

The Foster Report

Industrial Market Survey

Leominster & Fitchburg, Massachusetts
January 2019

Overview

We characterize 2018 as a year of cautious optimism as we near the 10th anniversary of the current economic expansion. Despite ongoing uncertainty in the United States and globally, the economy showed positive growth, estimated by the Vice Chairman of the Federal Reserve at 3% for 2018. Consumer confidence reached an 18-year high in September, before settling down a bit at the end of the year. On the state and national levels, unemployment continued below what has long been considered the so-called “natural rate” of unemployment. The Dow treaded water, closing out 2018 over 23,000, as investors tried to navigate the effects of tax cuts, trade wars, and interest rate hikes.

In 2018, the Fed increased their benchmark interest rate four times on concerns of inflation, for a total of nine increases over the last four years. Even with these increases, 30-year home mortgage rates finished the year just below 4.5%. Commercial financing and capitalization rates also remained at historic lows for most property types.

A number of informed voices are predicting a slowdown in 2019. Market participants appear optimistic, yet careful; always mindful that apparent gains can disappear in the fallout of issues such as political uncertainty, a less than rosy jobs report, or global disruption.

The volume of residential home sales has been down over the last 12 months due to limited inventory, but sale prices continue to rise. Values in some markets are thought to be appreciating at unsustainable rates, particularly in Eastern Massachusetts. North Central Massachusetts continues to offer relative affordability.

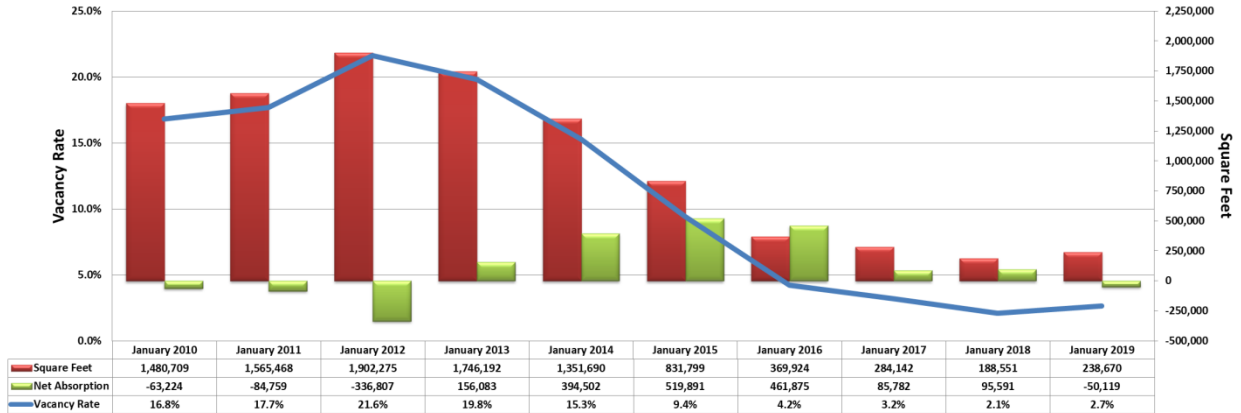
Locally, marijuana for both medical and adult use continues to fuel demand for industrial space. We expect continued demand in Fitchburg. Marijuana growing operations, at this stage of the industry’s development, appear to provide greater rental rates to industrial real estate than traditional manufacturing or warehouse uses. Consequently, in part due to the influence of marijuana use, we see a rise in asking rents and more properties brought to market for sale or lease.

There are a limited number of transactions within Leominster and Fitchburg in any one year, whether for land, building sales, or leases. Given the limited transaction velocity, patterns of change in value are often challenging to pinpoint and evolve over a number of years. Higher asking rents are a good example that has not yet translated to a clear increase in actual market rents achieved.

Land sales for industrial use have demonstrated a new and higher price point over the last couple of years, but demand and ability to pay at that higher price tier for land appears thin. Tied with that is the fact that market value of new buildings remains below replacement cost, including land and site costs. As land prices increase, that gap remains an impediment to new construction. The limited new construction that occurs is typically for build-to-suit or expansions for companies with prohibitive moving costs.

As of January 2019, the vacancy rate for modern industrial space in the Leominster - Fitchburg market rose modestly to 2.7%; an increase from the January 2018 vacancy rate of 2.1%. Average vacancy for mill space in the Leominster - Fitchburg market is 13.7% as of January 2019; up from 11.7% as of January 2018. These are among the lowest vacancy rates we have seen over the 31 years that we have produced this report.

