



FALL 2020

A Stubblebine Company Offering

OUR VISION YOUR FUTURE

Boston Commercial Real Estate Report



State of the Greater Boston Industrial Market

James Stubblebine, Principal

Summary:

Going into the corona virus pandemic, the Boston industrial market had strong fundamentals as evidenced by strong demand for logistics and storage space and exceptionally low inventory (sub 4% vacancy). Though transaction volume slowed during the second quarter of 2020, it has substantially picked up in the third quarter. We attribute this fact to a continuation of demand for industrial space and lenders renewed willingness to lend (and at incredibly low interest rates).

Demand:

Corona virus has forced shoppers to increase purchases online. This has created a need for on-line retailers to secure large warehouses and has lead to incredibly high demand for large warehouse boxes. For example, Amazon has leased almost 1 million SF in the past quarter. They have identified Boston as a top ten market and have consistently been building out their infrastructure over the past 2 years. Amazon, through their developer, Hillwood Inc., will be constructing a 3,825,000 million SF facility in Andover at the former Lucent Campus at Osgood Landing. This will be the largest industrial building in Massachusetts.

We see a continued growth in this sector in the Commonwealth.

Construction:

20 million SF of industrial space has been demolished or re-purposed since 2010. Most of this inventory was inside of Route 128. This has led to 1.9 million SF of industrial warehouse construction in the works, of which 65% will be available for lease.

Rents:

Industrial rents have experienced a year-over-year rent growth of 5.2%. The greatest rent growth has occurred within Route 128, including the greater Braintree and the greater Somerville / Chelsea area. The reason for this is we see robust demand for last-mile space by e-commerce firms. For example, Jet Blue and Baldor Foods executed leases in East Boston and Chelsea, respectively, at approximately \$20/SF NNN. Many Tenants are moving north and west in an effort to secure more affordable rents. For example, Baldor Foods moved from Somerville to more affordable Peabody, MA.

Sales:

Industrial investment and pricing in the Boston metro has rapidly increased the past several years as investors responded to fantastic fundamentals.

This has continued into 2020 despite the economic uncertainty caused by the pandemic, and volume has totaled an extremely strong \$2.0 billion since the start of 2020. Notable sales for 2020 include the sale of the former Necco Candy property at 135 American Legion Highway, Revere MA for \$355 million and the sale of 27 Drydock, in Seaport for \$270 million. The 135 American Legion transaction is remarkable because a vacant mostly two-story industrial building which traded to Atlantic Management in 2017 for \$54 million sold once again to Clarion Partner earlier this year for \$355 million (\$428 per sf). A lease to Amazon explains the extraordinary increase in value.

Conclusion:

As the greater Boston area continues to add jobs and companies continue their growth, we predict that the next 6-12 months we will experience a continuation of high demand and rising prices for quality industrial assets on a sale and lease basis.

Some people fear failure when instead they should fear regret. Courage is a muscle that can be built like any other muscle. Most of us were not born courageous...

Courage is built by pushing yourself a little at a time.

Ron Klief

DID YOU KNOW?

The chocolate chip cookie was reportedly invented in 1930 at the Toll House Restaurant in Whitman, Massachusetts. In 1997 it was designated the official cookie of the commonwealth.

Massachusetts was named after the natives who lived in the area, the "Massachusetts". The tribe's name means "near the great hill," which refers to the Blue Hills southwest of Boston.

Fenway Park is another American icon found in Boston. It's Green Monster is so renowned, The Red Sox have actually patented the shade "Fenway Green."

The Boston University Bridge's claim to fame is that it's the only place anywhere in the world where a boat can sail under a train going under a vehicle driving under an airplane.

THE STUBBLEBINE COMPANY 3RD QUARTER TRANSACTIONS

67 Smith Place, Cambridge, MA
67,000 s.f. | Sold for \$49.6M

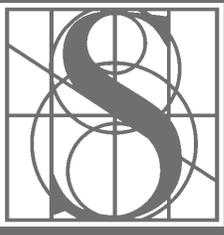


Seller: Cambridge Dist. Center Trust
Buyer: Cabot, Cabot & Forbes

180 New Boston Street, Woburn, MA
66,219 s.f. | Sold for \$10.4M



Seller: Birch Point LLC/Lizwob Realty LLC
Buyer: Atlantic Oliver 180 New Boston St LLC



CONTINUED: TSC 3RD QUARTER TRANSACTIONS

45 Fondi Rd., Haverhill, MA
61,000 s.f. | Sold for \$7.4M



Seller: Hadley Enterprises, LLC
Buyer: Birch Point LLC/Lizwob Realty

25 Almeida Ave., E. Providence, MA
116,520 s.f. | Sold for \$4M



Seller: 25 Almeida LLC
Buyer: Future Foam

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The customer comes ahead of everything else.

Sam Walton

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INDUSTRY NEWS:

The Boston industrial real estate market has yet to feel the impact of the pandemic and vacancies have remained virtually unchanged since March. Leasing picked up in the summer, as the market registered 2.2 million square feet leased in the third quarter, surpassing its quarterly average since the beginning of 2017. As the economy continues to reopen both nationally and here in Boston, with a vacancy rate of 4.85%, a year over year rent growth of 5.8%, and an average price of \$130 PSF, the Greater Boston industrial marketplace continues its torrid pace.

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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FEATURED LISTINGS

FOR SALE



10 Dorrance Street, Providence, RI
Total Size: 203,824 s.f.
Available Space: 203,824 s.f.
Land: 0.64 acres
Building Type: Office Tower
Stories: Twelve (12)
Status: For Sale

FOR LEASE



180 New Boston, Woburn, MA
Total Size: 66,219 s.f.
Available space: 66,219 s.f.
Land: 3.69 acres
Building type: Industrial
Clear Height: 14.9'-20'
Status: For Lease

"Peace I leave with you; my peace I give to you. Not as the world gives do I give you. Let not your hearts be troubled; neither let them be afraid." John 14:27