



GREATER PORTLAND : INDUSTRIAL MARKET REVIEW & 2014 FORECAST



JUSTIN LAMONTAGNE
justin@dunham-group.com
www.dunham-group.com
10 Dana Street
Portland, ME 04101
207-773-7100

NAI The Dunham Group

Commercial Real Estate Services, Worldwide.

Welcome & Thanks

Presentation Outline

- **A Look Back at 2013**
 - Trends & Anecdotes
 - Significant Transactions
- **Current Conditions**
 - 2014 Industrial Market Survey
 - National & Regional Report
 - Report Card: 2013 Forecast
- **Forecast 2014**
 - Significant Vacancies
 - Predictions & Analysis of Data

A Look Back at 2013

A Look Back at 2013...

Local Trends & Anecdotes

- **Owner/User's Thrive**
 - The Blake Group
 - Tallus Corporation
 - Coffee By Design
 - Maine Historical Society/Portland Public Library
- **Growing Industries – Brewing & Medical Marijuana**
 - Allagash Brewing, Bissell Bros., Banded Horn, New England Distillery, Austin Street Brewing, Foundation Brewing, Baxter Brewing
 - Medical Marijuana cultivation centers: Yarmouth, Gorham, Biddeford, Saco, Windham, Westbrook

A Look Back at 2013...

Local Trends & Anecdotes

- **Increased interest in smaller properties**
 - 5 Laurence Drive, Gorham – 4,200 SF
 - 412 Route One, Yarmouth – 7,000 SF
 - 160 Pleasant Hill Road, Scarborough – 11,800 SF
 - 15 Washington Avenue, Scarborough – 6,400 SF
 - 1025 Ocean Avenue, Portland – 8,800 SF
- **Investment market is strong**
 - 97 Pine Tree Industrial, Portland
 - 28 Sanford Drive, Gorham
 - 167 Rumery Road, South Portland
 - 190 Rand Road, Portland

A Look Back at 2013...

Significant Transactions **SALES**



167 Rumery Road, South Portland – \$2,640,000
105,600 SF - Purchased by 167 Rumery Road, LLC
Investor



130 Breakwater & 1 Madison Street, South Portland – \$2,300,000
62,000 SF – Purchased by HHH1, LLC
Investor



410 Riverside Street, Portland – \$2,225,000
60,000 SF - Purchased by McCuda, LLC
Owner/User

A Look Back at 2013...

Significant Transactions **SALES (continued)**



28 Sanford Drive, Gorham – \$2,000,000
36,950 SF - Purchased by 28 Sanford Drive, LLC
Investor



2112 Broadway, South Portland – \$1,515,000
21,875 SF - Purchased by 2112 Broadway, LLC
Owner/User



1000 Riverside Street, Portland – \$1,500,000
35,500 SF - Purchased by Maine Historical & Portland Public Library
Owner/User

A Look Back at 2013...

Significant Transactions **SALES (continued)**



299 Presumpscot Street, Portland – \$1,490,000
39,614 SF - Purchased by Topspin, LLC
Owner/User



1 Diamond Street, Portland – \$1,400,000
44,722 SF - Purchased by Bartlett Island, LLC
Owner/User



25 Rice Street, Portland – \$1,075,000
26,474 SF - Purchased by REDE, LLC
Owner/User

A Look Back at 2013...

