

The background of the entire page is a photograph showing the silhouettes of several construction workers on a building site. They are working on a structure with many vertical rebar rods. The scene is set against a dramatic sky at sunset or sunrise, with warm orange and yellow light on the right side and a darker blue sky on the left. The workers are positioned at different heights on the structure, some standing and some crouching.

REAL *insights*

SEPTEMBER 2023 // INDUSTRIAL MARKET REPORT

presented by the Hunneman Research Department

Greater Boston's industrial market fundamentals remain strong with low vacancy rates and a modest uptick in asking rents.

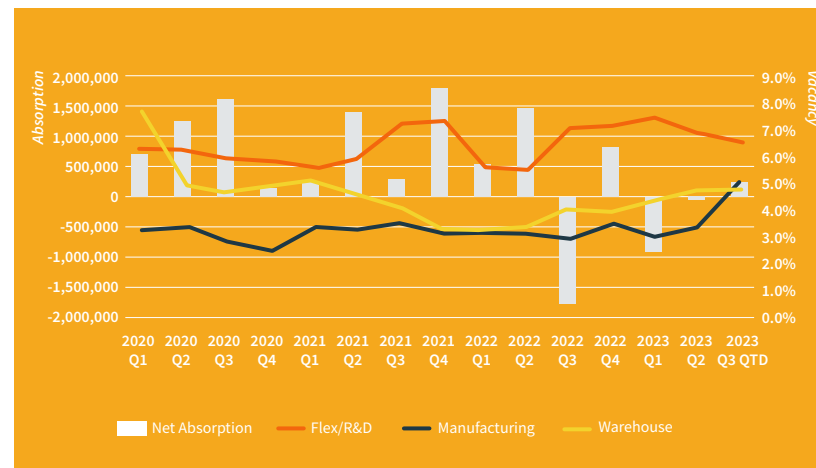
However, this asset class is facing headwinds related to large amounts of new deliveries, rising interest rates, and general macroeconomic concerns, especially as it relates to the deteriorating cash position of your average consumer. That last point is the most salient, given the amount of new product that has delivered, and the chain dependency they have on manufacturing and retail/e-commerce sales. While there have been several new deliveries this summer, over 10 million SF of product is still under construction, with north of 6 million belonging to Amazon.

Recent deliveries include GFI Partners' 150,000 SF high bay distribution space at 105 Industrial Boulevard in Brockton, and Calare Properties 219,000 SF distribution facility on Bedford Street in Bridgewater - delivered as of September 1st. These new deliveries coupled with a slowdown in leasing velocity have pushed the vacancy rate up nominally to 5.6%. It remains below the long-term historical average, and well within healthy territory.

New development remains slim for the above-mentioned concerns. However, there has been some new construction and asset repositioning this summer, as well as some newly submitted plans. Rhino Capital broke ground on their new 100,000+ SF development on 530 Turnpike Street in Easton in late June, which is fully leased to Beacon Roofing Supply. In Bedford, EQT Exeter announced a repositioning of their flex asset on 36 Middlesex Turnpike to accommodate GMP tenants with utility upgrades, lab-ready MEP systems, and an additional 6,000 SF of high bay space. NorthBridge is starting construction on a 234,260 SF Warehouse/Distribution property in Taunton, penciled in for a Summer 2024 delivery. The Seyon Group submitted an adaptive reuse proposal to the Watertown Planning Board, seeking to convert an existing industrial building on Manley Way into a R&D/lab/manufacturing site.

Significant leasing activity included Karl Storz Endoscopy America expanding their footprint from 140,000 SF at 28 Millbury in Auburn, snapping up an additional 85,000 SF of space, taking the building to fully leased and their total to 225,629 SF. Locus Robotics inked a deal for 158,000 SF at a currently under construction facility at 100 Fordham Road in Wilmington. Over in Pembroke, LogiWorld, LLC recently signed a long-term deal for 55,750 SF of space at 56 Pembroke Woods Drive, taking the space that Netflix just recently vacated. Axcelis Technologies, a manufacturer of capital equipment for the semiconductor industry, had their new 95,800 SF facility at 105 Sam Fonzo Drive in Beverly completed just a week ago. In portfolio sale news, Marcus Partners liquidated a 6-property industrial facility portfolio, totaling over 1 million SF across 4 towns. Westbrook Partners paid \$166.75 million to acquire the assets located in Franklin, Sutton, Peabody, & Avon.

There are more than 10 million SF of projects set to deliver over the next four quarters, more than 50% of which are Amazon developments. Beyond that, we will be following the leasing activity of all this new product closely. Look later in this report for a detail on all the recent deliveries with significant leasing activity.



