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Mid-year commercial/industrial/residential market review and forecast for 2013

July 25, 2013 - Spotlights

If you attended the 2013 SIOR/NAIOP Mid-Year Review Program on June 13 at Boston's Westin Waterfront Hotel, you had to leave the event excited about all that is happening in eastern New England in the entire commercial, industrial, and residential marketplace. Every speaker had positive attitudes backed up by strong statistics. How long will this cycle last? There is speculative construction on Rte. 128 with Duffy Properties completing the site and shell of their office building at 78 Blanchard Rd. The Gutierrez Company has completed steel erection on Phase Two of the Keurig project at Rte. 128 and Rte. 3. Both projects are in Burlington. Nordblom and Nordic Properties are about to renovate the office building at 201 Burlington Road in Bedford. I-495/MetroWest filled three major vacancies earlier this year with TJX, Boston Scientific, and Quest Diagnostics. MathWorks will backfill the Speen St., Natick building Boston Scientific will phase out of. FedEx Ground will occupy its new 173,000 s/f Boston Distribution Center in August (which is presently being completed by Scannell Properties and Dacon) behind MathWorks' new digs.

For industrial design-builders, activity levels are good. 2013 started out hot, but hit a three-month lull in late winter through early spring. As of July 1, robust activity is back. We have identified 12 potential design-build renovation projects and four ground-up build-to-suit projects outside of Rte. 128. Two are presently in engineering. Crown Uniform & Linen Service will break ground on Battles St. in Brockton in mid-August for a 94,000 s/f headquarters and laundry processing center. This consolidation project will combine Crown's existing Fall River and Boston facilities. AccuRounds, Inc. of Avon will add an 18,000 s/f lean manufacturing expansion later this fall. Other significant suburban projects include Trip Advisor and Normandy Real Estate Partners' 280,000 s/f new headquarters building on Rte. 128 in Needham, which will break ground shortly. Schneider Electric and Leggat McCall Properties are completing a 230,000 s/f expansion and renovation of 800 Federal St. in Andover.

This market momentum is being fueled by lower vacancy rates across the board, which reduces available options in existing buildings. Rising rental rates, confidence in the corporate world for manufacturing expansion, and social media companies' growth to meet expanding electronic world markets are contributing to the positive cycle. Life Science companies leaving Cambridge are backfilling vacant space on Rte. 128. Combined, these factors have created "America's Job Growth Engine" that has been lacking since the .com boom in the early 2000s.

The balance of 2013 will see a continuation in design-build and design-bid-build projects, Pent-up demand that is presently in the planning stages will be built. The key to continuing this forward momentum in 2014 is a continued clear path of stability in the economy and political sectors. My advice to my associates, friendly competitors, and clients is to work harder during this rising market

because you never know how long this cycle will last.

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