



GREATER PORTLAND INDUSTRIAL MARKET REVIEW & 2017 FORECAST



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NAI The Dunham Group

Commercial Real Estate Services, Worldwide.

Welcome & Thanks

Presentation Outline

- **A Look Back at 2016**
 - Trends & Anecdotes
 - Significant Transactions
- **Current Conditions**
 - 2017 Industrial Market Survey
 - National & Regional Report
- **Forecast 2017**
 - Significant Vacancies
 - Predictions & Analysis of Data

A Look Back at 2016

A Look Back at 2016...

Local Trends & Anecdotes

Is this a “healthy” market?

- Continued drop in vacancy rate
- Increasing lease rates and sale prices
- Inhibiting impact on conventional end-user businesses
 - Messer Petroleum, Agren Appliance, 207 Taxi, Green Kitchen Design, Connectivity Point, Bissell Brothers warehouse
- Craft brewing remains active...and less cooperative (16 in 2010 to 80+ in

2017)



A Look Back at 2016...

Local Trends & Anecdotes

New construction & speculative building/marketing

- Rumery Park, South Portland
- Gorham Industrial Park
- 2401 Broadway, South Portland
- Pleasant Hill Road, Scarborough
- 71 Industrial Park Road, Saco
- 75 Walch Drive, Portland



A Look Back at 2016...

Local Trends & Anecdotes

Snapshot on medicinal cannabis

- Estimated 300,000 – 350,000 SF in 2016
- \$15,000,000 - \$20,000,000 in transactional volumes
- Landlords becoming more comfortable
- TWO price points : one for conventional, one for cannabis cultivation
- Questions remain (legal, insurance & financing)
- Catch 22 : can afford to pay for new construction but can't get financing



~ *Today's Menu* ~

February 16, 2017



Darkness into Light: Cannabis and its impact on Commercial Real Estate in the Post-Prohibition Era.

Dining Location

Holiday Inn By the Bay
88 Spring Street, Portland, ME

Specialties

Buffet Breakfast
7:30 - 8:00 AM

Program
8:00 - 9:00 AM

Signature Sponsors



PretiFlaherty

Darkness into Light : Cannabis and its impact on Commercial Real Estate in the Post-Prohibition Era

- February 16 @ Holiday Inn By the Bay
- Breakfast Buffett 7:30 - 8:00am : Program 8:00 – 9:00am
- Moderated by Justin Lamontagne | NAI The Dunham Group
- Legal & Cannabis Industry Experts:
 - Dan Walker | Preti Flaherty
 - Gretchen Jones | Eaton Peabody
 - Jacques Santucci | Opus Consulting Group
 - Brett Messer | Caregiver at Brigid Farm

A Look Back at 2016...

Local Trends & Anecdotes

Investment demand is as strong as ever

- 3 Significant sales
 - 1 Bakers Way, Biddeford
 - Maine Today Media, J.B. Brown
 - 460 Riverside Street, Portland
- Cap rates stable, but risk increasing
- Cap rate should rise with increased interest rates



A Look Back at 2016...

Significant Lease Transactions



12 Lexington Street, Lewiston
Leased by L.L. Bean
106,000 SF



1705 Route 202, Winthrop
Leased by TexTech Industries
30,000 SF



15 Lund Road, Saco
Leased by Maine Juniors Volleyball Club
26,000 SF



111 Pine Tree Industrial Park Road, Portland
Leased by Residex
15,000 SF

A Look Back at 2016...

Significant Sale Transactions



102 Hutchins Drive, Portland
82,522 SF, Purchased by J.B. Brown & Sons
Investment - \$4,000,000



1156 Broadway, South Portland
75,712± SF, Purchased by Casco Bay Steel
Owner/User - \$3,000,000



212 Canco Road, Portland
68,730± SF, Purchased by The City of Portland
Owner/User - \$2,900,000



34 Spring Hill Road, Saco
35,550± SF, Purchased by White Rabbitt, LLC
Investment - \$2,133,000

A Look Back at 2016...