“...new deliveries coupled with a slowdown in leasing velocity have pushed the vacancy rate up nominally to 5.6%. It remains below the long-term historical average...”

Greater Boston Market Fundamentals

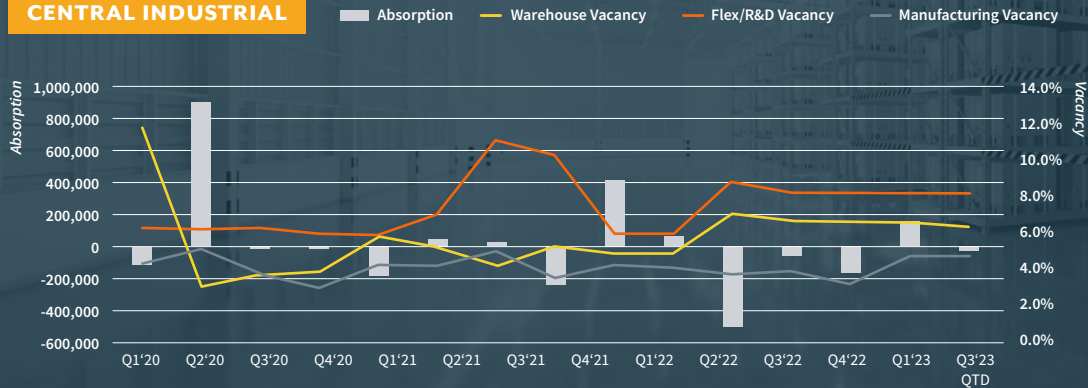
MARKET INVENTORY
272,300,000

TOTAL VACANCY
5.61%

ASKING RENT
Average for Boston, Cambridge and Suburbs
\$15.75/SF

UNDER CONSTRUCTION
Entirety of Massachusetts
13.4 Million SF

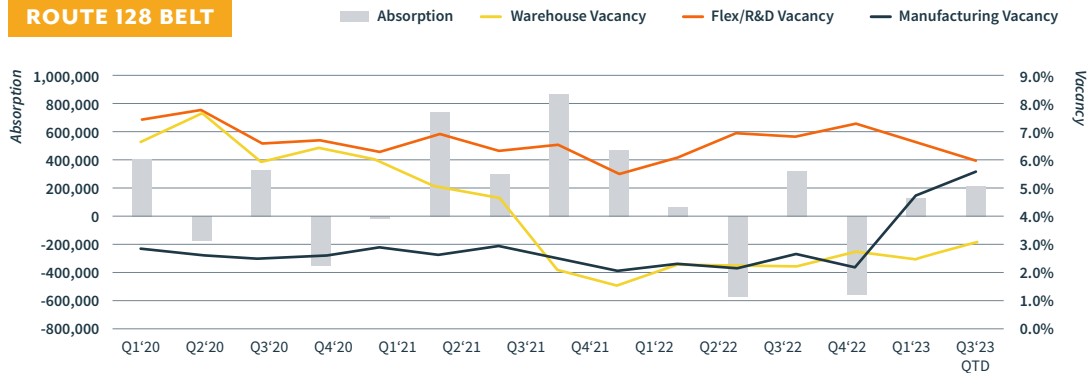
CENTRAL INDUSTRIAL



CENTRAL INDUSTRIAL RENTAL RANGES



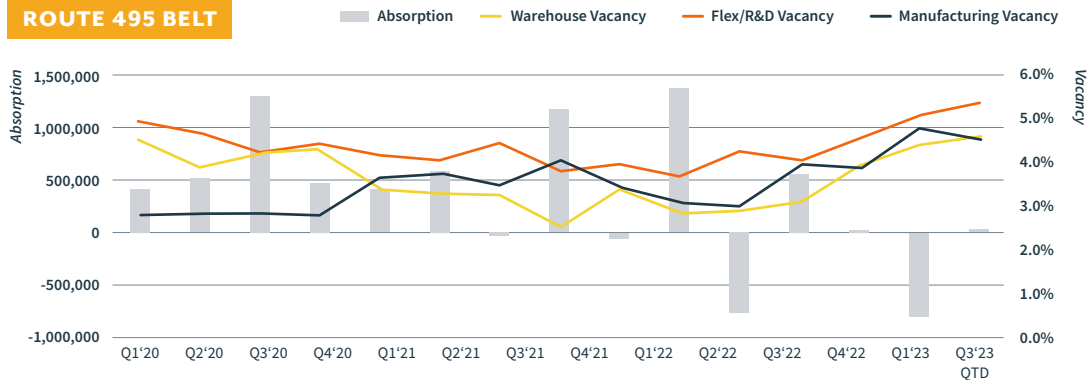
ROUTE 128 BELT



ROUTE 128 BELT RENTAL RANGES



ROUTE 495 BELT



ROUTE 495 BELT RENTAL RANGES





**LEASING
& ADVISORY**



**INVESTMENT
SALES**



**CAPITAL
MARKETS**



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RECENT HUNNEMAN ACTIVITY 2023

