

MEREDA's 2015 Annual Forecast Conference

Southern Maine Office Forecast

Nate Stevens, Broker

January 22, 2015

THE MARKET MARKET SIZE

Downtown Portland: 4,472,020 SF

Maine Mall Area: 2,104,811 SF

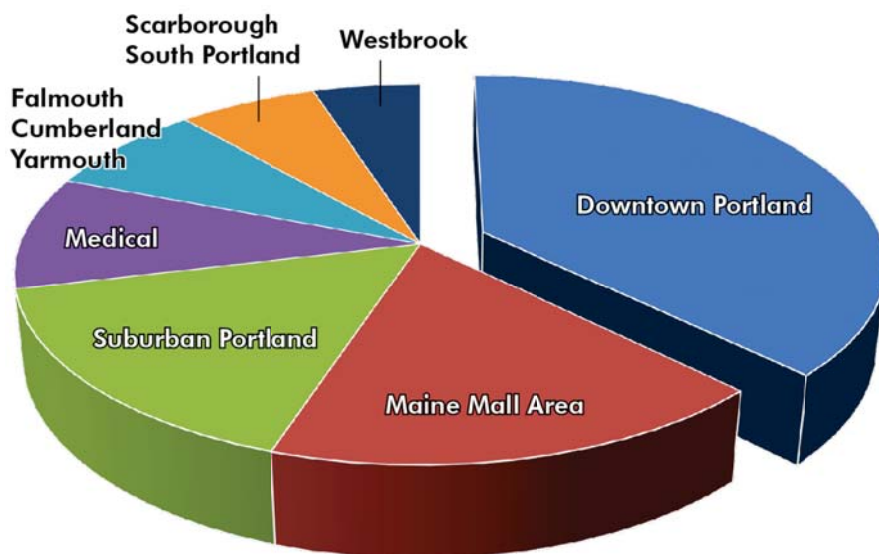
Suburban Portland: 1,922,243 SF

Medical: 1,153,797 SF

Falmouth, Cumberland, Yarmouth: 910,207 SF

Scarborough, South Portland: 778,826 SF

Westbrook: 596,148 SF



TOTAL 11,938,052 SF

337 Buildings Surveyed

THE MARKET

HIGHLIGHTS

Total Market Direct Vacancy for 2014 is 7.64%

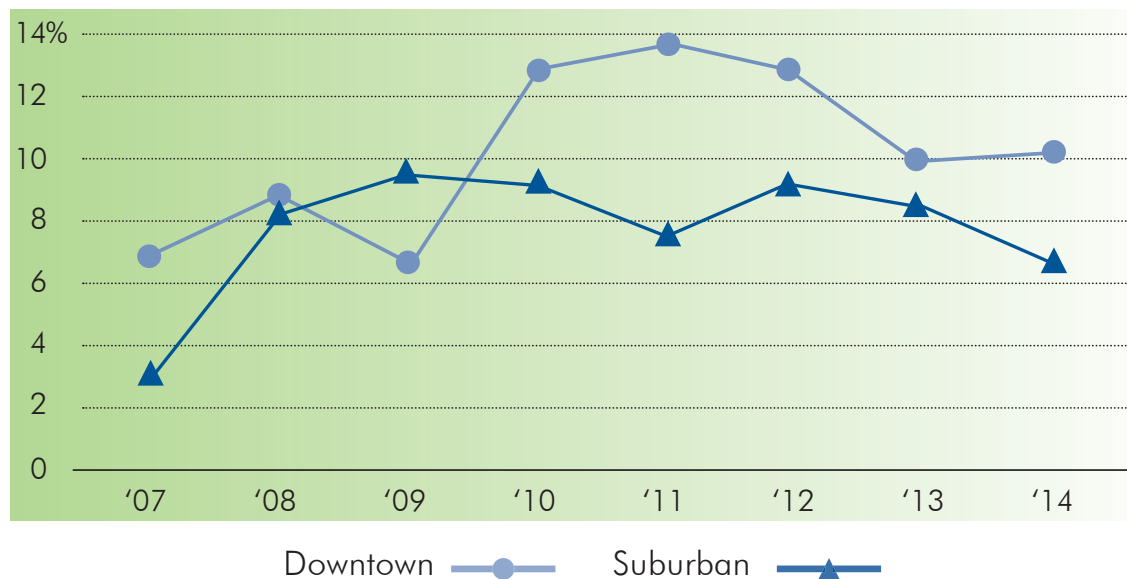
- + Drop in overall vacancy rate for 4TH consecutive year
- 50,010± SF in positive net absorption, large decline from last year
- + Number of transactions continue to increase year after year from low in 2009
- + First significant increase in asking rates since 2009
- + Tenant's market, leasing incentives prominent in most submarkets

