

2023 SOUTHERN MAINE Industrial Market Report & Forecast



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

Sam LeGeyt
Broker
sam@dunhamgroup.com



Welcome & Thanks

Presentation Outline

- **A Look Back at 2022**
- **Transactional Report (sales and leases)**
- **Industrial Market Survey Results**
 - Vacancy & CAP Rates
 - Sale & Lease Prices
 - National & Regional Reports
- **Forecast 2023**
 - Significant Vacancies
 - Predictions & Questions

A Look Back at 2022

By: Justin Lamontagne, CCIM, SIOR

A Look Back at 2022...

Another competitive year...

- Supply constraints
 - Five years of sub-3% vacancies
 - Demand keeps pace but feeling of hesitancy
- Storage & Warehousing
 - Just in case vs. just in time
 - Last-mile retail deliverables
- Transactional Activity
 - Transactional *volume* increases from '21
 - Transactional *value* plateaus

A Look Back at 2022...

But have we peaked?

- Pressure on pricing
 - Lease rate plateau
 - Sale prices continue to rise but downward pressure is mounting (rates and replacement costs)
- Medicinal Cannabis cultivation slowing dramatically
 - Medical NOT recreational
 - Repurpose these facilities? Investment in infrastructure wasted?
- Construction issues
 - Not just costs, material & building component delays “time kills deals!”

A Look Back at 2022...

But have we peaked?

- The economy trickle-down effects on the industrial sector
 - Interest rates
 - Inflation & its impacts on renewal rates?
- Office space as new competitive inventory?
 - Similar challenges as big box retail conversions
- Larger vacancies lingering - subleases
 - Institutional businesses showing hesitancy

A Look Back at 2022...

New Construction!

- Speculative construction proves successful
- More industrial land (Gorham & Scarborough... Gray?)
- Good news: nearly 2,000,000 SF of new inventory in 36 months
- Bad news: it's all been absorbed
- Innovation District model is THE model!

Transactional Report

By: Sam LeGeyt

Transactional Report

Significant Lease Transactions



45 Industrial Park Road, Saco
125,000 SF leased to a leading
national
food distributor
The Boulos Company



**28 Pond View Drive,
Scarborough**
74,724 SF leased to ECO-BUILD
*The Dunham Group/Keller Williams
Coastal*



125 Industrial Way, Portland
36,000 SF leased to ECT2
The Boulos Company/Porta & Co.



54 Milliken Street, Portland
35,000 SF leased to Atlantic
Hardwood *The Boulos
Company/Colliers*



**416 Lewiston Junction Road,
Auburn**
30,000 SF leased to Connectivity
Point Design & Installation
The Dunham Group/Porta & Co.



565 Elm Street, Biddeford
28,000 SF leased to Count & Crush,
LLC (CLYNK)
The Dunham Group

Transactional Report

Significant Sale Transactions



40 & 70 Quarry Road, Portland
Purchased by 217 Read and Quarry
Streets, LLC & Springbok Quarry,
LLC

