



## GREATER PORTLAND : INDUSTRIAL MARKET REVIEW & 2016 FORECAST



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# Welcome & Thanks

## Presentation Outline

- **A Look Back at 2015**
  - Trends & Anecdotes
  - Significant Transactions
- **Current Conditions**
  - 2016 Industrial Market Survey
  - National & Regional Report
  - Report Card: 2015 Forecast
- **Forecast 2016**
  - Significant Vacancies
  - Predictions & Analysis of Data

# A Look Back at 2015

# A Look Back at 2015...

## Local Trends & Anecdotes

### How Low Can They Go?

- 2014's "stunning lack of inventory" and vacancy rates shrink further
- Conversion to retail/showroom strains industrial zones (Bayside)



### Local & Organic Growth Continue to Drive Sector

- Breweries remain active
- Medical Marijuana continued impact & future?
- Small-medium sized businesses & deals (5-10K SF)

### Tight Inventory Inhibits Growth

- Safelite Auto Glass, Commercial Delivery Services, PODS

# Local Trends & Anecdotes

## Have We “Recovered”? YES

- Multiple offer situations
- National data and resources say “yes”
- Record setting pricing

## Speculative Buying...not Building

- 60 Anthony Avenue, Augusta
- 17 Westfield Street, Portland
- 235 Presumpscot Street, Portland
- 216 Riverside Industrial Parkway, Portland
- 416 Warren Avenue, Portland (spec building)

# Local Trends & Anecdotes

## Land Interest & Sales Continue

- Saco's Millbrook Park
- HSE Gould search
- Digital Drive, Biddeford
- Numerous "build-to-suit" options today

## Investment Properties in High Demand

- 28 Pond View Drive, Scarborough
- 26 Parkway Drive, Scarborough
- 55 Hutcherson Drive, Gorham
- 84 Warren Avenue, Westbrook
- 135 Walton Street, Portland



# A Look Back at 2015...

## Significant Sale Transactions



**7 Alewife Park Road, Kennebunk - \$3,500,000**  
88,120 SF, Purchased by Kennebunk Savings Bank  
**Owner/User**



**250 Canco Road, Portland - \$2,700,000**  
68,000± SF, Purchased by City of Portland  
**Owner/User**



**60 Industrial Park Road, Saco - \$1,200,000**  
23,125± SF, Purchased by John F. Murphy Homes Inc.  
**Owner/User**

# A Look Back at 2015...

## Significant Sale Transactions



**600 County Road - \$1,700,000**

28,580± SF, Purchased by Lake Creek Properties, LLC (SIGCO)  
**Owner/User**



**Lincoln Mill, Biddeford - \$2,500,000**

233,001 SF, Purchased by Atlantic Holdings, LLC  
**Hotel Redevelopment**



**X2!**

**474 Riverside Industrial Parkway, Portland – 11,900± SF**

Purchased by Albus Properties, LLC **\$570,000, Investment**

Purchased by Billdotcom Properties, LLC **\$650,000, Owner/User**



# A Look Back at 2015...

## Significant Lease Transactions



**80 Anthony Avenue, Augusta – 33,560 SF**  
Leased by Harvey Industries



**167 Rumery Road, South Portland – 30,000 SF**  
Leased by Eimskip Logistics Inc.



**90 Spencer Drive, Wells – 300,000± SF Renewals**  
Two Lease Renewals by Village Candle & Wasco Products

# A Look Back at 2015...

## Significant Lease Transactions



**55 Logistics Drive, Auburn – 47,000 SF**  
Leased by CEVA Logistics (FMC)



**39 Eisenhower Drive, Westbrook – 23,004 SF**  
Leased by Independent Delivery Service



**84 - 86 Industrial Park Road, Saco – 25,340 SF**  
Leased by Cape Seafood

# Current Conditions

# Greater Portland Industrial Market Survey

(see Appendix for detailed breakdown)

Total Number of Buildings:	545
Total Market Size:	17,849,282± SF <sup>1</sup>
Direct Vacancy:	604,266± SF <sup>2</sup>
Total Vacancy Rate:	3.38%

