

# Q3

## 2017 REAL ESTATE REPORT

### The Stubblebine Company Third Quarter Transactions

“Money is far more of a spiritual than a physical commodity”

-Rabbi Daniel Lapin

“The biggest mistake anyone will make in business is having expectations that are too small”

-Sam Walton

“The secret to success is:

1. Figure out exactly what you want.
2. Determine the price you will have to pay to get what you want and resolve to pay that price”

-H.L. Hunt

“The fear of the Lord is the beginning of knowledge...”

-Proverbs 1:7

#### Did You Know?

##### CUSTOM HOUSE - BOSTON, MA

The Marriott Custom House was Boston's first skyscraper. The building was initially completed in 1847, with the twenty-six floor tower added in 1913. The original design was that of a Greek temple, with Doric columns on all four sides, and a large domed roof. Before land reclamation was done in the mid-1800s, Boston's waterfront had extended right to this building.

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The Stubblebine Company is a Commercial Real Estate Firm seeking win/win real estate brokerage opportunities in the New England region.

**3 Enterprise Drive Newburgh, NY**  
**170,000 +/- s.f. Leased**



**Landlord: Newburg Industrial Associates**  
**Tenant: Gekay Sales & Services Co**

**10 Elizabeth Dr Chelmsford, MA**  
**33,750 s.f. Leased**



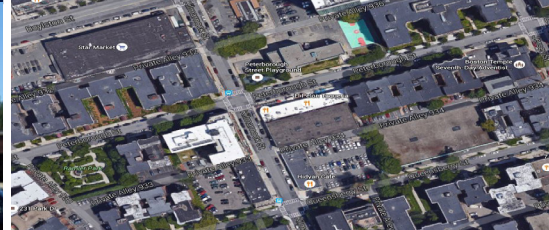
**Landlord: BerCar II, LLC**  
**Tenant: Hi Tec Sensor Solutions, LLC**

**111 Adams Clinton, MA**  
**210,000 s.f. Leased**



**Landlord: 111 Adams Rd LLC**  
**Tenant: United Plastics**

**60 Kilmarnock, Boston, MA**  
**Seller: EJT Management**



**Sold: \$51,000,000**  
**Buyer: CC&F**

#### Boston Market Highlights from Second Quarter

- The Industrial Market ended the third quarter 2017 with a vacancy rate of 5.0%, little change from the end of the second quarter at 5.1%.
  - There was 901,411 (s.f.) of positive net absorption in the Boston Industrial sector in Q3.
  - The average quoted asking rental rate was \$7.30 per square foot in the industrial sector at the end of Q3.
- (source: CoStar Third Quarter 2017 Market Report)

#### Quarterly Economic Analysis

Labor productivity in the nonfarm business sector increased 1.5 % in the second quarter as hours worked and output increased. During Q2 of last year output and hours worked saw a similar increase as productivity decreased by just 0.5 %.

The unemployment rate fell to 4.2% in September as labor force participation (LFP) increased to 63.1%. Unemployment saw a drop (-0.7) from this time last year at 4.9% as the labor force saw no significant change from September of last year.

Manufacturing employment did not see a significant change from last month and has remained sluggish in recent years. Transportation and warehousing employment gained 22,000 jobs.

(Source: Bureau of labor Statistics)

# Commercial Real Estate in Boston Metro: Demand vs Supply

Written by Ellen Garthoff, Advisor of The Stubblebine Company/CORFAC International

With industrial vacancy rates declining over all commercial sectors, the commercial real estate market in the Boston Metro Region is being challenged by high demand vs low supply for 4Q of 2017.

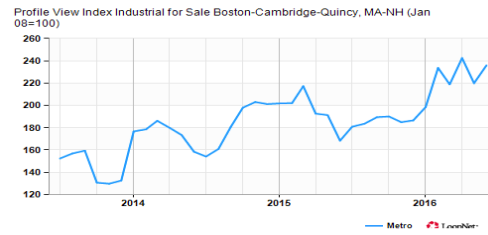
The Industrial vacancy rate in the Boston market area decreased to 5.2% at the end of the second quarter 2017, 5.3% at the end of the first quarter 2017, 5.8% at the end of the fourth quarter 2016, and 6.1% at the end of the third quarter 2016.