Significant Transactions **LEASES**



765 Warren Avenue, Portland – 70,132 SF
Leased by Allagash Brewing



371 Marginal Way, Portland – 25,580 SF
Leased by Wesco Distribution, Inc.



167 Rumery Road, South Portland – 21,600 SF
Leased by Bedderrest



111 Pine Tree Industrial Parkway, Portland – 20,000 SF
Leased by Carrier Enterprise Northeast , LLC

Current Conditions

The 2014 Industrial Market Survey

Report Logistics

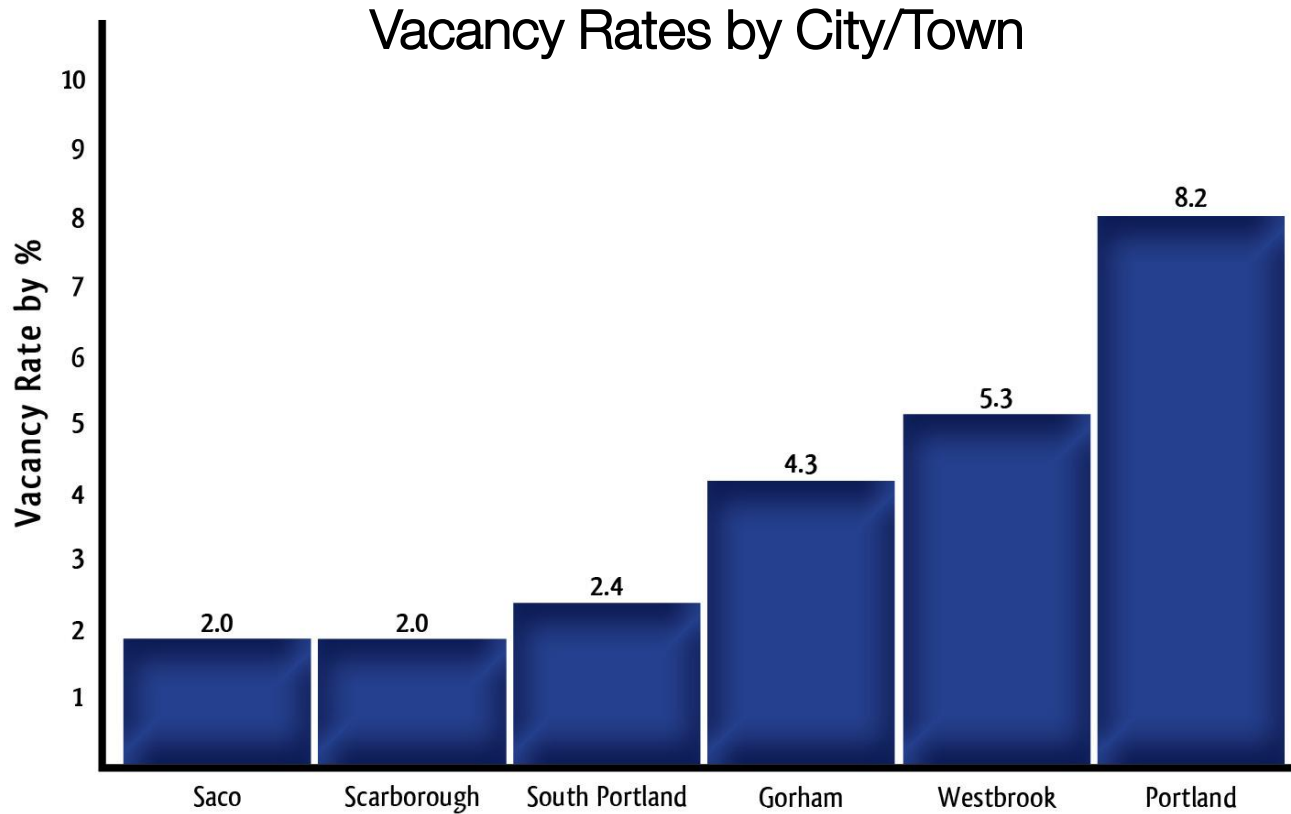
- Geographic Locations
 - Portland, South Portland, Westbrook, Gorham, Scarborough & Saco
- Qualifying Properties
 - 496 properties were inventoried
 - 50% or more industrial to office ratio
 - All properties in defined Industrial/Business Parks
 - All properties over 5,000 SF in non-parks (clusters or misc.)
 - Owner/occupied = 100% full (unless marketed for lease)
 - No retail/industrial buildings (Advance Auto, BJ's, Home Depot, etc.)
- Industrial Parks / Clusters / Miscellaneous Properties

The 2014 Industrial Market Survey

- Vacancy Rate & Asking Lease Rate Calculations
 - All vacancy totals as of December 2013 per NECPE
 - All lease rates based solely on listed properties per NECPE
 - Broke down all lease rates to a Triple Net number
(Gross/MG rate less \$1.75/SF for CAM's)
 - All square footages based solely on Town Tax Assessor cards

