

Greater Portland Industrial Market Review & 2022 Forecast



Justin Lamontagne, CCIM, SIOR
Partner | Designated Broker
justin@dunhamgroup.com



Sam LeGeyt
Associate Broker
sam@dunhamgroup.com



Welcome & Thanks

Presentation Outline

- **A Look Back at 2021**
- **Transactional Report (sales and leases)**
- **Industrial Market Survey Results**
 - Vacancy & CAP Rates
 - Sale & Lease Prices
 - National & Regional Reports
- **Forecast 2022**
 - Significant Vacancies
 - Predictions & Questions

A Look Back at 2021

By: Justin Lamontagne, CCIM, SIOR

A Look Back at 2021...

Pandemic? What pandemic?

- 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.
- Life Science continues to grow and leverage world-wide needs
 - Abbott Labs, IDEXX, Puritan, Jackson Labs, MMC
- Web-economy great for the industrial market
 - Warehousing and shipping, last-mile demand

A Look Back at 2021...

The more things change...

- Dramatically escalating pricing in both sales and leasing
 - End-users vs. speculative investors
- Lease renewals challenged by definition of “market rate”
- Transactional *value* (total gross \$ sales and leases) sets record in 2021
- Transactional *volume* (total sales and leases) plateaus again
- Large end-users have limited to no options

A Look Back at 2021...

...the more they stay the same

- Critically low inventory – steady demand
- Landlord's have all the leverage – can be selective
- Cannabis and craft-brewing still impact the market
- Industrial businesses and manufacturers doing well – strong economy
- Small-medium sized spaces remain highly competitive

A Look Back at 2021...

New Construction!

- Innovation District sold-out
- Flexible and speculative spaces in development
- Good news: Nearly 500,000 SF of new inventory.
- Bad news: it's all been absorbed
- Innovation District model being replicated

Transactional Report

By: Sam LeGeyt

Transactional Report

Significant Lease Transactions



1 Eagle Drive, Sanford
85,640 SF leased to Volk Packaging
The Dunham Group



203 Read Street, Portland
167,154 SF leased to Bath Iron
Works
The Dunham Group



20 Morin Street, Biddeford
52,000 SF leased to Maine Lobster
Now
The Dunham Group/KRE Brokerage



165 Pleasant Avenue, South Portland
30,000 SF leased to Hannaford (ADUSA
Distribution)
The Dunham Group/Harnden Commercial



56 Milliken Street, Portland
200,000 SF lease renewals to
Paradigm Windows / Tyson Foods
The Boulos Company



**20 Pomerleau Street,
Biddeford**
27,800 SF leased to Atlantic Sea
Farms
The Dunham Group/Colliers

Transactional Report

Significant Sale Transactions



Union Wharf, Portland

10 Buildings, 3.3 Acres, 38,439±SF

Purchased by GMRI

Investment & Owner/User-
\$12,350,000

The Dunham Group/The Boulos Co.