Significant Sale Transactions



155 Rumery Road, South Portland
51,840± SF, Purchased by Rumery, LLC
Investment - \$1,500,000



18 Morin Street, Biddeford
62,000± SF, Purchased by PMRE, LLC
Owner/User - \$1,490,000



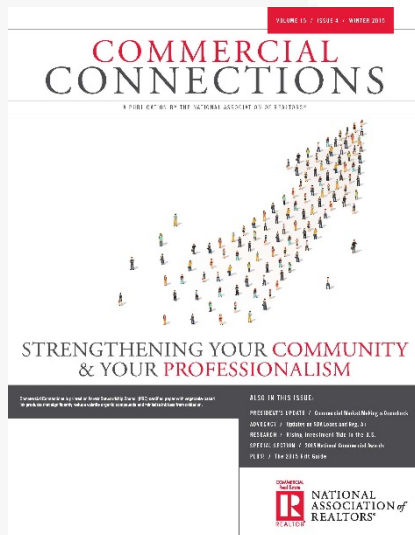
184 Main Street, South Portland
23,129± SF, Purchased by WAMCO, LLC
Owner/User - \$1,200,000



175 Anderson Street, Portland
4,287± SF, Purchased by EB 175, LLC
Investment - \$810,000

National & Regional Reports

- **VERY** similar story to Maine, tight inventory, cannabis is a major impactor
- **eCommerce** (Amazon) is driving new construction, not seeing that in Maine



Current Conditions

Greater Portland Industrial Market Survey

(see Appendix for detailed breakdown)

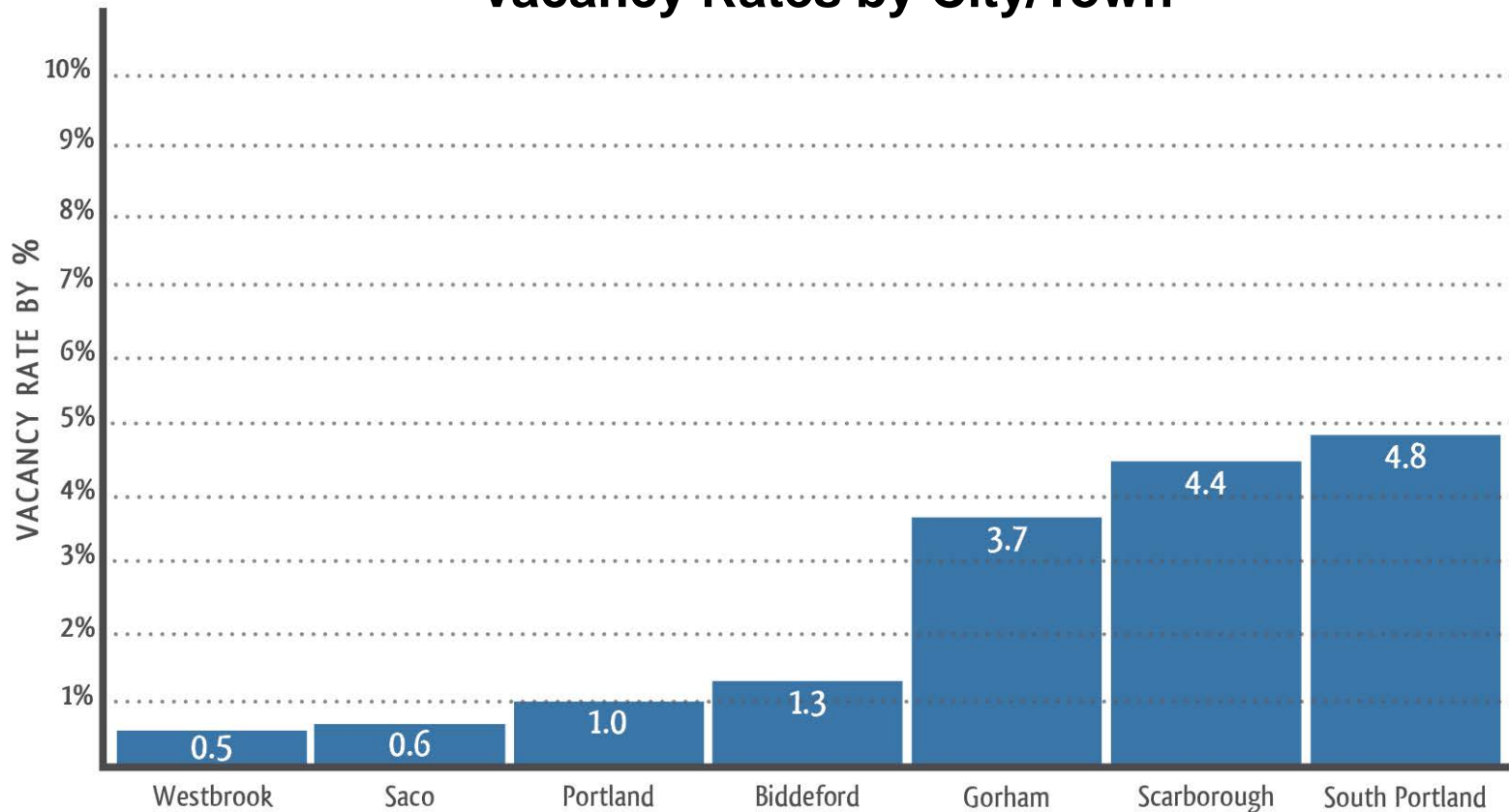
Total Number of Buildings:	557
Total Market Size:	18,260,479± SF¹
Direct Vacancy:	423,768± SF²
Total Vacancy Rate:	2.32%

