

China Railway Rolling Stock Corporation

Case Study



Challenge

China Railway Rolling Stock Corporation (CRRC) (one of the largest rail car builders in the world with 175,000 employees and annual revenues of \$32 billion), decided to investigate the US market in 2010 and selected the upcoming MBTA subway car replacement RFP as a beachhead contract. What made CRRC unique among rail car builders competing for the contract was that CRRC did yet not have a US manufacturing presence. This meant that CRRC could locate a substantial manufacturing operation in Massachusetts provided it could find a site with infrastructure and labor.



Solution

CRRC retained NAI Hunneman to assist in the site search. Work began in 2010, was suspended when the MBTA RFP was delayed and resumed in the fall of 2013 when the RFP was issued. Criteria was for a site in the 50 to 100 acre range with rail access, extensive power to support the project's 6000kva requirement and access to labor with metal working, wiring, & machinist skills. In addition CRRC determined a shovel-ready was needed in order to minimize the construction risk factor in its bid proposal.

The Hunneman team led by Mike DiGiano and including VHB and Dacon, collected and evaluated data on more than 50 sites. Visits were conducted at approximately 15 locations. The challenge became finding a site large enough with rail and power that was not burdened by environmental issues and in the right labor market. The team focused on three locations in Western Mass meeting the criteria. 655 Page Boulevard was chosen by CRRC because extensive site work and remediation completed by prior owners for the casino development. Ironically, the site was once home to a 7 building Westinghouse manufacturing complex that was an integral part of Springfield's early manufacturing heritage. Both the East Springfield neighborhood and the City are very pleased that the site will once again host manufacturing with 150 skilled, high paying jobs. In a nod to this history, CRRC will retain and renovate the only remaining Westinghouse building on the site for use as its engineering offices.

40 acres in a Gateway City, renowned for manufacturing, is now the North American manufacturing center for (CRRC). CRRC bought 655 Page Boulevard in Springfield from Ameristar LLC in April 2015 for \$12 million. On this site the company will construct a \$95 million state of the art 201,000 SF rail car manufacturing plant from which it will build 284 new Red & Orange Line MBTA subway cars. CRRC also expects to fulfill rail car contracts from other US cities at the Springfield plant and industry experts and economic development officials predict that CRRC's presence in Western Mass will stimulate the development of a vibrant rail car supplier network within Massachusetts.

Another factor of this assignment was that CRRC, new to the US, was unfamiliar with many aspects of US business practices especially in corporate facilities planning and real estate. For most of the client team working on the project, it was their first time in the US. In recognition of this, NAI Hunneman provided a concierge approach to this assignment, providing temporary office space at NAI offices, assisting with temporary housing, arranging for auto leasing, and assisting client staff with investigation of secondary schools for their children.

This assignment was more than a standard "real estate" client relationship. This was an example of working together to help bring in an international company to Massachusetts and make them feel at home.

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