

Industrial Market Review & 2021 Forecast

Greater Portland



NAI The Dunham Group



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Welcome & Thanks

Presentation Outline

- **A Look Back at 2020**
- **Transactional Report (sales and leases)**
- **Industrial Market Survey Results**
 - Vacancy & CAP Rates
 - Sale & Lease Prices
 - National & Regional Reports
- **Forecast 2021**
 - Significant Vacancies
 - “Q&A”/Predictions

A Look Back at 2020

By: Justin Lamontagne, CCIM, SIOR

A Look Back at 2020...

Where were we in February, pre-Covid?

- Low inventory – steady demand
- New construction projects underway and in planning
- Pricing increasing but not dramatically
- Industrial businesses and manufacturers doing well – strong economy
- No signs of our decade-long bull run ending...

A Look Back at 2020...

The Great Pause – March & April 2020

- All commercial sectors (all the world?) paused
- Deals that were close to being executed were delayed
- New construction permitting/approvals all but stopped
- Financing became a huge question mark as PPP loans became priority
- Four-week± period / Quarantine time... feeling of helplessness

A Look Back at 2020...

Hope: the importance of the Industrial Sector

- Maine-based manufacturers early to pivot
 - Personal Protective Equipment – face masks, shields plexiglass, Sanitizers, Q-tips
- “Essential businesses” were defined
 - Food production, utilities, manufacturing, distribution, etc.
- International supply chain issues leads to on-shoring of work/jobs
- Life Science: literally saving lives (Abbott Labs, IDEXX, Puritan, Jackson Labs, MDI, MMC, BioME... all “industrial”)

A Look Back at 2020...

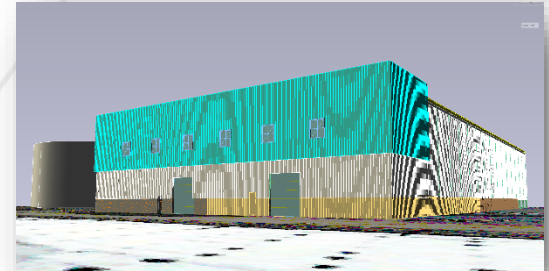
A return to “normalcy” today

- Low inventory – steady demand
- Landlord's have all the leverage – can be selective
- Dramatically escalating pricing in both sales and leasing
 - End-users vs. speculative investors
- Small-medium sized spaces remain highly competitive
- Some larger vacancies but steady interest
- Transactional value (total gross sales and leases) sets record in 2020

A Look Back at 2020...

New Construction Update

- Several build-to-suit opportunities
- Flexible spaces in development
- Timing / Lack of “vision” is a challenge
- The development “process” is intimidating
- Innovation District model being replicated



A Look Back at 2020...

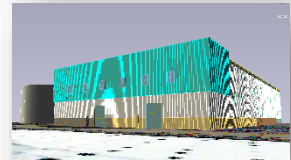
Build-to-suit Offerings



955 Portland Road, Saco
1,500 – 127,000 SF
NAI The Dunham Group



The Downs, Scarborough
4,000 - 8,000 SF
NAI The Dunham Group



1 Lincoln Street, South Portland
14,250 - 57,000 SF
NAI The Dunham Group



45 Industrial Park Road, Saco
160,000 SF
The Boulos Company



60 Hutcherson Drive, Gorham
42,000 SF
Malone Commercial Brokers



91 Industrial Way, Portland
4,000 – 17,600 SF
The Boulos Company



56 Milliken Street, Portland
36,000 – 72,000 SF
The Boulos Company



18 Willey Road, Saco
5,040 SF
NAI The Dunham Group



2401 Broadway, South Portland
1,500 – 25,500 SF
KRE Brokerage Group



US Route One, Freeport
2,500 – 40,000 SF
Malone Commercial Brokers

Transactional Report

By: Sam LeGeyt

Transactional Report

Significant Lease Transactions



921 Riverside Street, Portland – 25,000 SF
Confidential Food Producer (non-cannabis)
NAI The Dunham Group/Catlin Commercial



