



GREATER PORTLAND : INDUSTRIAL MARKET REVIEW & 2015 FORECAST



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NAI The Dunham Group

Commercial Real Estate Services, Worldwide.

Welcome & Thanks

Presentation Outline

- **A Look Back at 2014**
 - Trends & Anecdotes
 - Significant Transactions
- **Current Conditions**
 - 2015 Industrial Market Survey
 - National & Regional Report
 - Report Card: 2014 Forecast
- **Forecast 2015**
 - Significant Vacancies
 - Predictions & Analysis of Data

A Look Back at 2014

A Look Back at 2014

Local Trends & Anecdotes

Sorry, NO Vacancy

- Stunning lack of inventory towards end of 2014
- “Economic indicators” = 59 Sanford Drive, CARBO units, Industrial Way units

Small to Medium Sized Businesses & Deals Drive the Market



H HIGH OUTPUT
IND.

PAULSEN CABINET WORKS
DOORS, SASH & MILLWORK

MAINE BEER COMPANY



PORTLAND, MAINE



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A Look Back at 2014...

Local Trends & Anecdotes

Sorry, NO Vacancy

- Stunning lack of inventory towards end of 2014
- “Economic indicators” = 59 Sanford Drive, CARBO units, Industrial Way units

Small to Medium Sized Businesses & Deals Drive the Market

- High Output – 83 Bell Street, Portland = 8,400 SF
- Paulsen Cabinet Works – 200 John Roberts Rd, South Portland = 5,760 SF
- Maine Beer Company – 510 County Road, Westbrook = 10,500 SF
- Medical Marijuana – 3,000 – 5,000 SF industrial spaces throughout G.P.

“Tenant Shuffle” continues

Local Trends & Anecdotes

- **Challenging Buyer/Tenant Rep Assignments**

Commercial
Delivery
SYSTEMS



Local Trends & Anecdotes

- **Challenging Buyer/Tenant Rep Assignments**
 - Curran Food Company – 1 year search (done)
 - Commercial Delivery Systems – 1 year search (renewed/ongoing)
 - Smart Carts – 9 month search (renewed/ongoing)
- **Lease Renewals are Attractive Solutions**



xp \equiv dx

Kellogg's

MATTRESSFIRM
Save Money. Sleep Happy.™

Local Trends & Anecdotes

- **Challenging Buyer/Tenant Rep Assignments**

- Curran Food Company – 1 year search (done)
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- **Lease Renewals are Attractive Solutions**

- XPEDX – 39,900 SF - 290 Presumpscot Street, Portland
- Poland Spring – 10,500 SF – 510 County Road, Westbrook
- Kellogg's – 60,000 SF – Logistics Drive, Auburn
- Rexel – 10,000 SF – 15 Morin Street, Biddeford
- Mattress Firm – 11,230 SF – 161 John Roberts Road, South Portland

Local Trends & Anecdotes

- **Land Interest & Sales Increase**



Local Trends & Anecdotes

- **Land Interest & Sales Increase**
 - 55 Warren Avenue, Portland – Maine Rock Gym
 - 17 Laurence Drive, Gorham – Seaside Landscaping
 - 660 Main Street, Saco – Sea Salt Lobster
 - Mill Brook Business Park, Saco
- **Investment Market is on Fire**



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Local Trends & Anecdotes

- **Land Interest & Sales Increase**

- 55 Warren Avenue, Portland – Maine Rock Gym
- 17 Laurence Drive, Gorham – Seaside Landscaping
- 660 Main Street, Saco – Sea Salt Lobster
- Mill Brook Business Park, Saco

- **Investment Market is on Fire**

- 56 Milliken Drive, Portland – Fully leased to Paradigm Windows & AdvancePierre
- 380 Riverside Street, Portland – Fully leased to Wise & GEA
- Hostess Facility, Biddeford – Turn-key food processing space for lease
- 2085 Lisbon Street, Lewiston – 75% vacancy
- 3 Commercial Road, Scarborough – Partially leased, upside to investor

A Look Back at 2014...

Significant Sale Transactions



655 Riverside Street, Portland - \$1,050,000
16,869 SF, Purchased by Jimino Plumbing & Heating
Owner/User



170 Anderson Street, Portland - \$2,175,000
34,164 SF, Purchased by Angela Adams
Owner/User



1 Runway Road, South Portland - \$2,550,000
114,720± SF, Purchased by Casco Bay Steel
Owner/User

A Look Back at 2014...

