

THE PROPERTY REPORT

Plots & Ploys / By Sheila Muto

What's Brewing in the Real Estate Market

Office Vacancies

There's more bad news for office landlords.

A new survey finds that 54% of 105 companies nationwide that responded plan to reduce the amount of office space they occupy in the next six months. Just how much office space will be disposed of, and where, is unclear.

Of those companies that plan to occupy less space, nearly half reported that so-called shadow space—space that is no longer needed or is being held for future use—made up more than 10% of their portfolios.

Most of the respondents have real-estate portfolios ranging from 1.5 million to 30 million square feet of space, according to CoreNet Global, an Atlanta-based association of corporate real-estate executives, which conducted the survey.

"Clearly, companies are continuing to downsize," says Matthew Cullen, a General Motors Corp. executive and CoreNet's chairman.

The survey offers some good news for owners of industrial property, though. Nearly 60% of the companies that responded plan to maintain the amount of industrial space they currently hold, even though about one-third of those report that shadow space makes up between 10% and 30% of their industrial property portfolios.

