

Greater Portland Office Market Survey

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{Topical Agenda

- 2013 Office Market Highlights
- Downtown Sector – Vacancy, significant leases/vacancies
- Suburban Sector – Vacancy, significant leases/vacancies
- Notable Sales
- Past Trends / Compare & Contrast – 1993 to 2013
- Looking Ahead – 2014 & Beyond

{ 2013 Office Market Highlights

Positive Organic Growth

- Overall vacancy of 10.04%, down 0.93% from 2012 and down 2.88% from 2011
- Absorbed 140,000 SF – 3rd year in a row positive
- Asking Rent appreciation by 8% over 2012

Highest Transaction Volume Since 2005 Peak

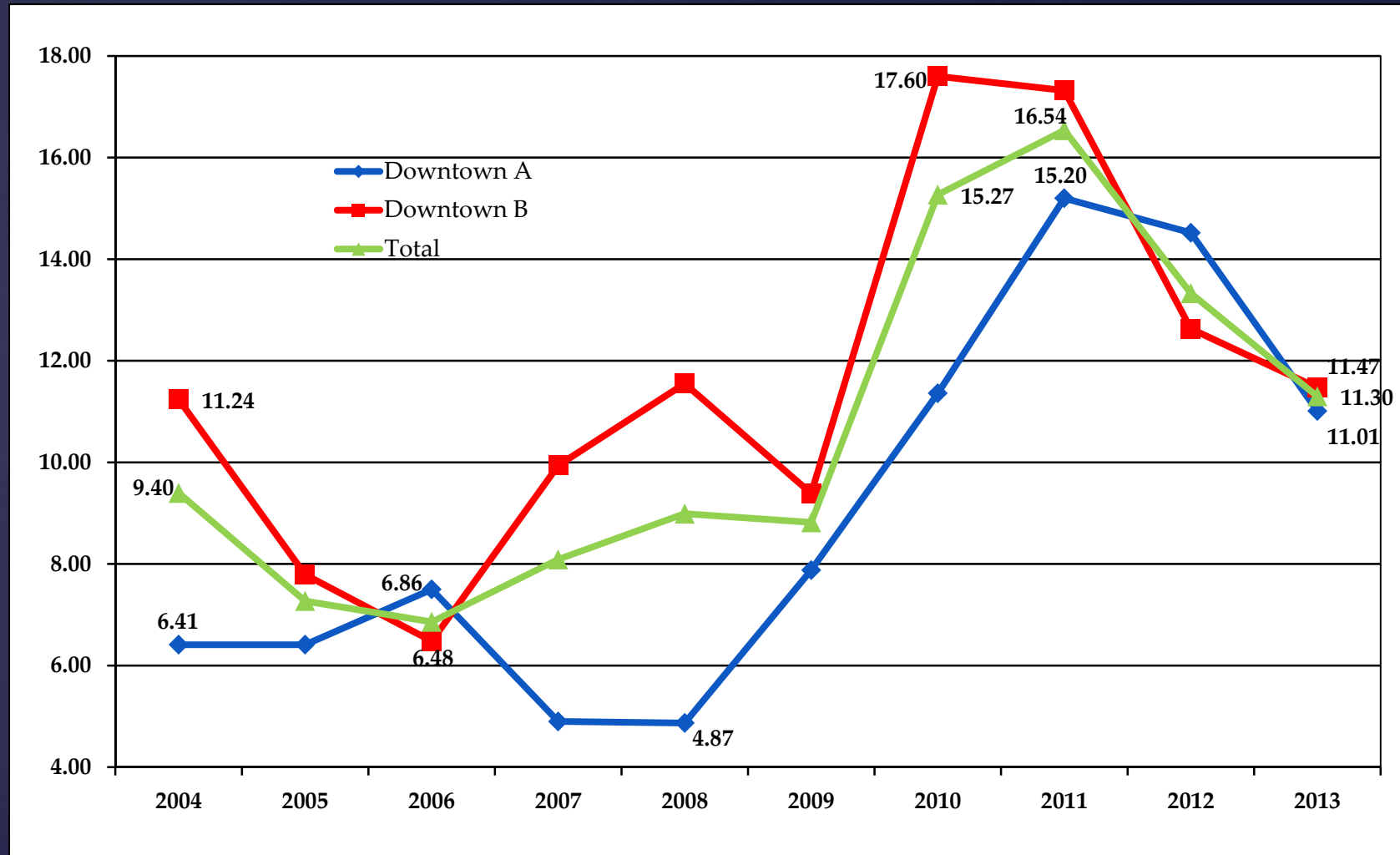
- # of leases up 45% since valley in 2007
- Remains 19% below peak in 2005