15 Lund Road, Saco

83,059 SF - Purchased by Ironsides Sports Center, LLC

Investment - \$6,000,000

The Boulos Co. / Keller Williams



20 Morin Street, Biddeford

52,000 SF - Purchased by 20 Morin Street, LLC

Investment - \$4,975,000

The Dunham Group



151 St. John Street, Portland

31,718 SF

Purchased by North River Company, LLC

Investment - \$3,800,000

The Dunham Group



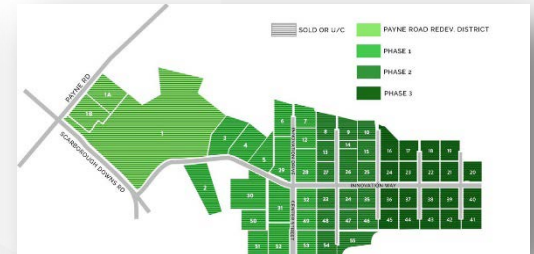
921 Riverside Street, Portland

25,000 SF

Purchased by Triple Shed Technology

Owner/User - \$3,100,000

The Dunham Group/Keller Williams



Innovation District at The Downs, Scarborough

53 Lots Sold, 61.62 Acres

\$16,700,000

The Boulos Co. / Multiple Firms

2022 Greater Portland Industrial Market Survey Results

By: Sam LeGeyt

2022 Greater Portland Industrial Market Survey

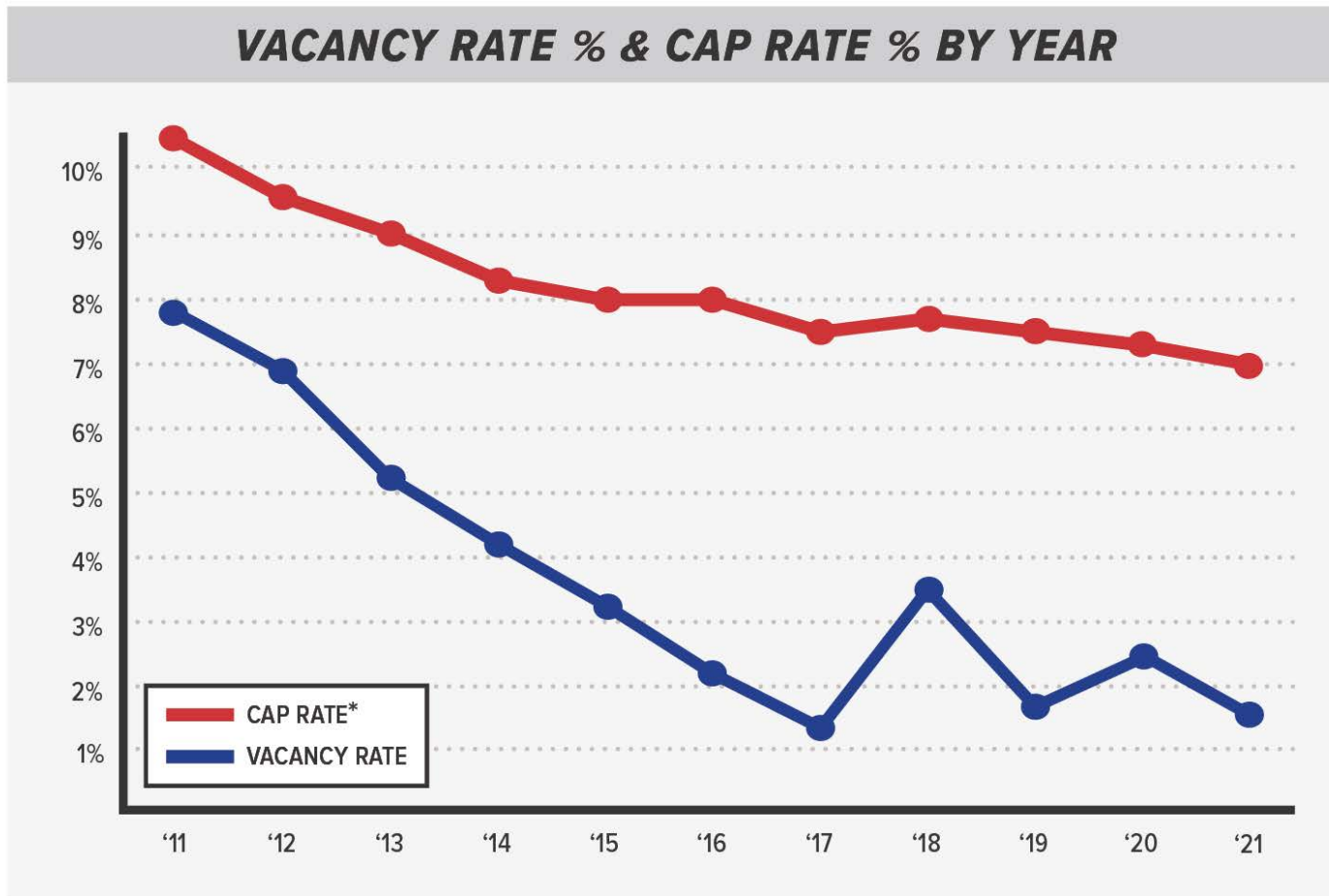
(see Appendix for detailed breakdown)

Total Number of Buildings:	670
Total Market Size:	20,679,032± SF¹
Direct Vacancy:	350,347± SF²
Total Vacancy Rate:	1.69%

