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## **Get on the South Shore/Canal Regional Economic Development District annual bus tour**

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The summer is bustling with opportunities in Southeastern Mass. as tourism and new construction drives the local economy. While the summer sun encourages the consumer to purchase sunglasses, propane, and parking spaces, the communities in Southeastern Mass. are ramping up with more residential housing and commercial development. A lot of these opportunities can be found along the coastline of Plymouth and the surrounding communities.

With a very pro-active Plymouth Area Chamber of Commerce, new businesses are welcome to participate in the growth of our communities. Among some of the areas exciting new development projects, A.D. Makepeace just broke ground with Red Brook in South Plymouth, consisting of 1,200 proposed homes and 60,000 s/f of commercial space. In addition to that powerful combination of residential and commercial development, a brand new YMCA facility is slated to be operational by years end. In addition to Red Brook, there has been an increasing amount of support and interest in new medical office space, due largely to the accessibility, qualified workforce and the sustainable infrastructure of Southeastern Mass.

Medical office development has continued to be a hot market. This niche sector remains very attractive to investors, because the demand for MOB exceeds the current supply. Because of this imbalance in supply and demand, capitalization rates have reached a six-year low of 7.3% nationally, according to RCA data. In relation to project size, there has been a drastic increase in the relative size of these new facilities, nearly three times the square footage of their predecessors, due largely to the fact that the new facilities are offering more comprehensive medical services under one roof. From a real estate perspective, this significantly affects the land analysis and site selection process. Site selection and land acquisition are critical factors in today's decision making, largely in part that MOB have taken on more of a retail requirement, using analytical and demographic opportunities to measure potential success in site selection. With the change in MOB needs, this trend will afford opportunities for the re-use of older facilities vacated by many physicians into the newer facilities. Keep an eye on the older facilities as new construction of MOB begins in your investment areas.

When considering leasing medical office space, you cannot use general office space as a comparable market. They are fundamentally different. For starters, the build out of medical office is much more expensive than the build out of general office space. Therefore the market rents are going to be much higher in medical office leases and should be reflected in the user's analysis. Hint - the tenant may want to consider contributing to the tenant improvements above and beyond the allowed TI by the landlord. This will keep the landlord's build out costs down, in return should be reflected in a lower lease rate for the tenant.

In addition to MOB, there has been an influx of out of state developers looking for opportunities

within our region. Specifically, the potential of the Paragon Outlets and their plan to construct high-end retail outlets located off Rte. 3 and Exit 5, on 40 acres of developable land. Retail developers in general have been eager to break ground on new retail projects and are beginning to see signs of light, as retailers are gearing up for expansion. All in all, retail development has been egregiously slow in the last five years, due to capital markets not supporting construction growth. And although retail construction has been slow to return because of the lack of absorption in existing retail vacancy, there appears to be a solid growth of new projects in the pipeline. Retail developers are using population densities and strong community demographics in their site selection. Communities with population growth, household growth and stable and growing economies are very attractive to retailers, which fairs very well for communities like Plymouth.

If you are looking to explore Southeastern Mass., there is an incredible opportunity to participate in the popular South Shore Economic Development Bus Tour. The South Shore/Canal Regional Economic Development District (REDO) will be hosting its Annual Economic Development bus tour to highlight the advantages, opportunities and developments in the South Shore/Canal region. This half day bus tour on June 19 is a must attend for any real estate developers & professionals, sole proprietors, entrepreneurs, representatives from the banking industry, and other potential investors. From Marshfield to Bourne the development routes will bring you through the latest in village center developments, as well as the highlights in the vast growth and development that the South Shore has championed. This tour will highlight projects currently being developed and the latest status on all regional development projects. The region is flourishing and focusing on business attraction, retention and expansion and this tour is a great opportunity to learn more.

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