9 Laurence Drive, Gorham – 23,876 SF
Cubicle Solutions, Inc.
NAI The Dunham Group/The Boulos Company



40 Quarry Road, Portland – 69,860 SF
Kerry Inc.
NAI The Dunham Group/Jones Lang LaSalle



52 Canco Road, Portland – 19,032 SF
USIC, LLC
NAI The Dunham Group/Carmen Real Estate

Transactional Report

Significant Sale Transactions



5 Bradley Drive, Westbrook

126,072 SF - Purchased by
North River Roque, LLC

Investment - \$22,750,000

NAI The Dunham Group/The Boulos Company



203 Read Street, Portland

160,608 SF - Purchased by 187-209 Read Street, LLC

Investment - \$10,000,000

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7 Rand Road, Portland

242,000 SF - Purchased by
Brockway-Smith Company

Owner/User - \$12,800,000

NAI The Dunham Group/The Boulos Company



23 Washington Avenue, Scarborough

46,000 SF - Purchased by Washington 23, LLC

Investment - \$3,600,000

NAI The Dunham Group/F.O. Bailey

Transactional Report

Significant Sale Transactions



31 Diamond Street, Portland

22,700 SF, Purchased by 31 Diamond Street, LLC

Investment - \$2,500,000

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17 Gorham Industrial Parkway, Gorham

14,250 SF, Purchased by Wyatt Properties, LLC

Investment/User - \$1,450,000

Malone Commercial Brokers



10 Southgate Road, Scarborough

111,590 SF, Purchased by Abbott Diagnostics

Scarborough, Inc.

Owner/User - \$16,950,000

The Boulos Company/CBRE



557 Riverside Street, Portland

11,688 SF, 3 Buildings, Purchased by Sleepy

Hollow Development, LLC

Investment - \$1,350,000

NAI The Dunham Group

2021 Greater Portland Industrial Market Survey Results

By: Sam LeGeyt

2021 Greater Portland Industrial Market Survey

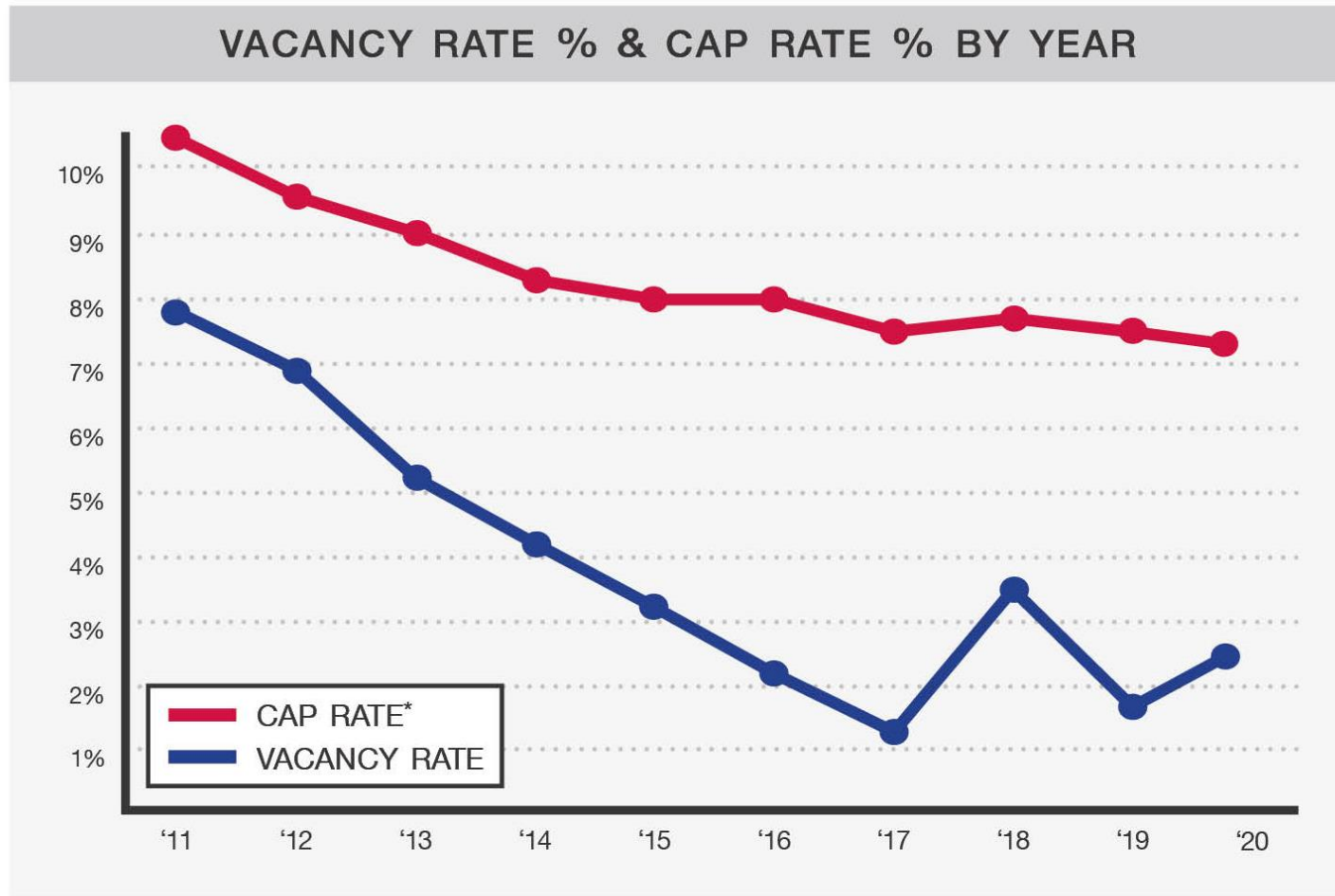
(see Appendix for detailed breakdown)