**130,000 SF – Investment -
\$10,500,000**
90,000 SF – Investment -



340 Presumpscot Street, Portland
Purchased by QI for Sweetwater
Partners, LLC

**21,962 SF - Investment -
\$2,850,000**

The Dunham Group



**75 Darling Avenue, South
Portland**

Purchased by 75 Darling Preble St.,
LLC

**30,000 SF - Investment -
\$4,100,000**



**1 & 13 Davis Farm Road,
Portland**

Purchased by J.B. Brown & Sons
**135,000 SF – Investment -
\$8,685,000**

The Boulos Company



37 Bartlett Road, Gorham

Purchased by Roundstone Realty, LLC

**52,300 SF - Investment -
\$3,700,000**

*The Dunham Group/Malone Commercial
Brokers*



123 York Street, Kennebunk

Purchased by Habitat for Humanity York
County

14,729 SF – Owner/User - \$1,550,000

The Dunham Group

2023 Southern Maine Industrial Market Survey Results

By: Sam LeGeyt

2023 Southern Maine Industrial Market Survey

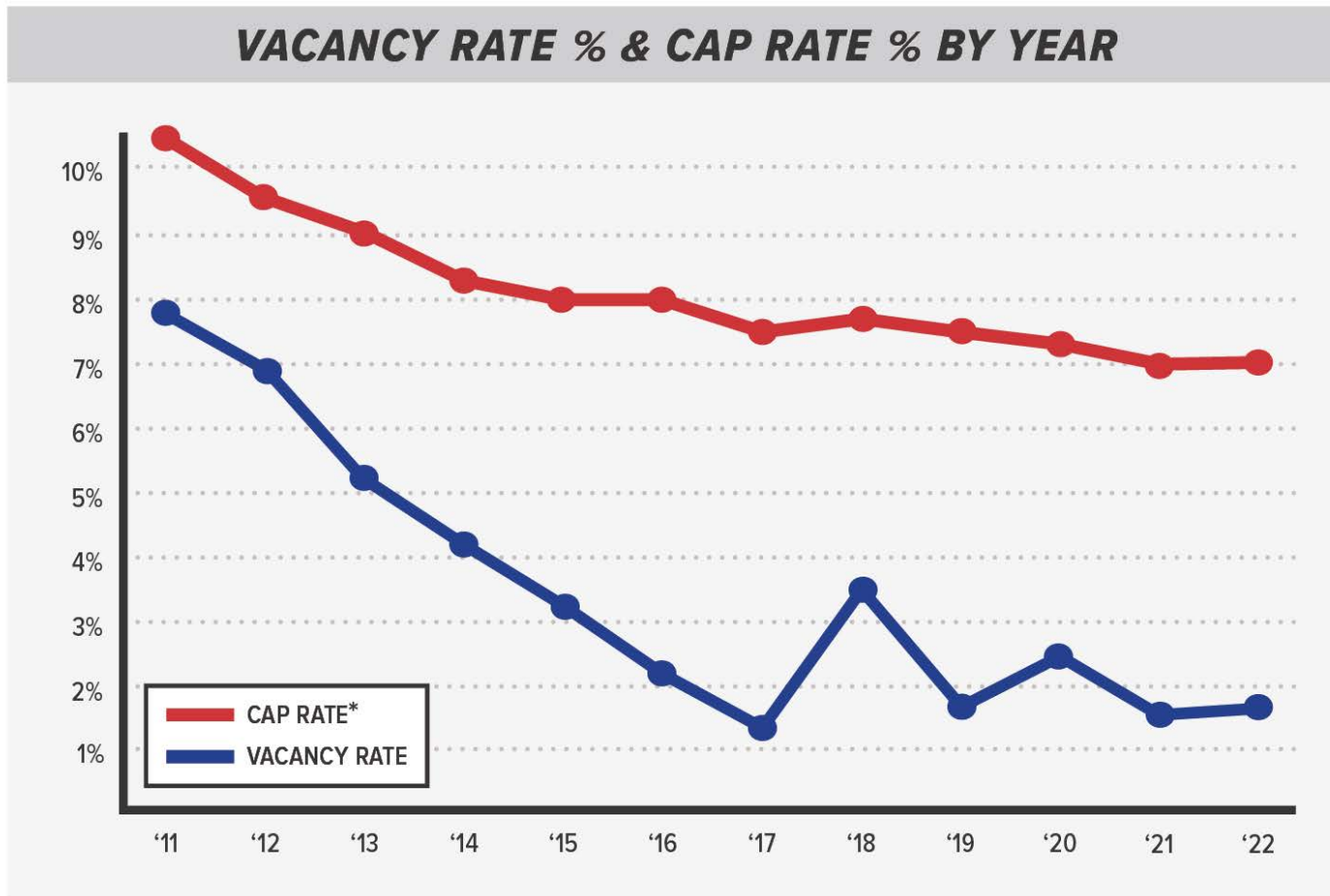
(see Appendix for detailed breakdown)

