



GREATER PORTLAND : INDUSTRIAL MARKET REVIEW & 2013 FORECAST



JUSTIN LAMONTAGNE
justin@dunham-group.com
www.dunham-group.com
10 Dana Street
Portland, ME 04101
207-773-7100

NAI The Dunham Group
Commercial Real Estate Services, Worldwide.

Welcome & Thanks

Presentation Outline

- **Current Conditions**
 - Industrial Market Survey
 - Trends & Analysis
- **A Look Back at 2012**
 - Significant Transactions
 - Report Card
- **Forecast 2013**
 - Significant Vacancies
 - Economic and lending conditions
 - Predictions

The 2012 Industrial Market Survey

How We Created the Survey - Parameters

- **Geographic Locations**
 - Portland, South Portland, Westbrook, Gorham, Scarborough & Saco
- **Qualifying Properties**
 - 497 properties were inventoried
 - 50% or more industrial to office ratio
 - All properties in defined Industrial/Business Parks
 - All properties over 5,000 SF in non-parks (clusters or misc.)
 - Owner/occupied = 100% full (unless marketed for lease)
 - No retail/industrial buildings (Advance Auto, BJ's, Home Depot, etc.)
- **Industrial Parks / Clusters / Miscellaneous Properties**



The 2012 Industrial Market Survey

How We Created the Survey – Parameters, cont.

- **Vacancy Rate & Asking Lease Rate Calculations**
 - All vacancy totals as of December 2012 per NECPE
 - All lease rates based solely on listed properties per NECPE
 - Broke down all lease rates to a Triple Net number (Gross/MG rate less \$1.75/SF for CAM's)
 - All square footages based solely on Town Tax Assessor cards



Greater Portland Industrial Market Summary

(see Appendix for detailed breakdown)

Total Number of Buildings:	497
Total Market Size:	15,789,957± SF¹
Direct Vacancy:	1,101,474± SF²
Total Vacancy Rate:	6.97%

¹ Totals as of December 2012 per NAI The Dunham Group Industrial Market Survey

² Totals as of December 2012 per New England Commercial Property Exchange

NAI The Dunham Group
Commercial Real Estate Services, Worldwide.

The 2012 Industrial Market Survey

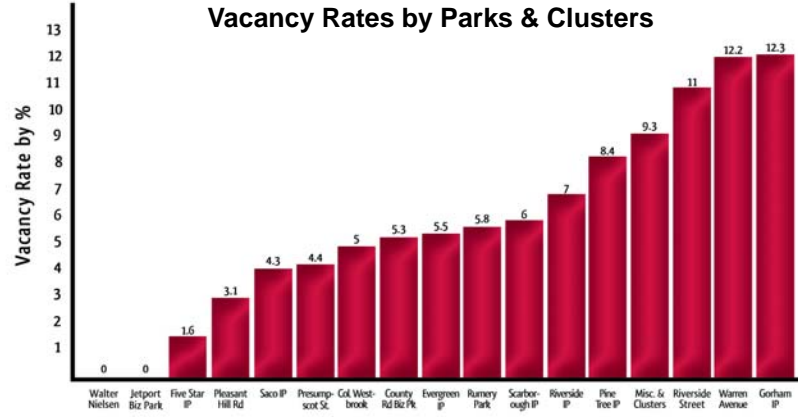
Greater Portland



NAI The Dunham Group
Commercial Real Estate Services, Worldwide.

The 2012 Industrial Market Survey

Greater Portland



NAI The Dunham Group
Commercial Real Estate Services, Worldwide.

The 2012 Industrial Market Survey

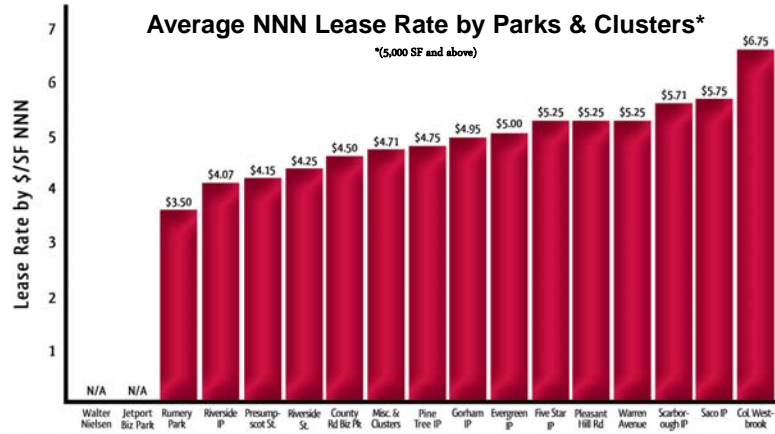
Greater Portland



NAI The Dunham Group
Commercial Real Estate Services, Worldwide.