MODERN INDUSTRIAL SPACE IN LEOMINSTER AND FITCHBURG



TOTAL LEOMINSTER/FITCHBURG INDUSTRIAL

Type	Gross Bldg. Area	SF Avail. & Vacant	Percent Vacant
Modern Total	8,980,329	238,670	2.7%
Mill Total	4,470,851	613,706	13.7%
Combined Total	13,451,180	852,376	6.3%

Breakdown

LEOMINSTER MODERN INDUSTRIAL SPACE

Locations	Gross Bldg. Area	SF Avail. & Vacant	Percent Vacant
Jytek Park	865,467	0	0.0%
Pioneer Park	729,302	4,000	0.5%
Tanzio Park	986,456	23,000	2.3%
FBC (Mohawk)	625,280	0	0.0%
Misc. Locations	3,057,596	132,993	4.3%
Total	6,264,101	159,993	2.6%

FITCHBURG MODERN INDUSTRIAL SPACE

Locations	Gross Bldg. Area	SF Avail. & Vacant	Percent Vacant
Montachusett Park	569,760	0	0.0%
231 Industrial Park	636,879	0	0.0%
Misc. Locations	1,509,589	78,677	5.2%
Total	2,716,228	78,677	2.9%

MILL TYPE SPACE

	Gross Bldg. Area	SF Avail. & Vacant	Percent Vacant
Leominster	869,729	55,624	6.4%
Fitchburg	3,601,122	558,082	15.5%
Total	4,470,851	613,706	13.7%

Unemployment, Wage, and CPI Rates

According to the Bureau of Labor Statistics the unemployment rate as of December 2018 dropped to 3.9%, nationally. Locally, unemployment fell in Massachusetts with the statewide-rate coming down to 3.3%, and locally to 3.2% (as of December 2018). The table to the right shows the trends in unemployment rates over the last twenty years.

On the national level, average private sector hourly earnings rose 3.18% over the January 2018 rate, to \$27.56 as of January 2019. The CPI for 2018 rose only 1.9% as compared to the 2.1% annual increase for both 2016 and 2017.

Global and US growth is expected to slow in 2019; however, it remains possible that wage pressure could cause the Fed to raise interest rates as a bulwark against inflation, according to the Conference Board. On the bright side, the five-week government shutdown "ended before doing lasting damage to the US economy." (*The Conference Board, accessed 2/13/2019, at <https://www.conference-board.org/data/usforecast.cfm>.*)

	Leom/Fitch	MA	US
1998	4.0%	3.3%	4.5%
1999	4.1%	3.2%	4.2%
2000	3.5%	2.6%	4.0%
2001	5.0%	3.7%	4.8%
2002	7.3%	5.3%	5.8%
2003	7.9%	5.8%	6.0%
2004	6.4%	5.1%	5.5%
2005	6.1%	4.7%	5.1%
2006	6.6%	5.0%	4.6%
2007	6.2%	4.7%	4.6%
2008	6.4%	5.0%	5.8%
2009	12.4%	9.4%	10.0%
2010	10.5%	8.2%	9.4%
2011	8.5%	6.4%	8.5%
2012	8.2%	6.6%	7.8%
2013	9.4%	7.1%	7.0%
2014	6.7%	5.8%	5.6%
2015	5.4%	4.7%	5.0%
2016	3.2%	2.8%	4.7%
2017	3.8%	3.5%	4.1%
2018	3.2%	3.3%	3.9%

Lease Rate Trends

Closed leases for modern space have remained within historical ranges. For 2018, we observed rates ranging from \$2.75 - \$4.50 per square foot on a triple net basis, with the higher end of the range comprising newer buildings, smaller spaces, or renewals. Lease offerings in 2018 on the other hand began to demonstrate some of the upward pressure caused by low vacancy during the past several years. Published offering lease rates are ranging from \$3.50 - \$5.50 per square foot on a triple net basis. There were a limited number of closed leases during 2018, so it remains difficult to determine if tenants are willing to pay increased rents. A similar pattern is present in the mill space market, where to some extent, lower-end tenants now compete with medical marijuana growers.

We expect modern industrial lease rates to increase, and possibly mill lease rates to increase as well, if other economic factors remain stable. However, as of January 2019 there is no conclusive evidence of actual rent increases for either type.

Sale Rate Trends

Modern industrial building sales and offering trends (50,000+ sf) continue to range from the low \$20s to \$40s per square foot for good quality space, with small buildings (<25k sf) at offering prices up to the mid-\$50s per square foot. It is possible more modern Fitchburg buildings may sell for marijuana use.

New Construction

Process Cooling is building a 60,000 square foot building in the Southgate Business Park that is expected to be delivered in 2019. The plans for proposed construction of a 25,000 square foot building at 1771 Lock Drive, Leominster, for marijuana related use were shelved in 2018 when the city's Marijuana Ordinance was updated. It is unclear whether the proposed construction will be continued in 2019. While outside Leominster-Fitchburg, the addition for the building occupied by Ecological Fibers at 40 Pioneer Drive in

Lunenburg in the Pioneer Industrial Park was completed in 2018 and added 67,907 square feet there. Little to no speculative construction is known of within the market at this time and owner occupants continue to be a dominant influence.