{ 2013 Office Market Highlights (CONTINUED)

Remains Tenant Market, But Losing Grip

- 2013 vacancy rate below 5-year average of 11.39%, but above the 10-year average of 9.25%
- Tenant concessions in place, but waning some

{ Overall Vacancy - Downtown



{ Significant Lease Transactions & Vacancies - Downtown



One Monument Square

- Leased 25,340 SF to Putney Vet
- Vacant 70,600 SF



280 Fore Street

- Renewed Baker Newman Noyes for 33,677 SF



One Portland Square

- Leased 20,363 SF to Maine General Services

{ Significant Lease Transactions & Vacancies - Downtown



Two Monument Square

- Leased 20,363 SF to U.S. Coast Guard



75 Washington Avenue

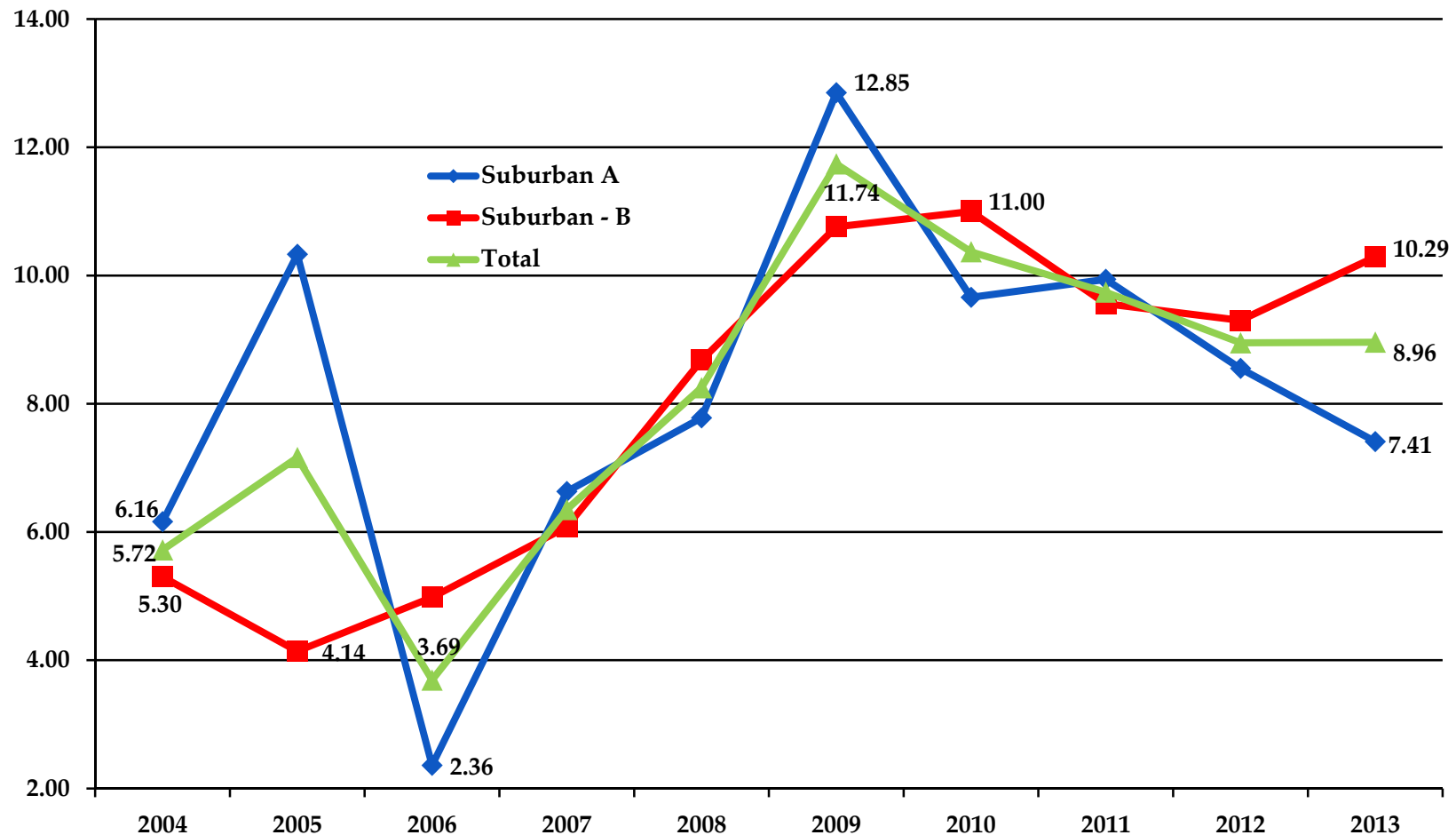
- Leased 31,340 SF to Goodwill Industries