The 2012 Industrial Market Survey

Greater Portland



NAI The Dunham Group
 Commercial Real Estate Services, Worldwide.

National & Regional Average Direct Vacancy Rates and Asking Lease Rates*

	VACANCY RATE 2012	VACANCY RATE 2011	LEASE RATE 2012	LEASE RATE 2011
United States	12.4% ↓	13.5%	\$4.29/SF NNN	N/A
Northeast	13.5% ↓	14%	\$4.45/SF NNN	N/A
Boston	14.2% ↓	14.5%	\$4.76/SF NNN	N/A
Greater Portland	6.97% ↓	7.3%	\$5.22/SF NNN ↓	\$5.47/SF NNN

*Per data collected from NAI Global, Jones, Lang, LaSalle and CBRE International

NAI The Dunham Group
 Commercial Real Estate Services, Worldwide.

The 2012 Industrial Market Survey

Greater Portland

Interesting Trends

- Overall vacancy drops 33 basis points
- Improved markets in Portland and South Portland
- Gorham faces increased vacancies from 2011
- Asking lease rates fall
- Tenant incentives continue

NAI The Dunham Group
Commercial Real Estate Services, Worldwide.

The 2012 Industrial Market Survey

Greater Portland

Analysis of Data

- Why are some Parks/Clusters stronger than others?
- What can landlords do?
- “Strong tenants market” still apply?
- Big deals can swing data

NAI The Dunham Group
Commercial Real Estate Services, Worldwide.

A Look Back at 2012...

Significant Transactions

SALES



125 Industrial Way, Portland – \$5,760,000
100,000 SF - Purchased by Stag Industrial



One Wallace Avenue, South Portland – \$5,500,000
100,000 SF on 15 ± acres – Purchased by Casco Bay Steel



92 Waldron Way, Portland – \$1,925,000
21,000 SF - Purchased by City of Portland



A Look Back at 2012...

Significant Transactions

SALES (continued)



166 Riverside Industrial Parkway, Portland – \$620,000
15,500 SF - Purchased by Mariner Beverage



97 Shaker Road, Gray – Two Sales \$660,000 & \$624,000
12,000 SF each - Purchased by Pooler Properties, LLC (True Value)
& John Galt Holdings, LLC (O'Neil Company)



11 Mill Brook Road, Saco – \$850,000
16,000 SF - Purchased by 11 Mill Brook, LLC



A Look Back at 2012...

Significant Transactions

LEASES



3 Washington Avenue, Scarborough – 20,000 SF
Leased by Quantum Clean



160 Presumpscot Street, Portland – 19,268 SF
Leased by TwinMed



84 Industrial Park Road, Saco – 14,737 SF
Leased by Cape Seafood, LLC

NAI The Dunham Group
Commercial Real Estate Services, Worldwide.

A Look Back at 2012...

Significant Transactions

LEASES (continued)



174 Cash Street, South Portland – 34,000 SF
Leased by Hartford Installations



866 Spring Street, Westbrook – 24,200 SF
Leased by Trane US, Inc.



55 Bradley Drive, Westbrook – 17,000 SF
Leased by Controlled Environment Equipment Corp.



765 Warren Avenue, Portland – 70,132 SF
Leased by Allagash Brewing

NAI The Dunham Group
Commercial Real Estate Services, Worldwide.

Report Card

Grading My Forecast Predictions from January 2012 Conference

- “Tenant’s Market is no more in certain sectors” - Grade B
- “Lease rates plateau” – Grade B
- “Speculative building remains slow/non-existent” – Grade A
- “Cap rates continue to fall as supply is minimal” – Grade A
- “Owner/users are big winners in 2012” – Grade A++

NAI The Dunham Group
Commercial Real Estate Services, Worldwide.