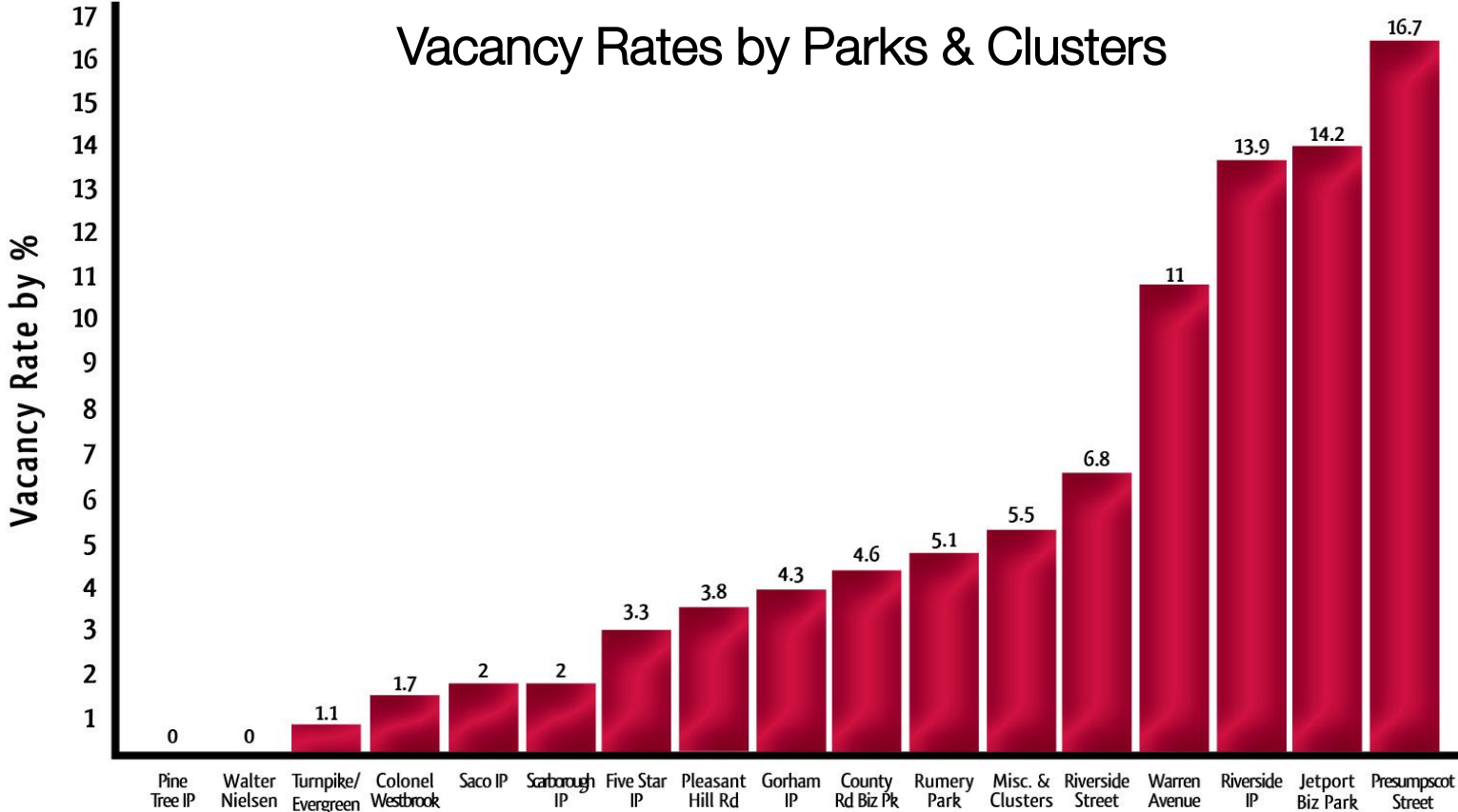
The 2014 Industrial Market Survey

Greater Portland



The 2014 Industrial Market Survey

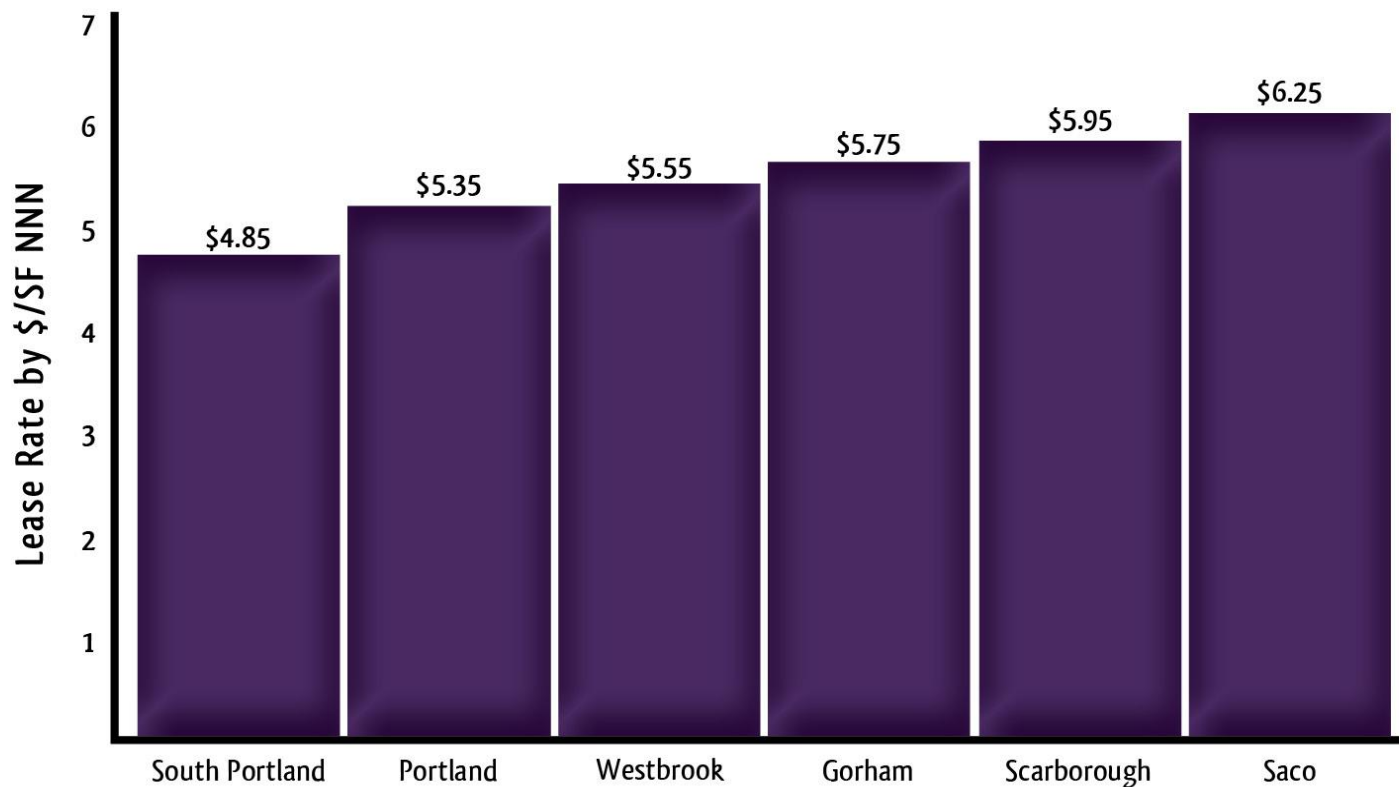
Greater Portland



The 2014 Industrial Market Survey

Greater Portland

Average NNN Lease Rate by City/Town



Greater Portland Industrial Market Summary

(see Appendix for detailed breakdown)

Total Number of Buildings:	496
Total Market Size:	15,970,454± SF ¹
Direct Vacancy:	842,887± SF ²
Total Vacancy Rate:	5.27%

¹ Totals as of December 2013 per NAI The Dunham Group Industrial Market Survey

² Totals as of December 2013 per New England Commercial Property Exchange

Market Trajectory 2011 - 2013

	VACANCY RATE	LEASE RATE	CAP RATE*
2011	7.86%	\$5.47/SF	10 - 11%
2012	6.97% ↓	\$5.22/SF ↓	9 - 10% ↓
2013	5.27% ↓	\$5.56/SF ↑	8.5 - 9.5% ↓

