

## **By Bill Low - Friendly business environment and flexible zoning will help western Mass. start to rebound in 2012**

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I started this article thinking I'd just leave a blank page. "Intentionally omitted," I laughed, "that sums up the western Massachusetts industrial market." But if I did that I doubt that Patty would ever ask me to write another article. However, after reflecting on the past year, I really wanted to try to impart some knowledge on what is really happening in our market because, frankly, some New England industrial markets have rebounded nicely.

Of the 40 million s/f of industrial space in western Mass., there are easily 6 to 8 million s/f vacant. Some of my colleagues believe this represents 10 years of inventory. Obviously, this is tough to predict, seeing as by today's activity it could be 15 years, but if we get back to the activity of 2005, it may be 8 years. Essentially, we have a lot of vacant industrial space. Because western Mass. has its roots in over a century of manufacturing, a large percentage of the industrial inventory is older, obsolete manufacturing space. With the northeast trending toward warehouse and distribution businesses, western Mass. seldom makes site selectors short list. So, beyond the traditional functional obsolescent issue western Mass. always faces, what else is going on?

The industrial markets in Philadelphia, Pittsburgh, and upstate New York seem to be very active. However, although we always blame "Taxachusetts" as our biggest obstacle to landing and keeping business, here a check of the corporate and sales tax rates give these areas no advantage over us. True, Springfield has high real estate taxes, but in most cases new companies can negotiate these. Although the "Pioneer Valley" and the "Knowledge Corridor" promote the many colleges and universities in our area, competing regions can make similar claims, it's not the compelling issue. Location is always the driving factor and the elements that create the matrix a company can thrive in and will locate to are varied. All too often we've seen companies pass western Mass. by for various reasons, yet there are also companies that have decided to locate here. I have noticed two reoccurring themes: workforce inadequacies and, in Springfield's case, political gridlock.

Conclusion: While the industrial market of 2011 may be dubbed the worst in 20 years, with a friendly business environment, favorable tax rates, flexible zoning, and good working relationships with local government, western Mass. will likely rebound in 2012. In fact, most northeastern states are already on the path to recovery. In order to perpetuate this restoration, we simply need to get out of our own way and allow free enterprise to flourish and hope that the politics of Springfield do the same.

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