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## **There is growing optimism in Springfield from local officials and investors**

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The Western Massachusetts commercial real estate market started off flat in 2007 compared to 2006 but increased by a large percentage in the 2nd quarter (we we're up 60% partially due to a large sale we had in June). The residential market started its slide by early spring and continues to have problems. All summer everyone talked about the shake up in the Capital Markets and wondered what effect it would have overall. The effect has been to curb activity in our market by almost 20%. Many people remain nervous about the sub-prime mortgage failures although investment real estate, as an asset class, remains strong.

Downtown Springfield continues to climb out of the rubble it's been buried in for several years and there is growing optimism from local officials and investors. A group assembled by the principals of NAI Samuel D. Plotkin and Associates purchased the majority interest in a distressed Class A office building known as One Financial Plaza and is turning the property around nicely. They've restored the fountain in the plaza facing Court Square and installed new benches which are being enjoyed by tenants and pedestrians alike. A new deli opened recently (Monday 10/29/07) in the lobby and people seemed very impressed with the variety and quality of the offerings, especially the home made desserts. This continues the trend of local entrepreneurs investing in downtown. Last year Caf   Lebanon opened in the old Tilly's Restaurant on Main St. and is doing a brisk lunch business. An investor from N.Y. acquired six office buildings on Main St. in the last 18 months sighting that Springfield has "good bones". He noted that often local buyers are too close to the ground to see the values in their area and he will continue to invest in Springfield.

A historic downtown hotel, across from City Hall, will be redeveloped next year and there is talk of a new parking garage being built. A \$2.5 million construction project is underway to redo the sidewalks and street lights on Main St. Governor Deval Patrick has been to town a half a dozen times already which makes that six more times than Romney made it (I guess it helps he has a weekend house in the Berkshires). Patrick has also begun restoring some of the grants that Springfield lost under Romney. The Class A office market seems to be rebounding after three very soft years, however safety remains the biggest concern for people coming downtown.

The trend of manufacturers leaving Western Massachusetts continued. We do however have a growing number of smaller specialty manufacturers expanding. Performance Food Group has moved into its 236,000 s/f distribution facility in the Smith and Wesson Industrial Park and Harvey Industries will build a new 250,000 s/f manufacturing facility in the Chicopee River Industrial Park. At this time last year Springfield was still reeling from a \$40 million budget deficit, which is now balanced.

Our 40 million s/f of industrial space had an increased vacancy rate from 10% to 12% but the office vacancy stayed in the single digits.

The focus in Springfield now is implementing a plan prepared by the Urban Land Institute from an exhaustive study they performed last year. They highlighted the good points such as: "Springfield is considered to have the state's number-one small business creation programs"; and how to fix the bad: "The panel heard that the city has been known as both the 'City of Homes' and the 'City of Grudges.' The City of Homes needs to be rekindled, and the City of Grudges needs to be permanently buried. Springfield must pursue strategies to realize the rich potential of its downtown ."

For the first time in a long while it looks like Springfield, and its citizens, have taken action. The York St. jail by the Connecticut River will be razed to make way for new development. The old Basketball Hall of Fame is becoming an L.A. Fitness, bike paths, clean parks, and new development ahead. Look for Springfield to really rebound in 2008.

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