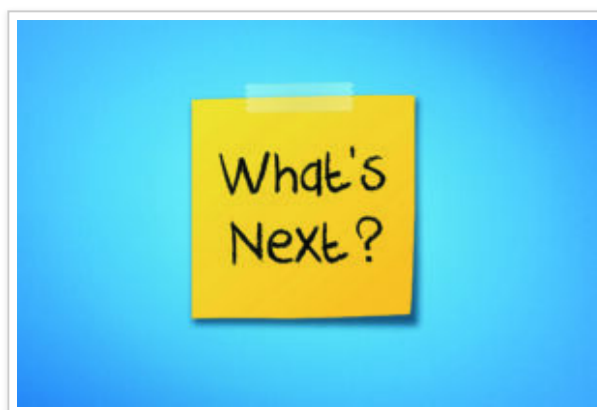


LENDING OUTLOOK

Worcester Banks See Good Omens

Polar Park, Biotechs, Development Drive Lending Appetites

By [Diane McLaughlin](#) | Banker & Tradesman Staff | Jan 16, 2022 | [Reprints](#) | [Unlock Link](#) | [Print](#)



As the revitalization of Worcester brings new developments, housing and even a minor league ballpark to the city, community banks in the region have entered 2022 optimistic about potential commercial lending opportunities.

“Worcester is creating a desirable place to live in downtown – there’s a lot of amenities, there’s places to go to eat, there’s entertainment, and it’s all within walking distance,” said Tom Wolcott, chief commercial banking officer at Ware-based Country Bank, which has a commercial lending office in Worcester. “I think that is something that really builds on itself, sort of a virtuous cycle.”

Years of planning and investments have brought new developments to Worcester, including housing construction, [the Reactory biomanufacturing site](#) next to the University of Massachusetts Medical School and Polar Park, home to the Worcester Red Sox.

“It really is a testament to the local government, the local chambers [of commerce], outside investing – really, everyone pulling in the same direction,” said Jessica McGarry, a vice president of commercial lending at Country Bank and a lifelong Worcester resident. “And that doesn’t happen overnight.”

A Region Poised for Growth

Peter Alden, president and CEO of downtown Worcester-based Bay State Savings Bank, said when he first arrived in Worcester 10 years ago, people in the city seemed to have an attitude that nothing would ever change. That attitude has evolved over the past five years, he said.

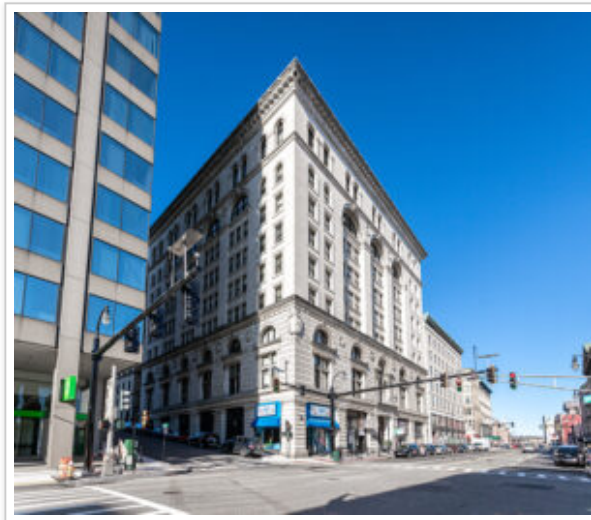
2022 LENDING OUTLOOK “To see the changeover that’s going on in the downtown area specifically is very, very interesting to watch, and be a part of, certainly,” Alden said.

Even while the Paycheck Protection Program provided significant support to small businesses in 2020 and 2021, Alden said Bay State Savings Bank in 2021 had its highest volume of commercial lending in the bank’s history. Unlike past years, he added, the pipeline remained strong through the holiday season into the new year.

Bay State Savings executives see commercial opportunities in planned conversions of downtown office buildings into residential buildings with ground floor retail, as well as renovations and upgrades to retail properties in Worcester and its surrounding communities.

Other opportunities involve environmental recycling businesses, as well as the development of or renovations to assisted living facilities and retirement communities for aging Baby Boomers.

Looking ahead long-term, Alden said the entrepreneurs coming out of Worcester’s biotechnology and software incubator programs could present lending opportunities, if not at the outset then in later years as those businesses develop.



With developers eyeing several downtown offices like 340 Main St. (pictured) for apartment conversions and a growing biotech sector, Worcester-area banks see plenty of lending opportunities in 2022. Photo courtesy of JLL

2022 Could Throw Up Challenges

While he has concerns about the national economy’s direction and the effects of labor shortages, Alden said delinquencies have remained low and the bank has been pleased with the caliber of borrowers approaching his bank.

Thomas Moschos, a vice president of commercial lending with Spencer-based Cornerstone Bank, said strong political leadership in Worcester and improvements throughout the city have helped the business community prosper.

Cornerstone Bank, which has a branch and corporate offices in Worcester, had a great year in 2021, Moschos said, but expects loan production to be more challenging in 2022. Moschos, who grew up in Worcester, said the bank is watching the Federal Reserve's planned moves to tame inflation closely.

Cornerstone is active in commercial real estate lending, and Moschos said the bank has seen opportunities in industrial, office and distribution spaces. The bank is also a preferred lender with the U.S. Small Business Administration, and Moschos has seen lending opportunities with restaurants and other types of hospitality businesses as they open in the Worcester area, despite challenges presented by the pandemic.

With real estate asset values at all-time highs, Cornerstone has been more conservative in accepting deals that involve leveraging a borrower's equity in a property, in case a market correction is ahead. The bank still sees strong lending opportunities as Worcester's population and business community grow.

"We are confident that Worcester will continue to evolve and attract businesses," Moschos said. "Whether they operate out of the city or operate out of Central Mass., we feel there's a good business proposition to set up shop here."

Wolcott, with Country Bank, forecasts the bank's commercial lending will grow over the next five years.

"We've made some internal investments in people and processes, so that we are outward-looking, ready to do more business with what we have and really grow," Wolcott said. "We have liquidity and capital to lend, and we're looking forward to doing just that in the coming years."

With research showing a need for more housing, including affordable housing, both multifamily renovations and larger residential developments present lending opportunities, Country Bank's McGarry said. Other opportunities involve manufacturing facilities, biomanufacturing, restaurants and other small businesses in the area.

While Worcester businesses are struggling with the same uncertain economic conditions affecting the country, some of the resulting friction could also lead to opportunities, Wolcott said, as businesses find ways to adjust and adapt their products and services to get around these problems.

Stadium Seen as Key

Worcester last year also became home to a minor league affiliate of the Boston Red Sox, the Worcester Red Sox.

The opening of Polar Park and related commercial developments in the Canal District neighborhood have opened up opportunities for small businesses – from electricians and plumbers to HVAC technicians and asphalt companies – said Michael Welch, CEO of Whitinsville-based UniBank, which has a branch and commercial lending office in Worcester.



Diane McLaughlin

Not every sector will have lending opportunities in 2022, Welch said, adding that small businesses will be able to get involved with local construction projects.

“That’s who were built for, to help those local businessmen and -women forward with their life’s dream with their own local companies,” Welch said.

He added that the excitement and synergy throughout Worcester bodes well for the business community.

“During the middle of a pandemic, the most significant economic development occurred in the city over the last 45 years since the establishment of UMass Medical,” Welch said. “Who would have ever thought that would happen? But it did.”

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