Total Number of Buildings:	684
Total Market Size:	20,879,791\pm SF¹
Direct Vacancy:	370,427\pm SF²
Total Vacancy Rate:	1.77%

¹ Totals as of December 1, 2022 per The Dunham Group Industrial Market Survey

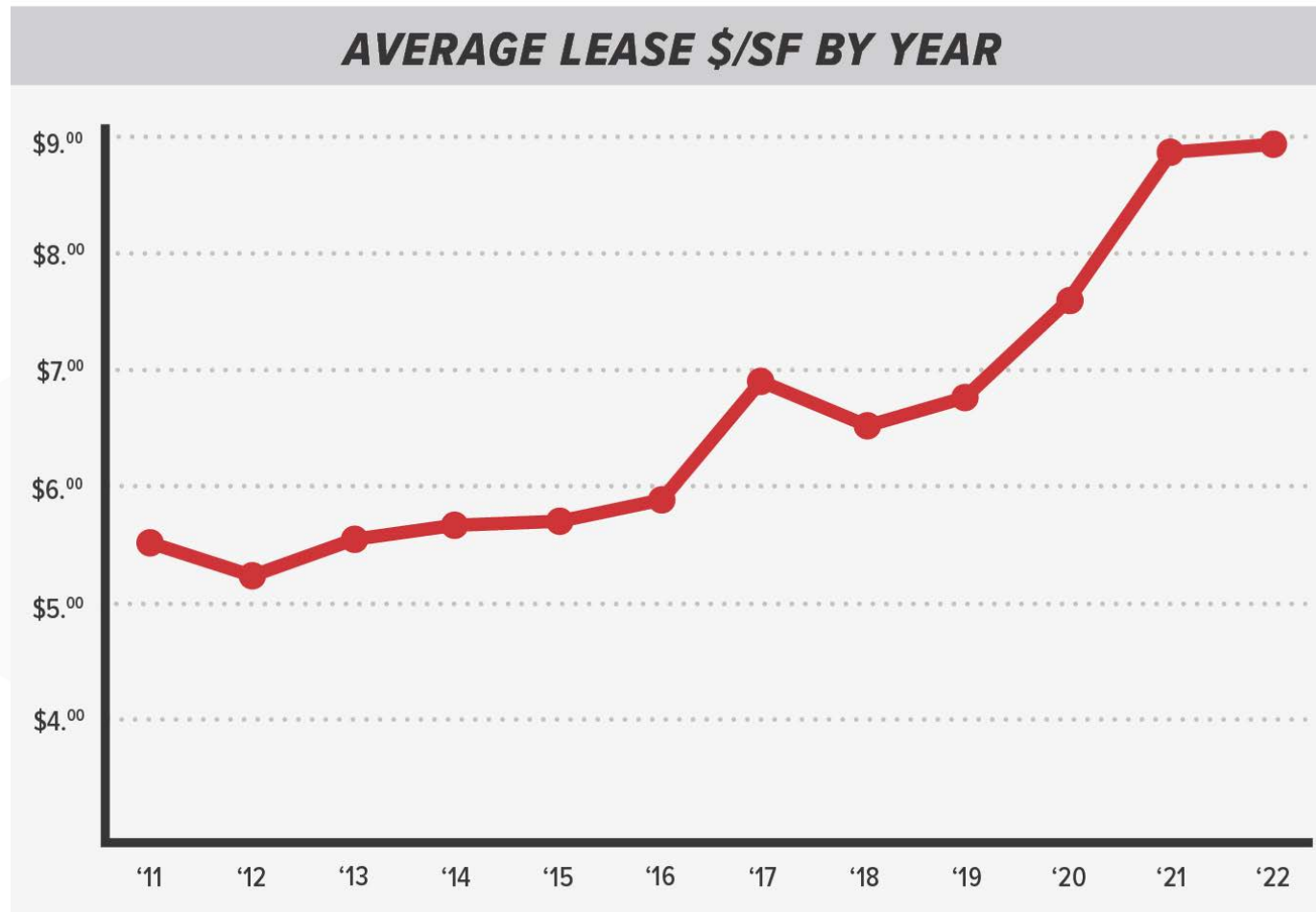
² Totals as of December 1, 2022 per New England Commercial Property Exchange

