

MEREDA's 2016 ANNUAL REAL ESTATE FORECAST CONFERENCE

Bath/Brunswick/Topsham Market Assessment
Don Spann RE/MAX Commercial
01/21/2016



Overview of Market Activity for Bath/Brunswick/Topsham

(Last few years)

- **THANK YOU MEREDA!!!**
- 2013 saw a resurgence in the housing market in Bath/Brunswick/Topsham which grew through 2015 with unprecedented activity throughout the holiday.
- Commercial lagged behind a little, but with the resurgence at Brunswick Landing & Topsham Commerce Park significant new and redevelopment efforts are now very active.
- With Two Thirds of the States population within 35 miles, traffic counts at the Interstate interchange exceeding Maine Mall Counts; as the Gateway to Downeast, the region is not only growing, but flourishing.
- Growth in Manufacturing, Medical Office, Financial, Eldercare and selected Retail have led the way.
- While regional empirical data is difficult to derive; with the help of Bath/Brunswick/Topsham Municipal Staffs, Midcoast Regional Redevelopment Authority (MRRRA), Priority Real Estate Group, Sitelines, BDA and C-Prime Valuation Group, LLC the following presentation is a comprehensive assessment of the Bath/Brunswick & Topsham market.



Bath Market Activity

- Key projects approved or constructed in the last two years in Bath:
 - BIW Ultra-hall II Expansion (Washington Street)
 - Residence Inn (Route 1) CVS (Route 1)
 - CVS Pharmacy (Court & Floral Streets)
 - Bath Riverwalk Residences (Waterfront)
 - Huse School Apartments (Andrews Road)
 - Salt Pine Social Restaurant (Downtown)
 - Midcoast Medical Group Bath Practice (Downtown)
 - Plant Memorial Home Expansion (Washington Street)
 - Raytheon Lease at (Vine and Front Street)/Investor Purchase
 - Kennebec Landing Apartments (USN lease - 30 apartments)



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Growth in Bath



Huse School Project



CVS Pharmacy



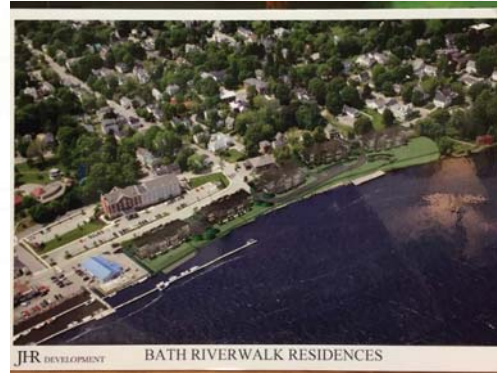
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Growth in Bath



Residence Inn



Bath Riverwalk



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Brunswick Market Activity

- Key projects approved or constructed “Outside the fence” in Brunswick:
 - Portland Pie (opening in January 2016)
 - Weenies and Burgers (opening TBD)
 - Hatch on Maine (filled the space vacated by UPS).
 - UPS stayed on Maine Street (occupying space in the Camden Bank building, formerly Bank of Maine).
 - Big E (burrito shop) replaced Flipside on Maine Street.
 - Bangor Savings Bank is constructing a new facility (Mason St)
 - CEI's has a newly constructed home office on Federal Street.
 - Cook's Lobster House Restaurant was recently purchased (Harpwell)
- Brunswick continues to experience very low vacancy rates 1st floor Maine Street



