

# Industrial Report



## Market Facts

**1,872,000 SF**

is currently under construction, with majority being developed on a speculative basis

**7.6%**

of industrial space is currently vacant on a direct and sublet basis throughout the GBA

**\$10.12 PSF**

is the overall average asking rent for flex & manufacturing inventory

**\$8.60 PSF**

is the overall average asking rent for warehouse & distribution space

**3.6%**

is the current unemployment rate for Greater Boston

## Historically Tight Industrial Market Spurs Several Speculative Developments To Begin

Only 35% of the 1.8 MSF of new development is currently preleased

The industrial market in the Greater Boston Area (GBA) remains tight, as vacancy for the 133 MSF of inventory is below 8.0% for the 10th straight quarter. Due to strengthening market conditions and the depleted supply of available industrial inventory, owners are starting additional speculative developments. Of the 1.9 MSF under construction, just over 60% is being built on a speculative basis, including large projects such as Campanelli's 428,000 SF at 351 & 353 Maple Street in Bellingham, due for delivery in Q4' 2018. Other notable developments looking for tenants include over 220,000 SF at Crossroads Industrial Park in Northborough, and Phase I of BlueStar Business Park in Norton, which just kicked off construction and is set to include over 510,000 SF new warehouse inventory.

Overall, Q3' 2018 saw negative net absorption of 457,000 SF, in large part due to NECCO closing its 135 American Legion Highway in Revere, which brought 680,000 SF of

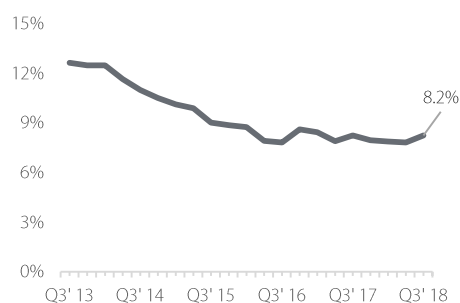
warehouse and distribution to the market. Excluding this massive influx of vacant space, the overall market saw positive net absorption of 223,000 SF. The strongest performing market of the quarter was warehouse and distribution space along 495 West, with 432,000 SF of net absorption. Contributing to this was Anixter moving into its 120,000 SF at 12 Industrial Road in Milford, and North American Site Developers taking occupancy of the full 77,000 SF at 39 Olympia Avenue in Woburn.

As the holiday season approaches, e-commerce is anticipated to have an even stronger year than ever, and that certainly bodes well for Greater Boston's warehouse market. Already seeing average asking rents at an all-time high, this product type is only expected to become more expensive with more pressure being placed on supply chain operations as the GBA's population grows.

## Flex & Manufacturing

This quarter was fairly flat in terms of leasing activity for Flex/Manufacturing, as few large transactions took place, resulting in a negative 198,000 SF of net absorption for Q3. In spite of that, the market is still tight, and asking rents are continuing to tick upwards and are currently averaging over \$10.00 PSF asking throughout the GBA.

Overall Vacancy Rate



Average Asking Rent (NNN)



Overall Absorption (In Thousands)



### Notable Leasing Activity

Tenant	Address	City	Square Feet	Deal Type
Cambridgeport	4 Carleton Drive	Georgetown	60,000	User Sale
Veloxint	360 Second Avenue	Waltham	46,000	New
Opto-Line International	265 Ballardvale Street	Renewal	21,000	Renewal

### Under Construction

Developer	Address/Building Name	City	Square Feet	% Leased (Notable Tenants)
Condyne	BlueStar Building Park (Bldg 5 & 7)	Norton	388,000	0%
Pfizer	1 Burt Road	Andover	175,000	100% (Pfizer – User/Owner)
Hilco Real Estate	Cabot Business Park	Mansfield	174,000	66% (Integra)

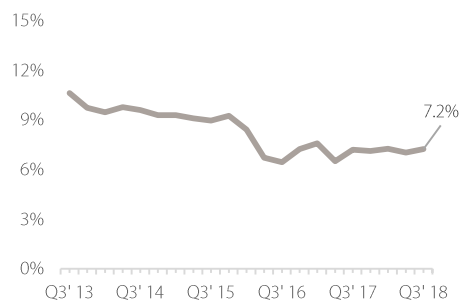
### Market By The Numbers (In Thousands)