¹ Totals as of December 1, 2021 per The Dunham Group Industrial Market Survey

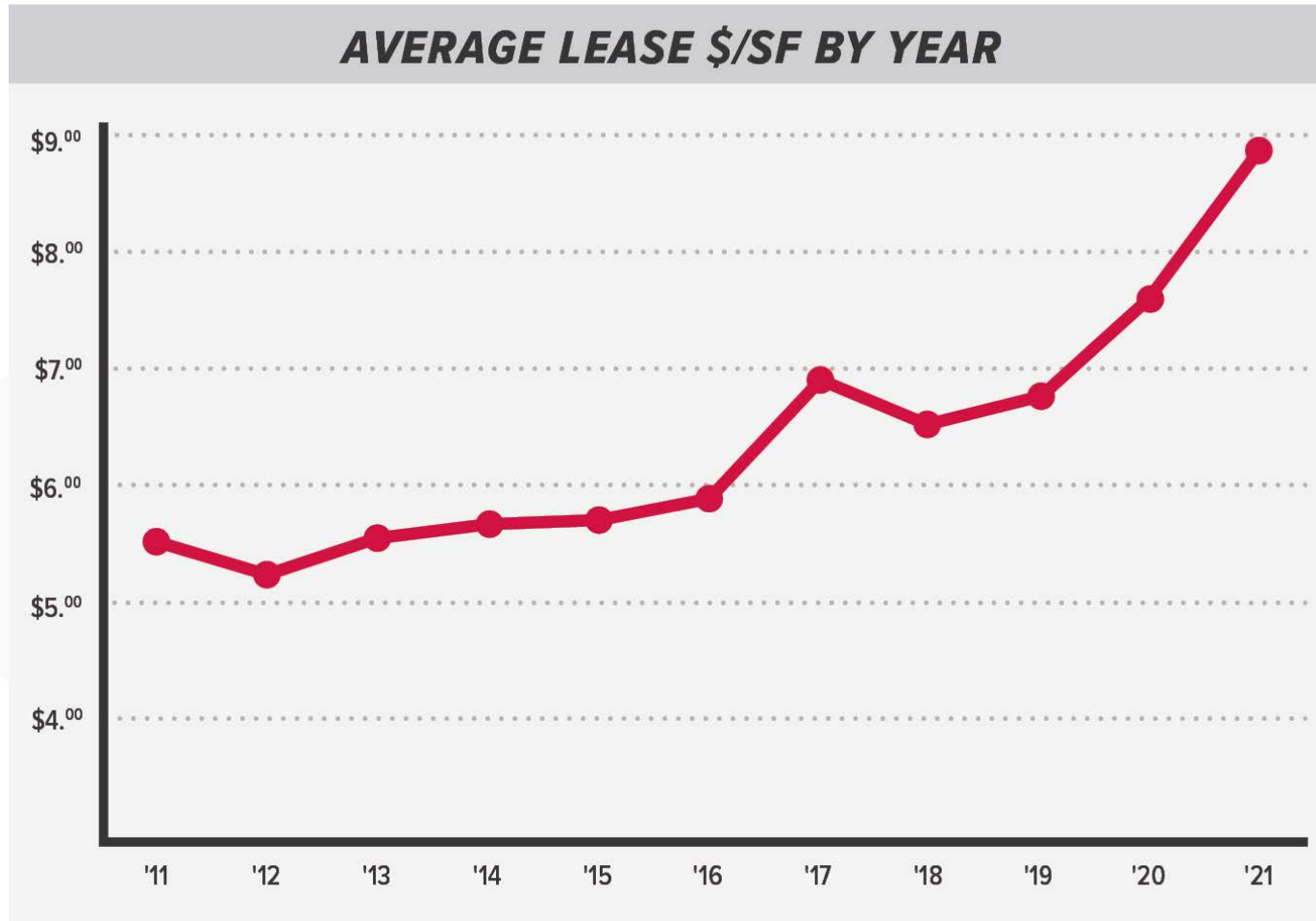
² Totals as of December 1, 2021 per New England Commercial Property Exchange