Total Number of Buildings:	649
Total Market Size:	20,209,340± SF¹
Direct Vacancy:	493,695± SF²
Total Vacancy Rate:	2.44%

¹ Totals as of December 15, 2020 per NAI The Dunham Group Industrial Market Survey

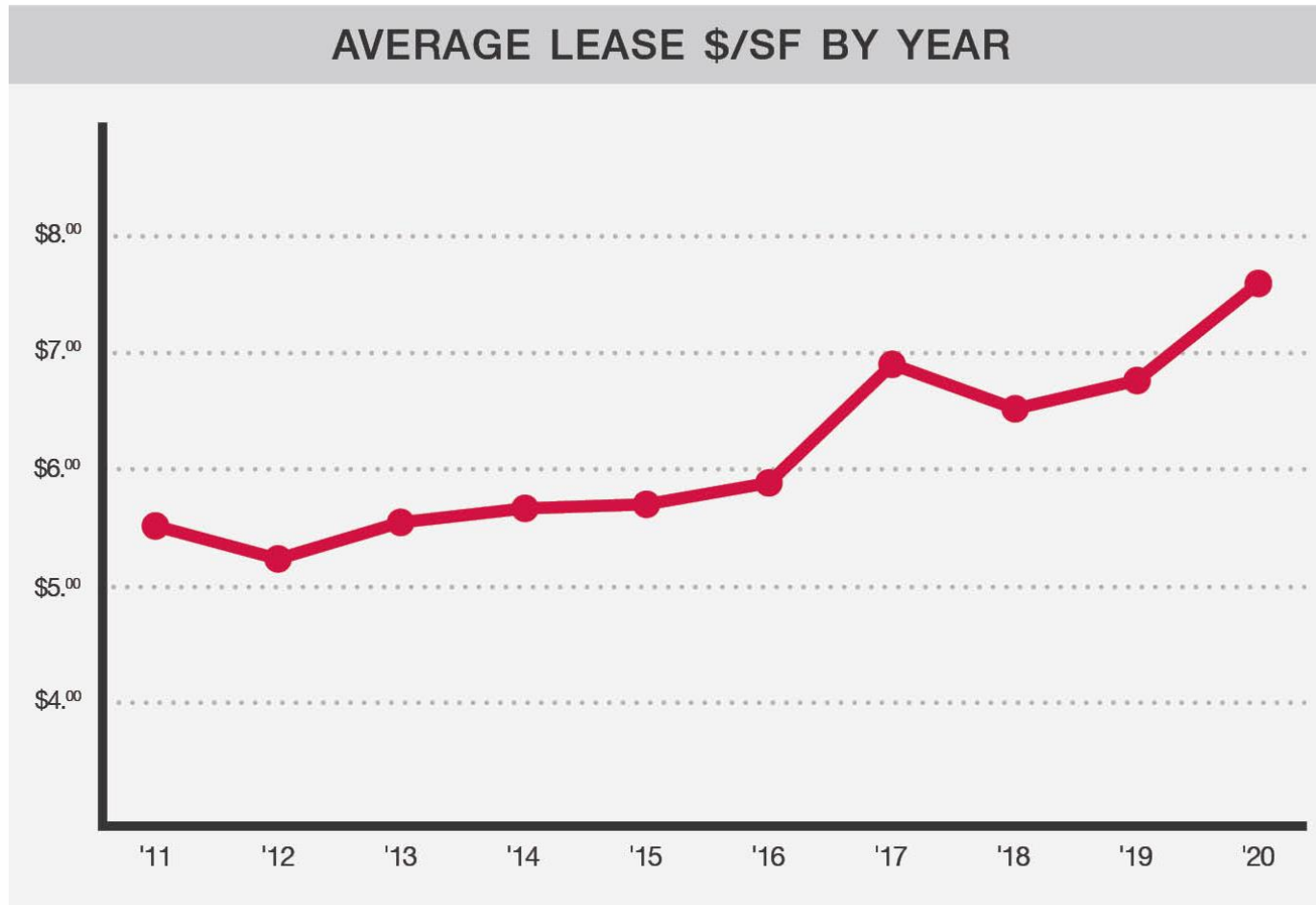
² Totals as of December 15, 2020 per New England Commercial Property Exchange

