

GREATER PORTLAND : INDUSTRIAL MARKET REVIEW & FORECAST 2012



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NAI The Dunham Group

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Welcome & Thanks

Presentation Outline

- Industrial Market Survey
- A Look Back at 2011
- Forecast for 2012

The 2011 Industrial Market Survey

Why We Created the Survey

- There was no quantifiable data to back-up our “gut”
- Marketable information could spur economic development
- Historical data will direct OPPORTUNITY!

The 2011 Industrial Market Survey

How We Created the Survey - Parameters

- **Geographic Locations**

- Portland, South Portland, Westbrook, Gorham, Scarborough & Saco

- **Qualifying Properties**

- 466 properties were inventoried
- Defined “parks” vs. “clusters” vs. “miscellaneous”
- 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.)

The 2011 Industrial Market Survey

How We Created the Survey – Parameters, cont.

■ Notes

- All vacancy totals as of December 1, 2011 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
UNLESS it was a listed property – then counted on marketing materials available
- Survey in its entirety will be made available shortly

Greater Portland Industrial Market Summary

Total Number of Buildings: 466

Total Market Size: 14,511,385± SF¹

¹ Totals as of December 1, 2011 per NAI The Dunham Group Industrial Market Survey

Direct Vacancy: 1,058,197± SF²

² Totals as of December 1, 2011 per New England Commercial Property Exchange

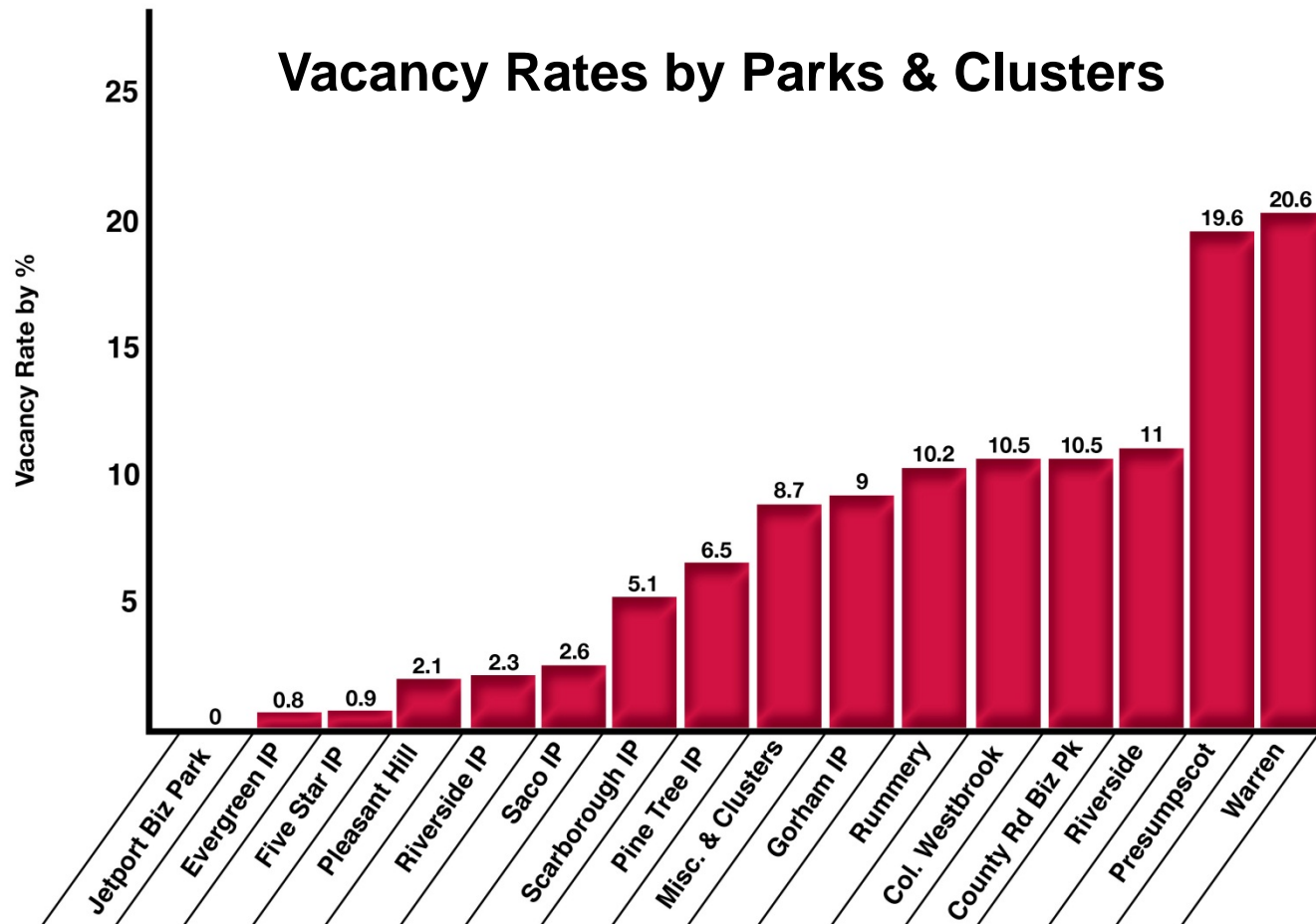
Total Vacancy Rate: 7.29%



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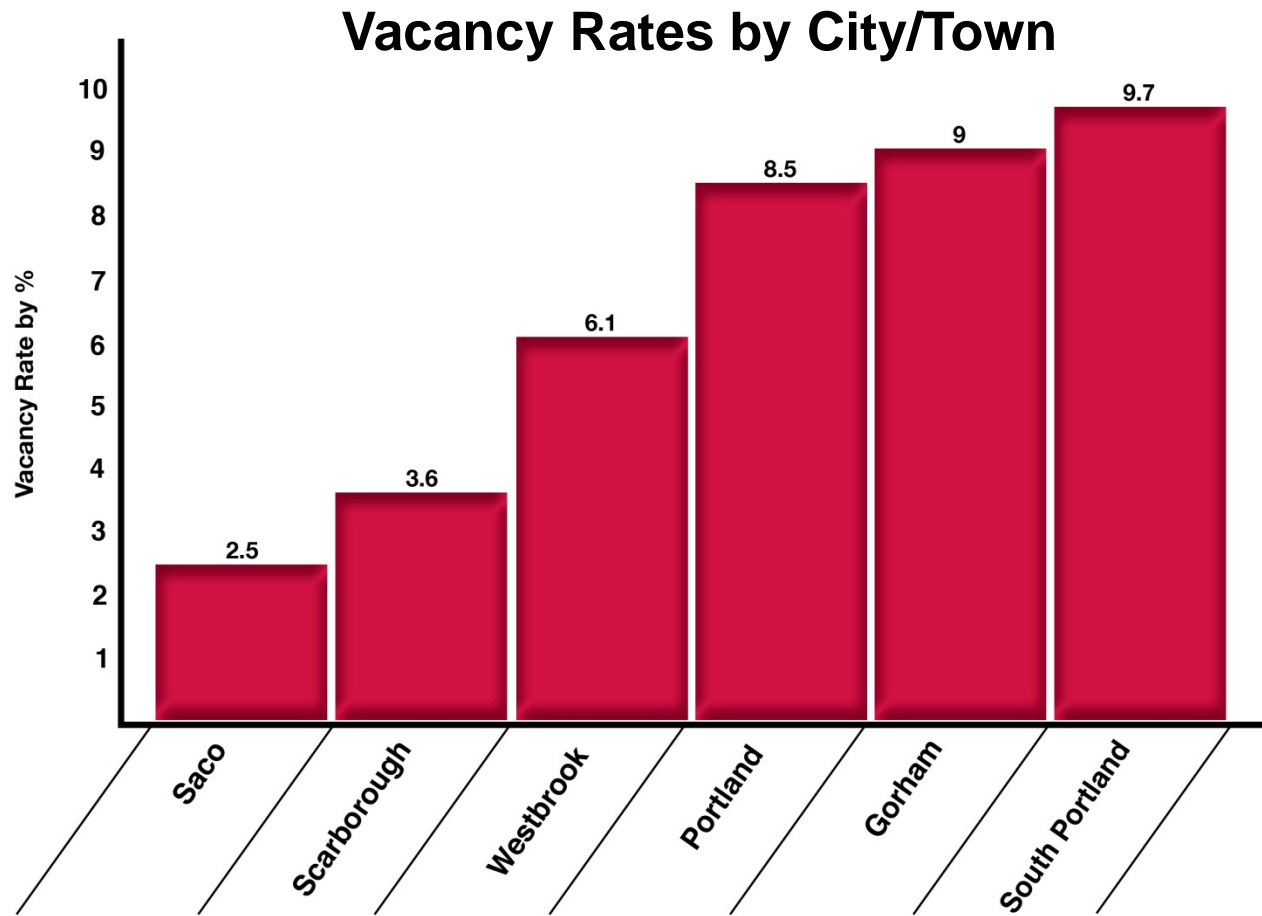
The 2011 Industrial Market Survey

