CT

February 21, 2018
Continuing Ed. – CBA of W. CT
Union Savings Bank
Bethel, CT

CONFERENCES:

April 11 – 14, 2018
2018 Spring World Conference
Fairmont Austin Hotel
Austin, TX

The majority of members do not anticipate new development (70%) in 2018 with the remainder predicting an increase (20%) in development or a decline (10%). Expectations regarding growth by users indicate no change (70%) or expansion (30%). Comments by members note the strong showing by the industrial market and anticipated continued strong demand. Office continues to be the weaker sector. Members note that business conditions have improved nationally, but express concerns that challenges at the State level will delay or reduce their positive economic impacts on the local market.

Underscoring members' comments concerning the industrial real estate market, we have outlined a few of the larger new industrial developments currently in the works. Amazon will be building 855,000 SF (finished space to be over 1,000,000 SF counting a planned mezzanine area) in North Haven, CT on the site of the former Pratt & Whitney facility. The largest spec industrial facility in Connecticut for decades, 403,000 SF and known as the County Line Industrial Park, is being developed by Scannell Properties just off I-91 in Cromwell, CT.



Rendering of the Scannell County Line Industrial Development

In Bloomfield, CT, Trader Joe's new 700,000 SF distribution center is now under construction at Phoenix Crossing; and a few miles away Windsor town officials recently announced Griffin Industrial will be constructing a 288,000 SF warehouse/distribution facility on behalf of Ford Motor Company at 220 Tradeport Drive.



220 Tradeport Drive; Windsor, CT Concept Rendering

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.