Significant Sale Transactions



55 Warren Avenue, Portland - \$1,150,000
18,900 SF, Purchased by Paris Farmers Union
Owner/User



400 Riverside Industrial Parkway, Portland - \$2,500,000
60,000± SF, Purchased by Northern Utilities, Inc. (Unitil)
Owner/User



20 Morin Street, Biddeford - \$1,890,000
52,000± SF, Purchased by Veridis, LLC
Owner/User

A Look Back at 2014...

Significant Lease Transactions



765 Warren Avenue, Portland – 89,974 SF
Leased by American Tire Company



5 Drapeau Street, Biddeford – 42,000 SF
Flowers Baking Company



212 Canco Road, Portland - 38,076 SF
Leased by City of Portland

A Look Back at 2014...

Significant Lease Transactions



Topsham Commerce Park – 20,000 SF
Leased by Wicked Joes



20 Thomas Drive, Westbrook – 14,500 SF
Leased by AirTemp



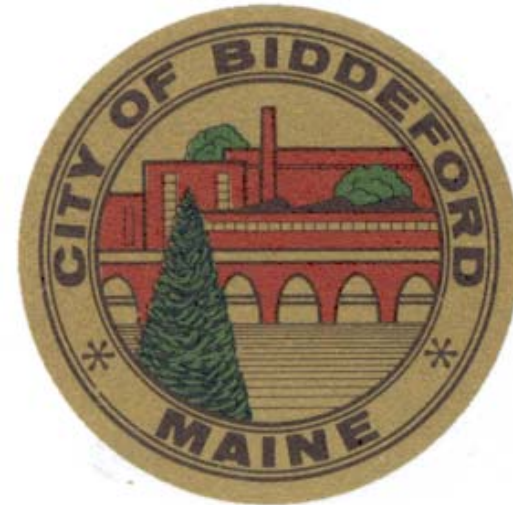
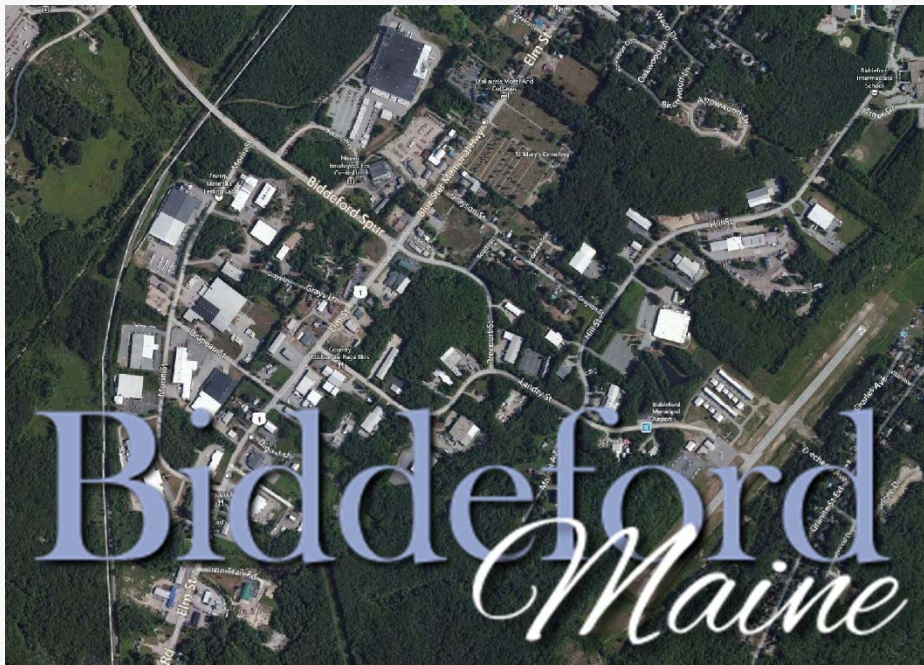
14 Washington Avenue, Scarborough – 13,142 SF
Leased by Alere

Current Conditions

The 2015 Industrial Market Survey

Report Logistics

- Geographic Locations
 - Portland, South Portland, Westbrook, Gorham, Scarborough, Saco & Biddeford



Greater Portland Industrial Market Summary

(see Appendix for detailed breakdown)

