



# INDUSTRIAL MARKET REPORT

GREATER BOSTON

Q1 2022

LINCOLN  
PROPERTY  
COMPANY

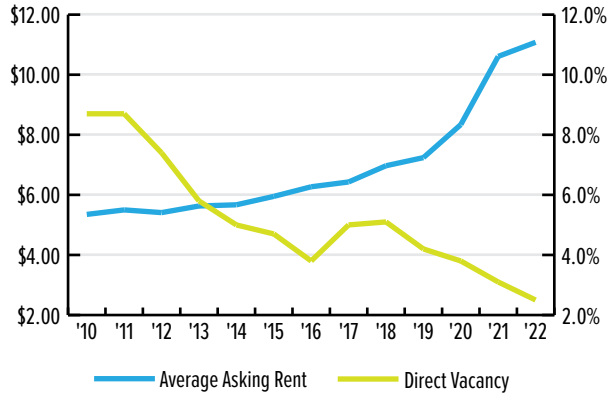
# INDUSTRIAL MARKET OVERVIEW

Q1 2022

LINCOLN  
PROPERTY  
COMPANY

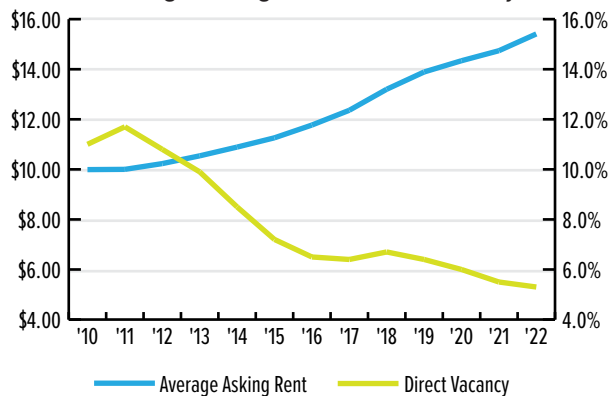
## INDUSTRIAL

Average Asking Rate & Direct Vacancy



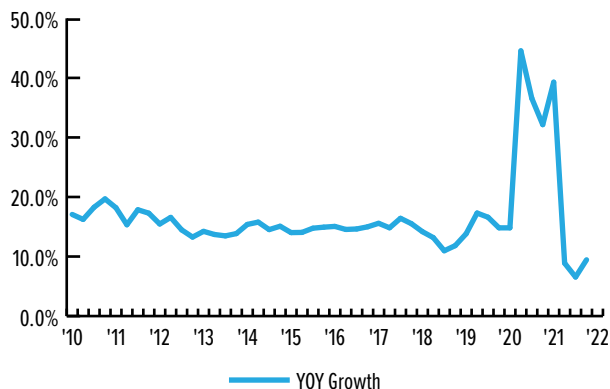
## FLEX

Average Asking Rate & Direct Vacancy



## ANNUAL GROWTH IN E-COMMERCE SALES

United States



The Boston Industrial Market continued to strengthen in Q1 2022. Vacancies in the warehouse and flex/R&D segments each declined to record lows, while strong rent growth continued across the board. Net absorption was about 350,000 SF last quarter, pushing 12-month net absorption up to roughly 2.5 million SF. The demand drivers for the industrial market will continue to be strong over the near term but the shrinking amount of available space is starting to limit leasing activity. Developers are responding to tight occupancies; however, and a record amount of construction is in the pipeline, most of which are build-to-suit projects. Rents have boomed during the pandemic. Warehouse rents increased by 10% last year and 4% in Q1 2022, while flex rents increased by 3% and 5%, respectively. Investment slowed compared with last year's record-setting pace, but pricing remains strong, topping \$200/SF on select top deals.

The industrial market finds itself in a sturdier position than the office and retail markets, and is well-suited for changes brought on by the pandemic. These industries were on the upswing before the pandemic, but have grown at an even faster trajectory during the covid-era. Social distancing measures have spurred an uptick in online shopping, and e-commerce sales increased by 40% during the first year of the pandemic. Although this growth rate has since fallen closer to its pre-pandemic average of about 10%-15% year-over-year, the market is still growing rapidly, prompting retailers to expand their warehouse and distribution footprints. VC funding for the biotech industry smashed its previous record last year, and growing companies are requiring GMP/manufacturing space in addition to lab space.

