

Industrial Market Review & 2020 Forecast

Greater Portland



NAI The Dunham Group



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Welcome & Thanks

Presentation Outline

- **Industrial Market Survey**

- Vacancy & CAP Rates
- Sale & Lease Prices

- **A Look Back at 2019**

- Local Trends & Anecdotes
- Significant Transactions
- National & Regional Reports

- **Forecast 2020**

- Significant Vacancies
- “Q&A”/Predictions

2020 Industrial Market Survey

Greater Portland Industrial Market Survey

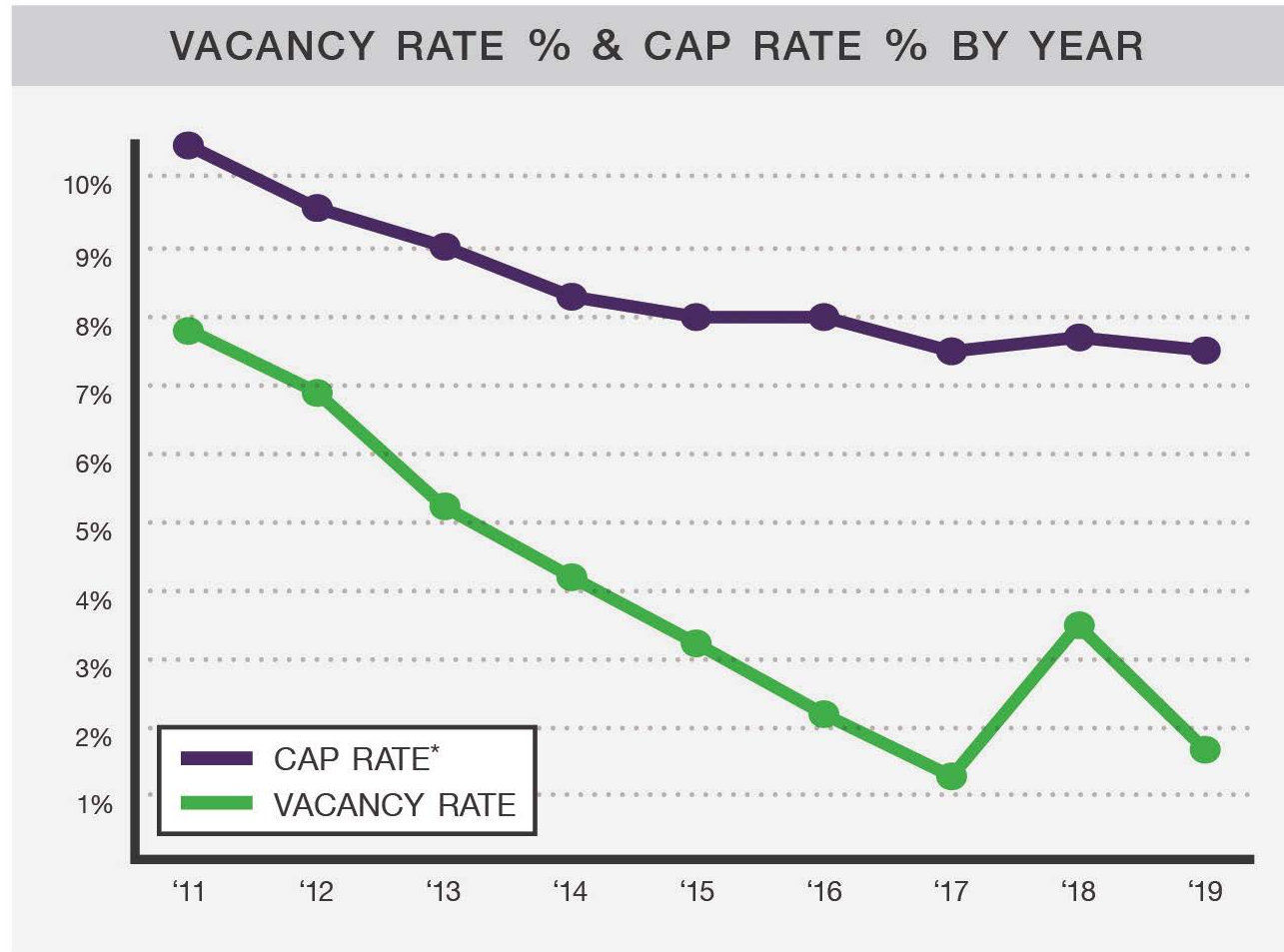
(see Appendix for detailed breakdown)

