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Boston Developers Well Positioned For Future Growth, But Political Leadership Needed

By Colleen M. Sullivan

Banker & Tradesman Staff

Big outside forces are shaping the development environment in Boston, and the city and state need to have more far-sighted leadership if they hope to harness them to the metro's benefit, according to a panel of analysts and developers hosted by the Urban Land Institute (ULI) last night in the Seaport District.

Boston ranked ninth among 75 U.S. metros in terms of having one of the best atmospheres for development, according to the annual Emerging Trends in Real Estate report, jointly published by ULI and PwC (formerly PriceWaterhouseCooper). That's partly because it finds itself well-positioned with respect to some of the larger trends affecting commercial development, said Mitch Roschelle, national practice leader for PwC's real estate advisory practice. The cities most likely to see a positive atmosphere for development are those with a growing urban population, a variety of cultural amenities (so-called "18-hour cities") and a diversified economic base, and Boston fits those bills.

But over the next decade and beyond, bigger national trends will affect the development atmosphere in the city. Emerging economies in Africa and Asia are positioned to grow much more quickly over the coming years compared with established industrial countries, and with real estate historically regarded as one of the safest investments, the influence of international investors in attractive markets like Boston will grow, Roschelle said. The tendency toward greater automation and more flexible work cultures, as well as the continued shrinkage of the overall size of the workforce as America ages, will also tend to shrink the market for office space, he pointed out. And the increasing availability of "big data" tools could also have real estate applications. Rochelle pointed to apps like Google-owned Waze, which help drivers to navigate traffic. It also collects millions of data points on where consumers live, shop and work, information that could prove extremely useful to developers when it comes to site selection for future projects.

But in order for Boston to fully take advantage of some of its natural assets, far-sighted leadership is needed. In a wide-ranging panel discussion moderated by CBRE/New England's Carlos Febres-Mazzei, panelists Thomas Alperin, president of National Development, Don Briggs, executive vice president of development for Federal Realty Investment Trust, and Paul Lee, head of investment and finance for Landsea Holdings Corp., highlighted several areas that could use improvements.

Lee, whose parent company is based in China, pointed to his home base of San Francisco as a potential model for Boston, saying that the two cities share a strong tech base and a contentious political environment. But in San Francisco's case, public-private partnerships like ChinaSF had been successful in helping to attract overseas investment and overcome local red tape, giving Chinese development companies the confidence to launch large projects in the city.

However, making it easier to get projects off the ground will require more than just a commitment from city officials, Briggs suggested. Getting Boston's infrastructure up to 21st-century snuff - a need all panelists agreed on - will require a greater focus on regionalization, he said.

"A challenge that we have in the state of Massachusetts is just how many different cities and towns we have, just inside of Rte. 128. How many different police departments. How many different land use polices. When you think of a regional transportation system like the MBTA, which serves the whole Boston region but is governed by a state government, where a large part of those who have a say in how that gets funded don't care about what happens to the city of Boston," said Briggs. "Regionalism is really about how to get these regional economic blocks to think of themselves more holistically."

All three panelists spoke highly of the potential for using Boston's 2024 Olympic bid to light a fire under local leadership in terms of getting some of the needed infrastructure off the ground.