Sale prices of local properties continue to be well below replacement cost. Therefore, demand for new construction over many years has been limited to specialized and build-to-suit facilities or additions to existing operations too costly to relocate. The price gap between existing and new construction appears to be getting closer, particularly for smaller buildings. However, there is no speculative construction in the area and industrial land prices appear to be rising which may create an increase for all-in replacement cost.

Local industrial real estate activity showed continued positive signs, being stable, and showing a nominal increase in vacant modern space of 50,000 square feet and an increase in vacant mill space of 88,000 square feet, in round numbers, over the past year. If national economic conditions and employment continue to improve, the local economy should benefit, especially with limited new construction and upward price pressure.

Industrial Land

Orchard Hill, Leominster

This 79-acre property is located off the Harvard Street exit of Route 2 in Leominster. The commercial portion of this site is successfully occupied with restaurants and retail space. The remaining developable land is offered informally for industrial use as a land lease or build-to-suit space to be constructed and leased by the park owner to end users. No new commercial or industrial development took place in 2018.

Pioneer Park, Leominster

There are approximately 44 acres of vacant land on the Leominster side of the park. Up to 277,500 square feet within five buildings has been proposed over many years. Although sites are available, no new construction has taken place.

A 25-acre parcel of undeveloped land is available on the north end of the park. The property lies in Lunenburg, and its southerly boundary abuts the Leominster town line. The listing is represented by a local broker.

This park benefits from Pioneer Drive, which provides direct access to Route 2 in Leominster through Orchard Hill Park Drive.

Southgate Business Park, Leominster

Infrastructure improvements are complete within the 59-acre site, which was aided by state grants. Developers and local officials continue to propose development to technology-based industry. This site offers future job creation potential and tax revenue to the community. Two land sale transactions have been closed in this park; a 2.7-acre parcel in 2017 and a 4.8-acre parcel in 2018. These sales appear to break a long-standing price point barrier for industrial land. The majority of the remaining lots are listed for sale with a local broker.

Jytek Park, Leominster

A 1.9-acre lot along Willard Street was leased to an abutter in 2017. The property has the potential for construction of up to a 31,500-square-foot facility. There is city water, sewer, and 210' frontage. The site had been available on the market for many years.

Jungle Road, Leominster

The city's Economic Development office has several active listings of development land, offered as smaller parcels. The office said that there are 114 acres of vacant industrial land available on Jungle Road of which 6.11 acres are marketed by the city.

Tanzio Park, Leominster

This park has no development land currently available, but has had several sales in the last few years. Notably, a 1.86-acre parcel on Tucker Drive sold in 2017, but has not been developed yet. A 0.91-acre parcel sold in 2016 to an abutter and has been developed with a 7,200-square-foot industrial building.

Nashua Street, Leominster

A 2.05-acre parcel sold in 2018 with MU-1 zoning. This is an area of mixed industrial, commercial, and residential uses. The property was exposed to the market by a local broker and required less than a week to obtain a contract. Further down Nashua Street, a 2.3-acre parcel is being offered for sale with similar zoning.

Industrial Land - Conclusion

There have been few industrial land sales for many years. This is due in the largest part to the value of completed modern buildings being lower than replacement cost plus land cost. From the few industrial land sales that have occurred it appears that land values may finally be increasing. However, the consequence of this is that the all-in replacement cost for modern industrial space may continue to outpace the value upon completion.

Modern Industrial Space

Overview

For the purposes of this survey, we have defined typical modern industrial space as single-story masonry/steel buildings. These buildings include open warehouse and manufacturing facilities that generally include 5%-10% office space with ceiling heights of at least 14'. Newer buildings often have higher clearance closer to 20' which is important for greater versatility, a higher proportion of office space, and some with climate-controlled manufacturing areas, all of which reflect market expectations. It should also be noted that due to topography, a few modern industrial buildings have been constructed over the years as two-story. These are included in our survey.

The total amount of space was calculated from the various industrial parks and miscellaneous locations in the two cities. Any space on the market for lease or sale, and any unoccupied space as of the date of this survey, was considered vacant. If a company is operating in the building and has made the building

available for sale or lease, it is considered vacant for purposes of this report. A fully-leased building made available for sale to an investor has not been considered vacant. An indicated vacancy rate is established for each of the industrial parks, the miscellaneous locations, Fitchburg, Leominster, and the overall market.

The building areas given in square feet were calculated primarily from the records of the municipal assessor's offices. We have measured many of the buildings ourselves. Information was gathered from lease documents, local brokers, developers, property managers, owners, and building occupants to determine the amount of vacancy at the time of the report. Best efforts are used on an ongoing basis to provide the most accurate reported amounts of space possible.