THE MARKET

VACANCY RATES

Suburban market outperforms downtown market

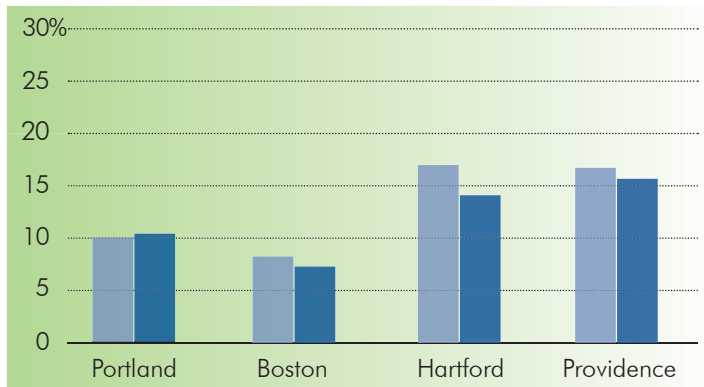
Downtown vs. Suburban Vacancy ~ 2007 - 2014



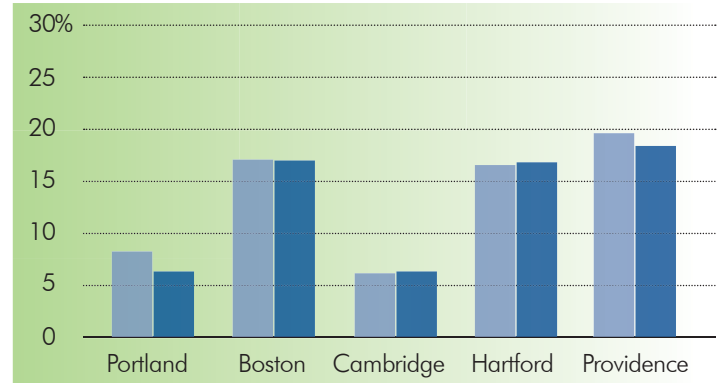
PORTLAND VS OTHER MARKETS

VACANCY RATES

Downtown



Suburban

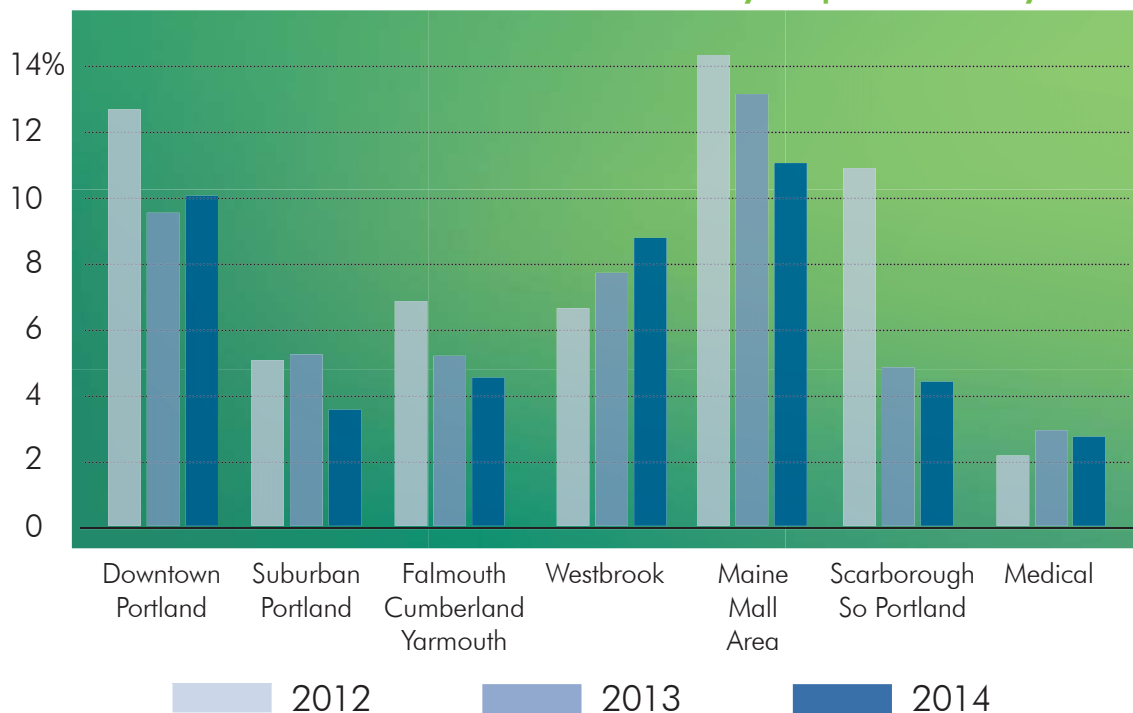


2013 2014

THE MARKET

VACANCY RATES

Vacancy Comparison Chart by Market



TRANSACTIONS

SIGNIFICANT LEASES - DOWNTOWN



One Monument Square

Putney Inc
25,340± SF

CBRE | The Boulos Company
Tony McDonald
Paragon Commercial Real Estate
Deb Napolitano



27 Pearl Street

Northeast Bank
9,723± SF

CBRE | The Boulos Company
Greg Boulos
Malone Commercial Brokers
Joe Malone



25 Pearl Street

Cashstar
21,550± SF

CBRE | The Boulos Company
Tony McDonald
Nate Stevens
Malone Commercial Brokers
Joe Malone
Jen Small



Two Monument Square

Healthcare Information and
Management Systems Society (HIMSS)
9,226± SF

Malone Commercial Brokers
Matthew Barney
NAI/The Dunham Group
Tom Moulton

TRANSACTIONS

SIGNIFICANT LEASE RENEWALS - DOWNTOWN



400 Congress Street

Kepware Technologies
Expansion and renewal
11,123± SF

CBRE | The Boulos Company
Tony McDonald



14 York Street

Certify
Expansion and renewal
9,670± SF

CBRE | The Boulos Company
Drew Sigfridson



Two Portland Square

Raymond James & Associates
Expansion and renewal
8,160± SF

Paragon Commercial Real Estate
Deb Napolitano
Malone Commercial Real Estate
Joe Malone
Jen Small