<sup>1</sup> Totals as of December 2015 per NAI The Dunham Group Industrial Market Survey

<sup>2</sup> Totals as of December 2015 per New England Commercial Property Exchange

# The 2016 Industrial Market Survey

## Greater Portland

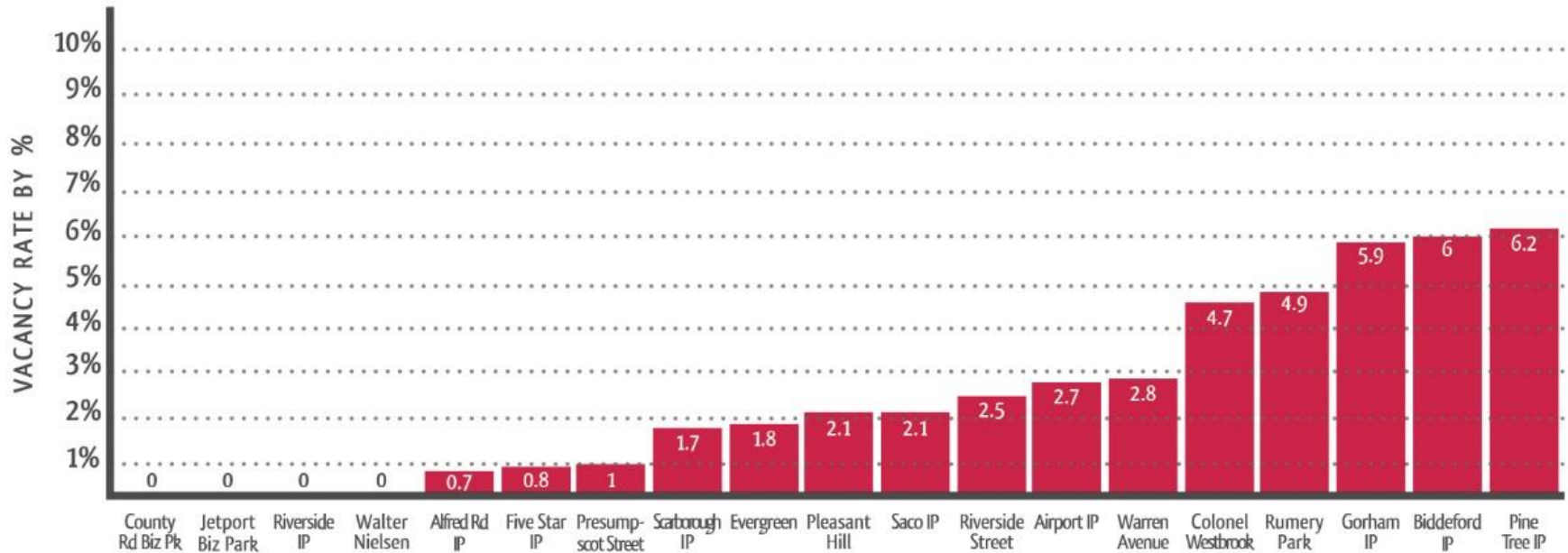
Vacancy Rates by City/Town



# The 2016 Industrial Market Survey

## Greater Portland

### Vacancy Rates by Parks & Clusters





# The 2016 Industrial Market Survey

## Greater Portland

Average NNN Lease Rate by City/Town



# Market Trajectory

## 2011 - 2015

	VACANCY RATE	LEASE RATE	CAP RATE*	SALE PRICE/SF**
2011	7.86%	\$5.47/SF	10 - 11%	\$40.72
2012	6.97% ↓	\$5.22/SF ↓	9 - 10% ↓	\$48.45 ↑
2013	5.27% ↓	\$5.56/SF ↑	8.5 - 9.5% ↓	\$52.15 ↑
2014	4.12% ↓	\$5.61/SF ↑	8 - 8.5% ↓	\$52.75 ↑
2015	3.38% ↓	\$5.62/SF ↑	7.75 - 8.25% ↓	\$53.45 ↑