Investment Sales

\$27.5 M

26-30 Rutland Street &
475 Shawmut Avenue, Boston

Debt Placement

\$4,550,000

530 Turnpike Street, Easton

Property Management Portfolio

**1MSF added in 2023
20,000,000 SF**

Leasing Transactions

101,200 SF

530 Turnpike Street, Easton
Beacon Roofing Supply

55,750 SF

56 Pembroke Woods Drive, Pembroke
LogiWorld

20,000 SF

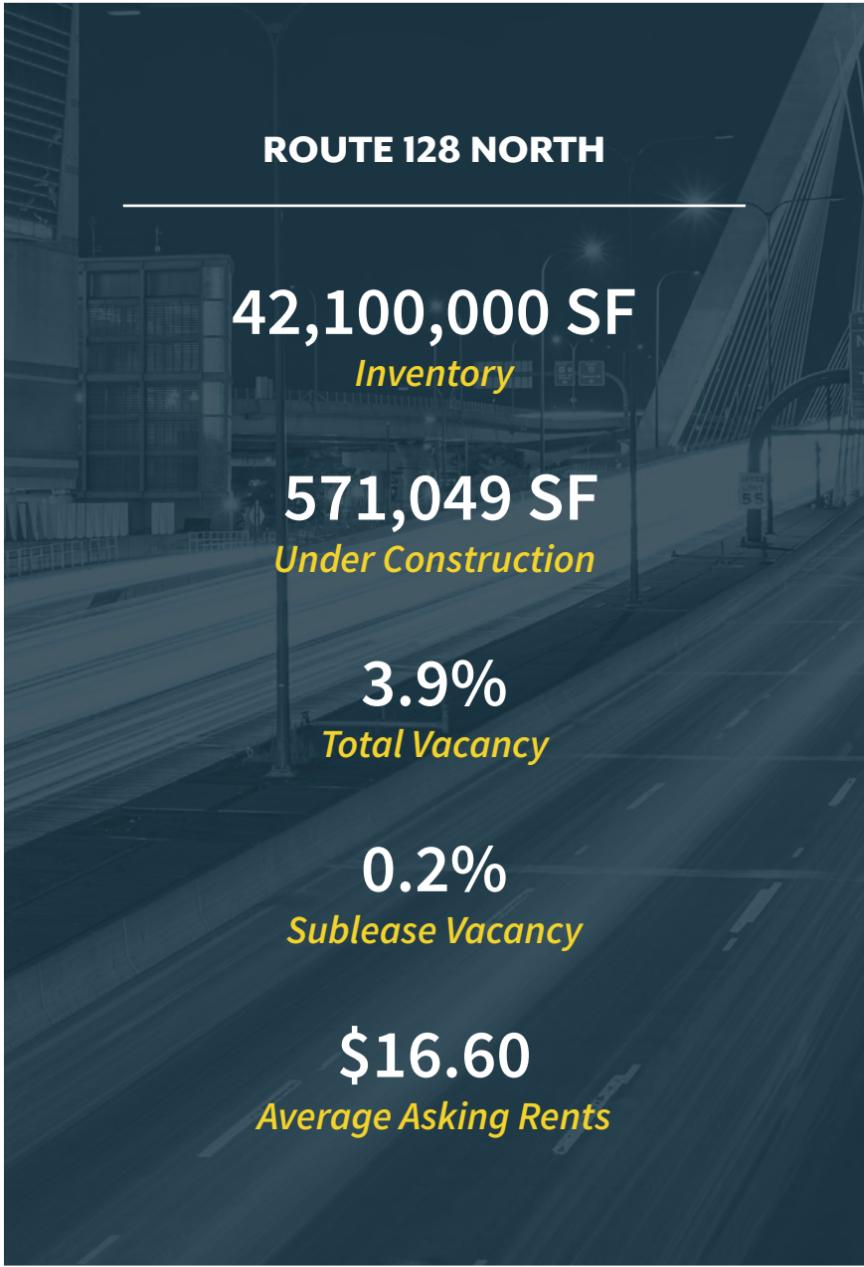
45 Dunham Road, Billerica
Rapiscan Systems, Inc.

