

# The Real Reporter

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## Wash, Rinse, Repeat



Wash Ashore, Fairhaven MA

**B**oston—The number of cars on the road has nearly doubled since the early nineties - a staggering statistic that anyone driving in Greater Boston feels daily, with what seems to be a constant traffic jam, no matter the time of day. This is a good thing if you're an investor in Car Washes, a growing industry set to amass an estimated \$20.7 billion in revenue for 2025. Yet, like most commercial real estate and business investments, car wash ownership is not without some risk, and a significant amount of investment capital up front.

"It's really similar to a lot of real estate products, with car washes, it has to be in a good location with the right traffic patterns," says Greg

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## NNN Investment Sales Having Robust Run

BY MIKE HOBAN

**B**oston — In uncertain economic times, CRE investment capital tends to gravitate toward assets that offer stable, if unspectacular, returns, such as multifamily, industrial, and certain segments of retail. One retail asset that continues to attract investors large and small in this challenging environment is single-tenant NNN retail.

"The net lease market is always a beneficiary when there is broad market volatility, and what we're seeing today, broadly

speaking, is huge amounts of volatility," says Eric Suffoletto, partner & managing director with Atlantic Capital Partners. "Retail has proven to be incredibly resilient since COVID, and it's become an asset class that is certainly in favor now. It looks particularly appealing when you compare it to office, which has taken a significant hit, or industrial and multifamily, where the pricing has gotten very, very aggressive, and it's really difficult for a lot of people to make those deals pencil."



Eric Suffoletto

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## Repowering An Innovation Station

BY MICHAEL WALSH

**B**oston — Over 120 years ago, ages before the "Innovation District" was coined, one of the world's greatest inventors was trying to raise capital for a massive real estate project that would energize the city like no other business.

Thomas Edison had successfully established his commercial

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Original Edison electrical switch components.

## Independent Brokers See Industrial/Flex Market Growth

BY MIKE HOBAN

**B**oston — Despite a year-over-year increase in the vacancy rate, flat rent growth, and uncertainty created by tariffs and trade policies, brokers from independent firms are cautiously optimistic as they head into the summer months. "We're definitely seeing more sale product come on-

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120 Stedman St., Lowell MA

## Flex Market Growth

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line and leasing activity has gotten better since last year,” conveys David Linehan, SIOR, senior advisor and industrial specialist with 128 CRE.

### Industrial Sales

Linehan says that some industrial property sellers have come to terms with the reality that waiting for the market to return to pre-COVID pricing levels of 2021 and 2022 may no longer be an option. That cohort includes family-owned businesses where the original owner has either passed away or the family has chosen not to continue operating the business or managing the asset. “I think people have come to realize that this

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Development – unless you’re talking about apartments – has become very difficult to do. Spec development of warehouses has become few and far between, so [developers] are building small coverage buildings with a bunch of yard space instead.

”

DAVID LINEHAN, SIOR  
Senior advisor and industrial  
specialist with 128 CRE

(current market) may be our scenario for the foreseeable future, with rates where they are and leasing activity where it is, and some people have just gotten to the point where they need to sell.”

One recent example was the sale of 293 Child St. in Warren, RI. The 51,000-square-foot single-story industrial asset was sold by Taylor Box Co., a family-owned manufacturer and packaging company. The company was acquired by European pack-



11 State Street, Woburn MA

ing group Pusterla 1880 in early 2023, which leased the property from Taylor Box until relocating and consolidating its operations in Oneonta, N.Y., earlier this year. “The business was in the family for multiple generations, and the last one standing sold the business,” says Peter Scotti, principal of Providence-based Peter Scotti & Associates, who negotiated the sale for the owner. CBRE VP Dan Cregan represented the buyer. Scotti reports that industrial assets in the 10,000 to 40,000 square foot range are in high demand in the Providence market, especially by owner-users, but inventory is “very thin”.

### Owner-Users Driving Demand

Industrial rents have skyrocketed by nearly 50% in some submarkets over the last five years, according to the Q1 market report by The Stubblebine Company (TSC), driving the increase in sales to owner-users seeking to better control fixed costs. TSC recently completed the sale of 120 Stedman St. in Lowell, a 128,678-square-foot single-story industrial building on six acres to the Finishing Trades Institute of New England (FTI-NE) for \$22.1 million. The seller, DS Graphics, consolidated its operations into its 300,000-square-foot facility at 135 Will Drive in Canton. “FTI was a perfect buyer,” says David Stubblebine,

president and co-founder of TSC. “They paid full price, which equates to about \$170 a square foot. User buyers are always the best.”