Greater Portland



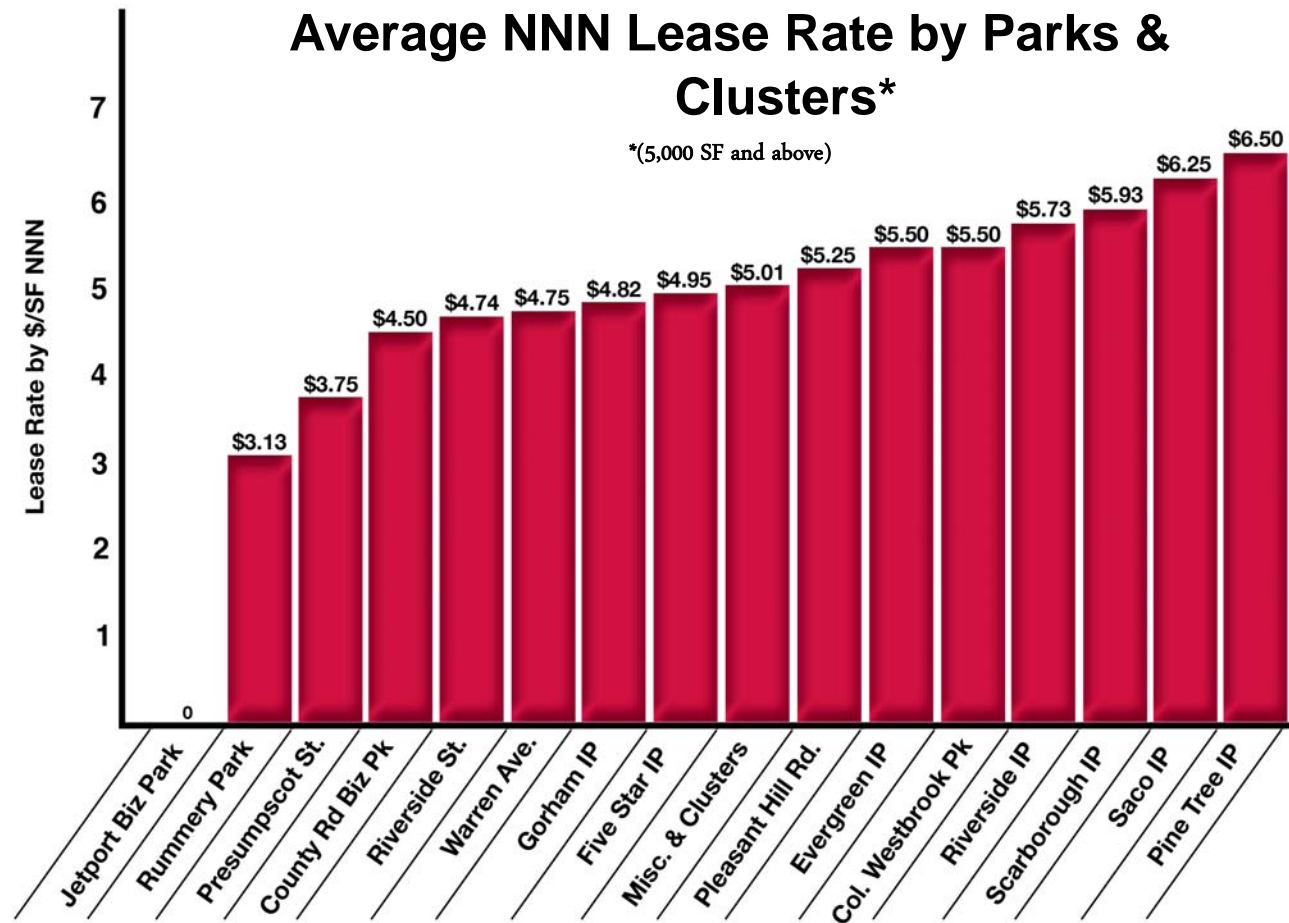
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