2021 Greater Portland Industrial Market Survey

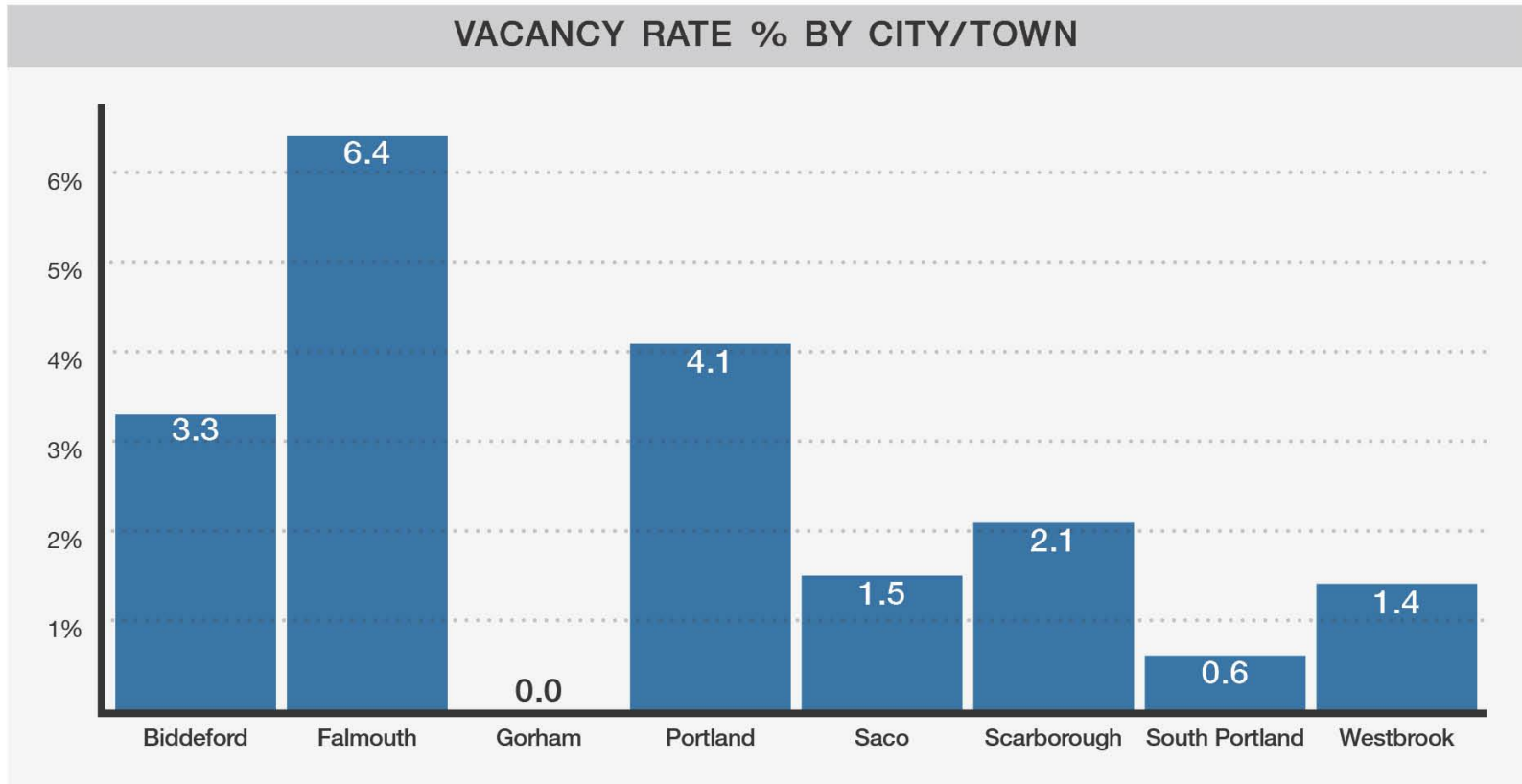


*Estimate based on available data/anecdotal evidence

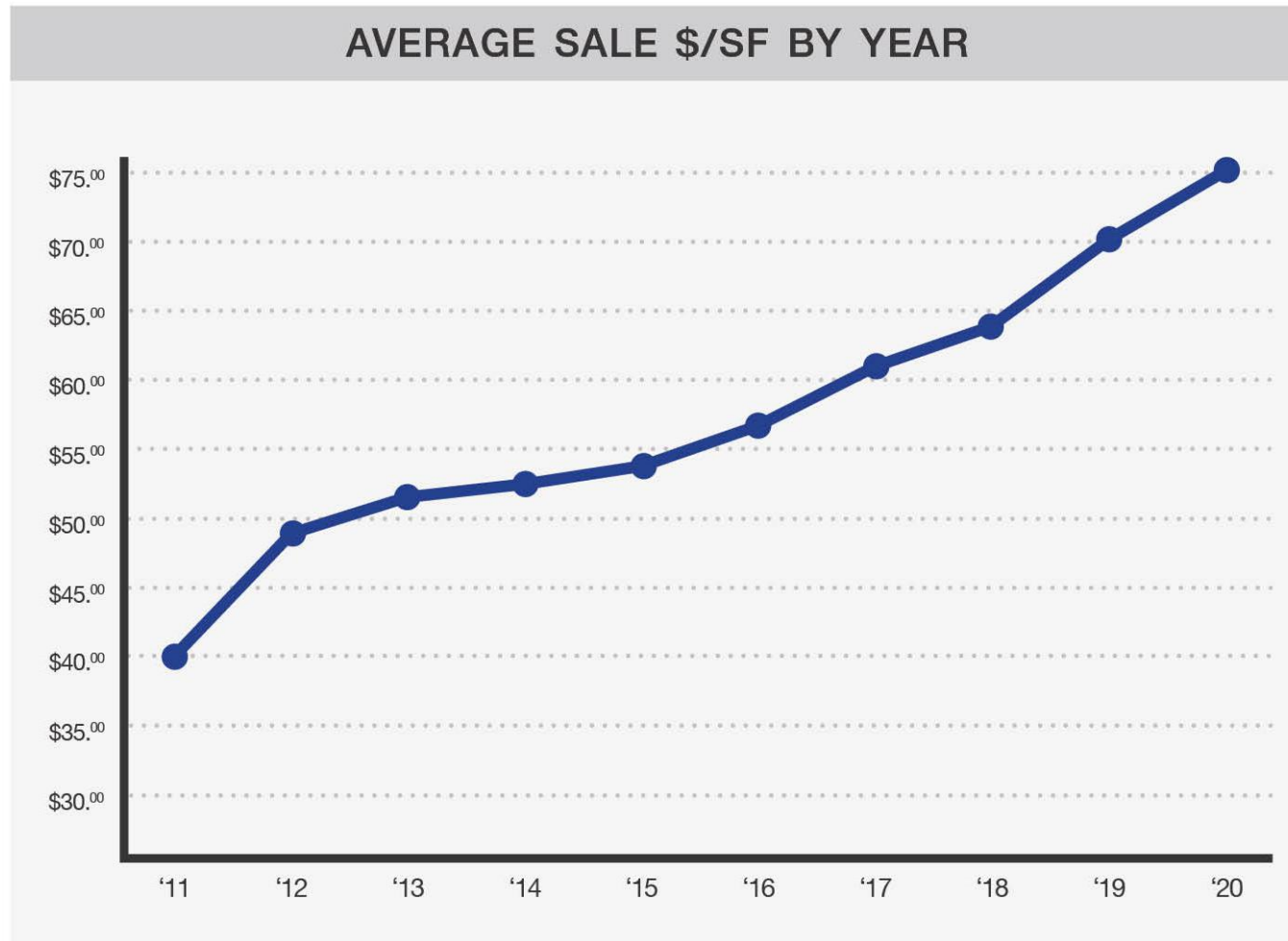
2021 Greater Portland Industrial Market Survey



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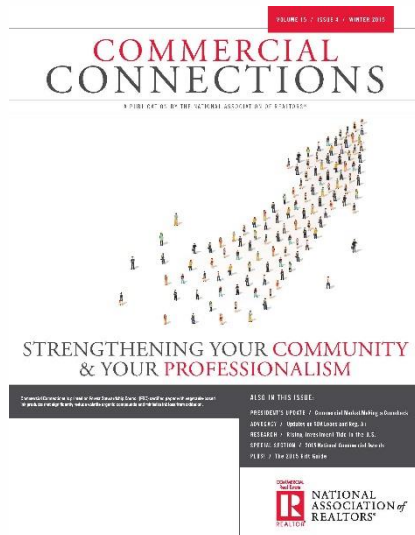


2021 Greater Portland Industrial Market Survey



National & Regional Reports

- Adding inventory at record pace
- eCommerce/distribution leads but Life Sciences impacting
- Highest investment returns of any sector (NCREIF Property Index)
- Manufacturing poised for growth