Demand Trends

Historically, demand and market value have not been strong enough to make new construction financially feasible. Local brokers report strong interest for space for lease in the 20,000-square-foot range. Medical marijuana growers began entering the market as buyers and tenants starting in 2014. The pace of that entry increased, particularly in Fitchburg in 2018, and is expected to continue through 2019 as more recreational marijuana growers enter the market. Conversely, Leominster adopted revised ordinances regulating both medical and adult-use marijuana that modestly increased but ultimately limited the total number of facilities to three locations, according to city officials. There has been moderate impact in Leominster from medical marijuana.

Larger buildings over 50,000 square feet remain sensitive to pricing and could face multi-year marketing periods. Owners of large buildings with persistent vacancies subdivide when possible, for smaller tenant use. Historically, the local market has demonstrated stronger demand for smaller spaces of under 50,000 square feet.

Summary of Modern Industrial Activity

As of January 2019, there was a total of 238,670 square feet available in Fitchburg and Leominster, or 2.7% of the total existing modern industrial base. This is a slight increase over January 2018, but still below historic levels. A portion of this vacancy increase is caused by property owners attempting to adjust their lease rates to higher perceived market potential. Considered along with increased asking rents in 2018, the market appears to be testing to see if the low modern vacancy over the last several years can translate into higher achieved rents.

Details of leading individual market transactions and current offerings follow.

Leominster Activity – Modern Space

Available for Lease

Leominster has a total supply of slightly more than 6.2 million square feet. This represents about 70% of the Leominster-Fitchburg market. There are 159,993 square feet of modern industrial space available in Leominster as of January 2019, or 2.6% of the total Leominster inventory of modern industrial property base.

Address	Bldg. Area
7 New Lancaster Road	23,000
177 Florence Street	20,819
196 Industrial Road	40,000
233 Florence Street	20,000
471 Lancaster Street	24,000

- The available space at 7 New Lancaster is a portion of an existing warehouse. The landlord is open to discussing upgrading the space.
- The space offered at 177 Florence is ground-level space in an older industrial building. The space includes 400±SF of office space.
- 196 Industrial Road has limitations for warehouse and manufacturing uses due to low floor load capacity, lack of shipping/receiving docks, and not being readily dividable.
- 233 Florence is a space in an older industrial building with 18’ clear heights and 2 loading doors.
- 471 Lancaster is a newer single-tenant building with good lot circulation and highway access.

Available Buildings for Sale

- 75 Jytek Drive, being a modern 128,592 square foot building

Sales During 2018

There were no sales of tracked properties in 2018, although there were several related-party transfers.

Leases During 2018

Address	Bldg. Area
177 Florence Street	20,819
36 Jytek Drive	32,000
272 Nashua Street	82,050

Buildings/spaces under 20,000 square feet, and particularly 5,000 to 10,000 square feet, continue to experience strong sale/purchase interest in the market. There are few modern spaces of 5,000 square feet or less available locally.

- The space leased at 177 Florence is lower-level space in an older industrial building. The space had no office but did have two dock height doors.
- 36 Jytek, a freestanding facility offered for lease, is now fully leased. This facility offers multiple truck docks/drive-in doors and modern office space.
- 272 Nashua Street is an older industrial facility desirably located near Route 2 and the North Leominster commuter rail station.

Marijuana – Medical and Adult Use

As outlined above, Leominster adopted an ordinance in 2016 allowing only one dispensary and one growing facility. In 2018, the city adopted a revised ordinance following a prior approval of recreational use facilities. The new ordinance, according to city officials, capped to three the permitted maximum number of sites for medical or recreational use, whether for cultivation or retail. The approval process is completed through the city issuing special permits.

Initially, 1771 Lock, was approved by special permit for construction of a 25,000-square-foot warehouse and an abutting parcel, 1775 Lock, was approved for a 4,250-square-foot industrial building, both for marijuana uses. Changes to the Marijuana Ordinance in 2018 caused the improvements at 1771 Lock to be at least postponed. Construction at 1775 Lock is expected be completed in 2019.

The second special permit was granted for the cultivation facility at 25 Mohawk Drive. The city is awaiting the application and approval process for the third special permit for a yet to be determined marijuana facility.

Leominster Modern Industrial Conclusion

Leominster's vacancy rate increased over the past year from 1.7% to 2.6%. This increase occurred in a variety of buildings across the city. The city experienced a combination of factors in 2018 that resulted in modest negative absorption for the market, including large occupier re-locations and landlords testing the market for renewals. The market is acting optimistically, and it should be expected that more lease and sale offerings should come to the market, if it can be demonstrated that tenants are willing to pay increased rent.