¹ Totals as of December 2016 per NAI The Dunham Group Industrial Market Survey

² Totals as of December 2016 per New England Commercial Property Exchange

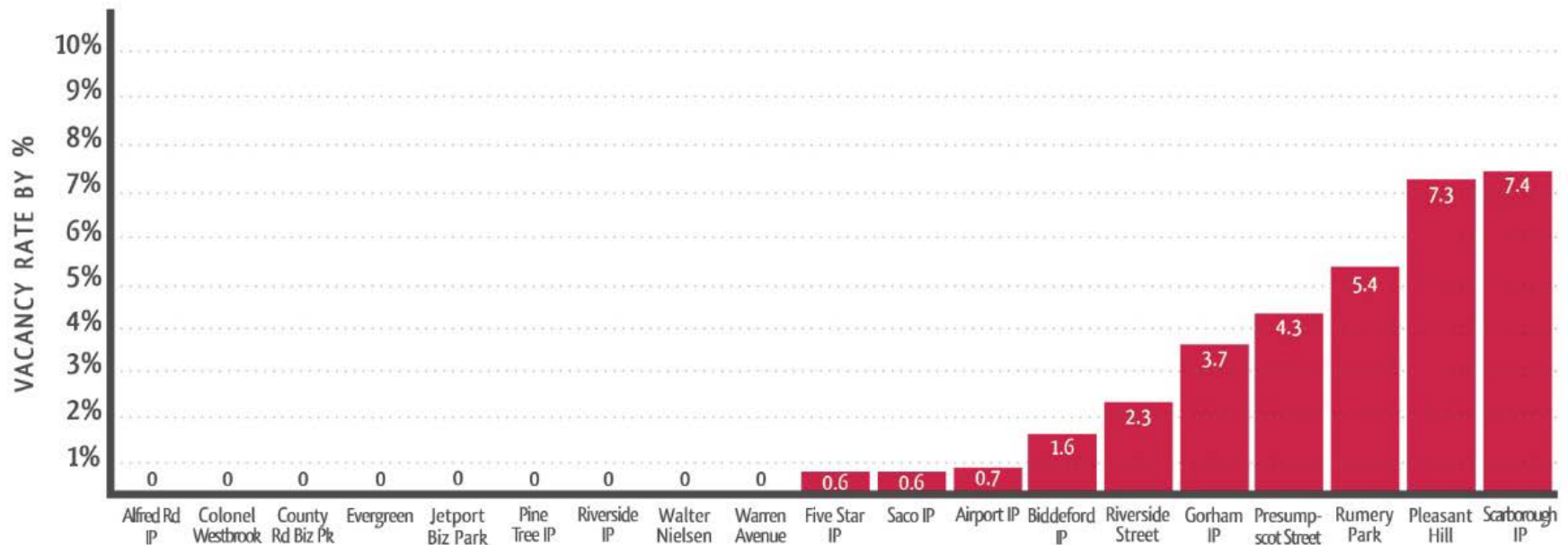
2017 Greater Portland Industrial Market Survey