Forecast 2021

By: Justin Lamontagne, CCIM, SIOR

Forecast 2021

Significant Vacancies



203 Read Street, Portland
20,000 – 167,154 SF
NAI The Dunham Group



**290 Presumpscot Street,
Portland**
39,900 SF
The Boulos Co.



20 Morin Street, Biddeford
52,000 SF
NAI The Dunham Group



**23 Washington Avenue,
Scarborough**
15,000 – 46,000 SF
NAI The Dunham Group



565 Elm Street, Biddeford
32,356 SF
NAI The Dunham Group



**52 City Line Drive,
Portland**
15,920 SF
Porta & Co.

Forecast 2021

Predictions

- Life Science sector continues to grow and attract from out of state
- Vacancy rates stable
- Pricing stabilizes as we reach ever so close to replacement costs
- Secondary markets continue to prosper (mid-Coast, L/A, Bangor)
- Expanded industrial-zoned land and/or code modifications (big box retail?!)
- Retail/hospitality workers discover high-end manufacturing jobs

Forecast 2021

Questions

- What are the negative trickle-down effects from this pandemic?
- What's next for cannabis and could there be vacancies?
- How is craft-brewing doing and can they hold on?
- Will the political turnover hinder economic growth?
- Who will be the Patriots QB in 2021?!?