## LOOKING FORWARD

A few macroeconomic hiccups have occurred early in 2022, such as supply chain bottlenecks and a slowing biotech IPO market. But these issues aren't an indication of any fundamental concerns in the local market, which continued to thrive in Q1 2022. The rapid growth of the e-commerce and life sciences sectors continues to support growth. Despite the rapid growth of recent years, online shopping still accounts for a smaller share of total retail sales in the U.S. compared with other industrialized nations, meaning there should be plenty of more room for further liftoff. VC funding for biotech has continued at a rapid pace in 2022, despite the slowdown in the IPO market. As this influx of investment boosts the R&D capabilities of many local firms, companies will also require additional biomanufacturing and GMP space.

# LEASING TRENDS

Q1 2022

LINCOLN  
PROPERTY  
COMPANY

Warehouse leasing slowed last quarter compared with its average over the last few years, as the market's nearly full occupancy is limiting the amount of available space. At roughly 150,000 SF in Q1 2022, net absorption was well off the quarterly pace of more than 600,000 SF averaged since the start of 2020. Vacancies still declined to record lows, however, and several notable deals were inked. Essendant Inc. leased 241,600 SF at 415 Wildwood Avenue in Woburn, after its parent company, Sycamore Partners, sold the property in March. Essendant Inc. signed a new 3-year deal as part of the sale leaseback. In Haverhill, Crane Worldwide Logistics leased 104,375 SF at 64 Research Drive, on a deal that will run until 2030. A couple notable deals were also signed in Taunton, USPack's 94,161 SF lease at 50 John Hancock Road and Wayfair's 88,000 SF lease at 20 Constitution Drive.

The flex/GMP segment continues to grow, with net absorption nearly reaching 200,000 SF in Q1 2022 and 1 million SF over the last 12 months. While Q1 absorption puts the market on a slower pace compared with last year's record-setting figures, it is still on track to exceed its historical average. The record investment entering the life sciences market has supported demand, with several companies in this sector expanding into new GMP space. Intellia Therapeutics took 139,984 SF at 840 Winter Street in Waltham, Vericel Corporation leased 125,749 SF at 25 Network Drive in Burlington, and Lyndra Therapeutics inked 82,000 SF at 9 Forge Park in Franklin in some of the largest GMP deals last quarter.

## NOTABLE LEASES

### 415 WILDWOOD AVENUE

Woburn | 128 North  
Warehouse  
Essendant Inc. | 241,600 SF

### 840 WINTER STREET

Waltham | 128 West  
Flex/GMP  
Intellia Therapeutics | 139,984 SF

### 25 NETWORK DRIVE

Burlington | 128 North  
Flex/GMP  
Vericel Corporation | 125,749 SF

### 64 RESEARCH DRIVE

Haverhill | 495 Northeast  
Warehouse  
Crane Worldwide Logistics | 104,375 SF

### 50 JOHN HANCOCK ROAD

Taunton | 495 South  
Warehouse  
USPack | 94,161 SF

### 20 CONSTITUTION DRIVE

Taunton | 495 South  
Warehouse  
Wayfair | 88,000 SF

### 9 FORGE PARK

Franklin | 495 South  
Flex/GMP  
Lyndra Therapeutics | 82,000 SF

### 960 MASSACHUSETTS AVENUE

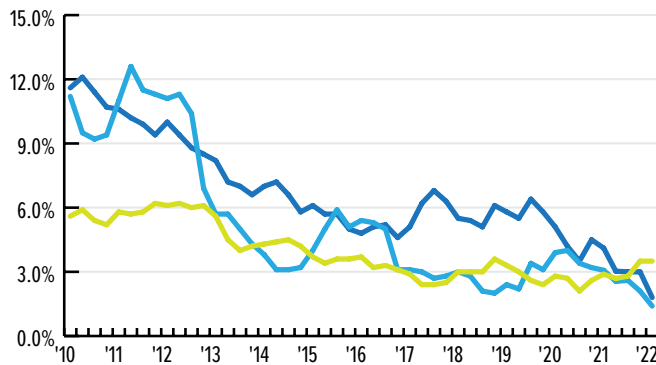
Boston | Roxbury/Dorchester  
Flex  
Boston Medical Center | 70,000 SF

### 1 HARVEST LANE

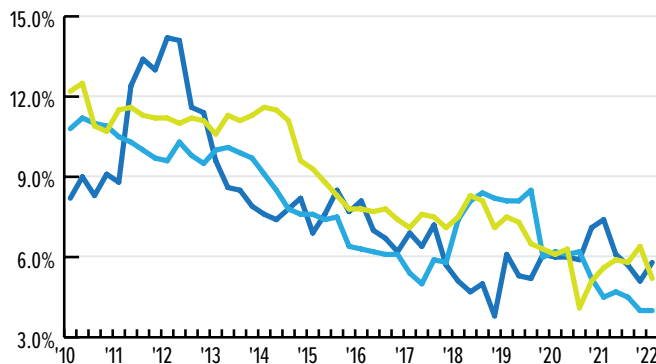
Southborough | 495 Mass Pike  
Warehouse  
Cognex | 64,983 SF