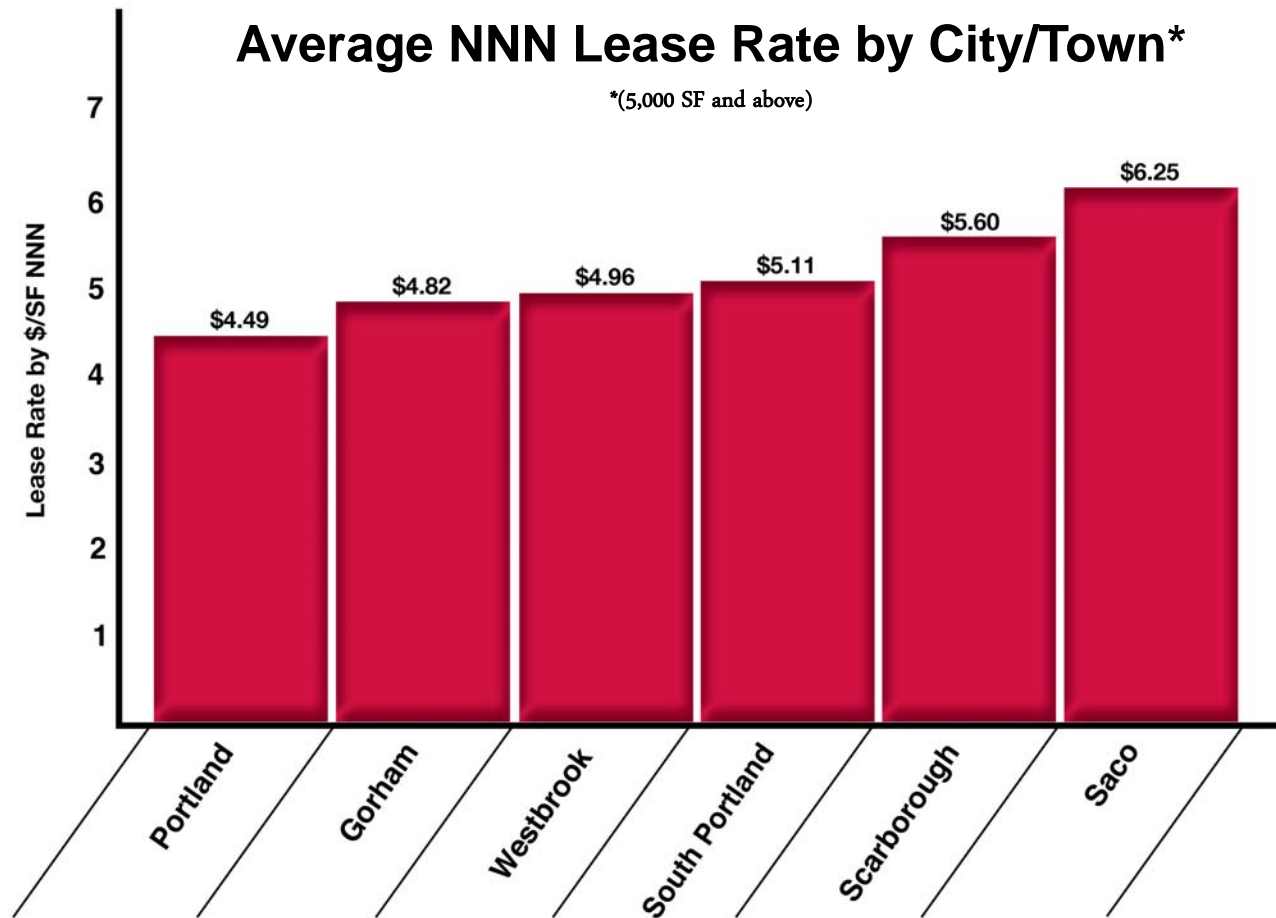
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Greater Portland