Fitchburg Activity – Modern Space

Fitchburg has a total supply of about 2.7 million square feet of modern industrial space. This represents about 30% of the Leominster-Fitchburg market. The vacancy rate in January 2019 remained at 2.9% with 78,677 square feet available on the market.

Available Buildings – Sale or Lease

- The space at 215 Crawford is offered for sale and for lease. The property is an older, single-tenant industrial building.
- 190 Summer Street is a smaller industrial building reportedly fitted up for food storage. Parking and circulation are not ideal.
- 135 Intervale Road is space in a multi-tenant industrial building being offered for lease. There are two loading doors.

Address	Bldg. Area
215 Crawford Street	11,340
190 Summer Street, Lunenburg	7,337
135 Intervale Road	60,000

Leases During 2018

- 198 Summer Street is an older industrial building with six back-in loading spaces. Circulation is not ideal.
- 774 Crawford Street is a newer single-tenant industrial building that was approved as a marijuana cultivation facility.

Address	Bldg. Area
198 Summer Street	77,000
774 Crawford Street	50,316

Sales During 2018

Both 140 Industrial Road and 20 Authority Drive were industrial buildings that were approved as marijuana cultivation facilities.

Address	Bldg. Area
140 Industrial Road	70,000
20 Authority Drive.	53,450

Marijuana – Medical and Adult Use

The city has approved eight locations for medical and adult-use marijuana growing operations through the end of 2018. Rules adopted by the city do not limit the number of cultivation sites. Demand for space for cultivation is expected to remain strong. However, the city is nearing the limit on retail locations.

Fitchburg Conclusion – Modern Space

The market for modern industrial space in Fitchburg experienced modest net positive absorption in 2018, moving from a vacancy rate of 3.1% at the start of the year to 2.9% at the close.

The few available properties include generic spaces suited for a broad range of industrial uses.

Because of the ordinance adopted by the city regarding the regulation of medical and adult-use marijuana growing facilities, it is reasonable to expect that demand will be positive in 2019.

Other Locations Influencing the Market – Modern Space

Two large blocks of space outside the Twin Cities are newsworthy regarding their influence on the modern industrial market in Leominster and Fitchburg. These buildings are not directly counted in our Leominster Fitchburg survey, but are noted due to their influence upon in.

Simplex Drive, Westminster

After being on the market for some time, this 685,000-square-foot modern industrial/office building was fully leased in 2018. In a brokered sale, the Boston-based firm GFI Partners bought this property. Lease up of the industrial space took a number of years, and during the time that the building had large blocks of available space it had an influence on the Leominster - Fitchburg market. Gaining full occupancy at this property is a positive influence on the market.

95 Aubuchon Drive, Westminster

This modern industrial building was a build-to-suit for its owner-occupant, Aubuchon Hardware. The property now has 412,723 square feet of vacant space that is available for lease. The property can be divided into spaces ranging from 80,000 square feet to the total amount of space currently listed. This property is in an adjacent community to Leominster and Fitchburg and has an influence on the overall market of available space.

Mill Type Industrial Space

Overview

As defined in this report, mill type space is older, being built around the turn of the nineteenth century. Mills were originally built for single occupant businesses such as textile, paper, and plastics manufacturing. Significantly, mill buildings were built for a local workforce that typically walked to work. Mill buildings were generally built along riverways in city centers. Because of this, these buildings are often attractive candidates for re-development as office or multi-family. They are primarily brick, multi-story buildings, with little parking, that are often in fair to poor condition.

Measurements for many of these buildings have been made by owners and appraisers. Some measurements were obtained from the assessor's office. No determination of accuracy for these figures is made for this report. Accurate figures for mill type industrial space are difficult to obtain. Usable square footage is subjective due to layout and condition.

The mill property industrial survey is included to help understand this market. There is a larger inventory of mill space and significant vacancy compared to modern industrial space. Available lease space is offered at low rents and may meet the needs of short-term and some start-up users requiring lower budget space. Additionally, there has been demand in recent years for marijuana cultivation. Almost 80% of the mill space is in Fitchburg. In comparison, approximately 70% of the modern industrial space is in Leominster.

Factors Impacting Sales

If the supply of available modern space continues to be at a historically low level, demand for mill space may improve and become cost effective.

Environmental contamination issues with mill space are common. Floors may have chemical saturation, and older in-ground oil or chemical tanks not in use are sometimes found that have not been properly monitored or have leaked over the years into the soil and potentially the groundwater. Careful investigation of environmental conditions is warranted with mill properties.

