

# Real Estate Journal

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## The Mass. Pike and I-495 industrial sector is full steam ahead for 2006!

**ws William Sullivan**



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Industrial properties along the Mass Pike & I-495 corridor continue to post strong numbers for both sales and lease transactions. Locally, the Mass Pike & I-495 industrial availability is now down to 12.4%, and rent up to \$6.15 NNN. Nationally, the industrial single story market is having its best performance since the first quarter of 2001 with encouraging headlines stating “warehouse markets flex their muscles” and “industrial markets post dramatic turnaround” leading the U.S. industrial market to 9.3% total availability. The Mass Pike & I-495 industrial market continues to benefit from the outstanding amenities from surrounding towns offering new housing developments, apartment complexes, as well as endless shopping opportunities. Additionally, showings are on the increase for groups looking to lease and buy industrial locations in

multiple size ranges. Furthermore, at least six large industrial requirements in the 50-80,000 s/f range are out looking for new or expansion space in this sub market for occupancy in the first quarter of '06. Several 10-35,000 s/f small to medium size requirements are out looking for immediate occupancy.

### **New “Done Deals” to Report for Industrial and Flex Buildings**

The sizzling summer was hot, weather-wise and deal wise in Marlborough. At 753 Forest St. in Marlborough, Richardson Electronics just signed for 40,650 s/f, and Diebold for 24,404 s/f at the same location. At 164 Locke Dr., Nonstop signed for 19,115 s/f, and Allied Printing Services leased 40,000 s/f in the same building. In Northborough the ink just dried on Federal Express leasing 57,098 s/f at 55 Lyman St. and Netflix just leased 24,000 s/f at 444 Whitney St. South of the Mass Pike, in Hopkinton, Caliper Life Sciences leased 132,414 s/f, of which 15,500 s/f was an expansion, and the balance a renewal. At the Kenwood Business Park in Franklin, Streetwear Inc., New England Chapel, and Zeptrometric leased

a total of 63,000 s/f, with letters of intent in hand for over 10,000 s/f with commencement prior to the end of the year.

### **2006 New Construction Projects for Sale & Lease**

Several new “pending” land sites in Marlborough are due to break ground in the first quarter '06. At 413 South St. a total 225,000 s/f is cleared for high bay single story flex for lease. At the Chestnut Ridge Business Park, at the intersection of I-495 and Rte. 290, a new single story “flex industrial condo project” is planned with delivery this winter. Both properties will utilize green building techniques with up-grades in insulation, glass and the latest in building technology. These two projects reflect a new found confidence that developers are placing on flex-industrial speculative development. Activity from corporate users looking to buy land to construct their own buildings remains very strong. One of the larger blocks of land for sale, inside of I-495, is the 220 acre industrial parcel known as Phase 2 at Hopping Brook Park in Holliston, which will offer large users options for 100,000 s/f and up. There are

currently several pending deals for 100,000-300,000 s/f buildings at Hopping Brook Park with ground due to be broken in early '06. Also in Holliston, the former Child Life building at 55 Whitney St. which is 36,000 s/f on 9 acres provides a user with a great value at \$50 per s/f.

### **Future Looks Fantastic**

Several new non-traditional requirements have surfaced including large indoor recreational complexes and data centers (which are also called mission critical buildings). What is new and interesting is the demand for the industrial condo and how many existing locations are about to be offered for sale, at prices over \$100 per s/f. Presently there continues to be strong demand for industrial condos and it will be interesting to see how large the pool of buyers are as additional projects are delivered. The combination of traditional (warehouse, manufacturing, flex) and non-traditional industrial users will translate into single digit vacancy rates by Q3 of 2006.

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