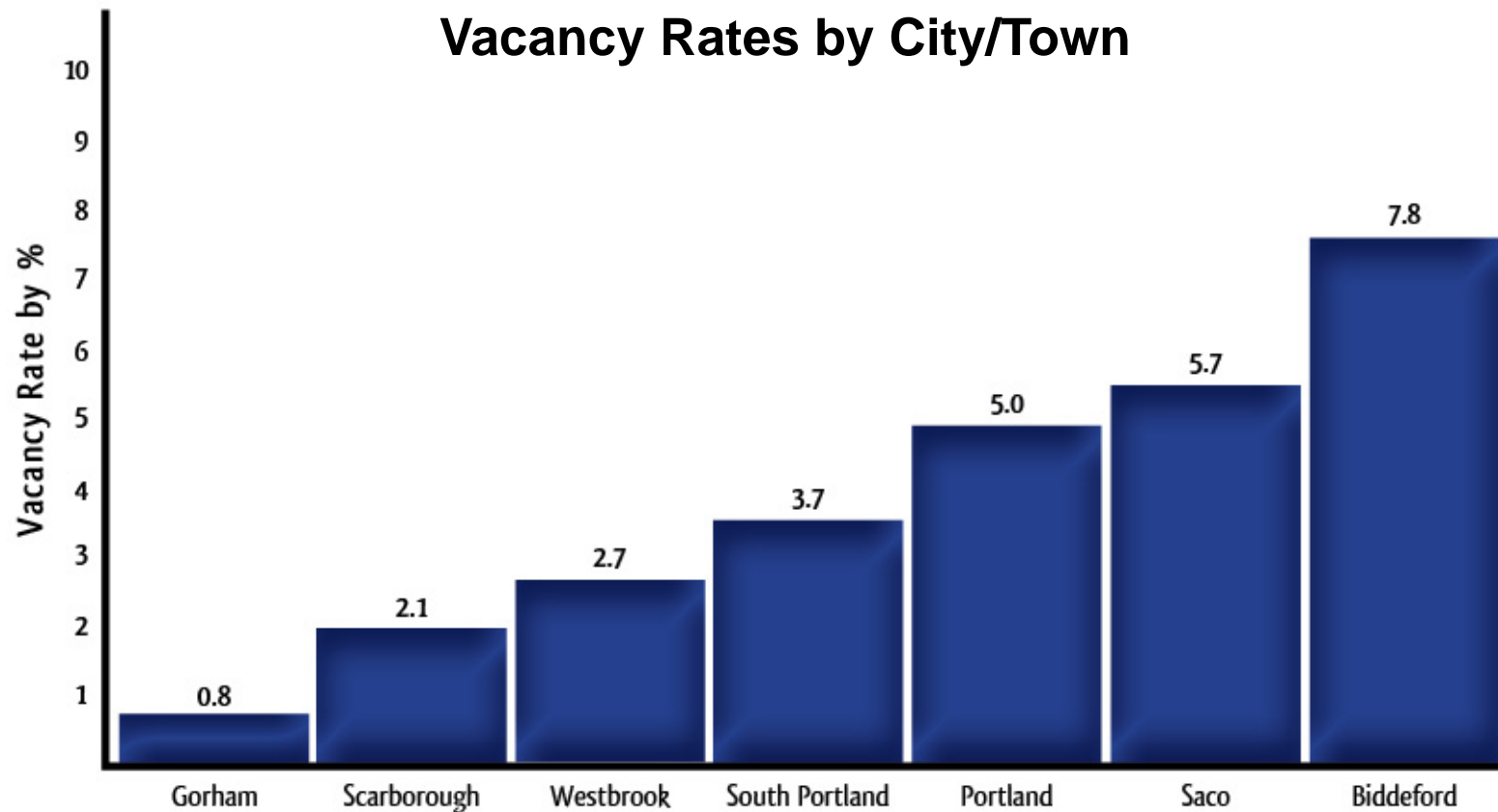
Total Number of Buildings:	556
Total Market Size:	17,797,172\pm SF¹
Direct Vacancy:	734,934\pm SF²
Total Vacancy Rate:	4.12%

