

The Foster Report

Industrial Market Survey

Leominster & Fitchburg, Massachusetts
January 2020

Overview

The 11th year of the current economic expansion opened with this from CNBC quoting a Goldman Sachs research note: "The U.S. economy is "structurally less recession-prone today". This prediction may surprise market participants as they navigate a trade war with China, an inverted yield curve, and impeachment of the President. The economy showed positive growth, estimated by the U.S. Bureau of Economic Analysis at 2.1% through 3Q 2019. On the state and national levels, unemployment continued below the natural rate of unemployment. The Dow explored new records, closing out 2019 over 28,500, significantly above the average of 23,000 at year end 2018. Recession is not anticipated in 2020.

In 2019, the Fed decreased their benchmark interest rate, the Federal Funds Rate, three times on concerns of inflation, for a total of 12 decreases over the last five years. Largely because of these cuts, 30-year home mortgage rates finished the year just below 4.0%. Commercial financing and capitalization rates also remained at historic lows for most property types.

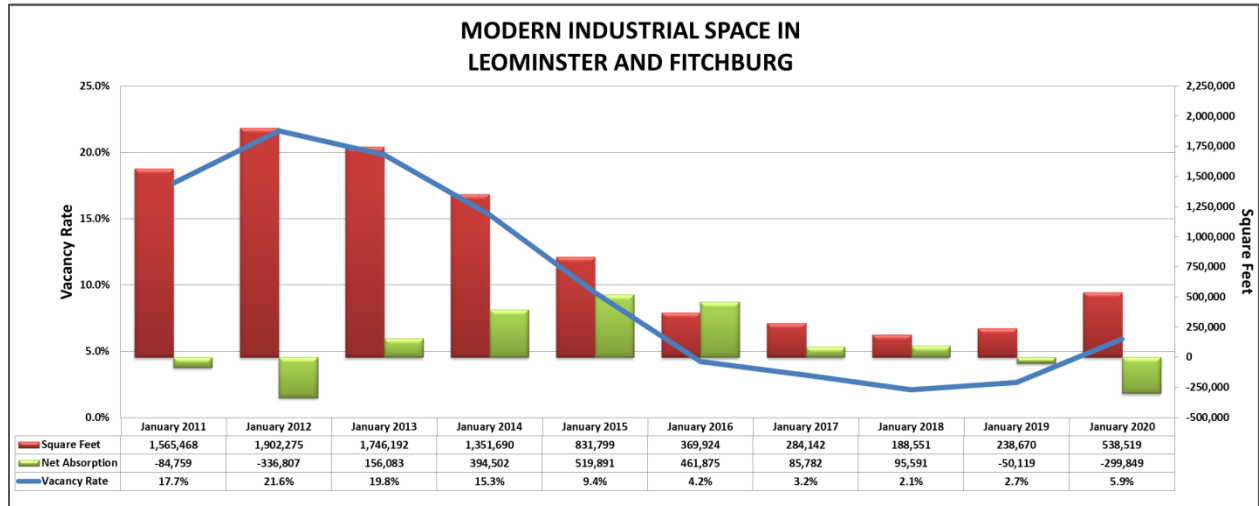
At year end, the volume of residential home sales remained stable nationally at 5.3 million units over the preceding 12 months. The overall rate of sales was within historical ranges and median prices rose 7.8% in the same period. Locally, sales velocity has been stable for 2018 and 2019. North Central Massachusetts continues to offer relative affordability despite a 3.3% median price increase state-wide in that same period.

Locally, marijuana for both medical and adult use continues to fuel demand for industrial space. We expect continued absorption 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. Sale prices of buildings allowed for this use tend to be above historical ranges as well. It is unclear if Fitchburg will continue approving locations for cultivation. With vacancy rates at or below historic lows, we expect 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. The lasting effect on lease and sale prices of existing buildings for marijuana cultivation is also unclear as the trend began in 2016 and marijuana remains illegal at the federal level.

Land sales for industrial use appear to 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 remains 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 2020, the vacancy rate for modern industrial space in the Leominster - Fitchburg market rose modestly to 5.9%; an increase from the January 2019 vacancy rate of 2.7%. Average vacancy for mill space in the Leominster - Fitchburg market is 9.5% as of January 2020; down from 13.7% as of January 2019. These count among the lowest vacancy rates we have seen over the 32 years that we have produced this report.