## DIRECT VACANCY

### INDUSTRIAL



### FLEX



— South — West — North

# DEVELOPMENT

## Q1 2022

The market's tight occupancies have spurred a development wave, with roughly 8 million SF under construction, and many additional projects in the proposal stages. This is a huge jump from the roughly 2 million SF that was under construction at the start of 2021, but most projects underway are build-to-suits and shouldn't stress vacancies. Major national firms are set to expand in the warehouse segment, where Amazon and Home Depot have five projects under construction between them. Nearly half of Greater Boston's under construction industrial inventory is located at Hillwood Development's 3.8 million SF Amazon Fulfillment Center development at Osgood Landing in North Andover. The five-story project broke ground in Q3 2021 and is expected to open in the second half of 2022. The e-commerce giant also is underway on warehouse projects in Plymouth and Everett. Home Depot is set to open a 715,000 SF distribution facility in Tewksbury and a 100,000 SF warehouse in Norton in 2022.

Several GMP facilities are also in the pipeline, as demand and investment into Boston's life sciences market surges. In addition to lab space, companies often look for GMP space for production capacity. GMP facilities are typically located farther from the urban core than labs. Middlesex County is home to more than 70% of the Massachusetts' R&D jobs, but just 45% of the state's biomanufacturing jobs. In Devens, King Street Properties is underway on its Pathway development, which is expected to open across several phases. The development is planned to reach 700,000 SF in total, with the final phase of construction wrapping up in 2025. The first building at the site was leased to Commonwealth Fusion Systems. In Marlborough, Lincoln Property Company's 120,000 SF flex/light manufacturing project at 1000 Nickerson Road is expected to break ground soon.

Osgood Landing | N Andover

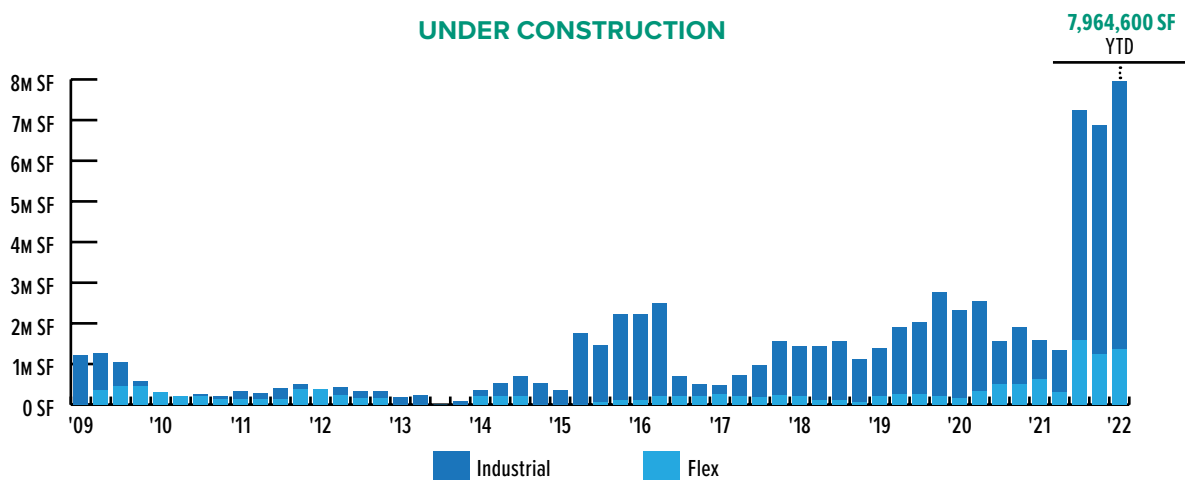


Pathway Development | Devens

1000 Nickerson Rd | Marlborough



### UNDER CONSTRUCTION



# INVESTMENT SALES

Q1 2022

LINCOLN  
PROPERTY  
COMPANY

Investment continued to flow into Boston Industrial in Q1 2022, albeit at a slower pace compared with last year's record-shattering sales volume. As the office and retail segments face headwinds amidst covid-related shifts, industrial properties continue to be viewed as safe assets with high upside. The warehouse segment has accounted for most of the top deals in recent quarters, including the highest-volume sale in Q1 2022. Westbrook Partners acquired 415 Wildwood Avenue in Woburn for \$88.5 million (\$366/SF). With so many warehouse properties sold in the last few years or held by owners that are content to ride out the bull market, investors are also looking at redevelopment opportunities to expand into the local logistics market. Hines acquired four parcels of land and a vacant warehouse in Chelsea for \$68.6 million. The company will develop a new last-mile logistics facility on the site.