¹ Totals as of December 2014 per NAI The Dunham Group Industrial Market Survey

² Totals as of December 2014 per New England Commercial Property Exchange

The 2015 Industrial Market Survey

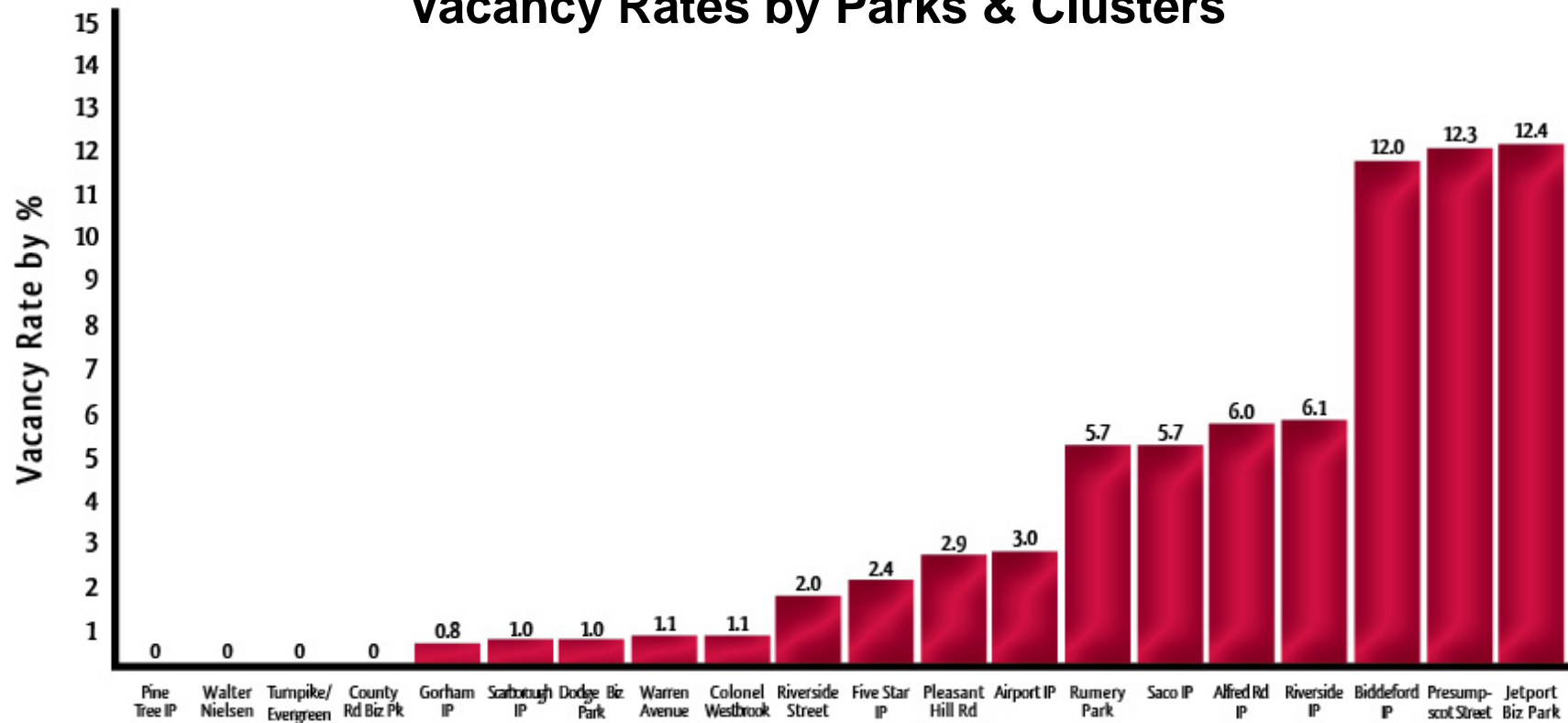
Greater Portland



The 2015 Industrial Market Survey

Greater Portland

Vacancy Rates by Parks & Clusters



The 2015 Industrial Market Survey

Greater Portland

Average NNN Lease Rate by City/Town



Market Trajectory 2011 - 2014

	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% ↓
2014	4.12% ↓	\$5.61/SF ↑	8 - 8.5% ↓

*Estimate based on available data/anecdotal evidence

National & Regional Data

	NATIONAL	NORTHEAST	BOSTON	GREATER PORTLAND
Cap Rates	7.60%	7.12%	6.9%	8.25±%
Vacancy Rates	8.2%	9.8%	11%	4.10%
Lease Rates	\$5.78/SF	\$5.68/SF	\$5.35/SF	\$5.61/SF

*Per data collected from NAI Global, CBRE, NREI, Realtor.com and CoStar



www.brokertobrokers.com

Report Card: 2015

Grading My Forecast Predictions from January 2014 Conference



“Landlord’s regain leverage”

“Interest in land increases”

“Lease rates continue to rise”

“Reasonable expectations lead to smooth negotiations”



“Secondary markets take advantage” Biddeford = yes. L/A = not yet

“Owner/users continue to thrive” Yes and No



“Speculative building likely” Not in 2014

“Vacancy rates stabilize and will increase” How low can they go?!