2023 Southern Maine Industrial Market Survey

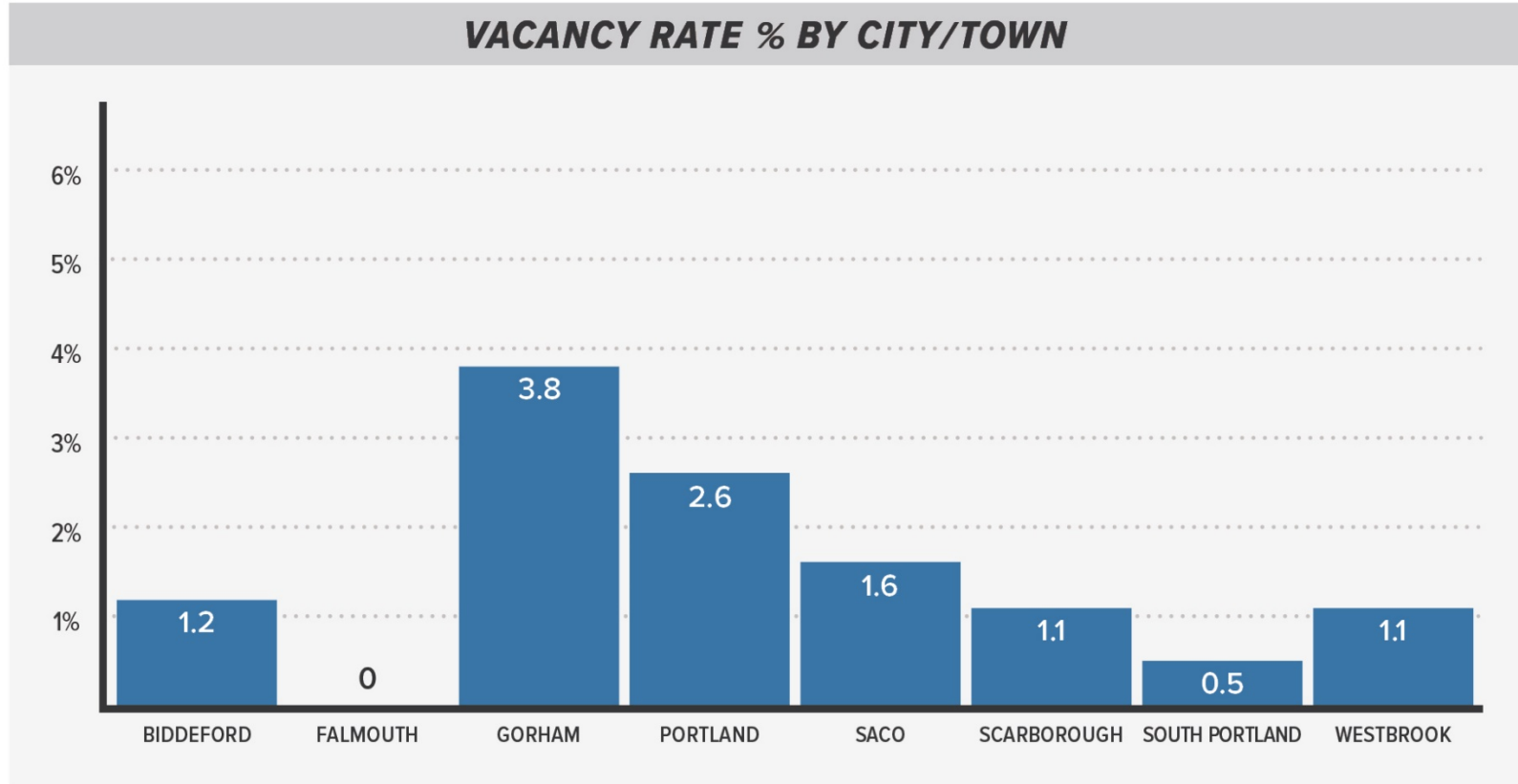


*Estimate based on available