Total Number of Buildings:	593
Total Market Size:	19,139,736± SF¹
Direct Vacancy:	352,552± SF²
Total Vacancy Rate:	1.84%

¹ Totals as of December 2019 per NAI The Dunham Group Industrial Market Survey

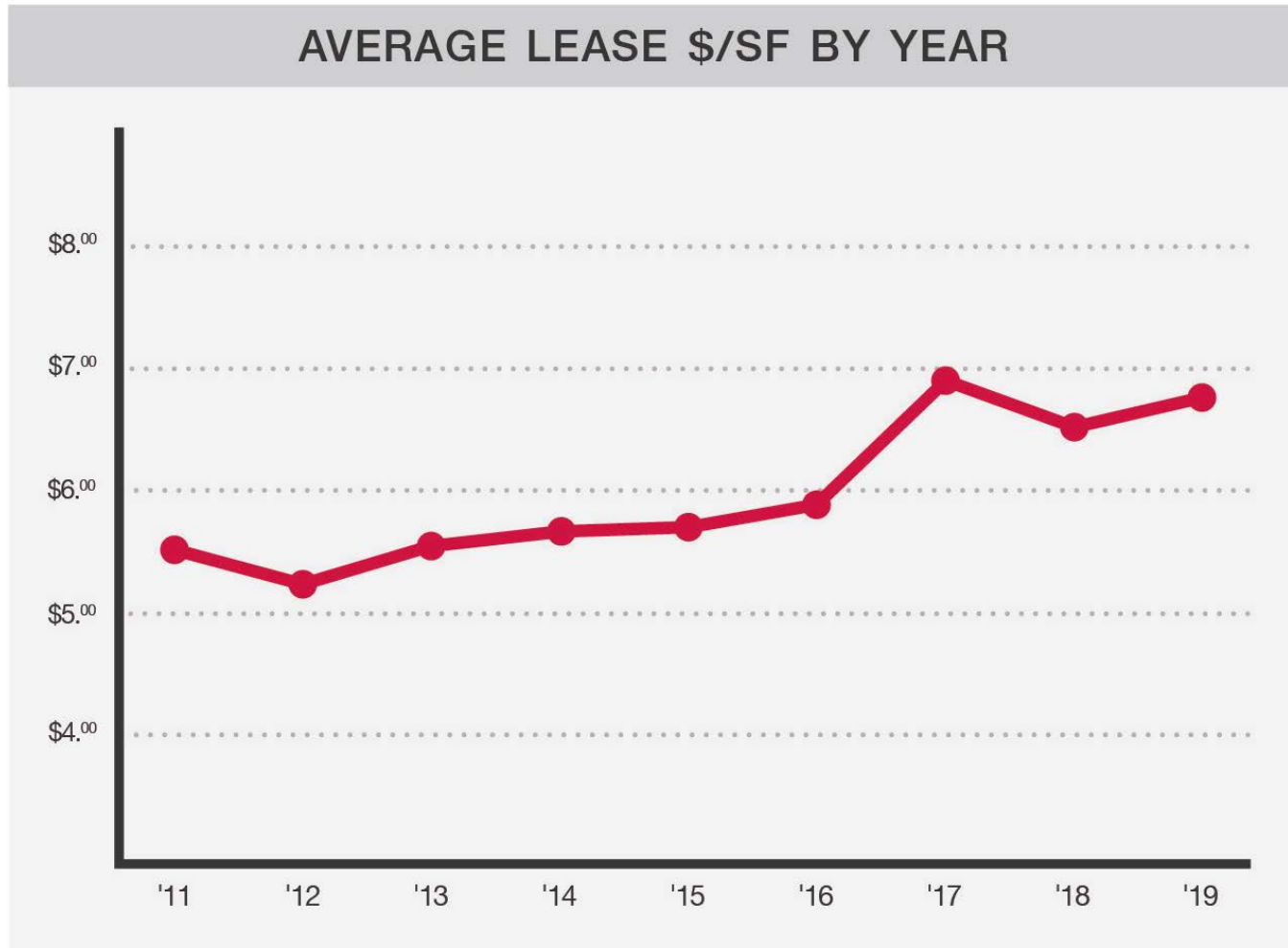
² Totals as of December 2019 per New England Commercial Property Exchange

