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Cummings Properties sees the big picture and forges ahead despite economy

October 01, 2008 - Front Section

An uncertain economy. No tenants in sight. No problem. It's business as usual for Cummings Properties, LLC, which has been building speculative office and research buildings of all sorts for nearly 40 years.

Dennis Clarke, president and CEO of the locally owned, Woburn-based commercial real estate and development firm, explained the company's three fold philosophy: self-financing, seeking opportunities and specializing in strong customer service.

The foundation: Self-financing and streamlining services

Thanks probably to old-fashioned business acumen, the company says it does not have mortgages on any of its properties. This strong, financial foundation has enabled the company to reportedly donate most of its holdings to Cummings Foundation, Inc., a private operating foundation established in 1986.

The foundation also owns and manages New Horizons Retirement Communities in Woburn and Marlborough, and is closely related to the Cummings School of Veterinary Medicine at Tufts University.

This stability also allows it to expedite permits, design and construction without waiting to secure outside financial resources. Because the firm has never relied on construction financing, it has avoided the very time-consuming process of documentation, which always accompanies all such funding.

Furthermore, Clarke says that the firm doesn't need to have any kind of a budget before it starts building. "We know we can build for less than anyone else. If we work hard to control costs, we will come out fine - and we always do. It may sound crazy, but we have nine million feet debt-free," he added.

While other firms are waiting for the economy to recover, or for leases to be signed before moving ahead, Cummings Props. says its employees are already working on their next project. The company has reportedly never laid off a single employee for lack of work. It now employs more than 300 full-time staff with a cumulative 2,100 years of seniority!

In addition, streamlining services also saves the company significant money. In-house architectural, engineering, legal and construction services are all closely integrated at the corporate headquarters. This unique design/build delivery method cuts costs by avoiding lengthy bid processes, improving communication and allowing teams to complete work concurrently, instead of sequentially. Clarke reported that the cost savings are passed directly to clients with what he says are the affordable lease rates Cummings Props. offers.

The middle tier: Seizing opportunities

Adhering to the lemons to lemonade strategy, the company believes in finding and creating building

opportunities.

One of its most well-known transformations involved the \$500,000 purchase of the legendary United Shoe Machinery property in downtown Beverly in 1997. Some \$63 million and 11 years later, the dilapidated complex that once housed more pigeons than people is a thriving business complex with 350 businesses and more than 4,000 people working there today. The company is now building its third parking garage on the 60-acre site.

Cummings Props. also built 500 Cummings Center on the Beverly site in 2005, which is approximately 50% leased. The entire Cummings Center Office and Research Park combined offers two million s/f of prime office and laboratory space.

Clarke admits that the economy has slowed the timeline on leasing, but says he is not worried because the company is structured to absorb the dips and swells of a turbulent economy. "We're still way ahead because the costs of materials when we built were significantly lower than they are today," he said. Many components like concrete, steel and elevators have nearly doubled in cost, he added.

More recently, the company developed the 18-acre Northeast Trade Center in Woburn, best known in earlier years for flea markets and gun shows, into the first-class, seven-story TradeCenter 128. Cummings Props. purchased the property in 2005 for \$3.2 million. Its first tenant was the Middlesex County Superior Court. From building permit to final completion, Cummings Props. finished the 150,000 s/f superior courthouse in one year, far ahead of schedule and for \$30 million less than the next lowest bid.

A 900-car parking garage and an additional 400,000 s/f of speculative office space completed the Gold Level LEED pre-certified office park visible from Route 128. Clarke pointed out that leasing activity at TradeCenter 128 is picking up with law firms, an international travel company, a restaurant and numerous service firms recently moving in.

Its other very current 63,000 s/f speculative project, 144 North Rd. in Sudbury, is adjacent to the office building Cummings Props. already owns, 142 North Road. 144 North Rd., designed to meet LEED certification standards, has a construction price tag of \$2.8 million, which translates to under \$45 a s/f.

Some of those savings can be attributed to the company tapping into 142 where the majority of the site improvements, such as roads and utilities, were already in place. The first-floor warehouse space is being advertised at a net rate of only \$7.60 per s/f.

The pinnacle of success: Specializing in customer service

A strong financial foundation and visionary business decisions, however, aren't enough to ensure success in today's commercial real estate market. The apex of Cummings Props.' strategy is the remarkable customer service approach that drives almost every phone call, email and decision.

Every property it builds is leased and managed by the company's own staff. Clarke used the analogy of a rental car to explain how the firm cares for its clients and buildings. "People never treat a rental car with as much respect and love as their own car," he said, "Because we lease and manage our buildings, we build them with as much attention to detail as we would if we were building our own corporate headquarters, which, of course, we did."