2022 Greater Portland Industrial Market Survey

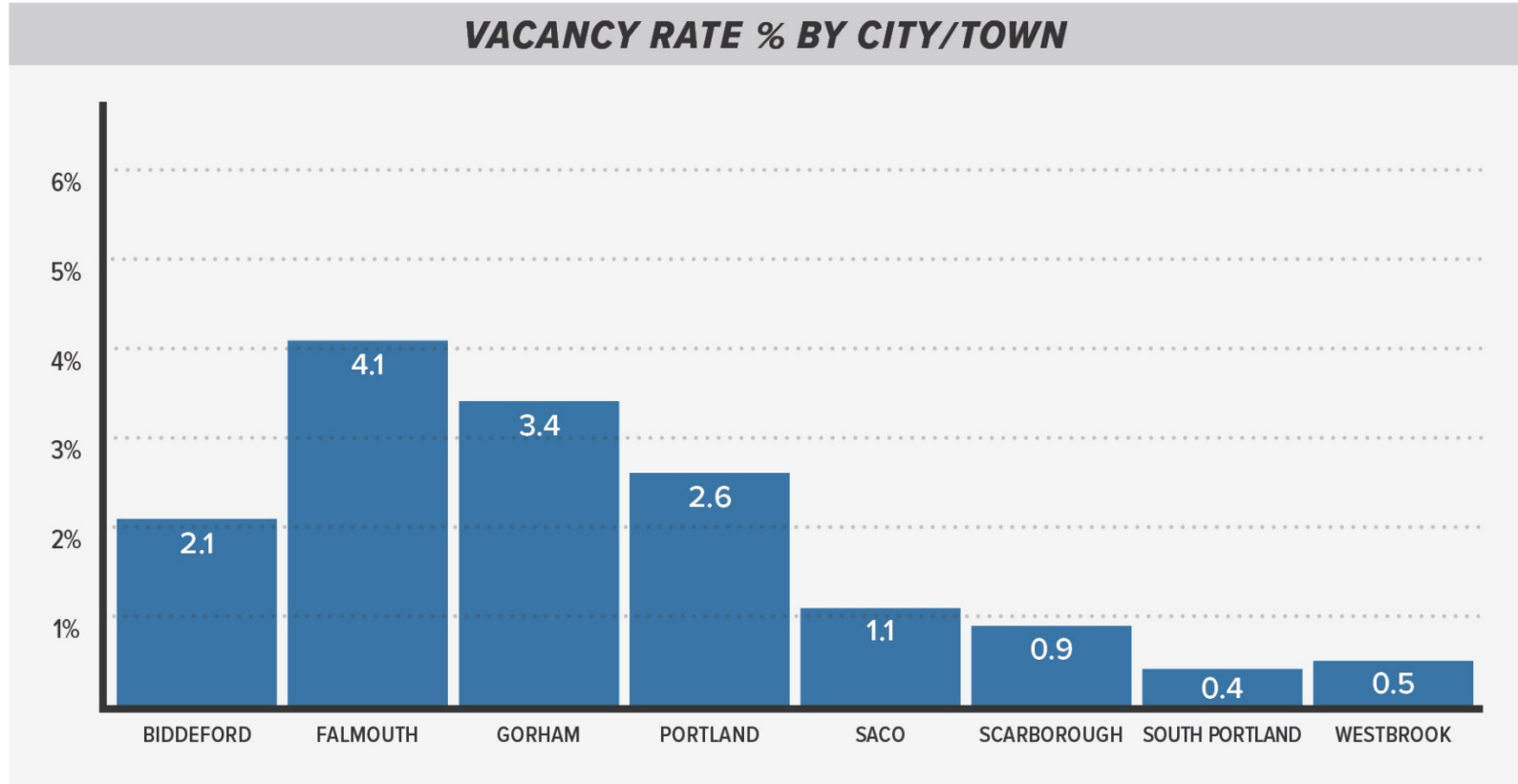


*Estimate based on available data/anecdotal evidence

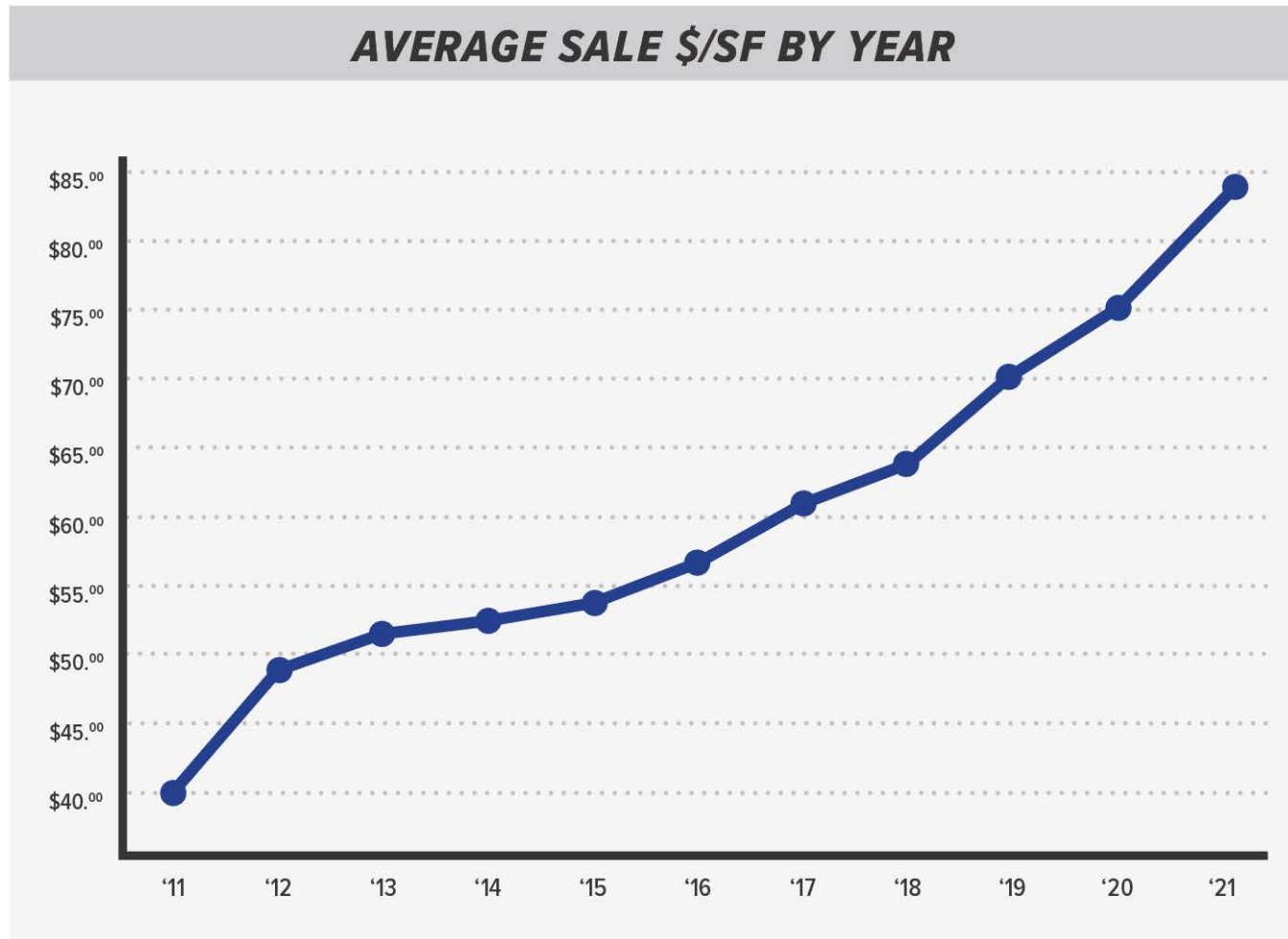
2022 Greater Portland Industrial Market Survey



2022 Greater Portland Industrial Market Survey

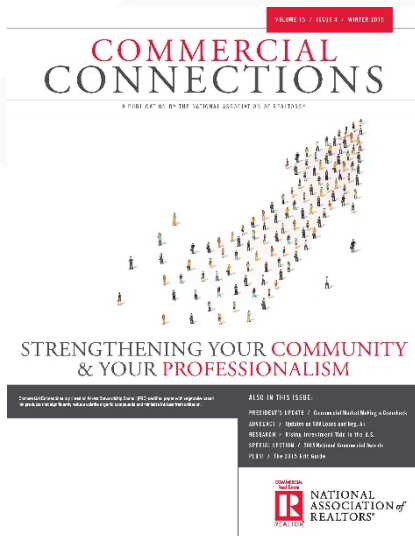


2022 Greater Portland Industrial Market Survey



National & Regional Reports

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



Forecast 2022

By: Justin Lamontagne, CCIM, SIOR

Forecast 2022

Significant Vacancies



**160 Presumpscot Street,
Portland**
21,600 SF
Malone Commercial Brokers



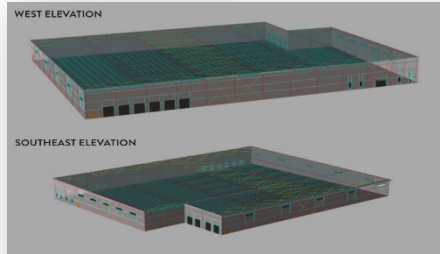
**290 Presumpscot Street,
Portland**
39,900 SF
The Boulos Co.



