



FALL 2021
A Stubblebine
Company
Offering

OUR VISION YOUR FUTURE

Boston Commercial Real Estate Report

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If you want an extraordinary income, you must do extraordinary things

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Jim Rohn

DID YOU KNOW?

Not only is Everett MA the location of the \$2.6B Encore Casino Development, it is also the home of the powerhouse Everett HS football team with 12 Division 1 state championships in 1997, 1999, 2001-2003, 2006-2007, 2010-2012, 2016-2017 and Teddie Peanut Butter. Teddie Peanut Butter continues to be a family owned and operated, as it has for over 90 years. The company is still the number 1 peanut butter company in all of New England.



Global Supply Chain Further Fuels Industrial CRE Market

Chris Michniewicz, Senior Advisor

For several weeks now you would be hard pressed to turn on the nightly news and not hear about the ongoing global supply chain issues the country is currently experiencing. There has been a steady conversation about the dozens of cargo ships docked outside of the nation's major ports waiting to be unloaded, the lack of truck drivers to ship the good around the country and the empty shelves in grocery stores and big box retailers. What does all of this mean for the industrial real estate market?

While all of these issues seem to be coming to a head just before the busy holiday shopping season they are nothing new. Since the onset of the pandemic global supply chains have been under pressure due to increased consumer demands, tighter restrictions on imports and rising fuel prices. These factors have not only lead to the delay in products reaching the US market but also the cost to do so. To put this in prospective, the cost of shipping a 40 foot container by sea from China to Los Angeles is up 235 percent from a year ago. In an effort to hedge against the increased costs of frequent long distance shipping many companies have looked at leasing addition warehouse space. This increased demand has led to historically low vacancy rates, 4.6%, and continued rental rate increases (5.2% over the past 12 months) across the Boston industrial market. Not surprisingly the demand is being led by groups such as Amazon, Home Depot and third party logistic companies such as Paragon Distribution. The Boston market has already seen over 8 million square feet of space leased this year and net absorption levels above anything experienced since 2015.

This high level of activity and increased rental rates, coupled with the lack of supply, has spurred new warehouse construction at levels not seen in two decades. The market currently has 3.9 million square feet of space under construction with 57% of it being preleased. These market conditions have also lead to the emergence of speculative development of high bay warehouse buildings with large column spacing and increased loading dock rations in line with what modern distribution companies covet.

As newer, modern warehouse properties, many fully leased, are added the market has seen a flurry of activity in the Boston industrial investment market. Year to date we have seen approximately \$2 billion of industrial property sales recorded, outperforming the average of the previous 3 years by over 50%. This strong activity has resulted in the Boston market rank fourth nationally behind only Los Angeles, the Inland Empire and Chicago markets, all of which are substantially larger in size.

With all of these factors in mind it is safe to say that the Boston industrial real estate market has the wind at its back and what appears to be clear skies ahead.

THE STUBBLEBINE COMPANY 3RD QUARTER TRANSACTIONS

Westminster Logistics Center, Westminster, MA
48.5 Acres | Sold for \$6.75M

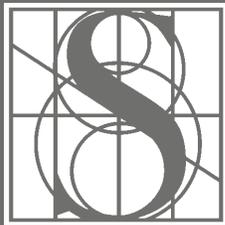


Seller: Westminster Business Park LLC
Buyer: Jumbo Capital

64 Holton St., Woburn, MA
53,070 s.f. | Sold for \$9.5M



Seller: Powerscourt Realty Trust
Buyer: Oliver St Capital, LLC



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There's nothing normal about winning. If you need normal, if you need to fit in, be prepared for a long stay in the middle of the pack. Winning requires you to be different and different scares people.

Tim Grover, author of "Winning"”



INDUSTRY NEWS:

With all the uncertainty caused by the Covid-19 pandemic, one thing that has been made clear is the critical nature of the life science industry. Investor interest in life science real estate reached an all-time high this quarter, with nearly all urban land site owners looking at lab feasibility. As we head into the final months of 2020, lab demand shows no sign of slowing down and rents have risen unabated. With about five million square feet of active lab construction in Greater Boston — all projected to deliver core lab shell space by the end of 2022 — already 50% of the pipeline is leased up.

Additionally, 70% of what's under construction today is speculative, showing the need to go "spec" in order to capture the fast-moving life science demand. Historically, eight out of 10 life sciences tenants need to be within space in less than 12 months' time due to the high-speed nature of the industry.

Fast-growing lab tenants not only need space where they can mobilize quickly, but also need the ability to scale under one roof. This has been a challenge over the last five years for firms that have traditionally been located in Cambridge, which has led to the emergence of some new life sciences clusters in the Seaport District, Somerville and Arsenal Street in Watertown, to name a few according to the Boston Business Journal.

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 LEASE

80 Holton Street, Woburn, MA
 Total Size: 51,920 s.f.
 Available Space: 51,920 s.f.
 Land: 2.16 acres
 Building Type: Industrial
 Clear Height: 21' clear
 Status: For Lease



FOR LEASE

1537 Grafton Road, Millbury, MA
 Total Size: 83,000 s.f.
 Available space: 83,000 s.f.
 Land: 5.69 acres
 Building type: Industrial
 Clear Height: 36' clear
 Status: For Lease

"So let each one give as he purposes in his heart, not grudgingly or of [a]necessity; for God loves a cheerful giver."

2 Corinthians 9:7