

An office park makeover

Burlington revamp will add housing, stores, cafes

September 09, 2011|By Jay Fitzgerald, Globe Correspondent

After three years of recession-related delays, work has finally gotten underway on an estimated \$500 million redevelopment of Northwest Park in Burlington, a project that aims to create a Kendall Square-like campus of high-end housing, retail stores, outdoor cafes, and office space.

Nordblom Co., the Burlington-based owner of the 285-acre office park, has started building a new roadway and has begun making other infrastructure improvements to the site, located just off Interstate 95, across from the Burlington Mall. That work will make way for the transformation of the current 50-building campus over the next 10 years. Later this fall and winter, Nordblom will tear down 11 of 42 office buildings on the southern portion of the site, clearing the way for the first of a slew of new retail and office structures, the company said.

The ultimate goal: a complex that will attract a new generation of tech companies and workers demanding more amenities from suburban office developers and landlords, the company said.

“We’re trying to create something that gives office workers a reason to linger around longer after work,” said Todd Fremont-Smith, senior vice president of development at Nordblom, a family-run business that has owned Northwest Park for more than 50 years. “We’re trying to build a neighborhood. We’re not trying to build another shopping mall or office campus.”

If all goes as planned, the Northwest Park redevelopment will be one of the largest suburban office redevelopment projects in Massachusetts - and another shot in the arm for the state’s slowly reviving commercial-construction industry.

In recent months, a number of projects have broken ground in the Boston area, including the construction of a new Vertex Pharmaceuticals headquarters on Fan Pier.

At Northwest Park, Nordblom is eyeing construction of 600,000 square feet of retail space (with at least 10 restaurants), 300 high-end rental housing units, a boutique hotel, and up to 2 million square feet of office space.

Most of the new buildings would be built on the southern half of the campus, where some existing office facilities predate the “Massachusetts Miracle” era of the 1980s, Fremont-Smith said.

Tenants in some of those older buildings will be moved to other Northwest Park facilities to make way for new construction.

The northern end of the campus will be left largely unchanged. The eight-building site formerly housed Sun Microsystems; Oracle Corp. is now the largest tenant leasing space there.

First on the new construction agenda for Nordblom: building 300,000 square feet of retail space, 200 housing units, and 300,000 square feet of office space.

Construction of a new 140,000-square-foot retail store will start early next year. The tenant: Wegmans supermarket. Known for its high-end products and huge food courts, the Wegmans chain, based in Rochester, N.Y., has signed a long-term lease for its Northwest Park store, which is slated to be opened by 2013, Fremont-Smith said.

Nordblom is also planning to break ground next spring on an additional 160,000 feet of retail space to possibly house six to seven restaurants. Fremont-Smith said Nordblom is in discussions with a number of restaurant outlets to possibly lease space at what is being nicknamed “culinary row.”

The first phase of office space will be built to suit, and FHO Partners of Boston is already marketing the space to prospective tenants.

The rest of the redevelopment project - the remaining retail, office, and housing components, as well as a planned small boutique hotel - will be built after 2014, assuming economic conditions are right.

“This project is an evolution,” Fremont-Smith said. “We wanted to start this project three years ago, but it fell apart due to the [2008] financial crisis. Time can kill deals. Who knows where the market will be in three or four years?”

Although the state’s economy is recovering faster than the economies of states in other parts of the country, the outlook remains shaky, especially with recent market turmoil tied to the debt crisis in Europe and fears that the United States could slip into another recession.

The Burlington office market hasn’t recovered from the Great Recession. The office vacancy rate in Burlington is running at about 17.5 percent, slightly higher than the Greater Boston average of 16.3 percent, according to data from Richards Barry Joyce & Partners.

The average asking price for Class A office space in Burlington is now about \$24.75 per square foot, less than what Burlington office space was getting in the late 1990s, according to Richards Barry Joyce data.

But Brendan Carroll , vice president of research at Richards Barry Joyce, said many office tenants today crave modern and efficient office space.

“Tenants have exhibited a big interest in premium properties,” he said.

So Nordblom’s move to replace older office building with new facilities may end up being a bold and successful move in the long run, he said.

Duncan Gratton, a partner at FHO Partners, said he is convinced his firm can lure tenants to a redeveloped Northwest Park.

“Suburban office workers want more than just a campus out in the woods with a little cafeteria,” he said. “Obviously, we’re in a tough economy. But I believe there’s a market for this type of project.”