Vacancy Rates by City/Town



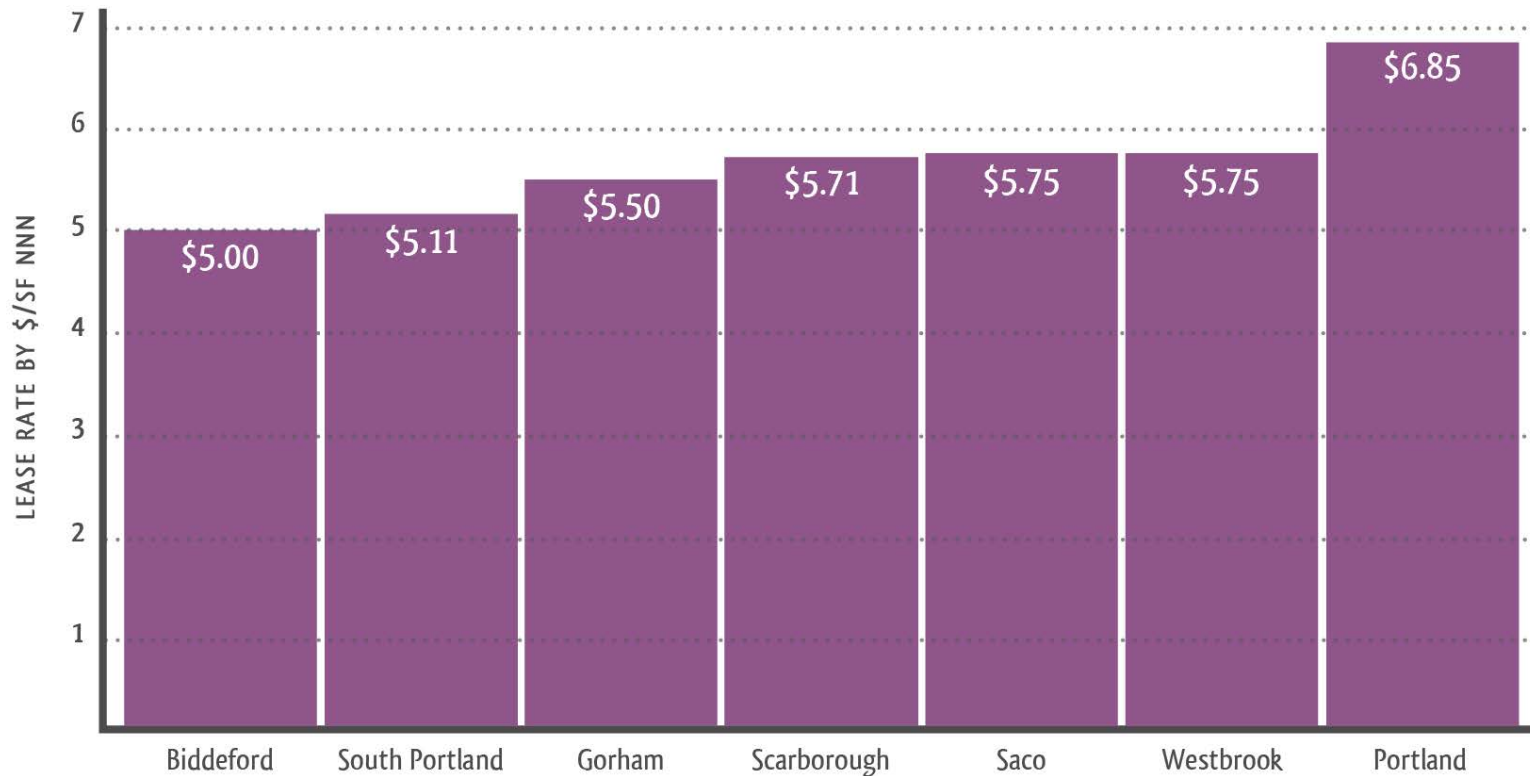
2017 Greater Portland Industrial Market Survey