2020 Greater Portland Industrial Market Survey



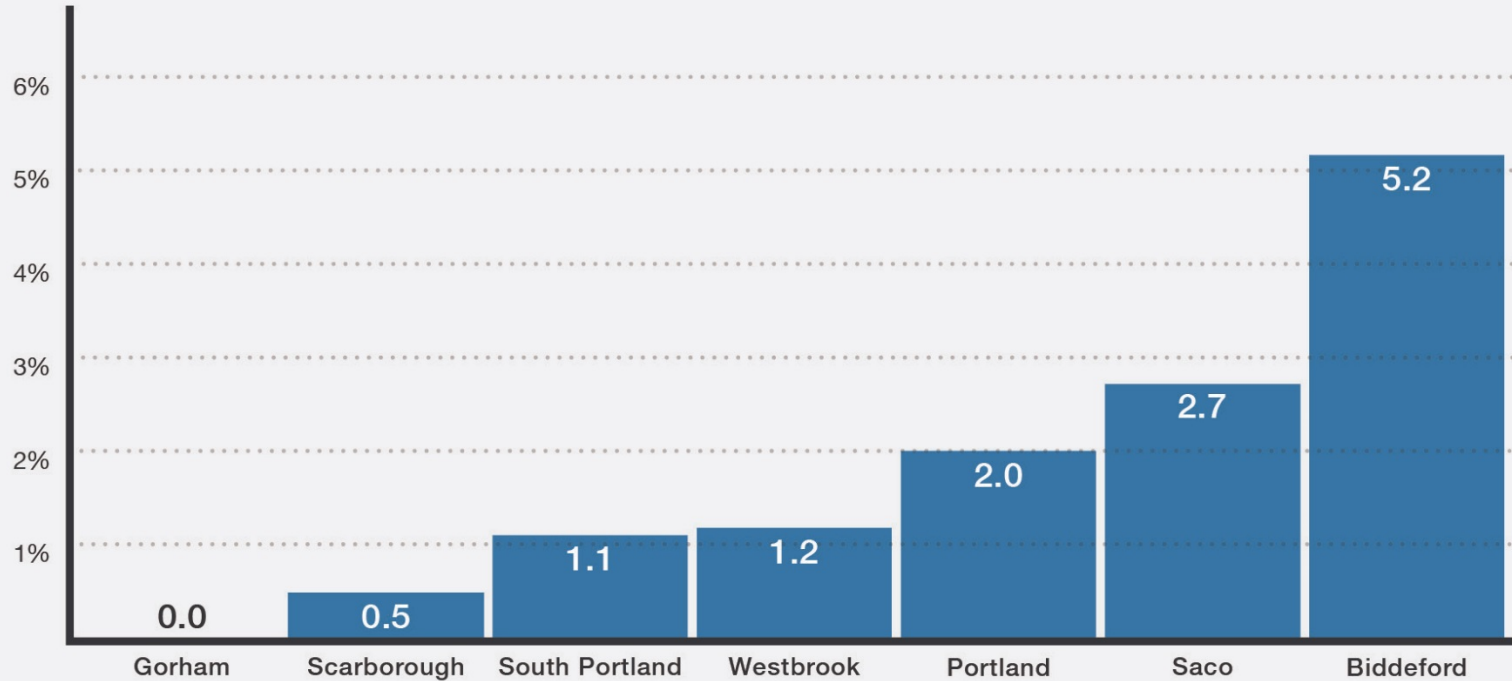
*Estimate based on available data/anecdotal evidence