data/anecdotal evidence

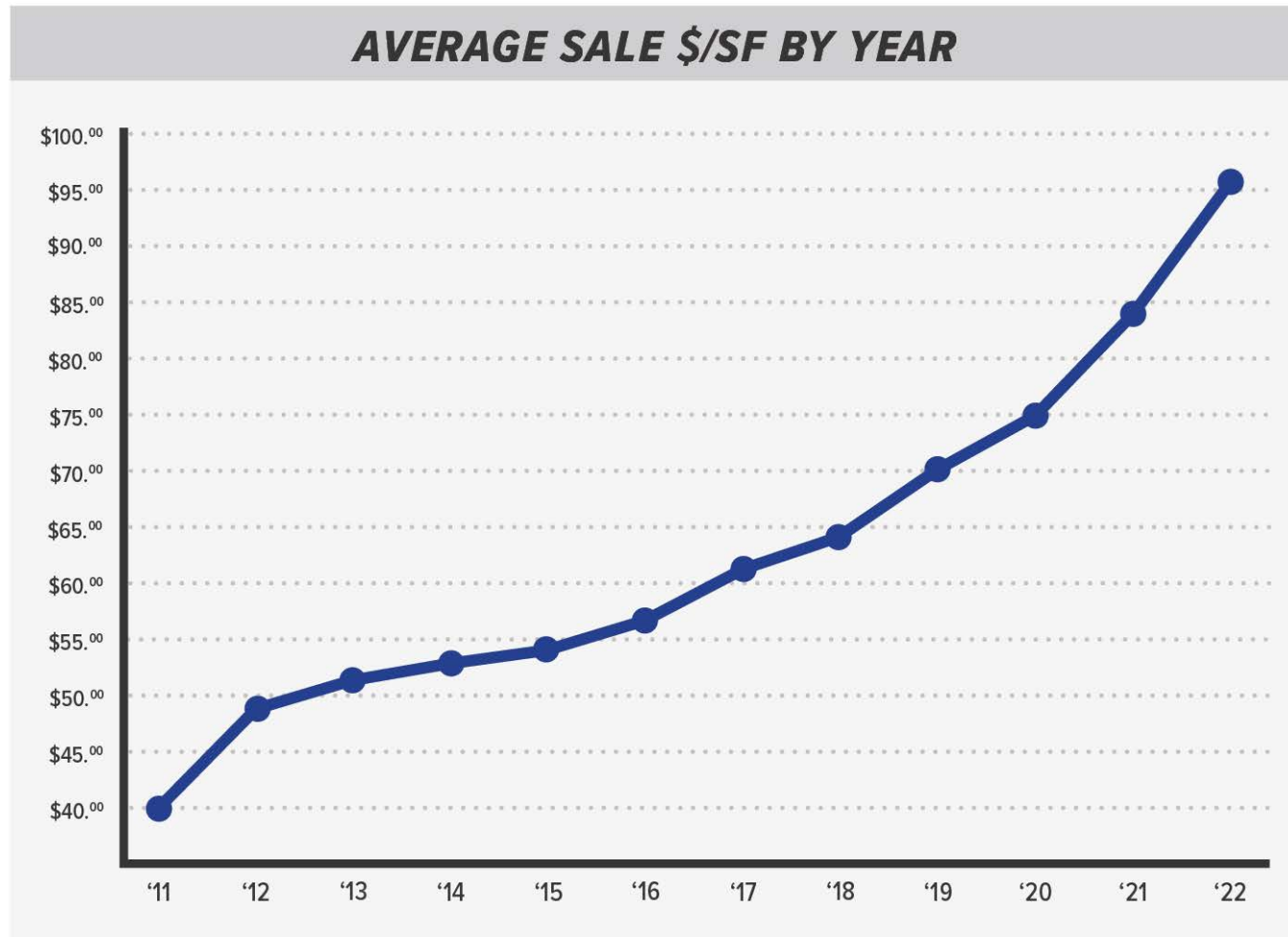
2023 Greater Portland Industrial Market Survey