Vacancy Rates by Parks & Clusters

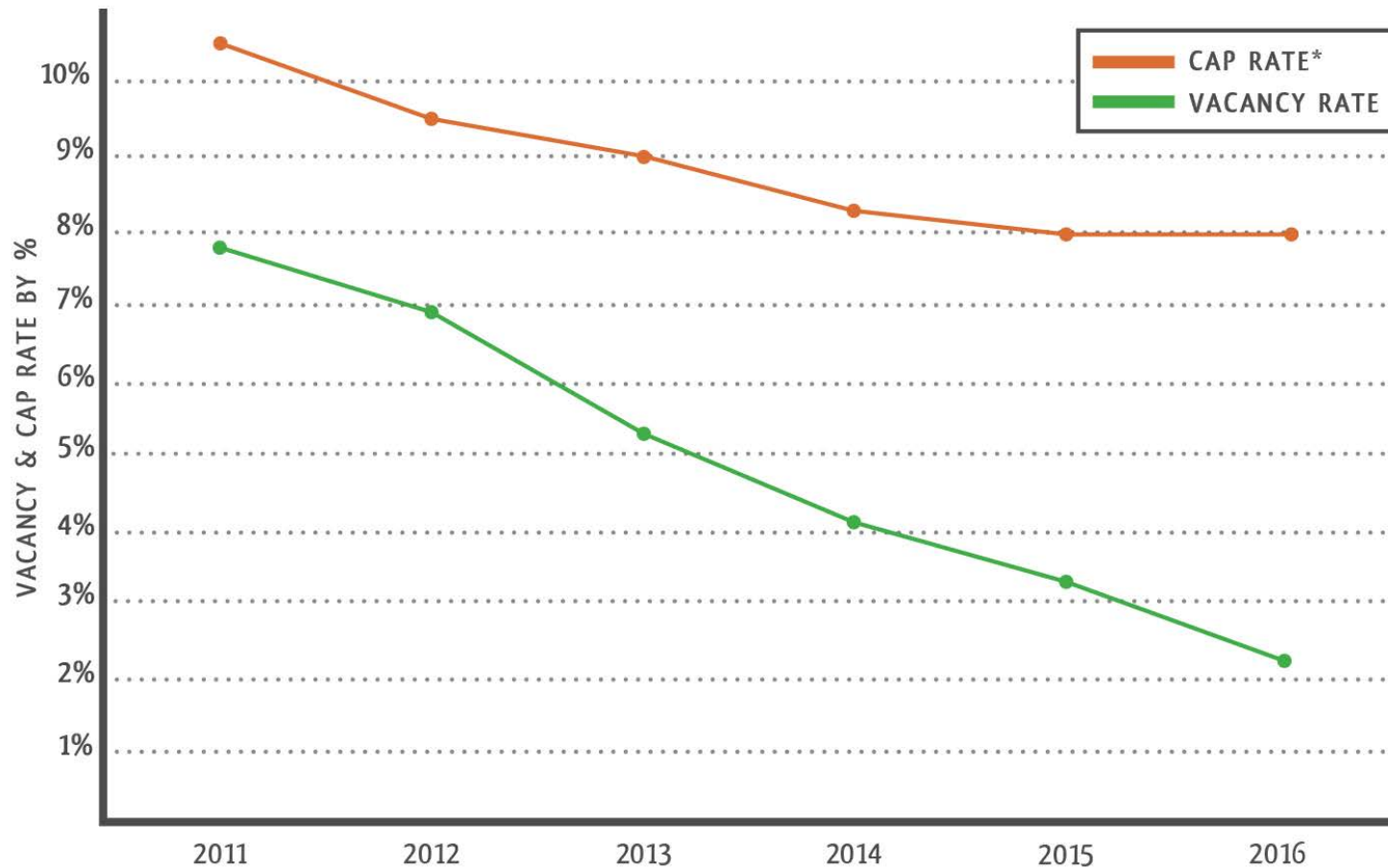


2017 Greater Portland Industrial Market Survey

Average NNN Lease Rate by City/Town



Market Trajectory : 2011 - 2016



*Estimate based on available data/anecdotal evidence

Market Trajectory : 2011 - 2016

	AVG. LEASE RATE/SF	AVG. SALE PRICE/SF*
2011	\$5.47	\$40.72
2012	\$5.22 ↓	\$48.45 ↑
2013	\$5.56 ↑	\$52.15 ↑
2014	\$5.61 ↑	\$52.75 ↑
2015	\$5.62 ↑	\$53.45 ↑
2016	\$5.79 ↑	\$56.45 ↑

*Based on select NAI Dunham Group Class A/B sale comps

Forecast 2017

Forecast 2017

Significant Vacancies



155 Rumery St, South Portland
75,840 SF



7 Washington St, Scarborough
60,000 SF



1 Runway Rd, South Portland
2,400 - 48,000 SF



65-66 Milliken St, Portland
45,081 SF



9 Laurence Dr, Gorham
10,000 – 30,000 SF



117 Pleasant Hill Rd, Scarborough
10,000 – 30,000 SF

Forecast 2017

Predictions & Analysis

- Secondary markets continue to thrive
- 200,000± SF of industrial inventory will be added in 2017
- Average asking lease rates will top \$6.00/SF NNN
- Cannabis cultivation deals will plateau as municipal & state regulations tighten

Forecast 2017

Predictions & Analysis

- New construction for owner/users becomes more attractive
- Manufacturing and “maker” space demand increases
- eCommerce breaks into Maine market (distribution)
- Alternative energy source interest grows (solar roof panels)

THANK YOU



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APPENDIX : INVENTORY RESULTS