2020 Greater Portland Industrial Market Survey

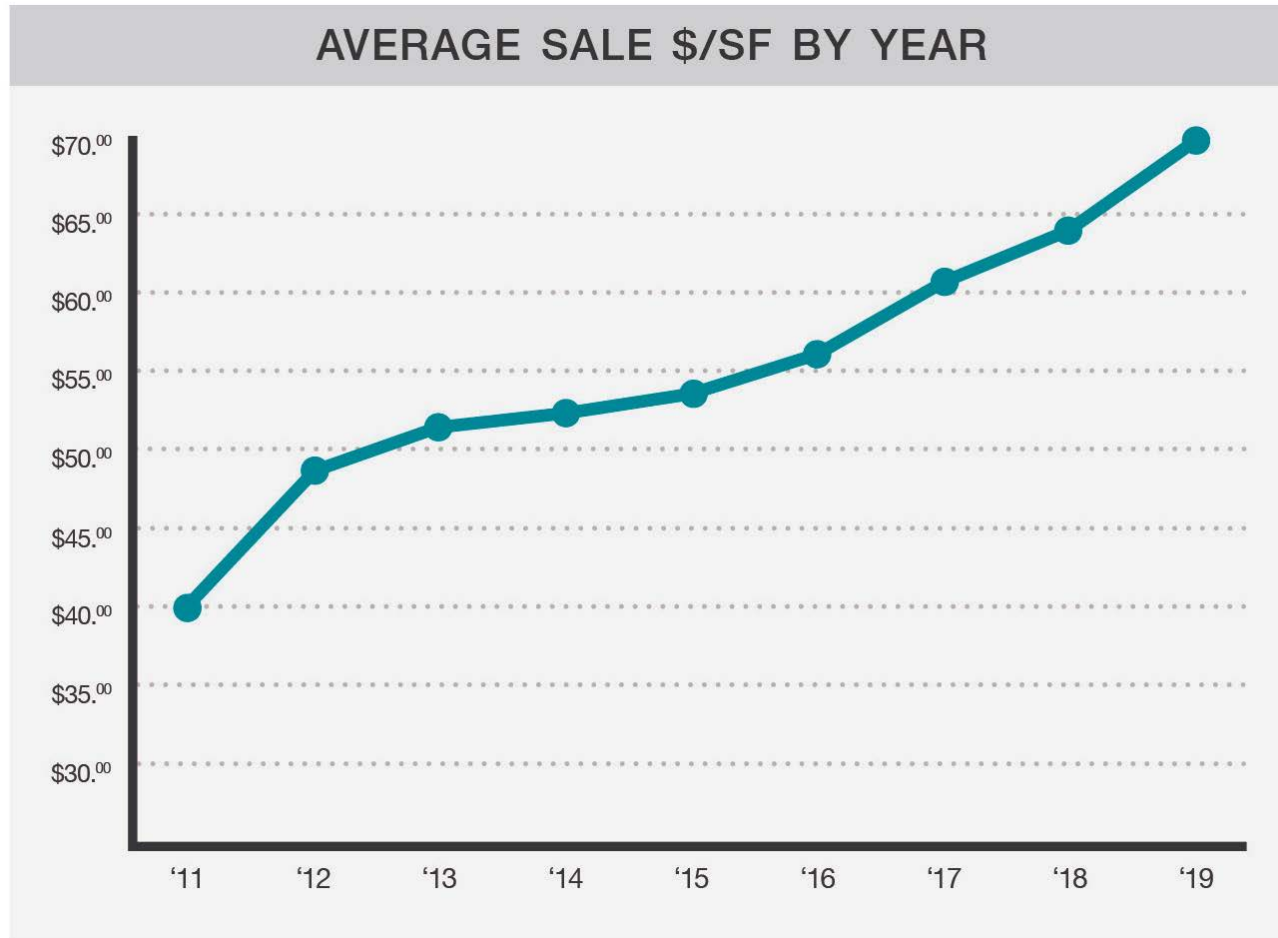


2020 Greater Portland Industrial Market Survey

VACANCY RATE % BY CITY/TOWN



2020 Greater Portland Industrial Market Survey



A Look Back at 2019

A Look Back at 2019...

Stop me if you've heard this...

- Critically low inventory
- Landlord's have all the leverage – can be selective
- Off-market and early-to-market deals common
- Multiple offers and interest (end-users vs. speculative investors)
- Economic development & job growth issue

A Look Back at 2019...

New Construction Update

- Lease prices increase...as do construction costs
- Speculative development & financing is limited
- Timing / Lack of “vision” is a challenge
- The development “process” is intimidating
- Innovation District - Scarborough Downs



A Look Back at 2019...

New Construction Projects



1016 Route One, Saco
52,000 SF
Ready Seafood



19 Mill Brook Road, Saco
20,000 SF
Precision Millwork



600 County Road, Westbrook
20,000 SF
Mast Landing Brewing



Industrial Park Road, Saco
34,405 SF
A. Duie Pyle



31 Haigis Parkway, Scarborough
33,000 SF
Foley's Fitness



24 Mill Brook Road, Saco
14,000 SF
ASHLEYLaurenKerr



Industrial Park Road, Saco
25,000 SF,
Dennis Burke



49 Raceway Drive, Gorham
79,000 SF
Harvey Performance (Helical)

A Look Back at 2019...

Transactional Activity

- Sales/Lease values up – Transactional *volume* dramatically down
 - Dunham Group Industrial Transactions (sales/leases) *down* 49% in 2019
