



The Real Reporter

Volume 3 No. 42

DECEMBER 9, 2011

Corning Takes 45,000 SF in I-495 North

BY JOE CLEMENTS

TEWKSBURY — During another mean season for office properties in the state’s northern tier, one Class A property has landed a significant tenant, with the 495 Business Center luring Corning Life Sciences away from Cross Point Towers a few miles west in Lowell. The 45,000-sf lease was negotiated on both sides by Newmark



Christopher Curley

Joseph Doyle

Knight Frank. Its New York group represented Empire State based Corning, whereas Christopher Curley of NKF’s Boston office advised owner Capital Commercial Investments as exclusive leasing agent for the 85-acre, 750,000-sf complex that sits prominently along I-495.

“We are thrilled to be welcoming them to the park,” says Curley, declining to discuss terms of the pact, but explaining the lease represents an expansion from the operation’s current Massachusetts headquarters. Given the Fortune 500 tenant’s pedigree and their hefty requirement, the process of landing Corning was “heavily competitive,” acknowledges Curley, estimating more than a half-dozen serious options were in play until CCI got the nod.

Corning did not respond to inquiries regarding the agreement as of press deadline. Curley referred questions to the tenant, but says he believes 495 Business Center has been positioned strategically to meet today’s tenant-favored environment favoring first-class product, proven ownership and aggressive rents. As relayed in a Real Report article last autumn, Texas-based CCI opted to invest in the former Wang Laboratories facility in anticipation of a flight-to-quality mindset that has emerged, often to the dismay of I-495 North landlords who have seen such major companies as Avid Technologies depart for modern structures in the Route 128 corridor.

Such defections and the uncertain economy have kept tenants in the driver’s seat, according to an autumn 2011 review of I-495 North by CresaPartners identifying some bright spots such as four straight quarters of positive net absorption and an uptick in leasing allowing fundamentals to “improve slowly,” says CresaPartners principal Joseph Doyle, who patrols the

submarket. “Things are not as bleak as people make it out to be,” Doyle relays, describing a careful mindset among tenants but a willingness to renew or take advantage of an opportunity to cut



495 Business Center, Tewksbury MA

costs and upgrade their space when presented. Tenant rep specialist CresaPartners advised one client, Kindred Healthcare, in a 16,250-sf renewal at 200 Brickstone Sq. in Andover that commences next month. AFGA leased 42,000 sf at 165 Dascomb Rd. in Andover, and two recent Billerica commitments accounted for nearly 200,000 sf, including E-Ink’s arrival from Waltham to take 139,000 sf at 1000-1200 Tech Park Dr. Another 10,000 sf was filled at 3 Federal St., a Billerica asset owned by Atlantic Management Corp. that has seen robust leasing in 2011. CresaPartners represented tenant Brady Corp. in that deal.

On the horizon, CresaPartners has identified five requirements scouting I-495 North that total more than one million sf, offering a measure of optimism for 2012. Even then, however, rents will remain unchanged “for the foreseeable future,” CresaPartners concludes, partly due to the 33.5 percent availability rate on 17.2 million sf of inventory, the highest it has been since 2005 despite 313,000 sf of positive net absorption YTD.

The dichotomy has come in the aforementioned departures opening up substantial blocks of space, plus consolidations including shrinkage by Avaya Networks at 600 Technology Park Dr. in Billerica that is putting out 310,000 sf for lease in a building traditionally unavailable due to the long-term control by Nortel Networks, acquired by Avaya last year. Another trend has also altered the landscape, exemplified by Thermo Fisher’s purchase of a building in the submarket that it is retrofitting into a campus to consolidate operations from nearby communities such as Wilmington. That could open up holes in those communities.

For all those challenges, one success story can be found in the submarket’s high higher-end product, a category that Doyle assigns 495 Business Center. Accessibility and Class A amenities have been the mandates of tenants since the downturn, evidenced by a 14 percent availability rate for first-class inventory in I-495 North. “They are in a good position,” Doyle says of 495 Business Center, especially on the larger end of the spectrum where there is less competition. The 495 Business Center can accommodate in excess of 500,000 sf. That plus the

ability to provide a mix of space are seen as reasons the asset could attract one of the hottest companies in Massachusetts, beverage system purveyor Keurig, said to be seeking upwards of 500,000 sf to accommodate meteoric expansion.

Curley would not discuss what prospects have been percolating at 495 Business Center, but agrees the visible complex is catching the eye of leading tenants in the region. “We’re ready to go at any second,” he says of being able to meet limited timeframes that can be especially difficult for big moves. CCI has already begun work to fit out the Corning facility, with occupancy slated for early spring. “We hope to build off the momentum” of the signing, says Curley.