

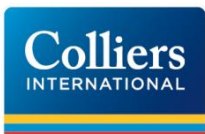
COLLIERS IN FOCUS

## The Industrial Market Is Red-Hot

By [Aaron Jodka](#) | DECEMBER 2017

Greater Boston's industrial market has posted 13 consecutive quarters of positive absorption. That has come from a variety of sources including local firms with build-to-suit needs (Sullivan Tire, Martignetti) as well as expanding e-commerce driven by Amazon, owner/users, and plenty of leasing activity, adding up to 12.2 million SF of absorption in that time period. Along with the build-to-suit projects, numerous industrial properties have been demolished to make way for other property types, primarily residential. Over the past 13 quarters, industrial inventory has expanded by a net 2.7 million SF. All told, this has sent vacancies down from 16.2% to 9.7% at the end of the third quarter.

The following chart shows industrial intensity—the net impact of absorption less the change in inventory on a four-quarter moving average. After all, one million SF of absorption without any new supply exerts more impact on market conditions than the same absorption in a build-to-suit. The clear takeaway here is that industrial intensity has never been stronger (blue standing bars) than the 4.48 million SF over the past four quarters. Industrial absorption came very close to that intensity in 2013, but the sustained momentum in the marketplace has been tremendous. Vacancy (light blue line) has been cut in half since the high point of the down cycle.



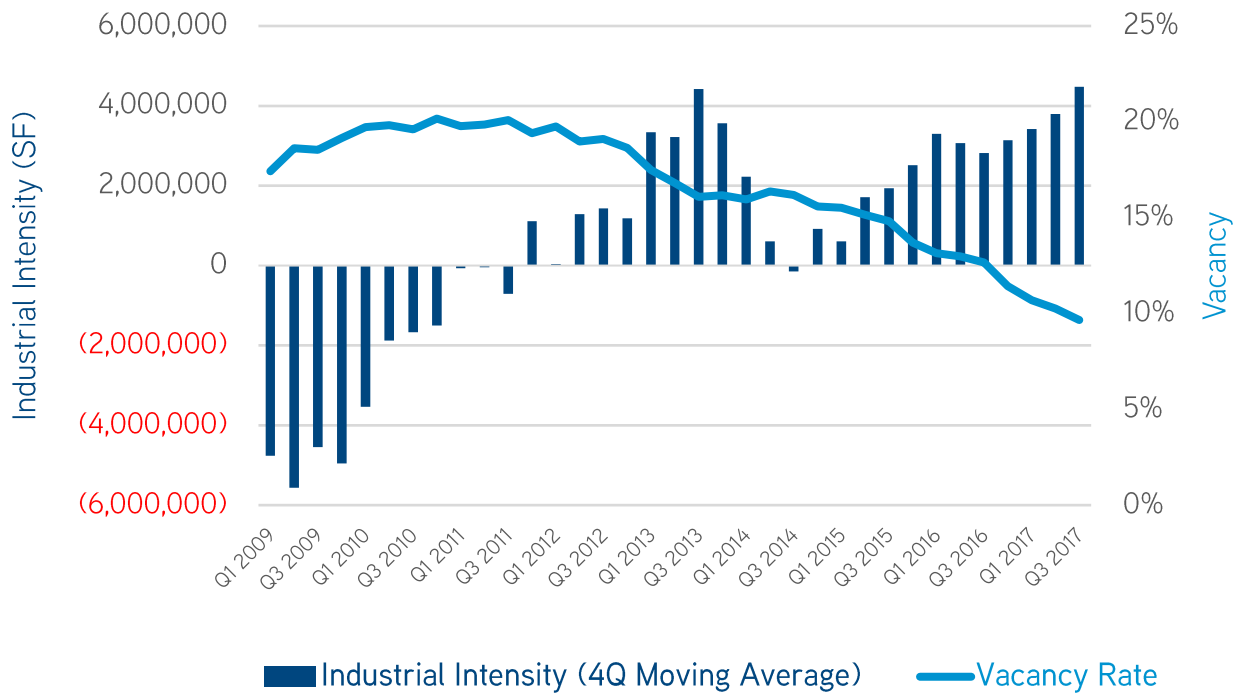
Colliers International  
160 Federal Street  
Boston, MA 02110  
[colliers.com](http://colliers.com)



**AARON JODKA**  
Director of Research  
Direct: +1 617 330 8059  
[Aaron.Jodka@colliers.com](mailto:Aaron.Jodka@colliers.com)



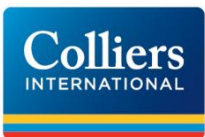
## Industrial Intensity Is At Record Highs



Source: Colliers International | Boston

As of Q317

Supply remains very much in check, while tenants are still seeking space throughout the market. Functionally obsolete product will continue to either linger on the market or be scrapped off for other uses, setting up continued tailwinds for the industrial market going into year-end and into 2018.



Colliers International  
 160 Federal Street  
 Boston, MA 02110  
 colliers.com



**AARON JODKA**  
 Director of Research  
 Direct: +1 617 330 8059  
 Aaron.Jodka@colliers.com