

SUMMER 2010

QUOTE FOR THE QUARTER:

"The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood; who strives valiantly; who errs, who comes short again and again...who does actually strive to do the deeds; who knows great enthusiasms, the great devotions; who spends himself in a worthy cause; who at the best knows in the end the triumph of high achievement, and who at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who neither know victory nor defeat."

THEODORE ROOSEVELT
- "The Man in the Arena"

SUMMER

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IN THE SPOTLIGHT:



David Curley, a graduate of Bates College, has recently joined the O'Brien Commercial Properties Inc. brokerage team. David grew up in Bolton, MA and will be covering the Boroughs and Leominster submarkets.

Contact OCP for further details: 508-481-8200 x 123

O'BRIEN COMMERCIAL PROPERTIES

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MARKET RATES IN BOSTON/ METROWEST, MASSACHUSETTS

AVERAGE ASKING RENTS FOR FLEX & INDUSTRIAL SPACE

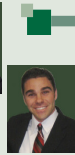
MARKET	SQUARE FEET	VACANT	RATE/SF	AVG. TIME
Greater Boston	622,125,000	11%	\$5.12	25.7 mo.
SUBMARKETS				
Framingham/ Natick	8,460,000	4%	\$5.91	16.9 mo.
The Boroughs	17,117,000	12%	\$6.24	33.8 mo.
Concord/ Maynard	15,076,000	15%	\$5.20	26.3 mo.
Lowell/ Chelmsford	25,125,000	16%	\$6.12	31.2 mo.

AVERAGE ASKING RENTS FOR OFFICE SPACE

MARKET	SQUARE FEET	VACANT	RATE/SF	AVG. TIME
Greater Boston	415,257,000	10%	\$20.74	25.4 mo.
SUBMARKETS				
Framingham/ Natick	10,333,000	7%	\$19.00	24.2 mo.
The Boroughs	12,825,000	13%	\$18.21	31.9 mo.
Concord/ Maynard	10,650,000	13%	\$18.44	26 mo.
Lowell/ Chelmsford	16,995,000	12%	\$17.33	27.7 mo.

** Vacant space does not include "dark space" for sub-lease or occupied space that is being offered for lease. Info from costar.com

By **ERIC O'BRIEN, President, OCP**



STATE OF THE MARKET AND DONE DEALS

Everybody is asking what direction the market is heading. Some say we are at the bottom and on our way up, others that the market has stabilized but not given any indication of rebounding and others still that we have not yet reached the proverbial bottom. What we do know are the deals that have closed in the market recently. Here is a rundown on several recent transactions:

- 17 Brent Drive in Hudson, a class C industrial building, was sold in July by the principles of the company that had occupied the building to a new ownership group headed by Andrew Blank who will be utilizing the building and yard for his company. The sale price of this building was \$1,125,000.

- 11 Huron Drive in Natick is a class C flex/office building sold by Parsons Commercial Group to local investor Michael Price for \$3,500,000—which represents a sale price of over \$116 per square foot. The building was fully tenanted at the time of the sale, and the buyer financed 70% of the purchase price through Middlesex Savings Bank.

- Nagog Park in Acton, a class A flex and office space, recently saw a partnership group acquire nine buildings totaling 385,229 square feet paying \$12,500,000 for the approximately 70% leased portfolio. The average sale price per square foot was \$33.

- 2 Technology Drive in Westborough was purchased by eClinicalWorks from New Boston Fund for \$4,592,000 or \$45.12 per square foot.

On the rumor front, 325 Donald Lynch Boulevard in Marlboro is another property that should be trading hands soon. The 77,500 square foot office building previously occupied by Eastern Casualty Insurance is in receivership with the State.

After taking offers, a buyer for the property was identified and should close soon in the \$3,000,000 price range.

As the above transactions illustrate, there are both strong market indicators like the \$116 per square foot sale price at 11 Huron Drive as well as pricing such as that on the recent Nagog Park deal, which indicates more conservative market valuations and shows us that large investors like national development and KCB are jumping back in now. In either case, the facts show that properties are changing hands and volume is strong.

According to a recent survey on the Route 3/ I-495 submarket, which includes Lowell, Chelmsford and Billerica, in 2007 there were 29 office, flex and industrial properties sold in this submarket. This number dropped to 24 properties sold in 2008 and rebounded in 2009 with 31 completed sales- a third of those sales closing in the fourth quarter. Currently, 2010 projects to compete with the 2009 numbers as there have been 19 completed sales thus far. Selling prices per square foot have varied greatly over the past four years with the peak coming in Q1 of 2009. Despite sale prices softening over the past few quarters, there are still properties that are sitting empty because of the struggling leasing market. There is motivation for owners to move properties before the end of 2010 with the possible increase in capital gains taxes in 2011; Sellers have incentive to rid themselves of carrying costs, and buyers who can use the space for their business are getting the property for a fair price. Experienced investors are letting their actions do the talking, and the message seems to be that now is a good time to buy select, local real estate.

