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## **Lowell, Haverhill and Lawrence continue to evolve while remaining true to their roots**

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Although Lowell, Lawrence, and Haverhill technically cover two distinct submarkets, they have many common elements and characteristics. All three cities are mill cities that once inspired new technologies but at the same time refused to relinquish old, proven techniques. Neighborhoods with castle-like homes were a stone's throw from tenement buildings where powerful aristocrats mixed and mingled with newly arrived factory workers. Lowell was a model for the "melting pot" of immigrants whose hard work help establish its identity. While their time at the forefront of the industrial revolution has passed, what's transpired in these cities over the past several years parallels much of that proud history.

With 1.6 million s/f of Class A office space averaging \$19.50 per s/f, Lowell is an underpriced gem. Thanks to the development of the Cross Point tower and the addition of multi-national firms like Motorola to the city's tenant roster, Lowell has emerged as a very steady office market. It has also positioned itself well to capture business in the "green" technologies market with companies such as Konarka Technologies (which is currently leasing nearly 24,000 s/f at 116 John St. in the Boott Cotton Mills complex) calling the city home. To hearken back to Lowell's "true" industrial past, one need only take a walk down Tanner Street to see successful firms such as third-generation steel fabricators Scannell Boiler Works. To witness the city's continuing focus on innovation and intellectual and cultural development; one can look to Lowell's cutting-edge state university, two professional sports minor league affiliates and great artistic draws like the Merrimack Repertory Theatre and Western Avenue Art Studios. Businesses that emphasize value and quality of life will continue to seek out Lowell for the foreseeable future.

For tenants looking for a pro-business city with an established economic base, a steady pulse of activity and substantial opportunity for growth, Haverhill looks to be a "no-lose" proposition. Several national "big box" retailers such as Lowe's, Target, and B.J.'s have come to town, while large manufacturers like Magellan Aerospace, rumored to be expanding, and Retail Brand Alliance continue to provide gainful employment for hundreds of white and blue-collar workers alike in the city. Haverhill also has a developing food cluster, with the likes of Hans Kissel, General Mills, Boston Coffee Cake, Cedars, and Regenie's Crunchy Pita Chips all having a significant presence here. The thriving Ward Hill Industrial Park has served those willing to migrate from the pricier Boston and suburban office/industrial markets as well. Haverhill also offers several large tracts of land for sale. Depending on where the costs of building materials go, this could bode well for companies looking for built to suit opportunities.

While the city of Lawrence has certainly struggled over the last few decades, it is well positioned to benefit from taking a page out of the playbooks of its neighbors to the north and south. This once prosperous industrial city on the Merrimack River has always struggled with its image and has fallen

on harder financial times recently due to a confluence of economic and political events. However, this means that the city is also a bargain for the right tenants. It has an aggressive economic development office led by Tom Schiavone, the former head of United Way of Merrimack Valley, as well as dedicated local developers, such as Sal Lupoli of Riverwalk Business Center prominence, who continue to add value and improve the overall business climate in the city. Pentucket Medical, Elder Services of Merrimack Valley, and Tallman Eye Associates are acting as growth engines for the city. Distressed mill development has flushed out some larger tenants into more optimal space in the city. One prime example is The Packaging Connection who now occupy almost 48,000 s/f at 21 Glenn St.

With relatively low real estate costs, access to large and diverse labor pools and home to a "melting pot" of technology and machine shop talent alike, the three cities are starting to see the light at the end of the economic recovery tunnel. The area has remained relatively resilient in the face of the severe recession, and industrial vacancy rates have held steady for the third and fourth quarters of 2009 at approximately 14% and were substantially better than comparable markets in the greater Boston region. In addition, there was positive absorption for the overall industrial market in these three cities while many pricier markets experienced either no movement or negative absorption on a precipitous scale. Companies looking to capitalize on the most aggressive industrial lease rates in the last 15 years should look no further. In many cases, the market is seeing \$3-\$4 per s/f NNN deals for good space. Sale prices are not trending too far behind with a number of transactions at 20-30% off initial ask prices. As a new decade dawns, Lowell, Haverhill, and Lawrence continue to evolve while at the same time remaining true to their innovative roots.

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