The Route 128 North Corridor is one of the Boston metropolitan area's largest industrial markets, hosting approximately 42 million square feet of inventory immediately north of Boston proper.

Demand for space has been driven by the e-commerce boom and accompanying logistical requirements for rapid delivery, as well as the legislative re-shoring efforts in the CHIPS and Inflation Reduction Acts. The two acts together, which provide billions in tax credits for domestic clean energy and semiconductor manufacturing companies, are especially relevant in Greater Boston due to the large number of start-ups and our role as an innovation hub, stemming largely from local educational institutions.

The Route 128 North submarket boasts a vacancy rate of only 3.9%, and recent leasing activity supports the idea the market still has demand to spare. In recent months, two properties in Wilmington have signed leases over 100,000 square feet. Locus Robotics, is occupying all 158,000 SF at 100 Fordham Road, which is still under construction, and energy provider Eversource inked a deal for 140,000 SF at 250 Ballardvale. AbioMed also signed a lease for 69,000 SF in Peabody, which along with Locus Robotics demonstrates how newly built or renovated spaces are increasingly appealing to the technology and healthcare companies Massachusetts is known for.

The demand for industrial space in the Route 128 North submarket is not poised for any significant slowdown, as its proximity to Boston and location at the intersection of Routes 128 and 114, as well as Interstate 95 make it a crucial connector between the city and its expanding northern suburbs. The submarket's easy access to Logan Airport and Paul W. Conley Container Terminal, which recently underwent extensive renovations to modernize and expand its facilities, are especially of note as they are the primary hubs for goods arriving in New England. Route 128 North is well-situated to be both a hub of distribution and center of manufacturing due to these positive locational factors. Currently, there are multiple industrial projects underway, as well as some recent speculative deliveries. Upton Crossing in Wilmington delivered 214,440 SF earlier this year, while 140 Salem Turnpike in Saugus and 175 Lowell Street in Wilmington are poised to deliver 125,000 and 300,000 SF respectively. 140 Salem Turnpike will be a UPS distribution center, while 175 Lowell and Upton Crossing are flexible, high-bay, ultra-modern spaces which can be used for warehousing, distribution, or manufacturing as developers aim to accommodate a wide range of uses to maximize their potential tenant pools.

 ROUTE 128 NORTH

42,100,000 SF
Inventory

571,049 SF
Under Construction

3.9%
Total Vacancy

0.2%
Sublease Vacancy

\$16.60
Average Asking Rents

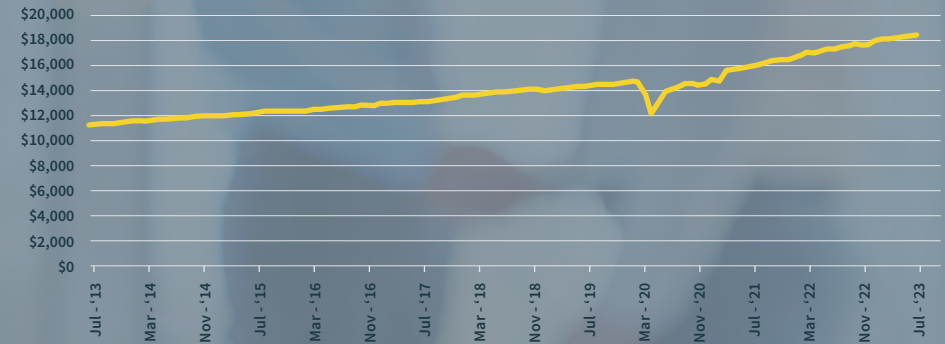
Consumer spending, while not the only factor, is a major contributor for demand and usage of industrial real estate, and by extension the U.S. economy.

Flatly: consumption accounts for 68% of America's GDP. Commerce, and the health of the average American's balance sheet is in focus. Companies need warehouse and storage space to fulfill e-commerce orders, and last-mile delivery sites to fulfill fast and convenient deliveries. Brick and mortar retailers need space to house their goods. Manufacturing space is paramount as well, as the creators of durable goods and electronics rely on spending to expand their operations or open new facilities.