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Greater Portland



National & Regional Direct Vacancy Rates*

United States Vacancy Rate: 13.5%

Northeast Vacancy Rate:

14.0%

Boston Vacancy Rate: 14.5%

Greater Portland Vacancy Rate:

7.3%

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

The 2011 Industrial Market Survey

Greater Portland

Analysis of Data

- Why are some Parks/Clusters stronger than others?
- How do Asking lease rates vary by location?
- What can landlords do?
- “Strong Tenants Market” applies only in particular sectors

A Look Back at 2011...

Significant Transactions

SALES



56 Milliken Street, Portland – \$6,457,000
200,700 SF - Purchased by JHR Development



34 Hutcherson Drive, Gorham – \$4,100,000
142,484 SF - Purchased by Goodwill Industries



1 Rice Street, Portland – \$1,750,000
57,700 SF - Purchased by Alpine Realty Corp.

A Look Back at 2011...

Significant Transactions

SALES (continued)



170 Anderson Street, Portland – \$1,395,000
34,164 SF - Purchased by Baycove, LLC



299 Presumpscot Street, Portland – \$1,257,000
39,600 SF - Purchased by CANDEW, LLC



52 U.S. Route One, Scarborough – \$925,000
24,660 SF - Purchased by Trask Decrow

A Look Back at 2011...

Significant Transactions

LEASES



70 Quarry Road, Portland – 90,400 SF
Leased by Cuddledown



380 Riverside Street, Portland – 80,000 SF
Leased by Wise Business Forms



150 Read Street, Portland – 58,000 SF
Leased by Bunzel Distribution

A Look Back at 2011...

Significant Transactions

LEASES (continued)



165 Pleasant Ave, Scarborough – 27,500 SF
Leased by Grow Technology



1000 Riverside Street, Portland – 15,500 SF
Leased by Allagash International



Quarry Road & Read Street, Portland – 277,325± SF
Renewal by NEPW

Forecast 2012

- Current Significant Vacancies
- Economic/Market Impacts
- Lending Environment
- Predictions

Forecast 2012

Significant Vacancies



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



765 Warren Avenue, Portland
157,000 SF



866 Spring Street, Westbrook
33,500 SF

Forecast 2012

Significant Vacancies (continued)



**2301 Congress Street, Portland
79,925 SF**



**9 Laurence Drive, Gorham
55,375 SF**



**235 Presumpscot Street, Portland
43,538 SF**

The Economy/Market

Positive and Negative Impacts on the Market

- Manufacturing indexes are on the rise
- Unemployment rates continue to fall
- Stock market fluctuations lead to market confusion & indecision
- Political maelstrom creates further hesitancy
- Confidence problem!

Lending Environment

- Money is Available
- Lowest Interest Rates in Decades
- Significant Down Payments Still Required
- CDC-504 - Attractive Option for Owner/Users

Predictions

- In particular areas, Landlords regain leverage against Tenants in 2012
- Lease rates plateau and may tick up
- New construction/speculative building remains stagnant with one exception (Spring Hill, Saco)
- Cap rates stabilize and actually decrease due to lack of quality inventory
- It's very good to be an owner/user in 2012!

Conclusion

- Current Greater Portland vacancy rate of 7.3% compares favorably to the region & nation
- Positive signs in early 2011 were marred by stock market fluctuations in the fall
- Bullish users get great value in 2012



THANK YOU



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