Remediation alternatives have become more common under applicable Massachusetts law, and apply to both modern and mill space, but are more commonly encountered with mill properties. Options such as an Activity and Usage Limitation (AUL) are possible under some conditions. An AUL makes a lower level of remediation possible through a deed restriction prohibiting uses more sensitive to contamination such as residential occupancy. This may allow for continued industrial uses with less extensive clean up. These types of considerations should be fully investigated prior to purchase.

Availability of financing for mill property acquisitions can be more difficult than modern space. Properties that have an acceptable environmental status may be financed, but may require greater equity participation on the part of the buyer and sometimes higher mortgage rates than modern industrial buildings. Lenders are reluctant or not willing to provide financing for property tainted by environmental problems.

Generally, mill buildings offer lower efficiency than modern facilities due to multiple floor levels, restricted upper floor load capacity, less desirable clear height, tighter column spacing, and odd configurations. These physical limitations negatively impact the overall desirability of mill property when compared to modern buildings.

Tenant demand for mill space tends to be from budget conscious businesses that can operate elsewhere than modern space, and businesses requiring overflow temporary warehouse space. Historically, the attractiveness of mill space, with greater inefficiencies due to the design and location of the buildings, diminished as modern industrial property was developed.

However, recently the availability of modern space has been diminishing and rates are likely to increase. The majority of the more desirable/suitable mills have been converted to residential and commercial use. Some property conversions have been supported by government grants. As mill type space continues to be converted to residential, commercial uses, or marijuana cultivation, vacant mill properties have been and will likely continue to be gradually absorbed.

There was a modest increase in Fitchburg mill vacancy over the past year due to leasing and relocation of tenants. The late-2017 sale of 21 Central Court ended that vacancy, which accounts for the lower vacancy in Leominster mill space.

Leominster Activity – Mill Space

Some properties change tenants without experiencing a reported vacancy. The same holds for sales of off-market properties.

Current Offerings

- 123 First Street is a multiple-level mill building largely improved and utilized as self-storage space. Additional space is still available for larger storage and or light manufacturing/assembly type uses.
- 435 Lancaster Street has an offering of space available. The space has potential for service, warehouse, or manufacturing businesses.
- 98 Adams Street is offering two small spaces totaling 4,810 square feet. The spaces are suited for warehousing, service, or light manufacturing.
- 511 Lancaster Street has an offering of space available. The space has potential for service, warehouse, or manufacturing businesses.

Address	Bldg. Area
123 First Street	4,000
435 Lancaster Street	29,814
98 Adams Street	4,810
511 Lancaster Street	10,000

There are a few, smaller scattered available spaces currently available as leases turn over and/or tenants relocate.

Leominster Conclusion – Mill Space

There were no sales or significant leases of mill space in Leominster in 2018 that have been reported. Mill space that is not owner-occupied has historically filled the need gap for seasonal/interim and economical space for storage and start-up businesses desiring short-term leases to limit financial obligations. Local business start-ups have been low for several years. With short-term leases comes high turnover and vacancy periods between each tenant turnover.

Mill buildings experience significant amounts of shadow space. These spaces are not being fully utilized, but also may not be actively marketed. Many mills were constructed for single-business occupancy. Multiple floor levels, low clear height, lots of columns, shared loading docks, and limited or low capacity elevators result in inefficiency and non-functional space by current standards. It is common to have vacant space that is simply inaccessible for lease.

The base of existing mill space has declined as properties are gradually converted to higher value residential/commercial uses, demolished, or abandoned as they are no longer considered economically feasible to restore.

Fitchburg Activity – Mill Space

The largest change to vacancy was caused by the move of Great Northern Dunnage to 100 Simplex Drive, Westminster from their property at 291 Westminster Street, Fitchburg.

2018 Transfers and Sales

In 2018, three buildings at 87, 89, and 91 River Street were listed for sale through a local broker. After considerable exposure to the market, an entity related to the seller bought them. No plans have been made public, although these buildings have experienced chronic vacancy and may be candidates for conversion.

2018 Market-oriented Sales

Address	Bldg. Area
310 Broad Street	75,274

Available Mill Space

There is 558,082 square feet of vacant mill space in Fitchburg. This represents a 31% increase from 2018 totals.

- A substantial portion of the current vacancy is represented by 642 River Street, which was last used as a specialized paper plant in 2009 and is potentially available for lease, but is not being actively marketed.
- In 2017, only a small portion of 12 Baltic was offered for lease; the building has been listed for sale in 2018.
- 195 Kimball was under contract in December and the sale closed in January 2019.
- The sale listing for 75 Walnut is new to the market in 2018.
- All of 291 Westminster is being offered for lease, which accounts for most of the vacancy increase over 2018.

Current Sale Listings

Address	Bldg. Area
12 Baltic Lane	122,938
195 Kimball Street	54,430
75 Walnut Street	25,617

No significant occupancy changes were noted for the Broad Street and Cleghorn Street facilities. Some of these properties include a mix of owner and tenant industrial businesses.

