



Report: Vacancy rates stabilizing

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BY MATT OLBERDING Lincoln Journal Star | Posted: Friday, January 29, 2010 2:45 pm |  No Comments Posted

Local commercial real estate vacancies mostly stabilized at the end of 2009, according to the latest market report from NAI FMA Realty

The report, which covers the second half of 2009, showed retail vacancy at 8.8 percent, up only slightly from 8.7 percent in the second quarter. Vacancy in industrial space actually fell slightly, from 12.1 percent as of June 30 to 12 percent at the end of the year.

Office vacancy came in at 10.4 percent, up from 9.3 percent in June and 8.1 percent at the end of 2008.

Still, those numbers are mostly better than national figures.

"I like to think the real story is that Lincoln is half as bad as everywhere else," said Tom Graf, an NAI FMA sales associate.

Lincoln's rate of office vacancy was well below the national rate, which is around 16 percent, according to various sources.

The retail vacancy rate is higher than the 7.6 percent national rate reported by CoStar Group but in line with the rates reported by Reis Inc.

NAI FMA's report described the retail market as "stagnant," and said landlords are having to renegotiate leases and offer incentives to keep and attract tenants.

Despite the slight decrease in the vacancy rate, the industrial market continues to be where the most trouble is.

At the end of the year, there was more industrial space available - 3.1 million square feet - than there was vacant office and retail space combined.

More than half the vacant industrial space is available in the northwest part of the city, where several large warehouses and industrial buildings continue to sit empty.

"Whew, that's where a lot of our vacancy is," said Richard Meginnis, NAI FMA's executive vice president.

Meginnis said industrial landlords are having to make a lot of concessions to their tenants as well.

NAI FMA puts out a commercial real estate market report twice a year. The report covers all existing office, retail and industrial buildings except those that are government- or university-owned and occupied.

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