Parks/Clusters	Total Buildings	Building SF	Available SF	Vacancy Rate	Avg. Asking Lease Rate
Airport Industrial Park	22	444,913	3,200	0.7%	\$4.75
Alfred Road Industrial Park	11	138,780	0	0.0%	-
Biddeford Industrial Park	10	796,002	12,500	1.6%	\$5.50
Colonel Westbrook	17	559,682	0	0.0%	-
County Road Business Park	8	216,578	0	0.0%	-
Evergreen Business Park	23	403,655	0	0.0%	-
Five Star Industrial Park	27	1,312,297	8,023	0.6%	\$4.95
Gorham Industrial Park	38	934,606	34,500	3.7%	\$5.50
Jetport Business Park	3	56,266	0	0.0%	-
Pinetree Industrial Park	7	238,948	0	0.0%	-
Pleasant Hill	56	1,635,030	119,930	7.3%	\$6.50
Presumpscot Street	21	426,476	18,500	4.3%	\$7.00
Riverside Industrial Park	27	801,886	0	0.0%	-
Riverside Street	40	933,203	21,900	2.3%	\$6.95
Rumery Park	18	1,100,510	59,840	5.4%	\$4.75
Saco Industrial Park	50	1,252,385	7,600	0.6%	\$5.75
Scarborough Industrial Park	34	811,119	60,000	7.4%	\$5.00
Walter Nielsen	7	538,920	0	0.0%	-
Warren Avenue	35	894,765	0	0.0%	-
Miscellaneous/ Clusters	103	4,764,458	77,775	-	-
City/Town	Total Buildings	Building SF	Available SF	Vacancy Rate	Avg. Asking Lease Rate
Biddeford	48	1,687,339	22,044	1.3%	\$5.00
Gorham	38	934,606	34,500	3.7%	\$5.50
Portland	215	6,335,077	98,494	1.6%	\$6.85
Saco	51	1,328,025	7,600	0.6%	\$5.75
Scarborough	92	2,607,210	115,130	4.4%	\$5.71
South Portland	45	2,766,473	132,950	4.8%	\$5.11
Westbrook	68	2,601,749	13,050	0.5%	\$5.75

GRAND TOTAL	Total Buildings	Total Market Size	Total Available SF	Greater Portland Vacancy Rate	Average Lease Rate
	557	18,260,479	423,768	2.32%	\$5.79