	Inventory (SF)	Overall Vacancy	Quarterly Net Absorption	12 Month Net Absorption	Average Asking Rents (NNN)	Under Construction	12 Month Construction
<b>Urban</b>	<b>2,815</b>	<b>9.9%</b>	<b>8</b>	<b>109</b>	<b>\$10.15</b>	<b>0</b>	<b>0</b>
<b>128 Belt</b>	<b>14,448</b>	<b>6.1%</b>	<b>(132)</b>	<b>158</b>	<b>\$12.11</b>	<b>80</b>	<b>0</b>
128 North	6,076	1.6%	25	99	\$12.48	80	0
128 West	1,702	6.0%	0	52	\$18.75	0	0
128 South	6,669	10.3%	(157)	7	\$10.09	0	0
<b>495 Belt</b>	<b>32,286</b>	<b>9.0%</b>	<b>(74)</b>	<b>(160)</b>	<b>\$9.24</b>	<b>792</b>	<b>125</b>
495 North	12,794	12.4%	(30)	(193)	\$10.18	175	0
495 West	11,897	9.9%	6	54	\$9.51	0	65
495 South	7,595	2.2%	(50)	(21)	\$7.24	617	60
<b>Total Market</b>	<b>49,549</b>	<b>8.2%</b>	<b>(198)</b>	<b>107</b>	<b>\$10.12</b>	<b>872</b>	<b>125</b>

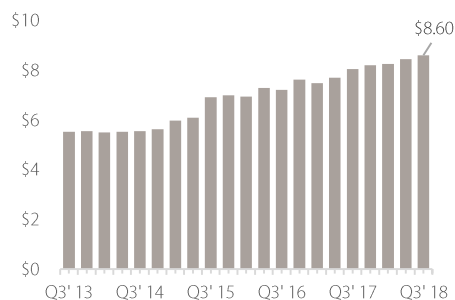
## Warehouse & Distribution

Overall, this quarter saw strong numbers for leasing activity with the suburban markets surrounding the 128 & 495 belt absorbing a net 500,000 SF plus. The urban markets saw a major tenant vacate space, as NECCO officially closed its plant at 135 American Legion Highway in Revere, resulting in negative absorption in the Urban Market.

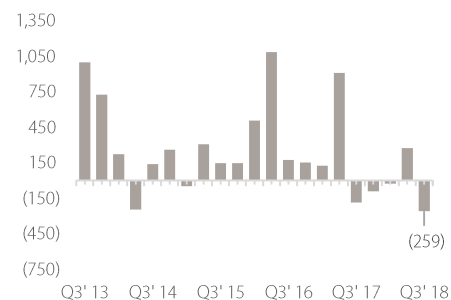
Overall Vacancy Rate



Average Asking Rent (NNN)



Overall Absorption (In Thousands)



### Notable Leasing Activity

Tenant	Address	City	Square Feet	Deal Type
Essendant Co.	33 Suffolk Road	Mansfield	159,000	Renewal
American Tire Distributors	1 Crossroads Commerce Center	Stoughton	135,000	Renewal
Shaws Industries	275 John Hancock Road	Taunton	70,000	Renewal

### Under Construction

Developer	Address/Building Name	City	Square Feet	% Leased (Notable Tenants)
Campanelli	Business Park of Bellingham	Bellingham	428,000	0%
The Gutierrez Co.	Crossroads Industrial Park	Northborough	220,000	0%
William St. Investment	20 Commerce Way	Norton	200,000	100% (Alnylam Pharma.)

### Market By The Numbers (In Thousands)

	Inventory (SF)	Overall Vacancy	Quarterly Net Absorption	12 Month Net Absorption	Average Asking Rents (NNN)	Under Construction	12 Month Construction
<b>Urban</b>	<b>7,845</b>	<b>14.3%</b>	<b>(682)</b>	<b>(613)</b>	<b>\$17.60</b>	<b>0</b>	<b>0</b>
<b>128 Belt</b>	<b>19,134</b>	<b>7.2%</b>	<b>146</b>	<b>72</b>	<b>\$7.03</b>	<b>0</b>	<b>0</b>
128 North	7,373	3.1%	132	207	\$4.92	0	0
128 West	372	4.9%	(18)	(18)	na	0	0
128 South	11,390	9.8%	32	(117)	\$7.23	0	0
<b>495 Belt</b>	<b>56,842</b>	<b>6.3%</b>	<b>277</b>	<b>432</b>	<b>\$7.89</b>	<b>875</b>	<b>57</b>
495 North	10,199	6.4%	58	(96)	\$9.04	0	0
495 West	16,106	3.1%	79	207	\$9.24	220	0
495 South	30,537	7.9%	139	322	\$6.79	780	57
<b>Total Market</b>	<b>83,821</b>	<b>7.2%</b>	<b>(259)</b>	<b>(109)</b>	<b>\$8.60</b>	<b>1,000</b>	<b>57</b>





495 BELT