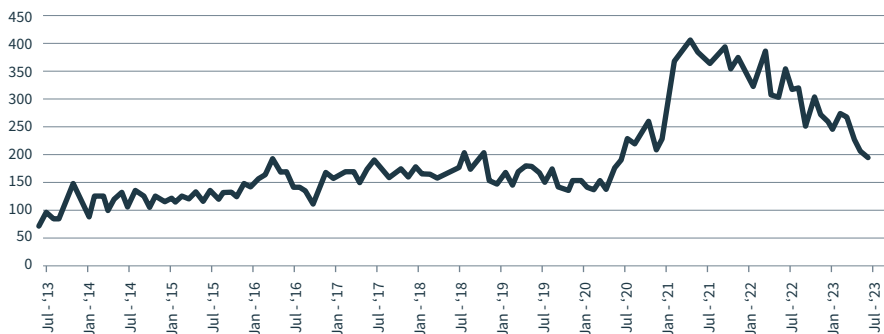
So far, American exceptionalism has buoyed these industries through deteriorating economic conditions and rapidly increasing interest rates. As of Q2 2023, the delinquency rate on credit card loans is at 2.77%. The last time delinquency rates achieved this level was in 2012, in the wake of the GFC. A keen observer would also note the unemployment rate at that time was north of 8%, a far cry from the 3.8% we currently sit at. Student loan payments are returning, and the Federal Reserve indicates the average monthly payment is \$393, with the median being \$222. However, for the time being, PCE continues to increase. Wage growth for the average worker continues to rise, albeit more slowly than the breakneck pace a few quarters ago. Another good sign: personal savings are starting to increase after bottoming in Q2 of 2022. Ultimately, the confluence of already rising delinquency rates, student loan payments restarting, increasing oil prices, not-yet-tamed inflation, and interest rates increasing on everything from mortgages rates, auto loans, and credit cards certainly paint a challenging picture for the near future.

It would appear manufacturers are taking note of this as well: manufacturing job openings for non-durable goods (think clothing, food, paper products) are down 50% from their highs, and trending further downward. They still remain well above their 10-year historical average. Manufacturing job openings for durable goods (appliances, consumer electronics, automobiles) are down 45% from their highs. They too, remain above their historical 10 year average, but inch closer with every new report.

Personal Consumption Expenditures



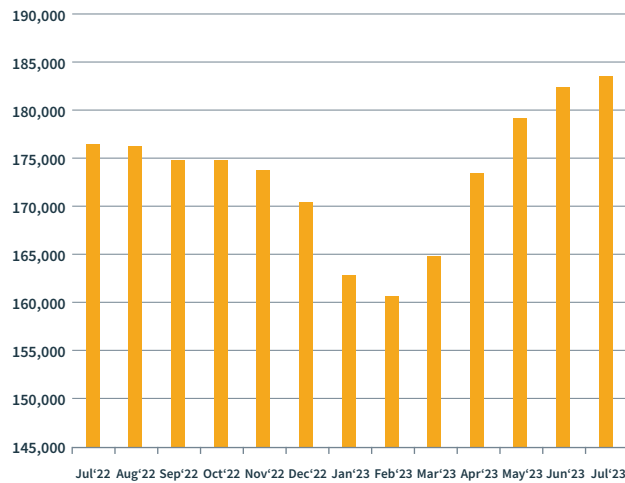
Non-Durable Goods Manufacturing: Job Openings



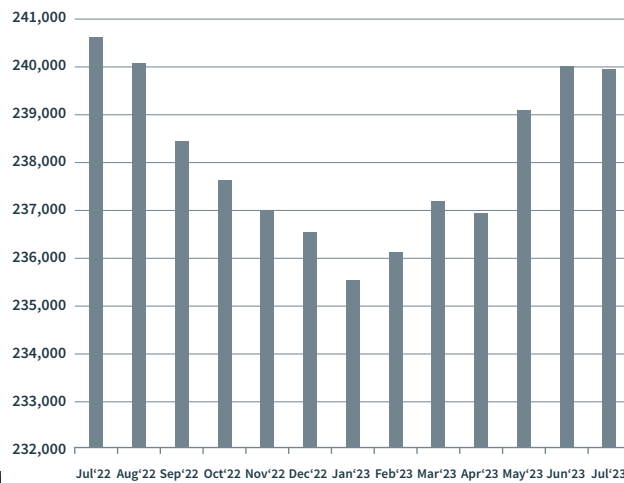
Durable Goods Manufacturing: Job Openings