TOTAL LEOMINSTER/FITCHBURG INDUSTRIAL

Type	Gross Bldg. Area	SF Avail. & Vacant	Percent Vacant
Modern Total	9,190,034	538,519	5.9%
Mill Total	4,444,639	424,308	9.5%
Combined Total	13,634,673	962,827	7.1%

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	0	0.0%
Southgate Park	67,168	0	0.0%
Tanzio Park	986,456	0	0.0%
FBC (Mohawk)	653,119	0	0.0%
Misc. Locations	3,056,444	495,182	16.2%
Total	6,357,956	495,182	7.8%

FITCHBURG MODERN INDUSTRIAL SPACE

Locations	Gross Bldg. Area	SF Avail. & Vacant	Percent Vacant
Montachusett Park	685,610	0	0.0%
231 Industrial Park	636,879	16,000	2.5%
Misc. Locations	1,509,589	27,337	1.8%
Total	2,832,078	43,337	1.5%

MILL TYPE SPACE

	Gross Bldg. Area	SF Avail. & Vacant	Percent Vacant
Leominster	869,729	41,624	4.8%
Fitchburg	3,574,910	382,684	10.7%
Total	4,444,639	424,308	9.5%

Unemployment, Wage, and CPI Rates

According to the Bureau of Labor Statistics the unemployment rate as of November 2019 dropped to 3.7%, nationally. Locally, unemployment fell in Massachusetts with the statewide-rate coming down to 2.9%, and locally to 3.3% (annual average as of November 2019). The table to the right shows trends in these rates over the last several years.

On the national level, average private sector hourly earnings rose 1.7% over the November 2018 rate, to \$28.29 as of November 2019. The CPI through November 2019 rose only 2.0% after seasonal adjustments, a slight decrease as compared to the 2.2% annual increase for 2018.

	Leom/Fitch	MA	US
2000	3.2%	2.7%	4.0%
2001	4.4%	3.7%	4.8%
2002	6.5%	5.3%	5.8%
2003	7.0%	5.8%	6.0%
2004	6.5%	5.2%	5.5%
2005	6.4%	4.8%	5.1%
2006	6.1%	4.8%	4.6%
2007	5.7%	4.5%	4.6%
2008	6.6%	5.3%	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%
2019 YTD Avg. (Nov.)	3.3%	2.9%	3.7%

The Conference Board expects US growth to slow further in 2020 to an annual rate of GDP growth estimated at 2.1%. Business sentiment is expected to stabilize and improve, overcoming the expected slowdown in personal income growth. Data indicates that “residential investment will support economic growth over the coming quarters.” Recession risks are considered to be contained. (*The Conference Board, accessed 1/14/2020, at <https://www.conference-board.org/data/usforecast.cfm>.*)

Lease Rate Trends

Closed leases for modern space have remained within historical ranges. For 2019, 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 2019 on the other hand continued 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 or renewals during 2019, 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 2020, there is no conclusive evidence of actual rent increases for either type of space.

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. However, it should be noted that several of the sales recently have been for use as permitted cultivation locations and the prices paid for these have been above market ranges. It is not clear if this trend will be sustained.

New Construction

Process Cooling completed a 67,168 square foot building in the Southgate Business Park that was delivered in 4Q 2019. A 5,040 square foot building at 1771 Lock Drive, Leominster (FBC Mohawk Park) is completed and will be used for marijuana related uses. A 115,850 square foot industrial building was completed at the rear of Montachusett Industrial Park; the intended use is indoor recreation. 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 results in an increase for all-in replacement cost.

Local industrial real estate activity showed continued positive signs, being stable, and showing an increase in vacant modern space of 300,000 square feet and a net absorption of vacant mill space of 189,000 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 2019.

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 closed in this park in 2017 and 2018. The majority of the remaining lots are listed for sale with a local broker.

Jungle Road, Leominster

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

Leominster Business Park, Leominster

A Westborough-based recycling and trash firm assembled two parcels in 2019 totaling 13.4± acres for the construction of a transfer station. The proposed building will be 32,500 sf and capable of processing 300,000 tons per year.

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 in recent years, 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. Medical marijuana growers began entering the market as buyers and tenants starting in 2015. The pace of that entry increased, particularly in Fitchburg in 2018 and 2019, and is expected to continue through 2020 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. However, some buildings in this size range have been bought for cultivation use. Additionally, on the edge of the Fitchburg/Leominster market, it is becoming clear that a new industrial use is appearing: last-mile delivery. We are aware of a lease in Westminster and a proposed facility, also in Westminster. It is possible that this use will begin to exert pressure in the market in a more robust fashion.

Summary of Modern Industrial Activity

As of January 2020, there was a total of 538,519 square feet available in Fitchburg and Leominster, or 5.9% of the total existing modern industrial base. This is a modest increase over January 2019 as there is commonly some level of fluctuation in vacancy, but still remains 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. Landlords are also using the strong demand climate to lease under-utilized space. Considered along with increased asking rents in 2019, 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 6.3 million square feet. This represents about 70% of the Leominster-Fitchburg market. There are 495,182 square feet of modern industrial space available in Leominster as of January 2020, or 7.8% of the total Leominster inventory of modern industrial property base.