*Estimate based on available data/anecdotal evidence

National & Regional Data

	NATIONAL	NORTHEAST	BOSTON	GREATER PORTLAND
Cap Rates	7.75%	7.32%	7.1%	9.0±%
Vacancy Rates	8.0%	8.8%	9.2%	5.27%
Lease Rates	\$5.79/SF	\$5.66/SF	\$5.31/SF	\$5.56/SF

*Per data collected from NAI Global, Jones Lang LaSalle, NREI, Realtor.com and CoStar

Report Card: 2013

Grading My Forecast Predictions from January 2013 Conference

- “Vacancy rates plateau and tick-up” – **Grade F**
- “Economic concerns slow momentum from 2012” – **Grade F**
- “1031-tax deferred exchanges increase in popularity” – **Grade B**
- “Owner/users continue to thrive in 2013” – **Grade A**

Forecast 2014

Forecast 2014

Significant Vacancies



**765 Warren Avenue,
Portland
89,974 SF**



**167 Rumery Road,
South Portland
33,400 SF**



**400 Riverside Industrial
Parkway, Portland
60,000 SF**



**921 Riverside Street,
Portland
25,000 SF**



**216 Riverside Industrial
Parkway, Portland
34,904 SF**

Forecast 2014

Predictions & Analysis

- Landlord's regain leverage
- Interest in land increases
- Speculative building likely
- Reasonable expectations lead to smooth negotiations

Forecast 2014

Predictions & Analysis

- Lease rates continue to rise
- Vacancy rates stabilize and will increase
- Owner/users continue to thrive
- Secondary markets take advantage

Predictions for 2034

- Online sales drive the need for more distribution space?
- Floating warehouses?
- Direct trade with Asia?
- More likely... a very familiar industrial landscape.

Conclusion

- Transactions were up and negotiations went smoothly
- Stunning drop in vacancy drives up lease rates
- Inventory poised to grow
- Bullish owner/users continue to benefit from historically rare opportunities

THANK YOU



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APPENDIX : INVENTORY RESULTS

Parks/Clusters	Total Bldgs.	Building SF	Available SF	Vacancy Rate	Avg. Lease Rate
Colonel Westbrook	17	558,902	9,787	1.7	\$7.50
County Road business Park	8	216,578	10,000	4.6	\$5.75
Five Star Industrial Park	27	1,312,297	43,467	3.3	\$5.25
Gorham Industrial Park	38	937,906	40,737	4.3	\$5.75
Jetport Business Park	3	56,266	8,000	14.2	\$6.75
Miscellaneous Clusters	90	4,325,476	238,932	5.5	\$4.85
Pinetree Industrial Park	7	238,948	0	0	N/A
Pleasant Hill	51	1,248,940	47,330	3.8	\$5.43
Presumpscot Street	21	426,449	71,488	16.7	\$3.95
Riverside Industrial Park	27	801,886	111,572	13.9	\$4.20
Riverside Street	38	880,357	59,959	6.8	\$5.25
Rumery Park	18	1,074,994	55,200	5.1	\$3.75
Saco Industrial Park	52	1,328,025	27,125	2.0	\$6.25
Scarborough Industrial Park	35	811,119	16,942	2.0	\$5.95
Turnpike Industrial/Evergreen	23	403,655	4,500	1.1	\$5.00
Walter Neilsen	7	538,920	0	0	N/A
Warren Avenue	34	885,376	97,848	11.0	\$5.65

City/Town	Total Bldgs.	Building SF	Available SF	Vacancy Rate	Avg. Lease Rate
Gorham	38	937,906	40,737	4.3	\$5.75
Portland	210	6,188,620	509,908	8.2	\$5.35
Saco	52	1,328,025	27,125	2.0	\$6.25
Scarborough	87	2,209,720	62,672	2.0	\$5.95
South Portland	43	2,720,572	64,704	2.4	\$4.85
Westbrook	66	2,585,611	137,741	5.3	\$5.55

GRAND TOTAL:	Total Bldgs.	Total Market Size	Total Available SF	Greater Portland Vacancy Rate	Average Lease Rate
	496	15,970,454	842,887	5.27%	\$5.56