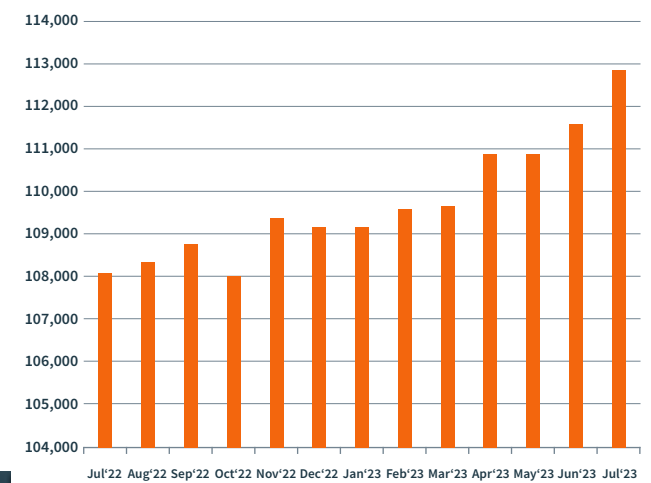
Construction Employment
Massachusetts



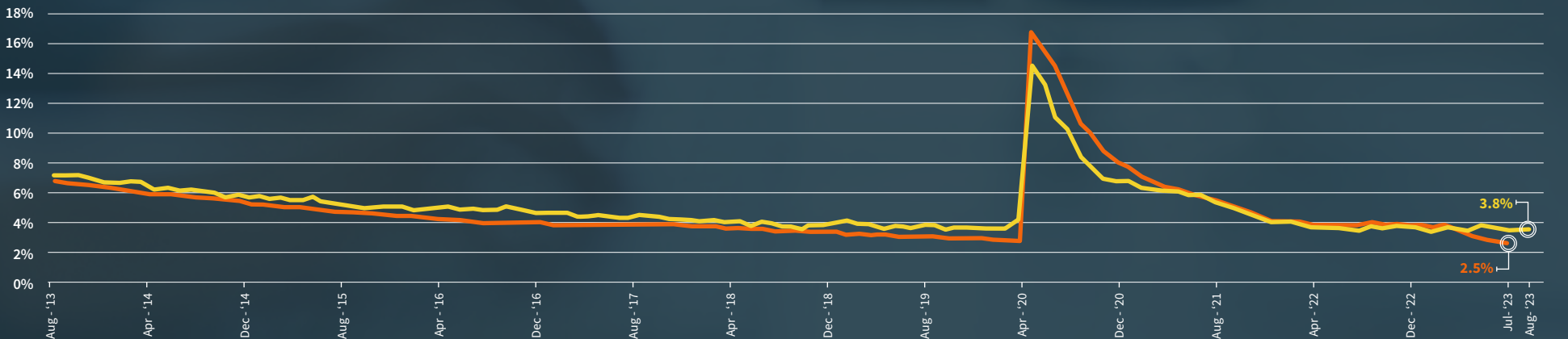
Manufacturing Employment
Massachusetts



Transportation, Warehousing, & Utilities Employment
Massachusetts



Unemployment Rate
Massachusetts & U.S.