Address	Bldg. Area
177 Florence Street	80,000
272 Nashua Street	80,000
463-477 Lancaster Street	24,732
150 Industrial Road	133,450
44 - 50 Mead Street	60,000

- The space offered at 177 Florence is non-contiguous units of ground-level space and 1st floor space in an older industrial building.
- 272 Nashua Street is offering space with active rail service and adjoining office space.

- 463-477 Lancaster is space in two buildings. 471 Lancaster is a newer single-tenant building with good lot circulation and highway access. 477 Lancaster is a multi-tenant building with good lot circulation and highway access.
- 150 Industrial Road has active rail service, good lot circulation, and ample docks and drive-in doors. This is a single-tenant property.
- 44-50 Mead Street is an older manufacturing property with good access to MA Route 2.

Available Buildings for Sale

- 75 Jytek Drive, being a modern 128,592 square foot building located in Jytek Park. The property is also offered for lease.

Sales During 2019

Sales in Jytek Park included 30 Patriots Circle and 100-110 Jytek Drive. Both were off-market sales.

Leases During 2019

Good quality 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.

Address	Bldg. Area
320 Hamilton Street	21,500
163 Pioneer Drive	87,000

- The space renewed at 320 Hamilton is ground-level space in an older industrial building. The space had some office and use of two dock height doors.
- 163 Pioneer Drive is now fully leased according to the broker. This multi-tenant facility offers active rail service, six loading docks and use of three silos.

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. To date, we understand that two of these permits have been issued: 1775 Lock and 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 2.6% to 7.8%. This increase occurred in a variety of buildings across the city. The city experienced a combination of factors in 2019 that resulted in modest negative absorption for the market, including large occupier relocations 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 2.8 million square feet of modern industrial space. This represents about 30% of the Leominster-Fitchburg market. The vacancy rate in January 2020 clocked in at 1.5% with 43,337 square feet available on the market.

Available Buildings – Lease

- The space at 46 Development Road has 31’ clear height. The property is an older, multi-tenant industrial building in 231 Industrial Park.
- 16 Benson Street is fully air-conditioned space in an older multi-tenant industrial building.

Address	Bldg. Area
46 Development Road	16,000
16 Benson Street	20,000

Leases During 2019

- The purchase of 135 Intervale Road is understood to have included a lease for the 60,000 square feet that had been offered to the market since 2018. We understand this space to be proposed for use as a marijuana cultivation facility.

Sales During 2019

135 Intervale Road was sold in 2019 after being exposed to the market through a regional broker.

Marijuana – Medical and Adult Use

The city has approved 12 locations for medical and adult-use marijuana growing operations through the end of 2019, which is an increase from eight in the prior year. 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 and we understand that the City’s openness to additional cultivation sites may be beginning to cool.

Fitchburg Conclusion – Modern Space

The market for modern industrial space in Fitchburg experienced modest net positive absorption in 2019, moving from a vacancy rate of 2.9% at the start of the year to 1.5% at the close.

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

We expect the pace of City approval of marijuana cultivation sites to slow in 2020, but expect demand to continue as present levels. Overall and assuming no downturn in the economy, we expect vacancy rates to remain near historic lows for modern industrial space in Fitchburg.

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 on the market area.

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. A 203,000 square foot sub-lease is being offered currently following renovation of the space in 2018.

95 Aubuchon Drive, Westminster

This modern industrial building was a build-to-suit for its owner-occupant, Aubuchon Hardware. The property leased 181,697 square feet in 3Q 2019 and now has 231,026 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 from the mid-nineteenth to the early twentieth centuries. 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 large inventory of mill space, but vacancy rates are only slightly higher compared to modern industrial space. This vacancy rate has historically tracked between 500 and 1000 basis points above the modern industrial vacancy rate. 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 strong 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, industrial demand for mill space may improve making mill space 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. Fitchburg mill space has seen uncharacteristically strong demand since 2017 as properties are bought or leased for marijuana cultivation.

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 31% decrease in Fitchburg mill vacancy over the past year due to leasing, relocation of tenants, and sales for marijuana cultivation.

Leominster Activity – Mill Space

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

Current Offerings

Recent offerings included the following spaces. Offerings at these addresses are difficult to track because of their small size and because the tenancies tend to be very short, often 1-year leases or tenants-at-will.

Address	Bldg. Area
123-125 First Street	4,000
435 Lancaster Street	29,814
98 Adams Street	4,810
444 Central Street	7,000

- 123 First Street: 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: The space has potential for service, warehouse, or manufacturing businesses.
- 98 Adams Street: Two small spaces totaling 4,810 square feet and suited for warehousing, service, or light manufacturing.
- 444 Central Street: The space has potential for service, warehouse, or manufacturing businesses.