2023 Greater Portland Industrial Market Survey

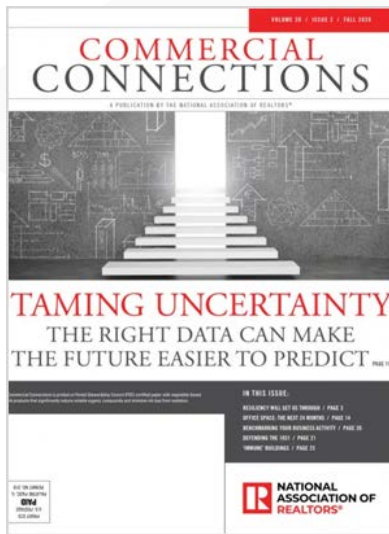


2023 Greater Portland Industrial Market Survey



National & Regional Reports

- National Demand Remains Strong
- Interest Rate Woes
- All Time Low National Vacancy
- Slowing Construction



Forecast 2023

By: Justin Lamontagne, CCIM, SIOR

Forecast 2022

Significant Vacancies



**125 Industrial Way,
Portland**
63,820 SF
The Boulos Company



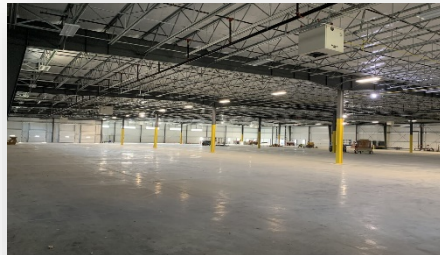
20 Morin Street, Biddeford
10,000 - 52,000 SF
The Dunham Group



37 Bartlett Road, Gorham
20,000 - 52,300 SF
The Dunham Group



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



54 Milliken Street, Portland
33,245 SF
The Boulos Company



43 Bibber Parkway, Brunswick
17,531 SF
The Dunham Group

Report Card: 2022



- *"Secondary markets prosper"*
- *"Expanded industrial-zoned land"*
- *"Owner/user pricing stabilizes"*