Note: August numbers for MA have not been released at this time



DIRECT

28 Millbury Street
Auburn, MA

—
85,000 SF
8/22/23 | *Expansion*



DIRECT

100 Fordham Road
Wilmington, MA

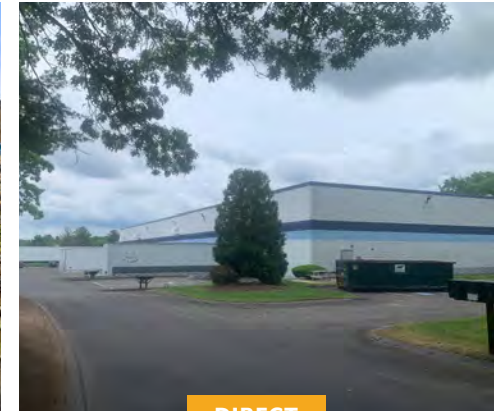
—
158,000 SF
7/27/23 | *New*



DIRECT

1 Second Street
Peabody, MA

—
69,293 SF
6/20/23 | *New*



DIRECT

45 Dunham Road
Billerica, MA

—
20,000 SF
7/24/23 | *New*





INDUSTRIAL

**301 Bartlett Street
Northborough, MA**

220,106 SF

\$47,500,000 | \$216.00/SF
7/11/23



INDUSTRIAL

**150 Hayes Memorial Drive
Northborough, MA**

167,438 SF

\$31,350,000 | \$187.00/SF
7/11/23

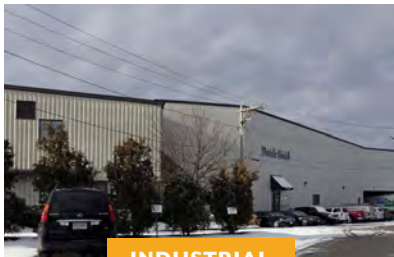


INDUSTRIAL

**400 John Quincy Adams
Road
Taunton, MA**

300,000 SF

\$27,000,000 | \$90.00/SF
7/1/23



INDUSTRIAL

**40-44 Sturtevant Street
Dorchester, MA**

117,000 SF

\$26,785,714 | \$229.00/SF
7/3/23



INDUSTRIAL

**7 Channel Center Street
Boston, MA**

30,888 SF

\$23,500,000 | \$761.00/SF
8/1/23



INDUSTRIAL

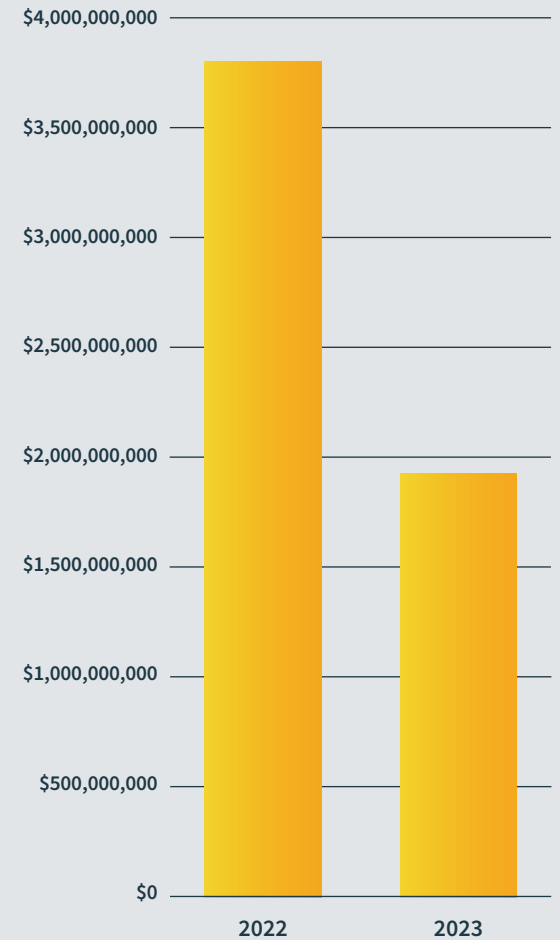
**323 Lockhouse Road
Westfield, MA**

229,867 SF

\$14,500,000 | \$63.00/SF
8/7/23

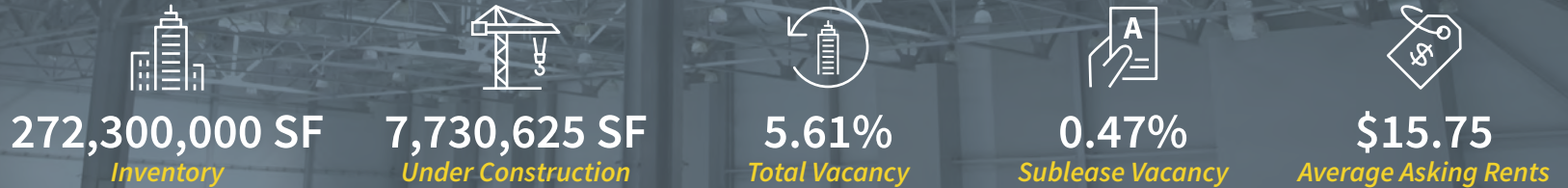
Total Industrial & Flex Asset Sales Through 9/7