**37 Bartlett Road, Gorham
(Sale Pending)**
44,870 SF
Malone Commercial Brokers



90 Blueberry Road, Portland
50,000 SF
The Dunham Group



54 Milliken Street, Portland
68,088 SF (Built on spec)
The Boulos Company



45 Industrial Park Road, Saco
165,000 SF (under speculative
construction)
The Boulos Company

Forecast 2022

Predictions

- 1Q vacancy rates drop
- Craft-brewing craze slows due to lack of inventory
- Investment demand increases: lower cap % and higher risks
- Shift from a manufacturing and warehousing “just in time” thought-process to a “just in case” thought process

Forecast 2022

Predictions

- Owner/user \$ 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
- Overarching macro-economic questions / concerns have limited negative impact on the industrial sector



THANK YOU

The Dunham Group
10 Dana Street, Suite 400
Portland, ME 04101
www.dunhamgroup.com
207.773.7100

APPENDIX : INVENTORY RESULTS

Parks/Clusters	Total Buildings	Building SF	Available SF	Vacancy Rate	Indirect SF	Indirect Vacancy
Airport Industrial Park	22	444,913	0	0.00%	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%	0	0.00%
Colonel Westbrook	17	542,973	3,500	0.64%	0	0.00%
County Road Business Park	10	239,462	0	0.00%	0	0.00%
Evergreen Business Park	24	438,527	0	0.00%	0	0.00%
Five Star Industrial Park	27	1,308,169	9,600	0.73%	0	0.00%
Gorham Industrial Park	40	971,167	47,370	4.88%	0	0.00%
Innovation District	11	246,760	13,875	5.62%	0	0.00%
Jetport Business Park	3	55,946	0	0.00%	0	0.00%
Mill Brook Business Park	7	124,740	6,643	5.33%	0	0.00%
Pinetree Industrial Park	7	238,948	0	0.00%	0	0.00%
Pleasant Hill - Scarborough	43	935,196	0	0.00%	0	0.00%
Pleasant Hill - South Portland	11	412,713	0	0.00%	0	0.00%
Presumpscot Street	22	439,008	20,800	4.74%	39,900	9.09%
Riverside Industrial Park	29	882,408	74,178	8.41%	0	0.00%
Riverside Street	45	976,832	5,500	0.56%	0	0.00%
Rumery Park	20	1,113,034	0	0.00%	0	0.00%
Saco Industrial Park	53	1,438,025	12,200	0.85%	10,126	0.70%
Scarborough Industrial Park	34	722,419	7,500	1.04%	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	179	6,750,584	149,181	2.21%	35,760	0.53%

City/Town	Total Buildings	Building SF	Available SF	Vacancy Rate	Indirect SF	Indirect Vacancy	Avg. Asking Lease Rate
Biddeford	55	2,067,253	43,049	2.1%	0	0.00%	\$6.50/SF NNN
Falmouth	11	164,153	6,694	4.1%	0	0.00%	\$11.00/SF NNN
Gorham	59	1,381,750	47,370	3.4%	0	0.00%	\$7.75/SF NNN
Portland	249	7,148,344	188,916	2.6%	75,660	1.06%	\$9.25/SF NNN
Saco	62	1,753,765	18,843	1.1%	10,126	0.58%	\$8.25/SF NNN
Scarborough	104	2,487,783	21,375	0.9%	0	0.00%	\$11.50/SF NNN
South Portland	57	2,948,243	11,000	0.4%	0	0.00%	\$11.00/SF NNN
Westbrook	73	2,727,741	13,100	0.5%	0	0.00%	\$12.00/SF NNN

GRAND TOTAL

Total Buildings	Total Market Size	Total Available SF	Vacancy Rate	Indirect SF	Indirect Vacancy	Avg. Lease Rate
670	20,679,032	350,347	1.69%	85,786	0.41%	\$8.92