400 Congress Street

United States Postal Service
Renewal
8,958± SF

CBRE | The Boulos Company
Tony McDonald
Craig Young
Ty Hobbs



One City Center

Maine Today Media
Downsize and renewal
19,200± SF

TRANSACTIONS

SIGNIFICANT LEASES - SUBURBAN



**151 Jetport Boulevard
South Portland**
DHHS
75,000± SF



**4 Ledgerview Drive
Westbrook**
Hearst Properties
20,500± SF

Malone Commercial Brokers
John Doyan
Compass Commercial Brokers
Steve Baumann



**300 Southborough Drive
South Portland**
Disability RMS
65,000± SF

NAI/The Dunham Group
Tom Moulton
Newmark Grub Knight Frank
Patrick Duffy



**1 Chabot Street
Westbrook**
Bio-Medical Applications of Maine
15,000± SF

NAI/The Dunham Group
Chris Craig
Tom Moulton



**901A Washington Avenue
Portland**
Spurwink Services
34,956± SF (sublease)

CBRE | The Boulos Company
Tony McDonald
Charles Day



**300 Professional Drive
Scarborough**
Maine Medical Center
14,000± SF

Malone Commercial Brokers
Peter Harrington

TRANSACTIONS

SIGNIFICANT LEASE RENEWALS - SUBURBAN



**179 John Roberts Road
South Portland**
Sappi
Downsize and renewal
36,703± SF

Malone Commercial Brokers
Matthew Barney
Harnden Commercial Brokers
Jim Harnden



**82 Running Hill Road
South Portland**
Fairchild Semiconductor
Downsize and renewal
55,000± SF

Jones Lang LaSalle
Brooks Murphy

PREDICTIONS

SIGNIFICANT VACANCIES - DOWNTOWN



One Monument Square
66,215± SF available



415 Congress Street
26,150± SF available



161 Marginal Way
50,400± SF available



477 Congress Street
46,510± SF available

PREDICTIONS

SIGNIFICANT VACANCIES - SUBURBAN



**One Riverfront Plaza
Westbrook**
134,349± SF available
(sublease)



**82 Running Hill Road
South Portland**
38,548± SF available



**123 Darling Avenue
South Portland**
53,640± SF available



**6 Ashley Drive
Scarborough**
38,390± SF available

PREDICTIONS

MARKET ABSORPTION



85,000± SF

300 Southborough Drive
Disability RMS signed a lease here.



26,784± SF

43 Northport Drive
The owner (LL Bean) took it off the market and is occupying for their operations.



13,110± SF

707 Sable Oaks Drive
DSCI, H&D Title & Closing Services, LLC, and First American Title leased here.



10,775± SF

25 Pearl Street
CashStar leased the space, and also took the sublease space.



10,074± SF

358 US Route One
Tyler Technologies expanded in this building.



9,964± SF

7 Custom House Street
Bard & Company and the Olympia Company expanded.



9,800± SF

27 Pearl Street
Northeast Bank leased all of the available space.



9,237± SF

276 Canco Road
Biodiversity Research Institute left their Gorham location and leased here.



8,193± SF

43 Baxter Boulevard
Mercy has expanded and now occupies the entire building.



8,000± SF

236 Gannett Drive
Spring Harbor Hospital leased the entire building.

POSITIVE ABSORPTION



(50,40± SF)

161 Marginal Way
DHHS vacated this property.



(38,390± SF)

6 Ashley Drive
Cole Haan moved out of the Maine market.



(31,459± SF)

82 Running Hill Road
Fairchild Semiconductor downsized and renewed at this location.



(13,827± SF)

477 Congress Street
WMTW moved into new headquarters in Westbrook.



(11,730± SF)

179 John Roberts Road
Sappi downsized in the building.



(11,618± SF)

One Post Office Square
Putney Inc. vacated the space and leased two floors at 1 Monument Square.



(10,679± SF)

100 Main Street, Westbrook
Legacy Publishing left this building.



(8,850± SF)

56 Northport Drive
GMI Ratings vacated their space.



(6,804± SF)

66 Pearl Street
CashStar moved and expanded into 25 Pearl Street.



(6,598± SF)

2 Monument Square
HealthDialog downsized in this building.

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CELEBRATING 40 YEARS
1975 - 2015
CBRE | The Boulos Company

TRANSACTIONS

SIGNIFICANT SALES



511 Congress Street Portland

128,400± SF - INVESTMENT
\$12,450,000

Cassidy Turley
David Pergola
Cardente Real Estate
Matthew Cardente



178 Middle Street Portland

68,705± SF - INVESTMENT
\$8,000,000

CBRE | The Boulos Company
Dan Greenstein
Commercial Properties
Erik Urbanek, Susan Scanlon



189 Darling Avenue South Portland

72,490± SF - INVESTMENT
\$8,487,870

CBRE | The Boulos Company
Drew Sigfridson



75 Washington Avenue Portland

Condo 1: 112,000± SF
\$7,100,000-INVESTMENT

NAI/The Dunham Group
Tom Moulton
Frank O'Connor

Condo 2: 31,340± SF
\$3,000,000-OWNER/USER

CBRE | The Boulos Company
Greg Boulos
Craig Young



125 Presumpscot Street Portland

62,000± SF - INVESTMENT
\$8,450,000

CBRE | The Boulos Company
Dan Greenstein



32 Haigis Parkway Scarborough

15,300± SF - INVESTMENT
\$2,525,000

CBRE | The Boulos Company
Joe Porta

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CELEBRATING 40 YEARS
1975 - 2015
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TRENDS

ALTERNATIVE WORKPLACE DESIGN (AWD)

smart sizing \ 'smärt sīz'ing\ verb

Analyzing a company's workplace and adjusting its real estate footprint to optimize efficiency, collaboration, productivity and talent retention. Most often resulting in a decrease in overall real estate footprint and costs, with increased use of creative space.