2022 vs. 2023



Property Address	Town	Submarket	Building Status	Construction Begin	Year Built	Delivery Date Est.	RBA	Space Use	Leasing Status
1600-1630 Osgood Street	North Andover	Route 495 Northeast	Under Construction	Apr 2021	2023	2023 Q2	3,800,000	Distribution	Fully Leased - Amazon facility
53 Sturbridge Road	Charlton	Worcester County	Under Construction	Jun 2022	2023	2023 Q4	2,855,000	Distribution	Fully Leased - Amazon facility
111 Hospital Road	Devens	Route 495 North	Under Construction	Jun 2021	2025	2025 Q1	160,000	Manufacturing	Owner/User - Commonwealth Fusion
35 Saratoga Boulevard	Devens	Route 495 North	Under Construction	May 2023	2024	2024 Q2	154,000	Warehouse	Fully Leased - Avantor Fluid Handling
7 Neponset Street	Worcester	Worcester County	Under Construction	Jan 2022	2023	2023 Q2	147,283	Warehouse	Fully Leased - Amazon facility
71 Bishop Street	Framingham	Framingham-Natick	Under Construction	May 2022	2023	2023 Q4	126,691	Self-Storage	Fully Leased - Public Storage
14 Calumet Road	Methuen	Route 495 Northwest	Complete	Jun 2022	2023	2023 Q2	122,613	Self-Storage	Fully Leased - CubeSmart
160 Grove Street	Franklin	Route 495 South	Under Construction	Dec 2021	2023	2023 Q2	121,000	Warehouse	Fully Leased - Hennep Cultivation Production Facility
127A Hartwell Street	West Boylston	Worcester County	Complete	Mar 2022	2023	2023 Q2	101,200	Manufacturing	Owner/User - CogMedix
Clocktower Dr. & Innovation Dr.	Worcester	Worcester County	Under Construction	Feb 2022	2023	2023 Q2	100,000	Manufacturing	Fully Leased - WuXi
2 Monarch Drive	Littleton	Route 495 North	Under Construction	Apr 2023	2024	2023 Q4	100,000	Flex R&D	Fully Leased - PODS
105 Sam Fonzo Drive	Beverly	Route 128 North	Complete	Jan 2022	2023	2023 Q2	95,800	Manufacturing	Fully Leased - Axcelis Technologies
7 Manley Street	West Bridgewater	Route 128 South	Under Construction	Sep 2022	2023	2023 Q2	88,200	Distribution	Fully Leased - 4Wall Boston
15 Main Street	Lakeville	Route 495 South	Complete	Mar 2022	2023	2023 Q2	80,000	Self-Storage	Fully Leased - Value Store It
59-83 Hampden Street	Roxbury	Central Industrial	Under Construction	Nov 2022	2023	2023 Q2	66,000	Distribution	Owner/User - FW Webb
8 Carew Street	Chicopee	Springfield	Complete	Apr 2022	2023	2023 Q2	60,000	Warehouse	Fully Leased - Western MA Food Bank
495 Newbury Street	Danvers	Route 128 North	Under Construction	Jan 2022	2023	2023 Q2	43,054	Self-Storage	Fully Leased - Public Storage
10 Maguire Road	Lexington	Route 128 Northwest	Under Construction	Oct 2022	2023	2023 Q2	35,000	Flex R&D	Fully Leased - Braskem Innovation Center
0 Panther Way	Franklin	Route 495 South	Under Construction	Jun 2022	2023	2023 Q2	20,000	Warehouse	Fully Leased - Bus Depot

Total Market



URBAN CORE



19,700,000 SF
Inventory

225,909 SF
Under Construction

8.9%
Total Vacancy

0.7%
Sublease Vacancy

\$20.42
Average Asking Rents

ROUTE 128



97,600,000 SF
Inventory

1,450,029 SF
Under Construction

5.2%
Total Vacancy

0.5%
Sublease Vacancy

\$17.74
Average Asking Rents

ROUTE 495



150,100,000 SF
Inventory

5,908,770 SF
Under Construction

5.6%
Total Vacancy

0.5%
Sublease Vacancy

\$12.80
Average Asking Rents

FRAMINGHAM-NATICK



4,900,000 SF
Inventory

145,917 SF
Under Construction

2.1%
Total Vacancy

0.0%
Sublease Vacancy

\$14.89
Average Asking Rents

Please reach out to our research department for detailed statistics on individual submarkets and / or municipalities : mfallon@hunnemanre.com | 617.457.3232

580 Chelsea Street | East Boston, MA

±8,000 - 35,000 SF AVAILABLE
WAREHOUSE



[!\[\]\(341b5bdc31177a6c7da7dc713da0d169_img.jpg\) Click To Learn More](#)



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Mark Fallon

Director of Research & Strategy
617.457.3232 / mfallon@hunnemanre.com

Michael Klemm

Research Analyst
617.457.3299 / mklemm@hunnemanre.com

METHODOLOGY

Source: Co-Star, Hunneman, Bldup, Federal Reserve, BLS, BEA, and the Census Bureau, crunchbase.com. Prepared: September 2023

Disclaimer: The above data is from sources deemed to be generally reliable, but no warranty is made as to the accuracy of the data nor its usefulness for any particular purpose.

Average Rental Rates are asking rents on direct space. Vacant space includes both direct and sublease space.



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HUNNEMAN LEADERSHIP

Steve Prozinski

CEO & COO

617.457.3370 / sprozinski@hunnemanre.com

Peter Evans

EVP & Managing Principal

617.457.3402 / pevans@hunnemanre.com