Article by **JOEL AHO** - Vice President, and **PAUL MULROY** - Associate, OCP



VALLEY OF OPPORTUNITY

Over the last 23 years selling and leasing industrial and office properties in Eastern Massachusetts, I have seen several peaks and valleys. During this time frame, demand only exceeded supply universally for a three to five year peak pre 9/11/01 and the "Dot Com" crash.

Today, buildings are selling for less than they were in 1988, while since, construction costs of the same buildings have doubled. Depending on who you speak with, the market peaked in 1986, and again in 2001. Since 2001 we have seen growth in the market but it has been staggered and gradual at best.

In 1988 when I entered the business after graduating from college, rents along Boston's Route 495 beltway were averaging about \$5.50 per square foot triple net for industrial space, \$6.50 per square foot NNN for flex space and the high teens for office space. Much of the suburban office space you see today was non-existent. You will notice on the average rent tables that commercial and industrial rents are about the same as before.

In a perfect world, suburban developers will stop building new buildings during or near every peak when the vacancy rate dips below 10%, and start re-developing and re-using older properties. Call it a green effort to recycle "used up" buildings instead of discarding them to deteriorate like vacant mills in Lawrence and Lowell. We need to re-face and re-position well located buildings like the 1950's/60's industrial buildings on Bear Hill Road in Waltham or on 128 in Burlington.

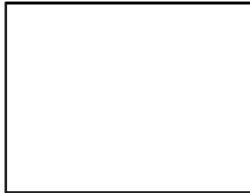
Today there are vacant buildings, some foreclosed and some simply distressed, that can be bought for outstanding values. Developers and investors need to come in with cash partners, a creative re-leasing program and staying power to ride out the balance of the storm. Responsible banks need to stop the cycle of speculative lending on new buildings out of the ground for peaks that only come every fifteen years. They need to take a longer view of things and bring back fixed rate lending to match it.

This market has nowhere to go but up. Smart money is buying quality assets today while they still cannot see the light at the end of the proverbial tunnel and this is why the values are so good.

ERIC O'BRIEN, President



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*Providing Commercial & Industrial Real Estate Solutions
 in Eastern Massachusetts since 1998*

EXCLUSIVE FEATURED LISTINGS 508-481-8200

MAYNARD - FOR SALE/LEASE
Free Rent Offered

OFFICE CONDOS FOR SALE OR LEASE

HUDSON - FOR SALE/LEASE

35,000- 81,388 SQ FT FLEX SPACE

MARLBOROUGH - FOR SALE/LEASE
Lease Price \$8.50 NNN

25,000- 80,000 SQ FT FLEX BUILDING

HOPKINTON - FOR LEASE

12,200 SQ FT OFFICE AND WET LAB SPACE

NATICK - FOR SALE

50,000 SF INVESTMENT OPPORTUNITY

ACTON - FOR LEASE

10,500 SQ FT OFFICE - FULL FLOOR

REDUCED- BILLERICA - FOR SALE/ LEASE

7,010 SQ FT INDUSTRIAL CONDO

LOWELL - FOR SALE/ LEASE

352,914 SQ FT INDUSTRIAL BUILDING

HUDSON - FOR LEASE
Immediate Highway Access

27,715 SQ FT FLEX SPACE

HOLLISTON - FOR LEASE
50,000 Square Feet Available

5,000- 50,000 SQ FT WAREHOUSE SPACE

NORTHBORO - FOR SALE/LEASE

22,500 SQ FT FLEX BUILDING

CHELMSFORD - FOR SALE

9,156 SQ FT INDUSTRIAL BUILDING

RECENT TRANSACTIONS - OCP INC.

67 BUENA VISTA DRIVE, DEVENS
SOLD

14,199 SQ FT FLEX BUILDING

80 HARRIS STREET, ACTON
SOLD

7.3 ACRES OF LAND & 6,000 SF BLDG

8-18 AVENUE E, HOPKINTON
LEASED

50,300 SQ FT FLEX SPACE

257 SIMARANO DRIVE, MARLBORO
LEASED

38,533 SQ FT FLEX SPACE

1 EXECUTIVE PARK DRIVE, BILLERICA
SOLD

13,000 SQ FT INDUSTRIAL BUILDING

2 REPUBLIC ROAD, BILLERICA
SOLD

6,000 SQ ST FLEX BUILDING

400 DONALD LYNCH BLVD, MARLBORO
LEASED

5,388 SQ FT OFFICE SPACE

3 PRINCE AVE, LOWELL
LEASED

44,000 SQ FT INDUSTRIAL SPACE

282 CENTRAL STREET, HUDSON
SOLD

2,000 SQ FT INDUSTRIAL CONDO

17 BRENT DRIVE, HUDSON
SOLD

25,500 SQ FT INDUSTRIAL BUILDING

10 LIBERTY WAY, FRANKLIN
LEASED

55,023 SQ FT FLEX SPACE

100 LOCKE DRIVE, MARLBORO
LEASED

12,000 SQ FT OFFICE SPACE