Current Lease Offerings

Address	Bldg. Area
12 Baltic Lane	25,000
166-200 Boulder Drive	36,500
318 Broad Street	30,000
291 Westminster Street	103,863
215 Cleghorn Street	35,000
232 Cleghorn Street	63,535

2018 Leases

There were no significant leases of Fitchburg mill space in 2018 reported or found.

Conversions

The partial conversion to a mix of office and industrial use of 93 Nockege Street (the former Sanitoy building) was completed in 2018 and the property is fully occupied. We are not aware of any other proposed conversions but would consider 87-91 River Street as a likely candidate. These buildings are vacant and not offered for lease or sale.

Marijuana in Mill Space

- 644 River Street has been approved as an adult-use cultivation and processing facility.
- The city has not approved any additional facilities in mill space for this use in 2018.

Putnam Place

The space remaining at 166 Boulder Drive consists of approximately 2,500 square feet of raw space available for lease, and negotiations continue for 34,000 square feet at 200 Boulder Drive, but that deal has not yet been consummated.

Fitchburg Conclusion – Mill Space

The January 2019 vacancy rate increased by 31% as compared to January 2018 vacancy, equating to a net vacancy increase of 132,651 square feet due to occupier relocations within the market. However, the overall vacancy rate for mill space is 15.5% as of January 2019, which is below historic patterns.

Based on the exhibited demand for mill space for multi-family conversions, marijuana growing operations, start-up businesses, and seasonal storage requirements needing lower cost space, we expect a gradual continued tightening of supply for Fitchburg mill space.

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- ❑ Feasibility and Market Studies
- ❑ Investment Analysis
- ❑ Marketing
- ❑ Preservation
- ❑ Waterfront Property Issues

Expert Witness and Litigation Support

For more than 60 years, The Foster Company has been involved in real estate valuation and consulting work for litigation and other actions requiring an expert witness. We have built on that foundation with an expert staff and litigation support services that are second to none.

When preparing a case for court or other arenas where real estate interests are contested, we apply the greatest skill, care, and focus to ensure our client's success. Our background in brokerage, development, management, finance, and insurance gives us the hands-on experience that creates convincing testimony. Our cases are presented with the confidence that comes from having lived the business. Our appraisal and consulting services provide far more than sideline advice. You can count on The Foster Company.

SCOPE OF SERVICES

APPRAISAL SERVICES

Ad Valorem Taxes	Market Value
Business Valuations	Mortgages
Corporate Mergers	Rental Value
Development Rights	Resyndication
Estates	Reviewing
Gifts	Tax Base
Insurable Value	

COMMUNITY SERVICES

Conservation	Housing Programs
Downtown Revitalization	Industrial Development
Eminent Domain	Urban Renewal
Feasibility	

COUNSELING

Acquisition	Leasebacks
Assessments	Market Studies
Development	Planning
Disposition	Problem Solution
Financing	Workouts

INVESTMENT ANALYSIS

Assessment Ratios	Investment Yield
Cash Flow	Physical Inspection
Economic Feasibility	Rehabilitation Feasibility
Income Projections	

LAND DEVELOPMENT

Agricultural Preservation	Market Planning
Economic Analysis	Site Analysis
Highest and Best Use Study	Zoning
Land Use & Marketability	

PARTIAL LIST OF CLIENTS SERVED

COMMERCIAL & INDUSTRIAL

Acro-Matic Plastics	Pan Am Railways
Aggregate Industries	Pan Am Systems
Boston & Maine Railroad	Pinetree Power
Brox Industries	Pinsley Railroad Company
Bruel Kjaer Instrument	Radiant Technologies, Inc.
CSX Corporation	Renovator's Supply
Duncan Galvanizing Corporation	Republic Services Inc. (AKA Allied Waste)
Exxon Corporation	Schnitzer Steel Industries
Georgia Pacific Paper Company	Shell Oil Company
Meditech	Sprague Energy
Mobil Oil Corporation	SPS New England
National Grid	Unisorb Corporation
Oldcastle Inc.	Unitil
Osram Sylvania Inc.	