Flex projects reported a vacancy rate of 6.9% at the end of the second quarter 2017, 7.2% at the end of the first quarter 2017, 8.1% at the end of the fourth quarter 2016, and 8.4% at the end of the third quarter 2016. Warehouse projects reported a vacancy rate of 4.5% at the end of the second quarter 2017, 4.7% at the end of first quarter 2017, 5.0% at the end of the fourth quarter 2016, and 5.3% at the end of the third quarter 2016.

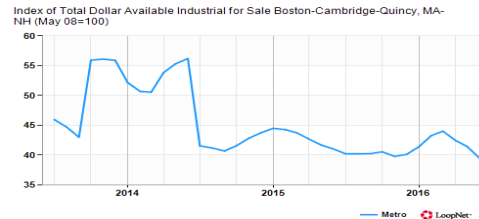
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Industrial Property Profile Views (Demand) - Sale Trends



Industrial Property Total \$ Available For Sale - Sale Trends



In Boston-specific developments, the Reebok move into the Seaport area of Boston has lent upward momentum along with GE to this section of the Boston commercial market.

According to the Boston Globe "several smaller companies have moved their headquarters to the area in recent months" and it would not be surprising if other companies tied to GE make the move. In yet another big story for the Seaport, in December 2016, Reebok announced that it will be moving from Canton (15 miles south of Boston) to the Seaport, taking down 220,000 SF and bringing 700 more jobs to this red-hot submarket.

The reason for the move was simple: Reebok could not attract enough talented people to a sleepy suburb of Boston. What is truly interesting is that this location is at the far end of the Seaport, about three quarters of a mile from where all the other building in the submarket is taking place. Reebok's new location is a good 20-minute walk from South Station, the closest true subway stop and their relocation sends the message that all of the Seaport is in play and able to land first-rate tenants.

An added amenity to potential growth in the seaport district worth keeping an eye on is the proposed ferry being corporately funded but made available to the public.

Fidelity Investments, The Fallon Co. and WS Development are among the firms paying for an RFP from ferry operators for a project to run a water ferry service between North Station and the Seaport District. The ferry was initially considered for certain businesses but would now be open to all.

Going into 4Q 2017, Boston's regional commercial real estate sector has a very high demand for both existing space to lease and available industrial/commercial buildings available for sale.



## Stubblebine Team

[www.stubblebinecompany.com](http://www.stubblebinecompany.com)

For a complimentary market analysis of your property or to discuss your company's real estate requirements, please contact one of our real estate consultants:

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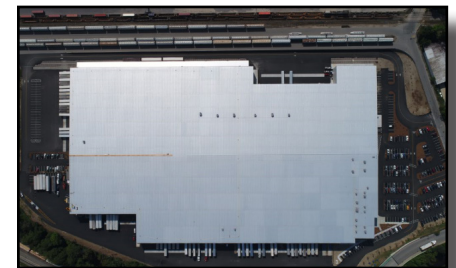
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## Featured Listings for Sale / Lease

The Stubblebine Company currently has over 65 Exclusive listings for sale or lease. For a complimentary market analysis of your property or to discuss your company's real estate requirements, please contact one of our real estate consultants.

### FOR LEASE: 150 Blackstone River Rd Worcester, MA

Total Size:	616,476 s.f.
Available Space:	66,337 s.f.
Type of space:	Hi-Bay Distribution
Ceiling Height:	36' clear
Land:	32 acres
Rental Rate:	Market



### FOR LEASE: 16 Esquire Rd Billerica, MA

Total Size:	100,000 s.f.
Available space:	24,000 s.f.
Land:	12.15 acres
Building type:	Industrial/Flex/Lab
Lease Rate:	Market