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 2019 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 leasing of 291 Westminster Street, Fitchburg.

2019 Transfers and Sales

There were two sales of mill buildings in Fitchburg in 2019. Both were purchased to be used for marijuana cultivation. 175-195 Kimball has already been approved as a cultivation site. Kimball Street was exposed to the market through a local broker; Newport Street was a private sale.

Address	Bldg. Area
195 Kimball Street	54,430
25 Newport Street	53,900

Available Mill Space

There is 382,384 square feet of vacant mill space in Fitchburg. This represents a 31% decrease from 2019 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.
- 87, 89, and 91 River Street have experienced chronic vacancy and may be candidates for conversion, but are not currently exposed to the market.
- 320 River Street is currently used for document storage and is under contract.
- A portion of 12 Baltic is vacant; the building has been listed for sale since 2018 and is now under contract.
- The sale listing for 75 Walnut was new to the market in 2018.
- 549 Westminster Street has industrial space on two levels and 10,000 sf of office space.

Fitchburg mill space available for sale is in the following table:

Address	Bldg. Area
320 River Street	33,120
12 Baltic Lane	122,938
75 Walnut Street	25,617
549 Westminster Street	46,760

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.

Other than the space at 166 and 200 Boulder, we are aware of no other mill space lease offerings.

2019 Leases

We understand that 291 Westminster was leased to two tenants for marijuana cultivation.

Conversions

There were no conversions in 2019 and we know of none that are proposed.

Marijuana in Mill Space

The City approved four locations for cultivation in 2019 in the following chart:

Address	Bldg. Area
25 Newport Street	53,900
175 Kimball Street	54,430
310 Broad Street	75,274
291 Westminster Street	103,863

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

Vacant mill space decreased from 558,082 square feet in January 2019 to 382,684 square feet in January 2020 for a net absorption of 175,398 square feet. Net positive absorption was driven largely by marijuana cultivation. The overall vacancy rate for mill space in Fitchburg is 10.7% as of January 2020, which remains 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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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
Aggregate Industries
Boston & Maine Railroad
Brox Industries
Bruehl Kjaer Instrument
CSX Corporation
Duncan Galvanizing Corporation
Exxon Corporation
Georgia Pacific Paper Company
Mediatech
Mobil Oil Corporation
National Grid
Oldcastle Inc.
Osram Sylvania Inc.

Pan Am Railways
Pan Am Systems
Pinetree Power
Pinsley Railroad Company
Radiant Technologies, Inc.
Renovator's Supply
Republic Services Inc. (AKA Allied Waste)
Schnitzer Steel Industries
Shell Oil Company
Sprague Energy
SPS New England
Unisorb Corporation
Unitil

GENERAL

AECOM Technology Corporation
Assumption College
Core Investments
Economics Research Association
Gutierrez Company
Heywood Hospital
John M. Corcoran & Company
J.M. Forbes & Company
Lincoln Foundation
Louis Berger Group
Massachusetts Housing Partnership
Merrimack College
Milford Regional Medical Center
Montachusett Regional Transit Authority
National Development

Nordblom Company
On-Site Insight
Orchard Hills Athletic Club
Professional Loss Adjusters
Roman Catholic Diocese
The Skating Club of Boston
Spectrum Health Systems
State Street Development Company of Boston.
Storage USA
Tetra Tech
Toyota Financial Services
Trammell-Crow Company
University of Massachusetts
Whittier Rehabilitation Hospital
Winn Development LLC

LAND PRESERVATION

Buzzards Bay Coalition
Dartmouth Natural Resources Trust
Massachusetts Audubon Society
Mt. Grace Land Conservation Trust
National Trust for Historic Preservation
The Nature Conservancy
New England Forestry Foundation
Numerous State and Municipal Conservation Entities

Sudbury Valley Trustees
The Trust for Public Land
The Trustees of Reservations
Walden Woods Project
Westport Land Conservation Trust
Wildlands Trust

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	Small Business Administration
Federal Deposit Insurance Corporation	US Army Corps of Engineers
General Services Administration	US Dept. of Housing & Urban Development
National Park Service	US Postal Service

MASSACHUSETTS

CEDAC	Massachusetts Development Finance Agency
Department of Conservation & Recreation	Massachusetts Housing Finance Agency
Department of Fisheries & Wildlife	Massachusetts Housing Investment Corporation
Department of Food & Agriculture	Massachusetts Port Authority
Department of Housing & Community Development	Massachusetts Water Resources Authority
Department of Transportation	Office of the Attorney General
Massachusetts Bay Transportation Authority	

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	