\*Estimate based on available data/anecdotal evidence

\*\*Based on select NAI Dunham Group sale comps

# National & Regional Data

	NATIONAL	NORTHEAST	BOSTON	GREATER PORTLAND
Cap Rates	7.40%	6.98%	6.7%	8±%
Vacancy Rates	7.2%	8.4%	10.2%	3.38%
Lease Rates	\$5.88/SF	\$5.71/SF	\$4.00/SF	\$5.62/SF

\*Per data collected from NAI Global, NREI, Realtor.com and CoStar

# Report Card: 2016

## Grading My Forecast Predictions from January 2015 Conference



“Landlord’s market in 2015”

“Investment market continues to thrive”

“Land interest continues and increases”

“Secondary markets capitalize”

“Tenant shuffle continues”



“Planning time for real estate decisions increase”



“Vacancy rates will increase”

# Forecast 2016

# Forecast 2016

## Significant Vacancies



**1 Baker's Way, Biddeford**  
25,000 - 265,126 SF



**8 Business Parkway, Brunswick**  
28,000 SF



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



**235 Presumpscot St, Portland**  
43,458 SF



**4 Meetinghouse Rd, Freeport**  
18,860 SF



**413 Warren Ave, Portland**  
25,080 SF



# Forecast 2016

## Predictions & Analysis

- Speculative building and added inventory will increase vacancy %
- A Fortune 1000, out-of-state industrial user will locate in Maine
- A 50,000± SF building will be planned, if not constructed
- Natural gas reaches Saco Industrial Park

# Forecast 2016

## Predictions & Analysis

- Portland's quasi-retail/warehouse rents will match suburban retail
- Average lease rates will top \$6.00/SF NNN
- Medical cannabis cultivation continues to go mainstream
- Nation continues run of positive absorption through 2016

# THANK YOU



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## APPENDIX : INVENTORY RESULTS

Parks/Clusters	Total Bldgs.	Building SF	Available SF	Vacancy Rate	Avg. Lease Rate
Airport Industrial Park	23	449,913	12,200	2.7	\$4.75
Alfred Road Industrial Park	7	113,868	798	0.7	\$5.00
Biddeford Industrial Park	10	796,002	47,835	6.0	\$3.75
Colonel Westbrook	17	550,776	26,335	4.7	\$7.95
County Road Business Park	8	216,578	0	0	N/A
Evergreen Industrial	23	403,655	7,320	1.8	\$7.50
Five Star Industrial Park	27	1,312,297	11,737	0.8	\$6.50
Gorham Industrial Park	38	934,606	55,375	5.9	\$4.50
Jetport Business Park	3	56,266	0	0	N/A
Pinetree Industrial Park	7	238,948	15,000	6.2	\$5.75
Pleasant Hill	56	1,635,030	35,000	2.1	\$5.15
Presumpscot Street	21	426,476	43,458	1.0	\$6.50
Riverside Industrial Park	27	801,886	0	0	N/A
Riverside Street	39	922,278	23,256	2.5	\$6.75
Rumery Park	18	1,100,510	54,600	4.9	\$4.95
Saco Industrial Park	50	1,252,385	26,352	2.1	\$6.35
Scarborough Industrial Park	34	811,119	14,000	1.7	\$6.25
Walter Nielsen	7	538,920	0	0	N/A
Warren Avenue	35	894,765	25,080	2.8	\$5.95
Miscellaneous/Clusters	95	4,393,004	205,920	—	—

City/Town	Total Bldgs.	Building SF	Available SF	Vacancy Rate	Avg. Lease Rate
Biddeford	40	1,359,783	60,833	4.4	\$4.50
Gorham	38	934,606	55,375	5.9	\$4.50
Portland	213	6,268,652	247,416	3.9	\$5.99
Saco	51	1,328,025	26,352	1.9	\$6.35
Scarborough	92	2,607,210	49,000	1.8	\$6.25
South Portland	44	2,758,163	103,075	3.7	\$5.45
Westbrook	67	2,592,843	62,215	2.3	\$5.75

<u>GRAND TOTAL</u>	Total Buildings	Total Market Size	Total Available SF	Greater Portland Vacancy Rate	Average Lease Rate
	545	17,849,282	604,266	3.38%	\$5.62