161 Marginal Way

- 50,400 SF of shadow space

{ Overall Vacancy - Suburban



{ Significant Lease Transactions & Vacancies - Suburban



6 Ashley Drive, Scarborough

- Leased 15,771 SF to TRC Environmental
- 38,390 SF of shadow space



192 Middle Road, Falmouth

- Leased 22,700 SF to Portland Public Schools



200 Enterprise Drive, Scarborough

- Leased 16,771 SF to Fluid Imaging Technologies

{ Significant Lease Transactions & Vacancies - Suburban



970 Baxter Boulevard, Portland

- Leased 15,115 SF to HDR



300 Southborough Drive, So. Portland

- Vacant 85,000 SF



123 Darling Avenue, So. Portland

- Vacant 57,762 SF

{ Notable 2013 Office Sales



70 Gray Road, Falmouth

- 143,030 SF Class A Office Building
- \$31,000,000
- Investor Sale to a REIT



465 Congress Street, Portland

- 15,260 SF Class B Office Building
- \$5,550,000
- Investor Sale



340 County Road, Westbrook

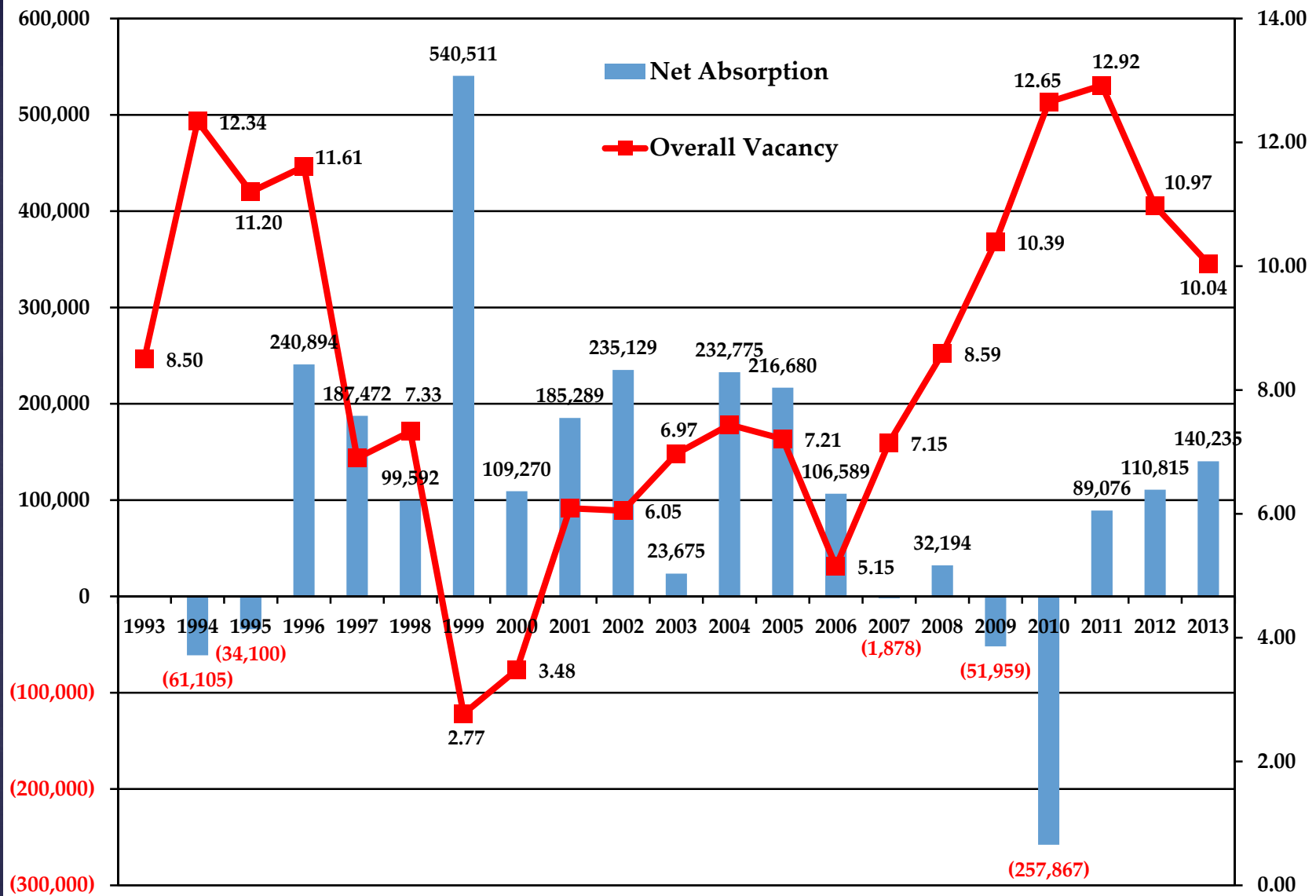
- 34,505 SF Class B Office Building
- \$4,300,000
- Sold to Owner-User (Husson College)



{Trends:

Overall Vacancy / Net Absorption

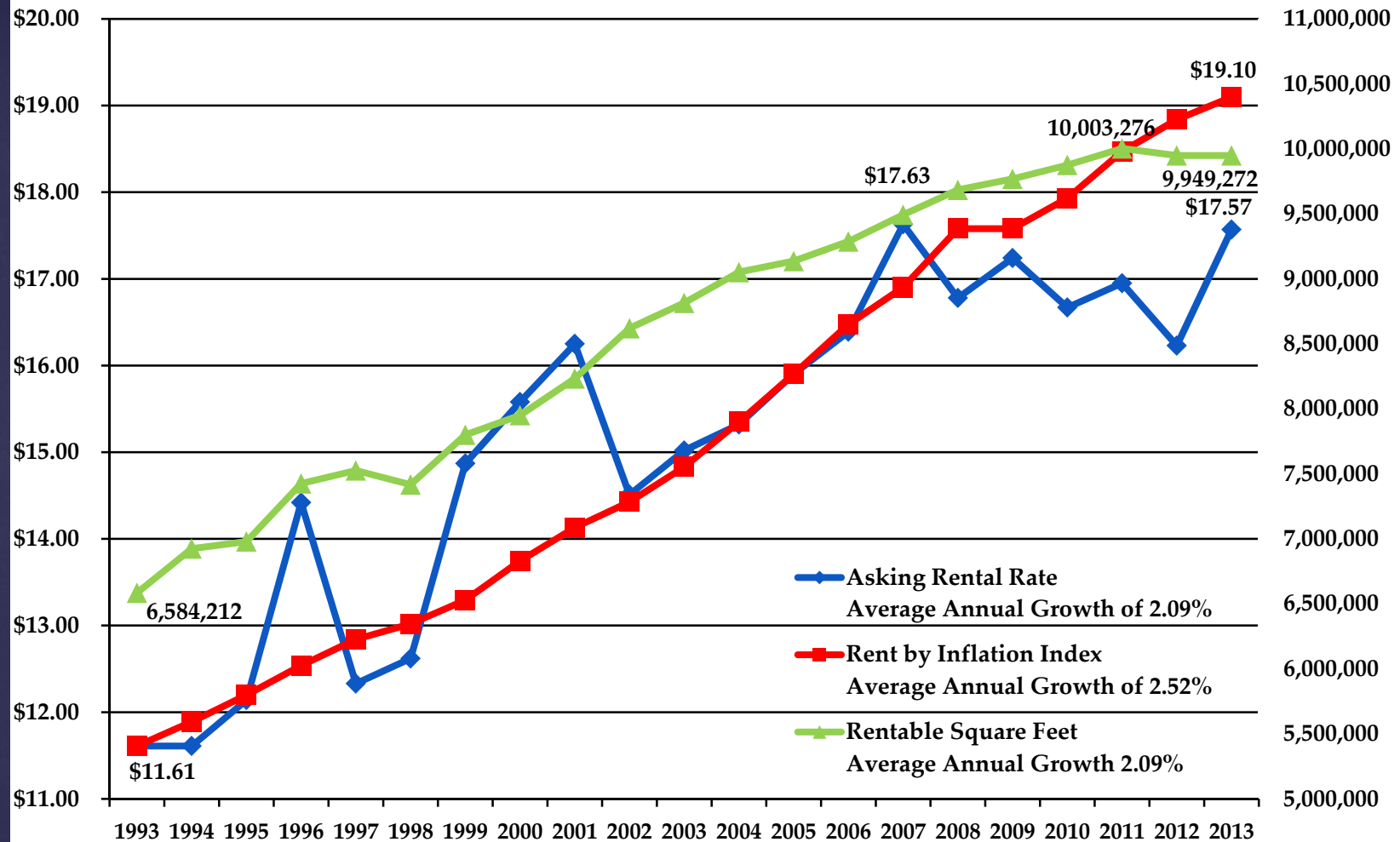




{ Trends:

Asking Rent vs. Inflation





{ Past Trends / Compare & Contrast – 1993 to 2013

	Growth Period 1996 – 2006	Recovery 2011 - Current
Overall Vacancy	<ul style="list-style-type: none"> Averaged 6.45% vacancy throughout Decreased by 6.46 points or .65% per year 	<ul style="list-style-type: none"> Currently 10.04% Decreased by 2.88 points or 1.44% per year
Net Absorption	<ul style="list-style-type: none"> Averaged 198,000 SF per year 	<ul style="list-style-type: none"> Averaged 113,000 SF per year
Asking Rental Rate	<ul style="list-style-type: none"> Increased by \$1.97/SF or by 1.29% annually 	<ul style="list-style-type: none"> Increased by \$.62/SF or by 1.81% annually
Market Growth	<ul style="list-style-type: none"> Increased by 186,000 SF per year or by 2.26% annually 	<ul style="list-style-type: none"> Decreased by 54,004 SF per year or by (.27%) annually

{ Looking Ahead – 2014 & Beyond

Future Projects

- Thompson's Point
- West Commercial (Sprague, J.B. Brown)
- Sprague Site – Fore Street
- Federated Companies – Somerset Street
- Intercontinental Site

{ Looking Ahead – 2014 & Beyond

2014 Predictions

- Growth Trend to Flatten in 2014
 - ✓ No new construction anticipated
 - ✓ “Rightsizing” of Large Tenants (suburban mostly) – Negative
 - ✓ Organic Growth Continues Downtown - Positive
- Overall Vacancy Flat to Increased Slightly
 - ✓ Remains in Double Digits
- Limited to no Growth in Asking Rents & Absorption
- Downtown Sector Most Positive Results
- Office Sales to Increase