Forecast 2013

- Current Significant Vacancies
- How will the economy and lending conditions drive the market?
- Predictions for 2013

NAI The Dunham Group
Commercial Real Estate Services, Worldwide.

Forecast 2013

Significant Vacancies



167 Rumery Road, South Portland
54,000 SF



9 Laurence Drive, Gorham
55,375 SF



216 Riverside Industrial Parkway, Portland
34,904 SF

NAI The Dunham Group
Commercial Real Estate Services, Worldwide.

Forecast 2013

Significant Vacancies (continued)



1 Madison Street & 130 Breakwater Drive, South Portland
40,824 SF & 21,182 SF



765 Warren Avenue, Portland
89,974 SF



410 Riverside Street, Portland
38,054 SF

NAI The Dunham Group
Commercial Real Estate Services, Worldwide.

The Economy/Market

Positive & Negative Impacts on the Industrial Market

- New tax structures – the fiscal “speed bump”
- Maine job growth flat
- Manufacturing indexes stable
- Consumer confidence is tenuous

Lending Environment

- Banks aggressively compete → consumers benefit
- Interest rates remain historically low
- Attractive owner/user programs available
 - SBA's CDC/504 program
 - Portland's Real Estate Development program
- Appraisals and environmental reports = potential snags

Predictions

- 1031-tax deferred exchanges increase in popularity
- Vacancy rates plateau and tick up
- Economic concerns slow momentum from 2012
- City-owned parks impact the market
 - Portland's Technology Park on Rand Road
 - Biddeford's Robert Dodge Business Park
- Owner/users continue to thrive in 2013!

Conclusion

- 2012 was a positive year in the industrial market
- Overall vacancies dropped to 6.97% due in part to dropping lease rates
- The momentum from 2012 will slow but not stop
- Bullish owner/users continue to benefit from historically rare opportunities

THANK YOU



JUSTIN LAMONTAGNE
 justin@dunham-group.com
 www.dunham-group.com
 10 Dana Street
 Portland, ME 04101
 207-773-7100



NAI The Dunham Group
 Commercial Real Estate Services, Worldwide.

APPENDIX : INVENTORY RESULTS

Parks/Clusters	Building SF	Available SF	Vacancy Rate	Avg. Lease Rate
Colonel Westbrook	559,909	28,096	5	\$6.75
County Road Business Park	176,578	9,375	5.3	\$4.50
Evergreen Business Park	394,067	22,000	5.5	\$5.00
Five Star Industrial Park	1,312,297	20,405	1.6	\$5.25
Gorham Industrial Park	928,462	114,602	12.3	\$4.95
Jetport Business Park	56,266	0	0	N/A
Miscellaneous Clusters	4,304,981	398,192	9.3	\$4.71
Pine Tree Industrial Park	238,948	20,000	8.4	\$4.75
Pleasant Hill	1,225,100	37,460	3.1	\$5.25
Presumpscot Street	426,449	40,319	4.4	\$4.15
Riverside Industrial Park	753,191	52,772	7	\$4.07
Riverside Street	867,423	95,980	11	\$4.25
Rumery Park	1,059,958	62,000	5.8	\$3.50
Saco Industrial Park	1,252,385	53,990	4.3	\$5.75
Scarborough Industrial Park	811,119	48,492	6	\$5.71
Walter Nielsen	538,920	0	0	N/A
Warren Avenue	883,976	108,391	12.2	\$5.25
City/Town	Building SF	Available SF	Vacancy Rate	Avg. Lease Rate
Gorham	928,462	114,602	12.3	\$4.95
Portland	6,095,508	531,380	8.7	\$5.15
Saco	1,328,025	53,990	4.1	\$5.75
Scarborough	2,207,408	85,952	3.9	\$5.71
South Portland	2,683,936	173,691	6.5	\$4.96
Westbrook	2,546,618	141,859	5.6	\$5.51

GRAND TOTAL: Total Market Size 15,789,957 Total Available SF 1,101,474 Greater Portland Vacancy Rate 6.97% Average Lease Rate \$5.22