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NAI Plotkin: Western Massachusetts review of the first quarter of 2014

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Just looking at statistics our market shows things like: total industrial vacancy ticked up .1% to 11.8% in Hampden County and the same for Hampshire County at 10.5% from the 4th quarter of 2013. This is also true of the office and retail sectors. However these surveys are suspect because they fail to measure the overall activity that the broker on the street sees. There's no other way to know what's in the pipeline. Between the 4th quarter of 2013 and the first quarter of 2014 sales volume of industrial space was almost \$25 million in Hampden and Hampshire Counties. As of the writing of this article several large office leases have been signed in Springfield: Mass Live leased 11,000 s/f at One Financial Plaza; UMass has leased 26,000 s/f at Tower Square; and the Argo Group leased 12,000 s/f at Monarch Place. These are three of the four class A office buildings downtown. This is in spite of the fact that the overall vacancy for office space remained at 11.2% in the region

New construction is improving, scheduled for delivery in the second quarter of 2014 is more office space than was delivered in all of 2013. Development Associates leased the entire 40,500 s/f at 22 Atwood Dr. in Northampton before it was finished and have another 70,705 s/f under construction at 23 Atwood Dr. New construction of industrial property is still slow as market rents remain too low, plus there is just under 5 million s/f of existing inventory.

Retail leasing still lags behind all other sectors although one bright spot was the purchase of Liberty Plaza in Springfield by Davenport Properties. This should make people take notice. This \$36 million investment in Springfield was by the lead developer for the MGM casino. Davenport will also invest another \$5 million in improvements for the center. They obviously believe the casino will be good for the area.

As for the casino: one more hurdle for MGM is the potential referendum to repeal the gaming law in Mass., which is under review by the courts. Other than that, they have all their surrounding community agreements in place (Longmeadow being the last one settled by arbitration April 29). An interesting note: Mass Live entered into a licensing agreement with One Financial Plaza for the rights to signage on the top of the building. The sign was approved by the city council April 28. Sovereign Bank removed their signs a few years ago. This is one of the most visible locations in the area and may be another indication of how businesses feel about the future of Springfield.

There is a remarkable amount of investment happening in Western Mass., and in the planning, for the region. The \$70 million train station renovation is well underway; \$5 million just granted to UMass for their new facility at Tower Square; several million being invested in space at One Financial Plaza for the new "Innovation Center"; As many as 500 new jobs in Pittsfield for General Dynamics work on the new "Littoral Combat Ships" \$200 million in I-91 repairs; \$800 million casino! This is shaping up to be a pretty good year.

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