

2008 - 2009

2009 Real Estate Forecast
Conference
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SOUTHERN MAINE INDUSTRIAL MARKET REVIEW AND FORECAST

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2008 SIGNIFICANT AVAILABLE INDUSTRIAL PROPERTIES

362-382 Riverside Street, Portland	80,000± SF	\$3,950,000
1754 Main Street, Sanford	215,000± SF	\$2.95/SF NNN or \$2,100,000
235-293 Presumpscot Street, Portland	45,458± SF	\$3.50/SF NNN
193 Presumpscot Street, Portland	66,140± SF	\$3.50/SF NNN
71 U.S. Route One, Scarborough	65,700± SF	\$6.60/SF NNN or \$2,900,000
56 Milliken Street, Portland	106,000± SF	\$3.75/SF NNN
228 Northeast Road, Standish	124,000± SF	\$1,950,000
Bridgton Commerce Center, Bridgton	51,000± SF	\$3.25/SF NNN
15 Saunders Way, Westbrook	75,753± SF	\$3.95-4.95/SF NNN
14 Yarmouth Junction Road, Yarmouth	50,000-101,000± SF	\$3.00-6.00/SF NNN or \$2,950,000

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2009 CURRENT SALE AND LEASE PRICES

Greater Portland	SALE	LEASE (NNN)
• <5,000 SF	\$75.00-\$100.00/SF	\$5.00-6.50/SF
• 5,000-10,000 SF	\$60.00-\$75.00/SF	\$4.50-5.75/SF
• 10,000-20,000 SF	\$50.00-\$60.00/SF	\$4.00-\$5.25/SF
• 20,000-30,000 SF	\$40.00-\$50.00/SF	\$3.50-\$4.25/SF
• 30,000-50,000 SF	\$35.00-\$45.00/SF	\$3.50-\$4.00/SF
• 50,000-75,000 SF	\$35.00-\$45.00/SF	\$3.50-\$4.00/SF
• 75,000-200,000 SF	\$15.00-\$35.00/SF	\$3.00-\$4.00/SF

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2009 LAND PRICES

• Greater Portland	\$100,000-\$200,000/acre
• Biddeford/Saco	\$40,000-\$70,000/acre
• Sanford	\$25,000-\$45,000/acre
• Lewiston/Auburn	\$60,000-\$90,000/acre

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NOTABLE PLANT CLOSINGS

Prime Tanning, Berwick (200,000± SF)	200 job losses
GE Healthcare/Whatman Nuclepore, Sanford (92,000± SF)	225 job losses
Sensata Technologies (130,000± SF)	200 job losses
Burlington Homes, Oxford (60,000± SF)	70 job losses
Wausau Paper Mill, Jay	150 job losses
Red Shield, Old Town	160 job losses
Katahdin Paper, Millinocket	208 job losses

2008 SIGNIFICANT TRANSACTIONS

- Hillcrest Investments, LLC leased 40,000± SF at **85 Bradley Drive, Five Star Industrial Park in Westbrook**
- RLS Enterprises, LLC purchased 42,000± SF at **23 Washington Avenue, Scarborough Industrial Park in Scarborough**
- Patterson Companies, LLC purchased 45,000± SF at **90 Community Drive, Sanford Industrial Estates in Sanford**

2008 SIGNIFICANT TRANSACTIONS

- Architectural Glazing Technologies leased 45,000± SF at **90 Community Drive, Sanford Industrial Estates in Sanford**
- BDR Properties, LLC purchased 48,500± SF at **61 Industrial Avenue, Sanford Industrial Estates in Sanford**
- Portland North Partners, LLC purchased 50,781± SF of mixed use space at **Portland North Business Park on Route 100 in Falmouth**



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2008 SIGNIFICANT TRANSACTIONS

- Ricky Bean, LLC purchased 55,000± SF of investment space at **135 Walton Street in Portland**
- Flemish Master Weavers is adding 60,000± SF to its manufacturing plant at **96 Gatehouse Road in Sanford**
- Read Street Self Storage, LLC purchased 60,000± SF of multi-level space at **217 Read Street in Portland**



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2008 SIGNIFICANT TRANSACTIONS

- FedEx leased 79,000± SF at **380 River Road in Lewiston.**
- Maine Sports Realty, LLC purchased 82,000± SF at **15 Lund Road, Saco Industrial Park in Saco**

KEY POINTS FOR 2009

- Inflation
 - Fixed rents vs. CPI adjustments
- Leasing Space
 - Tenant's market with falling prices
 - Rent concessions
- Developing/Building Space
 - New construction is quiet
 - Build-to-suit vs. redeveloping existing space
- Selling Property
 - Cap rates are rising
 - Sale prices are more stable than lease prices but expect to see prices drop

NOTABLE QUOTES & HEADLINES

Shifting Into Reverse - Industrial vacancies rise as weak economy takes the spark out of tenant demand.

“As the U.S. economy continues to shed jobs – 1.2 million in the first ten months of this year (2008) consumer spending is contracting and demand for industrial space is slipping.”
National Real Estate Investor – December 2008

Economic Downturn Pounds Commercial Real Estate Market

“The 1990’s crisis was sparked by federal tax breaks that encouraged overinvestment and overbuilding. This time around, the real estate frenzy was fueled by cheap credit, which allowed investors and developers to bid up prices of existing properties. But the economic fallout could be similar: rising bankruptcies and unemployment and slower economic growth at a time when the economy is already reeling from a historic housing depression.”

“Investors and developers might have trouble refinancing many loans, due to tight credit and falling rents and property values.”
USA Today – January 12, 2009 – By Sue Kirchhoff



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NOTABLE QUOTES & HEADLINES

Commercial Real Estate Must Ride Out 2009 Storm

“The real estate market always comes back, and it will this time too – but not in 2009. There are no quick fixes, although recovery could begin as early as 2010. We will see a return to discipline and back-to-basics approach to underwriting and deal structure.”
Commercial Mortgage Insight, Vol. 13, No. 2 – No. 2 – Nov./Dec. 2008

Net Lease Transactions Down 60%, Says New Boulder Report

“The Boulder report points to two main factors impacting sales volume: debt and pricing. Debt financing is either not available ‘on terms that are financially viable’ or it’s not available at all. . . . And in terms of pricing, the bid-ask gap continues to be wide enough to keep sales activity down. ‘Simply put, deals are not priced to sell in this environment,’ the report continues.”
NETLEASE forum, November 4, 2008/Vol. 6 No. 21. From Boulder Net Lease Funds, LLC Q3 “Net Lease Market Report”



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THANK YOU VERY MUCH!

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Members of NAI The Dunham Group Industrial Team

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