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Growth in Brunswick



CEI CENTRAL OFFICE



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Brunswick Market Activity

Brunswick Landing

- A significant amount of Brunswick's Market Activity has been at Brunswick Landing.
- Real Estate Deals at Brunswick Landing
 - Priority Real Estate Group's 2013 purchase of lots & Buildings (34,500 SF) leased to Providence Center
 - Priority Real Estate Group completed 3,670 SF Sunray Veterinary Clinic on Admiral Fitch
 - Affordable Midcoast Housing now owns the former Navy Housing, the former Night Flight Building and purchased and leased the Oxford Networks building (52,500 SF).
 - Rousseau Enterprises opening new senior living facility in the former Navy Hotel (115,000 SF)
 - The ABS building and Building #639 sold to an Portland investor. (32,500 SF)
 - The former Navy fitness center (22,885 SF) sold to Tom Wright of TBW Inc. and leased to The Bath Area Family YMCA (Grand Opening 01/12/2015)
 - Avita Housing/Priority Real Estate Group broke ground for a 60 bed memory care complex (50,000 SF) & their builders Northbridge just acquired Sunnybrook Village Retirement Community
 - Priority Real Estate Group purchased Lots #11 & 12 for Professional Office Building(s) and Lot #5 for an Irving Service Station and C-store.
 - The Brunswick Naval Museum and Memorial Gardens acquired the former base chapel (12/29/2015)



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Brunswick Landing

MRRR SCORECARD

Economic Impacts of Redevelopment Since NASB Closure in 2011

- Entities doing business at Brunswick Landing and TCP: **80**
- 22 new companies to Maine: Mólnhycke Health Care, Kestrel Aviation, Oxford Networks Data Center, American Bureau of Shipping, Savitrix, FlightLevel Aviation, Tempus Jets, RollEase, Seachange Group, Village Green Ventures, Beltane Solar, Jampaport, Blue Dog Daycare, Coastal Landing, InSphere, Wireless Sensors, Greisen Aerospace, STARC Systems, Griffin LLC, AEROTECH Surgical, Atayne, GHG Underground.
- Number of new jobs created: **800**
- Contracts awarded: More than **\$50 million**
- Private Sector Investment: More than **\$200 million**
- Total New Taxable Property in Brunswick/Topsham: **\$77,000,000**
- Total Property Taxes (2014-15): More than **\$2.5 million**
- Property assets sold by MRRR to private developers for future redevelopment activity: **361 acres, 39 buildings**
- Students enrolled at SMCC and University of Maine (Brunswick Landing campuses): **800-plus**
- Air Operations at Brunswick Executive Airport in 2015: **15,000**

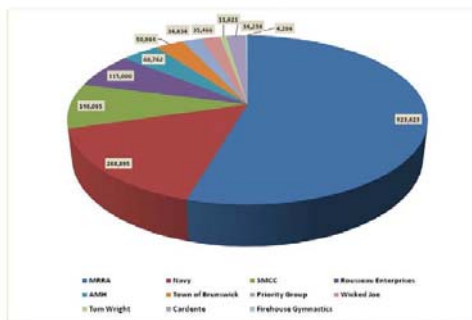


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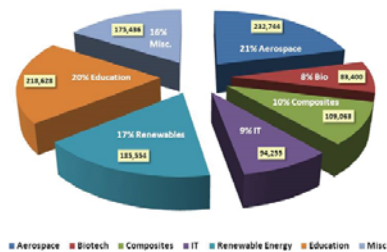
Brunswick Landing

Square Footage: Who owns what?



Target industrial sectors by percentage of occupied space

Total nearly 1.2 million square feet occupied by business entities at Brunswick Landing and Topsham Commerce Park.



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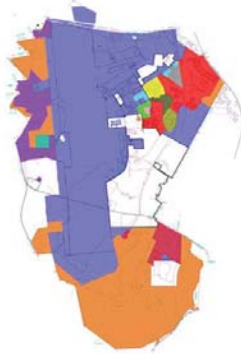
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Brunswick Landing

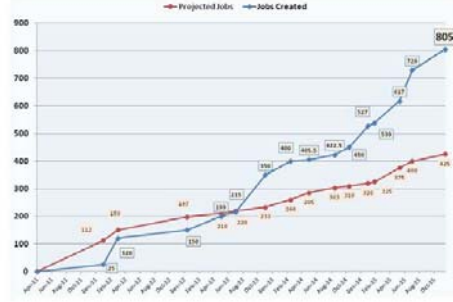
Acreege: Land-owners

Ownership Map

MIRA	1302.67
Town of Brunswick	734
Navy	572.79
AMH	237.50
Bowdoin	131.11
State of Maine	59.91
SMCC	19.82
Roussseau	14.70
Sandy River II	13.64
Cardenia	12.89
US Coast Guard	5.11
Priority Group	9.13
Wright	7.56
Family Focus	2.88
Roman Catholic Church	0.94



