



nerej

2007 design-build market activity met expectations; planning and proposals active in Q1 2008

January 23, 2008 - Spotlights

2007 market activity for design/build, build-to-suit projects met expectations based upon predictions early last year in this annual forecast. Accuracy in these forecasts is much easier when existing market trends continue over a year-long period.

Focusing on the Mass., R.I., and Conn. markets and excluding Rte. 128 office construction activity in the Waltham/Lexington Rte. 128 market, ground-up, build-to-suit projects presently under construction or completed in 2007 numbered 22 projects representing over 2.2 million s/f of buildings. Projects included office, medical, laboratory, biotechnology, manufacturing, and distribution centers in a fairly even mix. Corporate growth stayed resilient defying recession tendencies as the fourth quarter of 2007 concluded.

Total projects identified in 2007 in the market numbered just under 75 qualified prospects representing over 5.3 million s/f of space which is consistent with 2006 activity of 70 projects for over 6 million s/f and up from about 50 projects in 2005 of 4 million s/f.

Significant projects completed include Beverly Hospital at Danvers, Mass.; Hallmark Health Care, Reading, Mass.; Lindt & SprÃ¼ngli (USA), Inc. expansion in Stratham, NH; Compass Medical (Southeast Medical Center), East Bridgewater, Mass.; C.R. Bard (Davol) in Warwick, R.I.; Patriot Commons in East Greenwich, R.I.; Bristol Meyers Squibb and Evergreen Solar in Devens, Mass.; Preferred Freezer, Everett, Mass.; and Emhart Glass in Windsor, Conn.

Projects continuing into 2008 include Liberty Properties, 210,000 s/f distribution center in Auburn, Mass. anchored by Interline's 150,000 s/f; Perkins in Taunton, MA is adding 160,000 s/f of cooler, freezer and dry goods warehouse; and Wing Memorial Hospital is completing a 69,000 s/f surgery center and ICU hospital expansion in Palmer, Mass.

Planning and proposal activity coming into the first quarter of 2008 is active and a number of projects are close to proceeding into due diligence schematic design and formal permit applications. We anticipate a lull in new project construction starts in first quarter as 2007 projects have wound down and 2008 wait for formal approvals and construction commencement.

The cross section of project types should remain as diverse and mixed as of 2007 with office and medical facilities showing slightly more strength than the rest of the market. Office buildings will be more developer-driven and medical suburban facilities will be user-driven continuing the recent trend of medical services providers bringing health care out to the suburbs. There are four large distribution center requirements in the market searching for a suitable sized site or existing buildings big enough to handle their requirements. That challenge will remain as large existing buildings or sites are scarce for the 300,000 s/f and up end users.

Dacon realized its best year ever in 23 years of continued design/build project delivery services thanks to our clients, friends, and colleagues in the real estate market. 2008 should present the

opportunity to stay in that neighborhood - timely execution of and cost competitiveness being the key to continued success in the design/build market.

Charles Reilly is director of business development, Dacon Corp., Natick, Mass

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540