- *"Investment demand increases, lower cap rates"*
- *"Vacancy rate drops"*

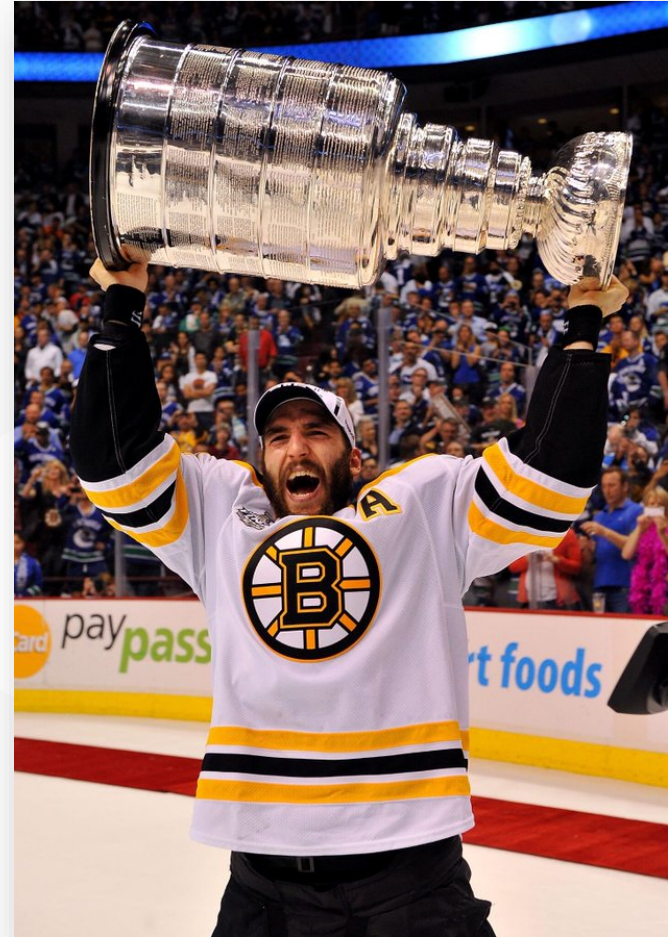


- *"Economic concerns will have limited negative impact on the industrial sector"*

Forecast 2023

Predictions

- There is no “crashing” in the industrial sector
- Vacancy rate will rise
- Investment demand steady, but with more creative/risky acquisitions
- Cannabis demand continues to slow
- Transactional volume continues to increase, albeit smaller deals
- Dust off your sublease tap shoes....





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	4,500	1.01%	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	0	0.00%	0	0.00%
County Road Business Park	10	260,426	5,400	2.07%	0	0.00%
Evergreen Business Park	24	438,527	63,820	14.55%	0	0.00%
Five Star Industrial Park	27	1,308,169	0	0.00%	0	0.00%
Gorham Industrial Park	39	961,567	37,950	3.95%	52,300	5.44%
Innovation District	13	304,760	0	0.00%	0	0.00%
Jetport Business Park	3	55,946	0	0.00%	0	0.00%
Mill Brook Business Park	7	112,340	0	0.00%	0	0.00%
Pinetree Industrial Park	7	238,948	0	0.00%	0	0.00%
Pleasant Hill - Scarborough	43	935,196	4,800	0.51%	0	0.00%
Pleasant Hill - South Portland	11	412,713	7,200	1.74%	0	0.00%
Presumpscot Street	23	491,008	2,040	0.42%	0	0.00%
Riverside Industrial Park	29	882,408	33,245	3.77%	0	0.00%
Riverside Street	46	986,732	11,900	1.21%	0	0.00%
Rumery Park	20	1,113,034	6,500	0.58%	0	0.00%
Saco Industrial Park	52	1,388,425	13,150	0.95%	0	0.00%
Scarborough Industrial Park	34	722,419	5,500	0.76%	14,000	1.94%
Walter Nielsen - Scarborough	6	464,330	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	191	6,881,079	174,422	2.53%	0	0.00%

City/Town	Total Buildings	Building SF	Available SF	Vacancy Rate	Indirect SF	Indirect Vacancy	Avg. Asking Lease Rate
Biddeford	57	2,092,239	25,514	1.2%	52,000	2.49%	\$6.50/SF NNN
Falmouth	13	164,153	0	0.0%	0	0.00%	N/A
Gorham	59	1,378,450	51,806	3.8%	52,300	3.79%	\$9.00/SF NNN
Portland	253	7,278,074	192,212	2.6%	0	0.00%	\$9.00/SF NNN
Saco	63	1,719,440	27,775	1.6%	0	0.00%	\$9.00/SF NNN
Scarborough	107	2,572,117	29,020	1.1%	14,000	0.54%	\$11.00/SF NNN
South Portland	58	2,918,013	13,700	0.5%	0	0.00%	\$9.00/SF NNN
Westbrook	74	2,757,305	30,400	1.1%	0	0.00%	\$8.50/SF NNN

GRAND TOTAL

Total Buildings	Total Market Size	Total Available SF	Vacancy Rate	Indirect SF	Indirect Vacancy	Avg. Lease Rate
684	20,879,791	370,427	1.77%	118,300	0.57%	\$8.94