THANK YOU



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APPENDIX : INVENTORY RESULTS

Parks/Clusters	Total Buildings	Building SF	Available SF	Vacancy Rate	Indirect SF	Indirect Vacancy
Airport Industrial Park	22	444,913	7,500	1.69%	0	0.00%
Alfred Road Industrial Park	9	129,994	0	0.00%	0	0.00%
Biddeford Industrial Park	10	796,805	0	0.00%	52,000	6.53%
Colonel Westbrook	17	542,973	31,000	5.71%	0	0.00%
County Road Business Park	9	239,462	0	0.00%	0	0.00%
Evergreen Business Park	24	438,527	3,000	0.68%	0	0.00%
Five Star Industrial Park	27	1,308,169	7,200	0.55%	0	0.00%
Gorham Industrial Park	39	949,391	0	0.00%	14,522	1.53%
Jetport Business Park	3	55,946	15,920	28.46%	0	0.00%
Mill Brook Business Park	6	114,740	0	0.00%	0	0.00%
Pinetree Industrial Park	7	238,948	0	0.00%	0	0.00%
Pleasant Hill - Scarborough	45	921,907	0	0.00%	0	0.00%
Pleasant Hill - South Portland	11	412,713	0	0.00%	0	0.00%
Presumpscot Street	22	439,008	0	0.00%	39,900	9.09
Riverside Industrial Park	28	814,320	0	0.00%	0	0.00%
Riverside Street	46	989,588	25,308	2.56%	0	0.00%
Rumery Park	20	1,113,034	0	0.00%	0	0.00%
Saco Industrial Park	52	1,430,825	25,900	1.81%	12,062	0.84%
Scarborough Industrial Park	34	722,419	46,459	6.43%	0	0.00%
Walter Nielsen - Scarborough	6	463,330	0	0.00%	0	0.00%
Walter Nielsen - South Portland	2	27,848	0	0.00%	0	0.00%
Warren Avenue - Portland	28	696,537	0	0.00%	0	0.00%
Warren Avenue - Westbrook	11	282,694	0	0.00%	0	0.00%
Miscellaneous/Clusters	171	6,635,249	331,408	4.99%	0	0.00%

City/Town	Total Buildings	Building SF	Available SF	Vacancy Rate	Indirect SF	Indirect Vacancy	Avg. Asking Lease Rate
Biddeford	54	2,003,367	67,218	3.3%	52,000	2.56%	\$6.00/SF NNN
Falmouth	10	134,112	8,578	6.4%	0	0.00%	\$9.00/SF NNN
Gorham	56	1,352,174	0	0.0%	14,522	1.07%	\$6.75/SF NNN
Portland	247	7,068,574	290,196	4.1%	39,900	0.56%	\$8.50/SF NNN
Saco	60	1,736,565	25,900	1.5%	12,062	0.69%	\$7.25/SF NNN
Scarborough	94	2,227,734	46,459	2.1%	0	0.00%	\$7.25/SF NNN
South Portland	56	2,938,163	17,144	0.6%	0	0.00%	\$6.25/SF NNN
Westbrook	72	2,718,641	38,200	1.4%	0	0.00%	\$7.00/SF NNN

GRAND TOTAL

Total Buildings	Total Market Size	Total Available SF	Vacancy Rate	Indirect SF	Indirect Vacancy	Avg. Lease Rate
649	20,209,340	493,695	2.44%	118,484	0.59%	\$7.65