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It's a great time to build; costs are stable and competition intense at general contractor and subcontractor level

January 26, 2012 - Spotlights

The Mayan Calendar is set to end December 21, 2012. Many a doomsday pundit believes the apocalypse will occur December 21, 2012 - 5,126 years after the Mayan Calendar began in 3114 BC. According to Mexico's National Institution of Anthropology and History, "the Mayans believed that time (the calendar) started and ended regularly with nothing apocalyptic occurring at the end. Comparing the end of the Mayan Calendar to a 2012 design/build forecast is not that far fetched. Locally and nationally, we are coming to the end of a prolonged negative real estate business cycle. This recession has not lasted 5,126 years, but depending on each company's individual experience, it may feel that long. However, change is in the air and has been since last October. Market indicators throughout the commercial real estate and construction market suggest an upsurge in absorption rates, higher rental rates, construction starts, and construction job creation. New England in general is further ahead on its recovery than the nation at large as evidenced by a 6.0 regional unemployment rate versus 8.5 for the national rate. Richards Barry Joyce & Partners officeSTATUS Winter 2012 published January 17, 2012 cite the Institute of Supply Management showing regional business managers have been very optimistic about prospects for increasing new orders and have record optimism concerning the general business environment.

New construction activity in Boston, particularly in the Seaport Innovation District and in Cambridge, is strong with pre-leased ground-up signature properties under construction. The Boston Globe's front page on Monday, January 16, 2012, read "Market heats up for office towers - Sales in Boston point to emergence from downturn". Downtown office buildings are not typically design/build projects, but the market trend is hard to ignore and speaks positively toward a much better 2012.

The suburban market is not faring as well as downtown and is relatively flat with renovation activity for office, manufacturing, and distribution remaining moderate with a continued theme of flight to quality. Additional supporting evidence includes a 20%-30% increase in revenue in 2011 for traditional design/builders - long vacant commercial, industrial, and warehouse buildings are selling and being renovated by end users, reducing the available inventory. Vacant office buildings bought in 2011 by locally-based developers have seen upgrades to base building infrastructure, have leased some of their vacant space, and are actively chasing various sized tenants. As vacancy rate decreases, ground-up build-to-suit project activity may increase late in 2012.

Here at Dacon, a 26-year-old traditional design/build firm, our backlog is thin. Our deal flow indicates larger projects than a year ago with 50% of pending projects being manufacturing expansions and/or consolidations from more than one location. Construction prices are stable with competition

still intense at the general contractor level and even more so at the subcontractor level, keeping construction costs under control. For the third year in a row, it's a great time to build. So there are mixed messages - more positive than negative. 2011 was better than 2010, and 2012 will be better than 2011. This real estate cycle thankfully will end in 2012 just like the Mayan Calendar ends in December 2012.

Chuck Reilly is vice president of Dacon Corp., Natick, Mass. South Shore/Canal Regional Economic Development District formed to support regional investment/job growth 2012 begins with tremendous opportunities for businesses despite what still can be viewed as a turbulent and always changing economy. I know for our organization we have continued to change programs and services to meet the needs of small business and delivery of those programs over the last several years based solely upon input from our local businesses.

One key initiative that will support small businesses throughout the South Shore and the Cape Cod Canal Region will be a unique partnership formed to assist existing businesses, support entrepreneurship, while also reinforcing job creation and private investments in our local communities. This effort has launched as the South Shore/Canal Regional Economic Development District at www.southshorecanalredd.com

The South Shore/Canal Regional Economic Development District is funded through the Mass. Office of Business Development as a result of an act of the state legislature in 2011. This partnership between business, local government and the Commonwealth provides resources to grow and retain existing businesses, efforts to attract new businesses to the region, while also providing an efficient and consistent response time to businesses seeking assistance. The district covers 11 communities from Marshfield to Bourne and the leadership of this new panel will include both public and private participation throughout the region.

The lead participants include the Plymouth Area Chamber of Commerce, the Plymouth Regional Economic Development Foundation, the Cape Cod Canal Region Chamber of Commerce and a host of other business development agencies on the South Shore. These agencies have been providing regional business services for over 60 years all along the South Shore while supporting all South Shore communities.

Individually these organizations have provided a number of services and facilitated hundreds of meetings over the years with state partners for programs that support small business growth. With this effort businesses and communities all along the South Shore will realize a more cohesive effort related to economic development with the formation of a regional team working together for greater economic impact within our partnering communities. This one stop streamlined regional approach to economic development provides greater local support with a "boots on the ground" so to speak presence.

This effort includes a number of key initiatives which includes:

The marketing of a full inventory of available land and buildings throughout the region by community at key industry trade shows and events.

Direct contact with regional small businesses to educate them on the myriad of programs available which includes; financing programs, export/import assistance, government contracting opportunities, employee training credits and grants, tax incentives to grow or relocate your business, R&D tax credits, and much more...

Specific forums to inform small businesses in the region of such economic development programs

first hand and the resources available for business growth.

Community Resource Guides which provide business owners and entrepreneurs step by step instructions on business startup and assistance available in their respective community and within the region.

A one stop, one point of contact approach to get you from point A to Z for a results driven formula on business development and delivery of technical support.

Support for municipal improvements and infrastructure needed to fuel economic development in the South Shore/Canal Region.

All of these action items lead to greater collaboration between South Shore communities and the Mass. Office of Business Development while providing a wealth of resources available to assist business retention and expansion.

While the South Shore and Cape Cod Canal Region is best known for its quaint villages, scenic coastal vistas and outstanding quality of life, the best kept secret is its rich business locations and thriving industry sectors. All along the South Shore clusters of business parks deliver goods and services to the world. From medical device manufacturing to the latest in high tech and bio research, the South Shore delivers a workforce and available sites to accommodate any growing business. Just minutes from Metro Boston, the South Shore provides businesses the opportunity to be just a step away from the hustle and bustle of Boston, but yet close enough to be within proximity of all the amenities available to the Commonwealths major industries at a much lower cost of doing business. When it comes to educational attainment and support from the regions higher educational institutions, the South Shore and Canal Region delivers a number of colleges and universities all along the coastline. Connect; a partnership of 6 higher educational institutions in the region brings forth a wealth of programs for corporate education and workforce development training to meet the needs of all our growing industry clusters.

Whatever your business need, site location assistance request or general business question, give us a call today. Our services are cost free and confidential.

Inquiries and site searches can also be submitted via our website at www.southshorecanalredd.com

Denis Hanks is the director of the South Shore/Canal Regional Economic Development District, Plymouth, Mass.

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