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## **Companies try to take advantage of reduced values, but they can't find modern facilities**

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The Western Massachusetts industrial market remains flat for the year, as manufacturers struggle in this ever worsening economy. Vacancy rates are in the low double digits, a rarity for us. As some companies try to take advantage of reduced values and lease rates, they can't find modern facilities here. So, pluses and minuses, the lack of construction should help absorption as we recover but the region keeps getting passed over due to the dearth of modern manufacturing and distribution facilities. Not there there's much manufacturing going on but the availability of 20,000 to 50,000 s/f warehouse properties with 24-26 foot ceilings is where demand is. The problem is lease rates have fallen \$.25-\$.50 per s/f making it impossible for developers to build-to-suit and buyers can't access capital.

It has been reported that home sales are up and prices have stabilized, so at least there is the beginning of a recovery, or a cessation of a slide. While the U.S. lost 2 million jobs in the last 6 months we still see further job loss and I fear inflation will result from the "Stimulus Bill". If the Obama administration is intent on deploying all the currency it's printed, interest rate will surely rise which in turn makes it more costly to purchase real estate.

Northampton, Springfield and Westfield will receive grants through the Federal Stimulus bill. Springfield is getting a total of \$1.1 million and has targeted \$300,000 to upgrade some commercial properties. Springfield will use some of the funds for job training, including a program in cooking at the Massachusetts Career Development Institute.

The city of Springfield has advertised for bids for demolition of the former Chapman Valve property. 56,000 s/f is what's left of the 138,000 s/f manufacturing building which was razed last year. The demolition and related cleanup has an estimated cost of \$840,000 and is being funded by the federal Environmental Protection Agency. The long-vacant, 54-acre Chapman Valve property was recently designated as the Indian Orchard Business Park, as approved by the city council. The city owns 14 acres within the business park, the balance is privately owned, and the city will negotiate to purchase the other sites from the owners through the Springfield Redevelopment Authority. Uses for the business park could include industrial development and office use, according to the neighborhood master plan. This area has reasonable highway access and is considered a good location for a business park.

Chapman Valve once was the world's largest manufacturers of valves, including fire hydrants, and employed around 3,500 people. The property was contaminated from work with Uranium for the Manhattan Project in 1948, remediation was completed in 1995.

The Massachusetts Executive Office of Transportation has applied to the Federal Railroad Administration for rail stimulus funds of \$65 Million to improve rail service from Springfield to Greenfield which could have numerous benefits for this area.

I think a high speed rail to Boston would help Western Mass. even more but these things are so political it's hard to get any of it actually done.

The Massachusetts Collaborative announced its intent to build a world class, Green, professional Computer Center in Holyoke. This is a partnership between MIT, UMass, BU, EMC, and Cisco Systems. This should really help Western Mass with spin-off businesses that can provide services to the center and it's employees. I've always said there has to be a reason for all the talent produced by the area colleges to stay in the area, now there may be.

So here we are in the middle of summer where not much business is transacted anyway, with very little industrial activity, just waiting for stimulus money. However, there are, as I've said, some very big plans in the works so 2010 should be an interesting year. If all the plans for data storage, computer centers, and biotech stay on track 2012-2015 may be the best business climate we've ever seen in the Pioneer Valley.

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