



SIOR

CT / WESTERN MA
CHAPTER

PRESS RELEASE

FROM: Art Ross, Director of Communications

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SIOR Chapter 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 January 2023 through June 2023 within Connecticut and western Massachusetts.

Survey results indicate a change in sentiment, as market activity conditions for industrial appear to be shifting from a very active market to stable market conditions. Market conditions for the office sector continue to be challenging. Notwithstanding the decrease in activity and changes in expectations for the industrial sector, the outlook continues to be favorable. Survey results for changes in market conditions during the first half of the year turned negative with responses indicating a decline (56%) with the remainder indicating stable market conditions (28%) or improvement (16%). Predictions for the remainder of 2023 are mixed with members anticipating no change (45%) or forecasting improvement (22%) or further expectations of a decline (33%).

Predictions regarding lease rates for the remainder of 2023 are still positive for the industrial sector with forecasts of no changes (81%), rental rates increases (12%) or decreases (6%). A significant number of members continue to expect further declines in office lease rates (81%) or no change (19%) with no predictions of increases in office lease rates. Responses for the industrial sector predict vacancy rates will remain unchanged (56%), decrease (25%), or rates will increase (19%). Predictions for office vacancy rates are negative with a majority (93%) expecting vacancy to increase and the remainder expect no changes (7%).

The outlook for sales prices for 2023 is once again more favorable for industrial versus the office sector. Responses for the industrial sector predict stable pricing (81%) or upward pressure on pricing (19%) with no expectations of a decline. Responses for office overwhelmingly predict the prospect of continued price declines (94%) with a small group predicting an increase (6%). Results for investment cap rates show a shift presumably due to increases in interest rates with 69% predicting an increase in cap rates, 31% anticipating no changes and none predicting a decrease in cap rates.

Expectations regarding market expansion are less optimistic for both growth and new development. The majority of members do not anticipate new development (67%) in 2023 with the remainder predicting an increase (11%) or a decline (22%). Expectations regarding growth by users predict no change (71%), expansion (17%) or contraction (12%). Market fundamentals for the industrial sector both locally and nationally continue to be strong and are expected to remain so for the remainder of 2023. Upward pressure on interest rates and inflation are concerns for the future for the commercial real estate market – both locally and nationally.

The SOCIETY OF INDUSTRIAL AND OFFICE REALTORS® is the leading professional office and industrial real estate association. With 3,600 members in 45 countries and 722 cities, 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.

UPCOMING EVENTS

MEETINGS and EVENTS:

9/26/2023 Chapter Meeting
Essex Yacht Club; Essex, CT

11/16/2023 Breakfast Panel; Farms Country Club;
Wallingford, CT

CONFERENCES:

October 11 – 14, 2023
SIOR Fall Conference Event
Chicago, IL



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 John Reed, SIOR at 860.987.4788.