GENERAL

AECOM Technology Corporation	Nordblom Company
Assumption College	On-Site Insight
Core Investments	Orchard Hills Athletic Club
Economics Research Association	Professional Loss Adjusters
Gutierrez Company	Roman Catholic Diocese
Heywood Hospital	The Skating Club of Boston
John M. Corcoran & Company	Spectrum Health Systems
J.M. Forbes & Company	State Street Development Company of Boston.
Lincoln Foundation	Storage USA
Louis Berger Group	Tetra Tech
Massachusetts Housing Partnership	Toyota Financial Services
Merrimack College	Trammell-Crow Company
Milford Regional Medical Center	University of Massachusetts
Montachusett Regional Transit Authority	Whittier Rehabilitation Hospital
National Development	Winn Development LLC

LAND PRESERVATION

Buzzards Bay Coalition	Sudbury Valley Trustees
Dartmouth Natural Resources Trust	The Trust for Public Land
Massachusetts Audubon Society	The Trustees of Reservations
Mt. Grace Land Conservation Trust	Walden Woods Project
National Trust for Historic Preservation	Westport Land Conservation Trust
The Nature Conservancy	Wildlands Trust
New England Forestry Foundation	
Numerous State and Municipal Conservation Entities	

FINANCIAL

Ally Bank
Arbor Commercial Mortgage
Arlington Trust Financial Services
AT & T Capital Corporation
Avidia Bank
Bank of America
Bank of New Hampshire
Bay State Savings Bank
Berkshire Bank
BlueHub Capital
Cambridge Realty Capital
Citizens Bank
Clinton Savings Bank
Commonwealth National Bank
Country Bank
Crum & Forster Insurance Company
Eastern Bank
Enterprise Bank
Federal National Mortgage Association
Fidelity Bank
Fiduciary Trust Company
First Financial Trust

GE Commercial Finance
Hanscom Federal Credit Union
Independence Bank
Israel Discount Bank of New York
JP Morgan Chase Bank
Main Street Bank
National Credit Union Administration
North Shore Bank
Northwestern Mutual
People's United Bank
Pioneer Bank
PNC Bank
Rockland Trust
Rockport Mortgage Corporation
Red Mortgage Capital
Rollstone Bank & Trust
Santander Bank
State Street Bank & Trust Company
TD Bank
Wainwright Bank
Webster First Federal Credit Union

LEGAL

Bowditch & Dewey
Brody, Haroon, Perkins & Kesten, LLP
Burwick & Dynice, P.C.
Canty Law Group
Choate Hall & Stewart LLP
Cohen Kinne Valicenti Cook
Erb and Southcotte
Flick Law Group, P.C.
Foley Hoag LLP
Giarrusso Norton Cooley & McGlone, P.C.
Goodwin
Greenbaum, Nagel, Fisher & Paliotti LLP
Greenberg Traurig, LLP
Hinckley Allen
John S. Leonard Law
Joseph D. Early Jr., Esq,
KP Law, P.C.
Law Office of Mark E. Burke

Law Office of Peter E. Flynn
Lynch Desimone & Nysten
MA Office of the Attorney General
McDermott Will and Emery
The McLaughlin Brothers, P.C.
Menard & Walsh, LLC
Moses Smith, Markey & Walsh
Mountain, Dearborn & Whiting LLP
Norman, Hanson & DeTroy, LLC
O'Connor and Ryan, P.C.
Prevett & Prevett LLP
Rackemann, Sawyer & Brewster
Riemer & Braunstein LLP
Ropes & Gray LLP
Ryan Faenza Cataldo LLC
Sullivan & Worcester LLP
Todd & Weld LLP

PARTIAL LIST OF CLIENTS SERVED: GOVERNMENT**FEDERAL**

Federal Aviation Administration
 Federal Deposit Insurance Corporation
 General Services Administration
 National Park Service

Small Business Administration
 US Army Corps of Engineers
 US Dept. of Housing & Urban Development
 US Postal Service

MASSACHUSETTS

CEDAC
 Department of Conservation & Recreation
 Department of Fisheries & Wildlife
 Department of Food & Agriculture
 Department of Housing & Community Development
 Department of Transportation
 Massachusetts Bay Transportation Authority

Massachusetts Development Finance Agency
 Massachusetts Housing Finance Agency
 Massachusetts Housing Investment Corporation
 Massachusetts Port Authority
 Massachusetts Water Resources Authority
 Office of the Attorney General

MASSACHUSETTS CITIES AND TOWNS

Acton	Brookline	Grafton	Medfield	Stow
Ashby	Cambridge	Greenfield	Medford	Sudbury
Ashland	Carlisle	Groton	Middleborough	Sutton
Auburn	Chelmsford	Harvard	Milton	Templeton
Ayer	Chelsea	Holliston	Nantucket	Townsend
Barnstable	Clinton	Ipswich	Natick	Tyngsboro
Bellingham	Dartmouth	Leominster	New Bedford	Upton
Berlin	Devens	Lexington	Newton	Waltham
Beverly	Dracut	Lincoln	Norton	Westborough
Bolton	Everett	Lowell	Pepperell	Westminster
Boston	Fall River	Lunenburg	Pittsfield	Westport
Boxborough	Falmouth	Malden	Quincy	Westwood
Boxford	Fitchburg	Marlborough	Somerset	Worcester
Bridgewater	Gardner	Marshfield	Springfield	