AWD PRACTICES

Hoteling
Free Address Workspace
Hot-Desking

EFFICIENCIES



SPACE REQUIREMENTS*

2000 300 SF/employee
85% private office
vs 15% shared

2010 225 SF/employee
80% private office
vs 20% shared

2014 150 SF/employee
50% private office
vs 50% shared

Within next five years
100 SF/employee
20% private office
vs 80% shared

Slower rate of recovery
over same period of
time compared to last
vacancy peaks



*SOURCE: Corenet Global, Wall Street Journal

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CELEBRATING 40 YEARS
1975-2015
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CONCLUSIONS

PREDICTIONS

FOR THE IMMEDIATE FUTURE

- Vacancy rate to hold steady, continue the slow decline
- Class A recovery better than Class B
- Gradual switch away from tenant's market, not as much negotiating power
- High number of office sales to continue through 2015
- Lease rates continue to increase; however, varies between submarkets
- Positive net absorption similar to last year
- New construction in downtown Portland



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CELEBRATING 40 YEARS
1975-2015
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CONCLUSIONS

PREDICTIONS

A LOOK BACK TO 2000...

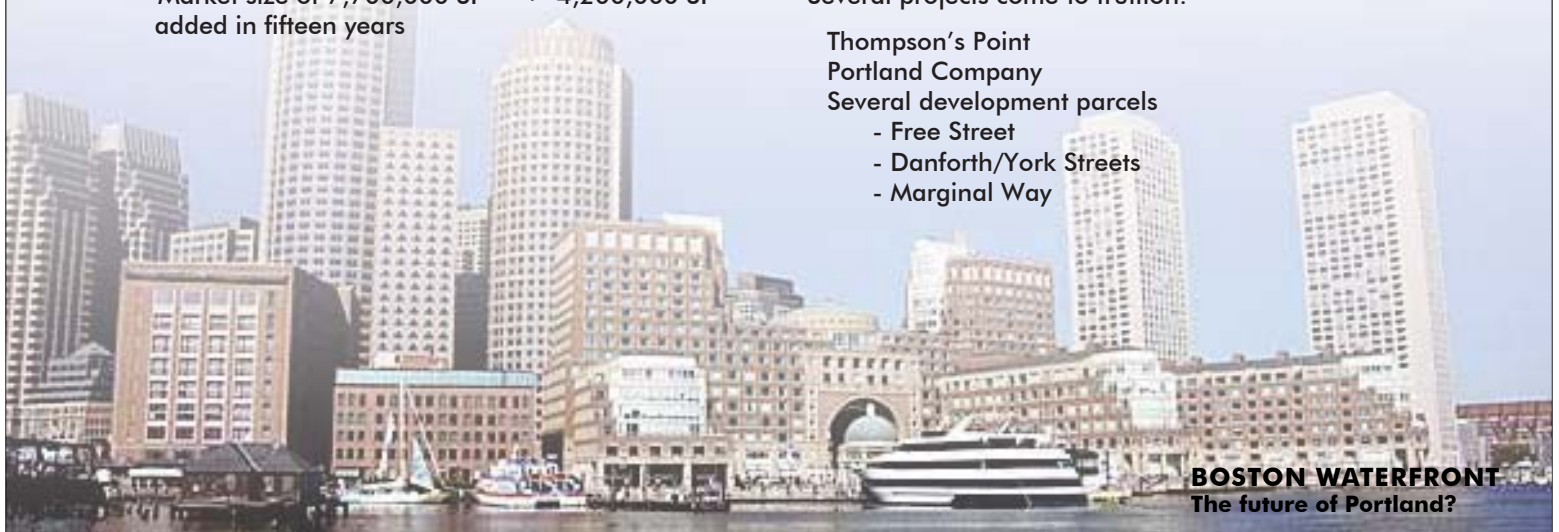
- 2.43% vacancy
- Nine new office buildings constructed (first significant office building downtown in ten years)
- Market size of 7,700,000 SF → 4,200,000 SF added in fifteen years

GREATER PORTLAND IN 2030

- Could we return to a 2.43% vacancy rate?
- New construction has slowed considerably, trend likely to continue
- Several projects come to fruition:

Thompson's Point
Portland Company
Several development parcels

- Free Street
- Danforth/York Streets
- Marginal Way



BOSTON WATERFRONT
The future of Portland?

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CBRE | The Boulos Company

FOR MORE INFORMATION

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Special Thanks:

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1975 - 2015