 - Dunham Group Industrial Transactional Value (sales/leases) *up* 15% in 2019
- Investment property in high demand
- Small-medium sized Tenants highest demand = most competition
- Aggressive & market-aware end-users winning deals
- Recreational marijuana cultivation finally given direction

A Look Back at 2019...

Significant Lease Transactions



15 Saunders Way, Westbrook
Leased by Aero Heating & Ventilating
30,000 SF



6 Lincoln Avenue, Scarborough
Light Industrial/Laboratory
37,475 SF



**25 Washington Avenue,
Scarborough**
Leased by New England Tech Air
20,000 SF



125 Industrial Way, Portland
Subleased by Eimskip (from Office Max)
100,600 SF

A Look Back at 2019...

Significant Sale Transactions



48 Spiller Drive & 600 County Road, Westbrook
162,580 SF total, Purchased by Spiller Drive, LLC
Investment - \$11,500,000



29 Sanford Drive, Gorham
21,360 SF, Purchased by Berzinis Realty, LLC
Investment - \$1,750,000



53 Wallace Avenue, South Portland
36,705 SF, Purchased by 53 Wallace, LLC
Investment - \$3,140,000



1 Runway Road, South Portland
71,000 SF, Purchased by M&M Ventures
Investment - \$2,050,000

A Look Back at 2019...

Significant Sale Transactions



47 Spring Hill Road, Saco
17,348 SF, Purchased by
47 Spring Hill Road, LLC
Owner/User - \$1,495,000



1 Lincoln Street, South Portland
40,500 SF total, Purchased by
1 Lincoln, LLC
Investment - \$3,210,000



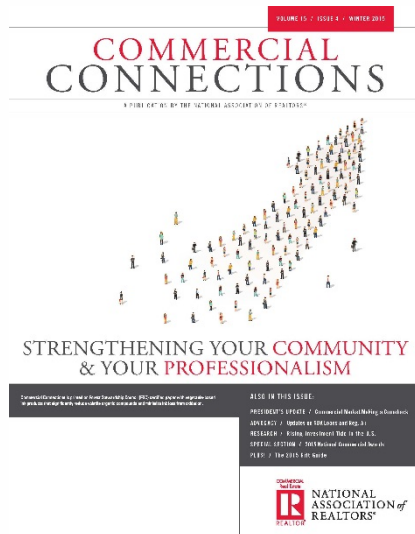
378 Presumpscot Street, Portland
18,200 SF, Purchased by 3
78 Presumpscot Street, LLC
Investment - \$1,675,000



