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2013 has all the ingredients to be the best market for design-builders since 2007

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2012 design/build forecast discussed the Mayan Calendar doomsday potential versus common sense reality that we would survive and that the design/build market would improve in 2012. It's nice to have your predictions come true. Over the past dozen years, I have specifically written this Spring Preview as a market overview and not a self-serving ad for Dacon Corp. This year, I am making an exception because our numbers represent a good barometer of the activity in the design-build market. In 2012, Dacon was involved in 107 total potential projects for the year with 38 projects proceeding to construction. Dacon was awarded 26 of these projects - 18 of which were negotiated design/build projects and eight were bid awards as construction management assignments with third-party architectural firms. Ten opportunities never became projects and 58 are still active. Projects included ground-up build-to-suit distribution and manufacturing facilities, full and partial building renovations, tenant improvement office and laboratory fit-ups, and medical renovation assignments. The majority of these projects were in Boston suburbs. Total revenues increased by 15% and we hired one new architect, a project manager, and one assistant project manager - meager hires, but the first since 2008. This momentum complements the tremendous construction activity all over Boston. I counted 12 cranes in the skyline coming up the Southeast Expressway in December on my way to the NAIOP/SIOR year-end-review program.

The best indicator of the positive market in the suburbs is Duffy Properties' well-publicized speculative office building under construction in Burlington. Build-to-suit projects include phase one of Keurig's 500,000 s/f headquarters production plant in Burlington, Nordic Properties' Wegman's project on an adjacent site, FedEx Ground's distribution center of 175,000 s/f in Natick, TJX and MathWorks' expansions on Rte. 495 in MetroWest, and Saint-Gobain Crystals' manufacturing plant of 200,000 s/f in the former Evergreen Solar building in Devens.

The Boston Globe's Money and Careers Section of December 30, 2012 read, "Brighter Outlook For Massachusetts Businesses in 2013. U.S. and global economies are predicted to rebound if the fiscal crisis can be resolved swiftly, and Massachusetts is well positioned to build on its strengths."

Steve Clancy in CBRE's New England Market Outlook 2013 stated that "the supply of high-quality products is tightening in the MetroSouth Suburban Market, and purchase opportunities in the user sale market are few." This should result in more ground-up, build-to-suit projects for design/builders. Construction costs for material and labor were up in 2012, a trend that will continue but at a moderate pace and should not be an impediment to new projects.

I have been accused of wearing rose-colored glasses on occasion writing this Spring Preview. I guess I am just a "glass is half full" type of person; but 2013 has all the ingredients to be the best market for design-builders since 2007.

Charles Reilly is vice president with Dacon Corp., Natick, Mass.

