

Q4

2016 REAL ESTATE REPORT

The Stubblebine Company Fourth Quarter Transactions

“I like thinking big. I always have. To me it’s very simple: If you’re going to be thinking anyway, you might as well think big.”

-Donald Trump

“If you have the generosity of spirit to give money away, you also have the courage to seek profit by placing your money at risk”

-Rabbi Daniel Lapin

“The 10X rule: you must set targets that are 10 times what you think you want and then do 10 times what you think it will take to accomplish those targets. Massive thoughts must be followed by massive actions.”

-Grant Cardone

“Whatever you do, work at it with all your heart, as working for the Lord, not for human masters.”

-Colossians 3:23

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. The Custom House was completely renovated in the 1990s, and now is a time-share owned by Marriott Vacations. The building has luxurious rooms, harbor and city views, a full-service concierge, and an open observation deck on the 25th floor.

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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.

150 Blackstone River Rd. Worcester, MA
685,000 s.f. Building



Leased: 322,476 s.f.
Tenant: Imperial Distributors, LLC

Sterling Road, Billerica, MA
27.5 acres



Sold: \$2,820,000
Buyer: W.L. French Co. and Schmidt Equip.

5 Waltham, Wilmington, MA
84,178 s.f. Building



Leased: 35,000 s.f.
Tenant: American Furniture Rental

100 Simplex Drive, Westminister, MA
685,000 s.f. Building



Leased: 131,000 s.f.
Tenant: Mayhew Basque Plastics

Boston Market Highlights from Fourth Quarter

- The Industrial Market ended the fourth quarter 2016 with a vacancy rate of 6.1%. There was 1,375,803 (s.f.) of positive net absorption in the Industrial sector in Q4.
- The Boston Office market ended the fourth quarter 2016 with a vacancy rate of 8.1%.
- Total office inventory in the Boston market area amounted to 398,520,600 square feet in 13,710 buildings as of the end of the fourth quarter 2016.

(source: CoStar Fourth Quarter 2016 Market Report)

Economic Forecasts 2017

GDP Growth

2.1% for '17;
2.4% for Q4 '16

Unemployment

Ending '17 at 4.5%,
from 4.6% now

Interest Rates

10-year T-notes up to
2.7% at the end of '17

Crude Oil

Trading from \$50
to \$55/barrel in March

Corporate Earnings

11% growth in '17,
up from 1% in '16

Inflation

2.4% at the end of '17, 2.4%
from 2% at the end of '16
(source: The Kiplinger Letter)

Boston's Industrial Market Ended 2016 With Continued Strength

Micah Stubblebine, Principal of The Stubblebine Company/CORFAC International

The bull market in the Boston industrial real estate market ended 2016 on yet another high note, as the vacancy rate continued its descent to around 6%. Net absorption (the rate at which rentable space is filled) for the fourth quarter was a healthy +1,375,000 s.f., and average rental rates for the overall industrial market (flex & warehouse space) increased to \$6.77 per s.f. More specifically, warehouse rates averaged \$5.83 per s.f. and flex rates averaged \$10.07 per s.f. for the quarter (according to CoStar data).

So what is driving this epic expansion period for the industrial market? Boston employment rate dropped to 2.8% in December, its lowest rate since the year 2000. Boston's labor pool is still seen across the globe as a hotbed for talented, highly educated employees. Another major contributor to the industrial market is the strength of e-commerce. Due to the growth of on

line sales, e-commerce companies are continuing to seek out local fulfillment space in premium locations close to their customers, who have an increased demand for quick delivery. Cannabis is another industry beginning to absorb large quantities of space for cultivation and processing of their product. Finally, urban industrial buildings inside of 128 are being displaced by developers seeking to convert to higher and better uses, driving increased demand in the suburbs for industrial space. These factors, along with a continued low interest rate environment, have propelled the industrial market's resilience.

Large amounts of capital continue to flow into industrial real estate investment, as this asset class continues to be viewed as an attractive investment sector. A prime example is Novaya's acquisition of 1 Distribution Center,

Littleton, a 480,000 s.f. multi-tenanted industrial building. This trend should continue as global markets view the U.S. as a relative safe-haven for investment.

Heading into 2017, only time will tell what impact the policies of President Trump will have on the nation's economy. The President's promise to upgrade the nation's deteriorating infrastructure and efforts to keep manufacturing jobs in the United States should provide a boost to the market. Less clear is what effect an aggressive new trade stance might have on global trade and our relationship with international trading partners.

Overall, we see many signs pointing to a continued vibrant and growing industrial market in 2017.



Stubblebine Team

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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225,800,000 Total Inventory (s.f.) (Industrial)	\$6.77 Average asking rent for industrial	\$5.83 Average asking rent for warehouse
1,375,000 positive net absorption (Industrial)	6% overall industrial vacancy rate	\$10.07 Average asking rent for flex

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: 111 & 141 Higgins St. Worcester, MA

Total Size:	127,000 +/- s.f.
Available Space:	127,000 +/- s.f.
Type of space:	76,000 s.f. Warehouse; 50,000 s.f. Office
Ceiling Height:	23' clear warehouse
Land:	7.05 acres
Lease Rate:	Market



FOR SALE: 9-11 Mear Rd. Holbrook, MA

Total Size:	147,040 s.f.
Available space:	75,000 s.f. (can be made available)
Land:	9.74 acres
Building type:	Industrial
Sale Price:	\$6,500,000