142 Presumpscot Street, Portland
16,480 SF, Purchased by SJ Bruni, LLC
Investment - \$2,000,000

National & Regional Reports

- More stability - continued added inventory
- eCommerce/distribution continues to lead the way
- Highest investment returns of any sector (NCREIF Property Index)



Forecast 2020

Forecast 2020

Significant Vacancies



**203 Read Street
Portland**
20,000 – 167,154 SF



**1 Runway Road
South Portland**
30,000 – 59,665 SF



**Innovation District
The Downs, Scarborough**
Up to 100,000 SF



**5 Bradley Dr.
Westbrook**
126,072 SF



**20 Morin St.
Biddeford**
52,000 SF



**413-419 Presumpscot Street,
Portland**
16,000 SF

Forecast 2020

Predictions

- Smaller/Original (3-4k SF+-) med-cannabis spaces close
- Vacancy rates increase
- Secondary markets continue to prosper
- Additional industrial-zoned land will be presented
- Continued pressure from quasi-retail/industrial uses

Forecast 2020

Questions

- Who should build and what?
- What's the latest with craft-brewing?
- Where is the "next" hot location for industrial?
- What advice for tenants and/or buyers?

Super Bowl 2021



THANK YOU



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APPENDIX : INVENTORY RESULTS

Parks/Clusters	Total Buildings	Building SF	Available SF	Vacancy Rate
Airport Industrial Park	22	444,913	0	0.0%
Alfred Road Industrial Park	9	131,628	0	0.0%
Biddeford Industrial Park	10	796,002	0	0.0%
Colonel Westbrook	16	536,978	0	0.0%
County Road Business Park	9	239,462	18,950	7.91%
Evergreen Business Park	23	403,655	0	0.0%
Five Star Industrial Park	27	1,312,297	13,720	1.05%
Gorham Industrial Park	39	944,606	0	0.0%
Jetport Business Park	3	56,266	0	0.0%
Pinetree Industrial Park	7	238,948	0	0.0%
Pleasant Hill	56	1,656,130	12,000	0.72%
Presumpscot Street	22	438,676	18,522	4.22%
Riverside Industrial Park	27	801,886	23,000	2.87%
Riverside Street	43	956,228	12,200	1.28%
Rumery Park	19	1,129,149	28,800	2.55%
Saco Industrial Park	58	1,499,918	41,082	2.74%
Scarborough Industrial Park	34	765,519	1,800	0.24%
Walter Nielsen	7	538,920	0	0.0%
Warren Avenue	38	943,646	0	0.0%
Miscellaneous/Clusters	124	5,304,909	182,478	-

City/Town	Total Buildings	Building SF	Available SF	Vacancy Rate	Avg. Asking Lease Rate
Biddeford	53	2,004,685	105,298	5.2%	\$5.25/SF NNN
Gorham	41	1,006,384	0	0.0%	N/A
Portland	228	6,430,850	127,346	2.0%	\$8.25/SF NNN
Saco	58	1,390,278	41,082	2.7%	\$7.25/SF NNN
Scarborough	93	2,535,710	13,800	0.5%	\$6.95/SF NNN
South Portland	50	2,810,204	32,356	1.1%	\$5.75/SF NNN
Westbrook	70	2,747,722	32,670	1.2%	\$6.50/SF NNN

GRAND TOTAL

Total Buildings	Total Market Size	Total Available SF	Vacancy Rate	Average Lease Rate
593	19,139,736	352,552	1.84%	\$6.78