Several notable flex and manufacturing trades also closed last quarter. Arris Partners and Blue Vista acquired the light manufacturing property at 25 Tucker Drive in Leominster from Oxford Partners for \$66.5 million (\$113/SF). The asset is leased to Affordable Interior Systems, an office furniture designer and manufacturer. Boston Andes Capital and Jumbo Capital Management acquired the flex building at 1100 Technology Park Drive in Billerica from Quincy Mutual Fire Insurance Co. for \$53 million (\$221/SF). The property is leased to Baker Hughes, a services provider for the energy industry.



## 415 WILDWOOD AVE *Woburn (Warehouse)*

PRICE	\$88.5M
PSF	\$366 PSF
BUYER	Westbrook Partners
SELLER	Sycamore Partners

## CHELSEA IND. & LAND PORTFOLIO *(Warehouse)*

PRICE	\$68.6M
PSF	\$262 PSF (sold for land value)
BUYER	Hines
SELLER	The Seyon Group and Berkeley Partners



## 25 TUCKER DR *Leominster (Light Manufacturing)*

PRICE	\$66.5M
PSF	\$113 PSF
BUYER	Arris Partners and Blue Vista
SELLER	Oxford Partners



## 1100 TECHNOLOGY PARK DR *Billerica (Flex)*

PRICE	\$53M
PSF	\$221 PSF
BUYER	Boston Andes Capital and Jumbo Capital Management
SELLER	Quincy Mutual Fire Insurance Co.



# WAREHOUSE/FLEX MARKET STATS

Q1 2022

	Inventory	% Vacant	% Sublet	% Available	Quarterly Absorption	Annual Absorption	Asking Rate (NNN)
<b>WAREHOUSE/INDUSTRIAL</b>							
West	25,941,464	1.4%	0.2%	3.3%	464,531	518,333	\$10.76
North	39,344,953	3.5%	0.1%	6.5%	(371,504)	(181,355)	\$11.91
South	63,692,346	1.8%	0.3%	4.2%	189,209	1,463,150	\$9.44
Suburbs	128,978,763	2.2%	0.2%	4.7%	282,236	1,800,128	\$10.46
Inner	15,475,230	5.0%	0.2%	7.5%	(130,501)	(177,924)	\$16.28
<b>TOTAL</b>	<b>144,453,993</b>	<b>2.5%</b>	<b>0.2%</b>	<b>5.0%</b>	<b>151,735</b>	<b>1,622,204</b>	<b>\$11.08</b>
<b>FLEX/R&amp;D</b>							
West	19,373,084	4.0%	0.8%	6.8%	62,422	1,074,150	\$15.66
North	28,846,462	5.2%	1.5%	8.6%	118,309	(288,788)	\$14.68
South	17,636,646	5.8%	1.3%	13.7%	113,783	197,521	\$13.44
Suburbs	65,856,192	5.0%	1.2%	9.4%	294,514	982,883	\$14.64
Inner	5,317,013	9.8%	0.1%	11.0%	(96,927)	(13,827)	\$24.93
<b>TOTAL</b>	<b>71,173,205</b>	<b>5.3%</b>	<b>1.1%</b>	<b>9.5%</b>	<b>197,587</b>	<b>969,056</b>	<b>\$15.41</b>
<b>HIGH BAY</b>							
<b>TOTAL</b>	<b>32,665,561</b>	<b>1.3%</b>	<b>0.0%</b>	<b>3.2%</b>	<b>418,621</b>	<b>678,933</b>	<b>\$13.00</b>

## TOTAL INDUSTRIAL

<b>215,627,198 SF</b> Inventory	<b>3.5%</b> % Vacancy	<b>0.5%</b> % Sublet	<b>6.5%</b> % Available	<b>349,322 SF</b> Quarterly Absorption	<b>2,591,260 SF</b> Annual Absorption	<b>\$12.51</b> Asking Rate (NNN)
------------------------------------	--------------------------	-------------------------	----------------------------	---	--	-------------------------------------



**ADIN PERERA**  
Research Director  
617.951.4141  
aperera@lpc.com

Lincoln Property Company | 53 State Street, 8th Floor, Boston, MA | 617.951.4100 | LPCBoston.com

Lincoln Property Company's Industrial Market Report is produced by the Boston Office's research team in collaboration with our Boston and Suburban Brokerage Groups. If you have any questions regarding market conditions and the information found in this report, please contact Research.Boston@lpc.com.