In an off-market transaction that demonstrates the amplified demand in the owner-user market, Stubblebine and his team arranged for the \$14.5 million sale of a 58,232-square-foot, fully air-conditioned flex industrial building at 11 State Street in Woburn to the GENESIS Church, which acquired the facility to accommodate its growing ministry. “It was a phenomenal location, and the property was on the market for lease,



David Stubblebine

so we knocked on their door and the owner (Foxfield) decided to sell at this premium number of \$250

per square foot,” says Stubblebine.

Despite the enthusiasm among businesses to own their own real estate, Linehan says that he has actually seen a decline in owner-user sales compared to two or three years ago – primarily due to lender hesitancy resulting from the market uncertainty created by trade and tariff policies. “A lot of small business clients I have had wanted to

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## Flex Market Growth

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own their own building for many years, and the banks were willing to lend, but now they're saying, 'We'd like you to pay off, say, your equipment loan before you buy a building,' he says.

Business owners are also holding off on making real estate decisions until they see how the tariffs will affect their specific business. "So they're doing these short-term fixes to kick the can down the road, whether that means they renew in place for a year or they hold off on buying something," says Linehan. "Unless they're forced to make a decision, they're largely just waiting to see what happens, and the (tariff) news is changing by the week."

Linehan notes that institutional investors remain active in the market, but their focus has sharpened. "They're looking for stability, they're looking for cash flow, and they're not looking to take a big leasing risk on a building that they buy."

### Leasing

The TSC market report pegs Greater Boston's vacancy rate at approximately 8%, up slightly year-over-year. Robust demand for spaces under 100,000 square feet means the market should remain stable for the near term, and some tenants are now offering sublease space as a way to reduce their real estate expense. "Last year was pretty rough, but leasing has picked up a bit this year," says Linehan. "But there's none of this opportunistic, 'Hey I'm going into the market looking for a bigger building to expand (talk)'. Those are few and far between. What we're seeing is a lot of lease renewals, and even short-term renewals that landlords wouldn't have accepted a few years ago, because they don't want to have the vacancy."

### IOS Market Surging

One property type within the industrial sector that is gaining traction is IOS (Industrial Outdoor Storage). Also referred to as 'drop lots' and 'low-coverage industrial service facilities', they're commonly used for truck and trailer parking and storage, as well as for landscaping and construction equipment yards.

"It's the hot new thing," says Linehan.



"Development – unless you're talking about apartments – has become very difficult to do. Spec development of warehouses has become few and far between, so [developers] are building small coverage buildings with a bunch of yard space instead." Linehan recently represented the landlord in the leasing of 22 N. Maple St. in Woburn, a 13,912-square-foot flex building situated on three acres of land. The property was leased to Bond Brothers, the civil and utility infrastructure contractor. "There's a brand-new off-ramp going in there, so they (leased the space) largely to have access to the city," he explains.

The product type is so hot that Marcus Partners is converting an office site in the Myles Standish Industrial Park in Taunton to a build-to-suit IOS site for Eversource. The developer will demolish a 95,000-square-foot office building and construct a new 40,000-square-foot ancillary flex building on the 7.4-acre site, with three acres reserved for IOS.

TSC has become a local powerhouse in brokering IOS deals, closing on a plethora of sales in recent months. "It's a relatively new category in real estate that has emerged over the last five to seven years, and demand has just exploded," says Stubblebine. "We've got a couple of guys who are just focusing on that genre," says Stubblebine.

That team is led by TSC's director of industrial real estate, Matty Drouillard,

who, along with his team, has closed on a half-dozen deals in the last six months, including the \$5 million sale of 1854 Main St. in Brockton to railroad construction company SPS New England. The team has sold additional IOS properties in Milford, Seekonk, Whitman, and Framingham, including several deals with Alterra IOS, a real estate investment and development company specializing in IOS.

"We're very land-constrained here in the Commonwealth, and there's terrific demand for well-located smaller buildings with a lot of land, especially inside 495," says Stubblebine.

As the industrial market continues to grapple with the fallout from an evolving tariff policy and its unknown effects, the overall impression from the independent brokerages remains one of cautious optimism. How this all plays out will be an ongoing saga, so stay tuned. ■

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