Employment / Job Creation as of November 2015



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Brunswick Landing Common Development Plan



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Brunswick Landing



Sunray Veterinary Clinic



Proposed Service Station & C-Store



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Topsham Market Activity

- Since July 1, 2014, Topsham's Planning Board has been quite active approving;
 - 2 Subdivisions, 6 Site Plans, 5 Site Plan Amendments
- 2015 OPENINGS, GROUNDBREAKINGS, ETC.
 - 2015-02 Lamey Wellahan (TFM)
 - 2015-03 Bureau of Motor Vehicles re-opens on Main Street (Route 201)
 - 2015-03 Days Jewelers (TFM)
 - 2015-04 Wicked Joe CDBG-EDP grant requirements certified as fully satisfied (Former Commissary) (Topsham Commerce Park)
 - 2015-05 Smitty's Cinema (Village Candle)
 - 2015-06 River Landing - full occupancy by 2015-09 (Elm St.)
 - 2015-09 Firehouse Tumbling - (Topsham Commerce Park)
 - 2015-11 Two TFM projects permitted (Catlin & Kelley/Larson) Near: Woody's & Panera
 - Third project pending across from Smitty's parking lot (Kelley/Larson)
 - 17,740 SF Medical Building - 100 Park Drive (TFM area)



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Growth in Topsham



Renys



Smitty's



Mid Coast Medical Office



Growth in Topsham



River Landing



Growth in Topsham



Tire Warehouse



Panera Bread



Firehouse Subs/Mattress WH



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Growth in Topsham



Agren Appliance Flagship Store



Lamey Wellehan



Five County FCU



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RECAP of 2015 by Community Bath/Brunswick/Topsham

– Industrial Forecast

- Availability remains high especially when you include the Cooper Building in Brunswick at 186,000 SF, Harbor Tech. (BIP) and Industrial Space at Brunswick Landing
- Warehouse lease rates however continue to remain in the \$5.00 - \$6.00/SF NNN range

– Office Forecast

- Availability remains high here as well. Brunswick Station, Brunswick Industrial Park, Kennebec Landing, TFM Office Space, 121 Orion (PD), and Sweetser each with at least 9,000 SF available.
- Lease rates range from as low as \$10.00/SF NNN to \$24.50/SF NNN for the higher end spaces.

– Retail Forecast

- While the Topsham Fair Mall area is currently flourishing, the stage is set for a rent rate war between Merrymeeting Plaza, Cook's Corners and the Plaza's beyond the main strip at Topsham Fair Mall due to the availability of a significant amount of retail space. Cook's Corner was put up for bid recently (now under contract to Summit Realty Partners) and the Best Buy Plaza is currently on the market for sale.
- Very low vacancy rates at TFM proper.
- Retail lease rates range from \$10.00/SF to \$35.00/SF NNN.



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RECAP of 2015 by Community Notable Market Dynamics

– Medical

- The market has yet to realize the impact of the MidCoast/Parkview Merger
- Even so, there is a very active market for additional medical office space in the region
 - Due in large part to the age demographics as well as Interstate Access

– Retail - Topsham Fair Mall vs. Cook's Corner

- With roughly 750,000 square feet of retail space, one road in and one road out, and it's location adjacent to the interstate the Topsham Fair Mall complex has flourished.
- However, with significant vacancies at Merrymeeting Plaza and Cook's Corner, expectations are that at a minimum some larger (22,000 SF) retail businesses will be attracted to the lower rates being floated.
- Tim Horton's closed 38 stores in New England; 11 of which are in Maine



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2016 Bold Forecast

- 1) When BIW wins the Coast Guard Contract All sectors especially office will experience a dramatic favorable impact. (4th QTR 2016)
- 2) CAP rates will continue to decline, probably somewhere in the 7.5-8.5 range; but not to National or even Portland levels.
- 3) Brunswick Landing will continue to perform at higher levels of absorption than the surrounding communities
- 4) New development/construction both residential as well as commercial will grow dramatically as redevelopment opportunities decline.
- 5) The area will experience a significant retail rental rate battle between the malls as the market attempts to reestablish equilibrium.

