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## **Build-to-suit market still robust - by Charles Reilly**

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Dacon

The first half of 2017 maintained the build-to-suit market velocity of 2016; however, the ability to turn these activities of design, engineering, project pricing, and permitting into revenue has been extremely challenging. Let's call it "The Big Pause" mostly resulting from extended engineering and permitting delays for build-to-suit projects. The good news is here at Dacon, we anticipate finally getting into the ground with a number of these projects by the end of 2017.

Contributing to the delay is a very challenging permitting process across the cities and towns here in New England. But the delays cannot be blamed solely on the permitting process as owner-developer hesitation to proceed has also delayed projects.

To the numbers as of this writing, several major build-to-suit projects have achieved occupancy. In Worcester, Imperial Distributors just occupied 350,000 s/f of GFI Partners' 615,000 s/f high-bay building on Blackstone River Rd. New England Ice Cream just occupied a new 75,000 s/f facility in Campanelli's Norton Industrial Park. Martignetti has occupied its new 650,000 s/f distribution center and headquarters in Taunton, and Alnylam Pharmaceuticals is completing a new 200,000 s/f pharmaceutical plant in the Norton Commerce Center.

Presently under construction is FedEx Ground's, Worcester Sorting Center, off Rte. 290 in Boylston of 315,000 s/f. FedEx Ground is also under construction with a 207,000 s/f facility in Seekonk. GFI is building another large distribution center in Devens of 430,000 s/f with reports of over 300,000 s/f pre-leased. Trader Joe's is well underway with 690,000 s/f in three buildings off Rte. 291 in Bloomfield, Conn. Prudential Overall Supply will occupy their Nashua, N.H. 70,000 s/f clean room garment commercial laundry facility in December. KROHNE America is building a new U.S. headquarters and manufacturing facility of 93,000 s/f in Cherry Hill Park, Beverly.

On the horizon with some of these projects breaking ground in November are Expeditors' 140,000 s/f new facility in Centennial Park, Peabody being developed by the Lucey family. First Highland Development will break ground in Readville with a 60,000 s/f speculative multi-tenant industrial building, one of five planned for the former MBTA rail yard abutting First Highland's Readville/Boston Campus. Claremont Companies will break ground with Lakeshore Office Building II, a 65,000 s/f

four-story office building in Bridgewater. FedEx Ground, Scannell Properties, and Howland Development have started a building upgrade renovation project on Ballardvale Rd. in Wilmington of 184,000 s/f. Scannell and FedEx Ground will also break ground on the renovation and expansion of the former North Building of Boston Scientific's distribution center in Quincy consisting of 315,000 s/f for FedEx Ground's Boston Sorting Center.

In Bedford, Curran Management will break ground on a complete renovation of the two-story office building at 54 Middlesex Tpke.

Total of build-to-suit 2017 projects is over the 4 million s/f range, less than 2016, but very robust in any market. Looking at the last two months of 2017, it will be key for design-builders' year-end results and project backlog for 2018 to get those projects receiving permits this fall in the ground before winter.

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