Forecast 2015

Forecast 2015

Significant Vacancies



1 Baker's Way, Biddeford
25,000 - 265,126 SF



86 Industrial Park Rd, Saco
8,000 - 18,940 SF



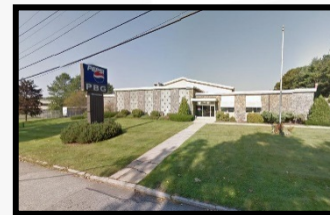
39 Eisenhower Dr, Westbrook
8,023 - 31,027 SF



46 Burbank Ave, Brunswick
Navy Exchange Building
52,380 SF



3 Commercial Rd, Scarborough
24,850 SF



250 Canco Rd, Portland
63,780 SF

Forecast 2015

Predictions & Analysis

- It's a Landlord's market and that won't change in 2015
- Land interest continues and increases
- Lease length and renewals become more critical
- Planning time for real estate decisions increases

Forecast 2015

Predictions & Analysis

- “Tenant shuffle” continues
- Vacancy rates will increase
- Investment market continues to thrive
- Secondary markets capitalize

Forecast 2015

Predictions & Analysis



38



31



Conclusion

- Stunning lack of inventory
- Lease rates are stable and ticking up
- Land and new construction is the inevitable next step
- Small-medium sized businesses drive our market
- Owner/users are well positioned but struggle to find the right fit



THANK YOU



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APPENDIX : INVENTORY RESULTS

Parks/Clusters	Total Bldgs.	Building SF	Available SF	Vacancy Rate	Avg. Lease Rate
Airport Industrial Park	21	—	—	3.0	—
Alfred Road Industrial Park	13	—	—	6.0	—
Biddeford Industrial Park	15	—	—	12.0	—
Colonel Westbrook	17	549,924	6,083	1.1	\$10.75
County Road Business Park	8	216,578	0	0	N/A
Dodge Business Park	4	—	—	1.0	—
Five Star Industrial Park	27	1,312,297	31,027	2.4	\$4.95
Gorham Industrial Park	38	934,606	7,500	0.8	\$5.95
Jetport Business Park	3	56,266	7,000	12.4	\$6.00
Pinetree Industrial Park	7	238,948	0	0	N/A
Pleasant Hill	56	1,635,030	47,692	2.9	\$5.44
Presumpscot Street	21	426,476	52,658	12.3	\$5.33
Riverside Industrial Park	27	801,886	49,172	6.1	\$3.35
Riverside Street	38	878,557	17,870	2.0	\$5.85
Rumery Park	18	1,074,994	61,290	5.7	\$4.95
Saco Industrial Park	50	1,252,385	71,965	5.7	\$6.35
Scarborough Industrial Park	34	811,119	8,234	1.0	\$6.25
Evergreen/Turnpike Industrial	23	403,655	0	0	N/A
Walter Nielsen	7	538,920	0	0	N/A
Warren Avenue	34	869,685	9,471	1.1	\$4.95
Miscellaneous/Clusters	95	4,336,604	251,015	—	—
City/Town	Total Bldgs.	Building SF	Available SF	Vacancy Rate	Avg. Lease Rate
Biddeford	53	1,459,242	113,957	7.8	\$4.25
Gorham	38	934,606	7,500	0.8	\$5.95
Portland	211	6,143,451	305,162	5.0	\$5.65
Saco	51	1,328,025	71,965	5.7	\$6.35
Scarborough	92	2,607,210	54,926	2.1	\$6.05
South Portland	44	2,732,647	100,873	3.7	\$5.05
Westbrook	67	2,591,991	71,080	2.7	\$5.55
GRAND TOTAL	Total Buildings	Total Market Size	Total Available SF	Greater Portland Vacancy Rate	Average Lease Rate
	556	17,797,172	734,934	4.12 %	\$5.61