

102-104 Lowell Road, North Reading Redevelopment Opportunity



SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Subject Property:	102-104 Lowell Road North Reading, Massachusetts
Property Owner:	Town of North Reading
Subject Property Description:	Two parcels of vacant land - (36.7 acres) #102 Lowell Rd. (Lot B - 2.49± acres) #104 Lowell Rd. (Lot A (34.21± acres)
Zoning:	I/O-1: Industrial/Office District (Aquifer Protection District Overlay)
Highest and Best Use:	Commercial development in accordance with allowed uses under existing zoning.
Effective Date of Value:	May 23, 2016
Interest Appraised:	Fee Simple
Type of Value Appraised:	Fair Market Value

Table of Use Regulations - I/O-1 District

Permitted Uses	Special Permit Required	Prohibited Uses
<p>Production of food, apparel, furniture, fixtures, fabricated metal, electronic equipment, optical goods, clocks, etc.</p> <p>Travel agencies, tour operators, communications uses</p> <p>Wholesale trade, sales of bldg materials, hardware, garden supplies, mobile homes</p> <p>Shopping centers & malls (+50,000 SF)</p> <p>Misc retail including general merchandise, food stores, apparel stores, home furnishings</p> <p>Eating and drinking places</p> <p>Banks, insurance, real estate, general business office, legal services</p> <p>Amusement and recreation</p> <p>Health services, educational services, social services</p> <p>Museums, art galleries</p> <p>engineering, research, management & related services</p>	<p>Production of certain fish/seafood products, envelopes, certain paper products, computer & office equipment, refrigeration machinery, certain chemicals & allied products, paints, varnishes, etc.</p> <p>Hotels/motels</p> <p>Amusement concessions, rides, fairs, etc.</p> <p>Medical & dental labs</p> <p>Commercial physical & biological research, testing labs</p> <p>Antenna installations, radio, telephone, etc.</p> <p>TV broadcasting stations, cable & other pay TV services;</p> <p>Registered marijuana dispensary</p>	<p>Production of pencil lead</p> <p>Slaughter houses, leather tanning, etc.</p> <p>Scrap waste</p> <p>Petroleum products, auto dealers, gas stations</p> <p>Farm supplies, heavy construction machine rental, airplane rental, dog rental, photo labs,</p> <p>Adult book stores</p> <p>Check cashing businesses</p> <p>Apartment buildings, condominiums, and other dwellings</p> <p>Billboards</p> <p>Cemeteries</p> <p>Drive-in movies, bowling lanes</p>

[see by-law for complete, unedited uses]

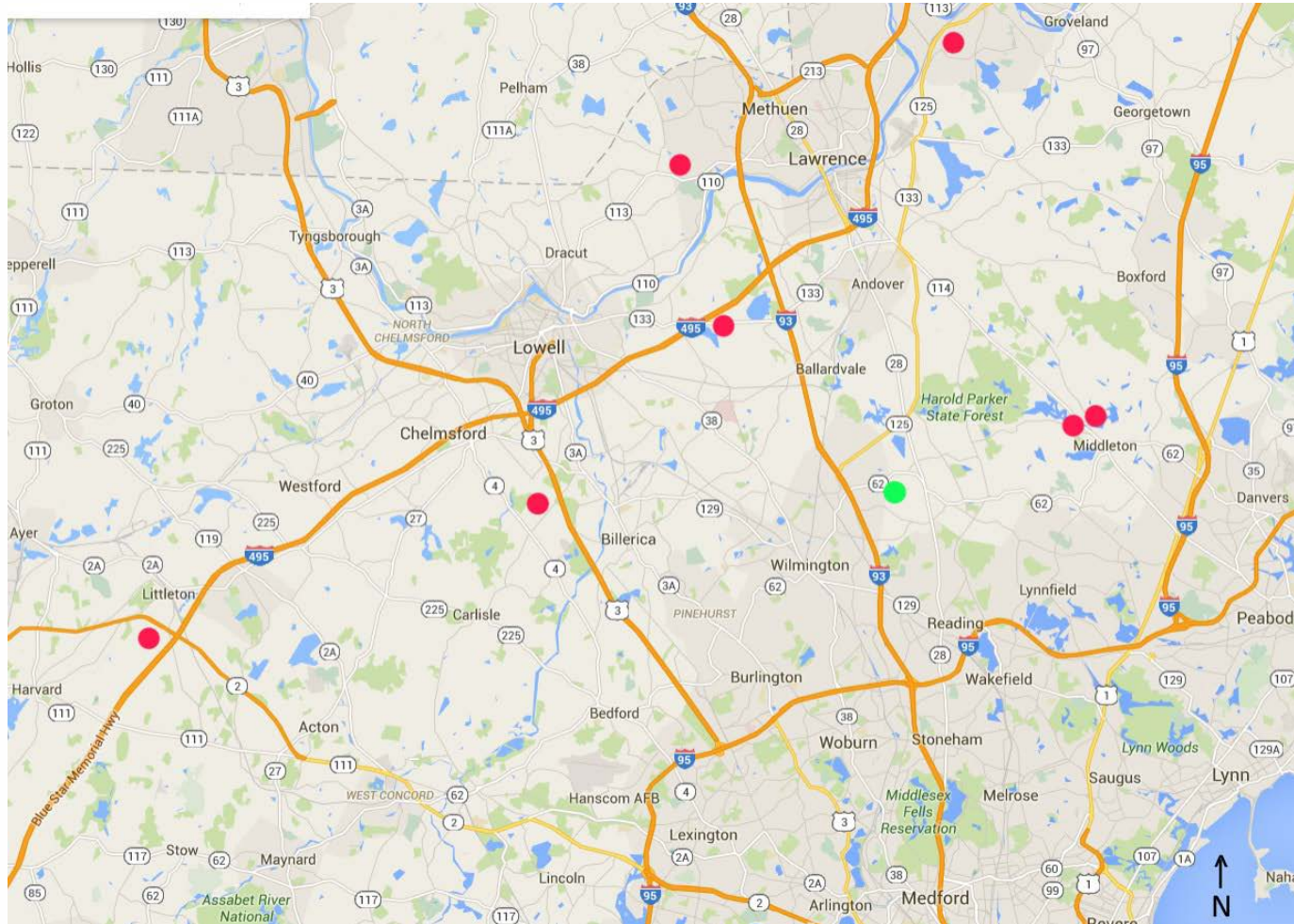
ZONING AND USE REGULATIONS
(continued)

DIMENSIONAL REGULATIONS

Parameters	I/O-1 District
Minimum Lot Size:	40,000 square feet
Minimum Frontage:	200 feet
Floor Area Ratio:	2.0*
Maximum Building Height:	50 feet (4 stories)
Maximum Building Area:	50%
Minimum Setbacks:	Front - 40 feet Side - 25 feet Rear - 50 feet

*Parking bonus: The permissible floor area ratio may be increased to 3.5 for any lot within this district on which surplus off-street parking spaces are provided in excess of 20% of the number of spaces normally required, the use of which spaces by the general public is guaranteed through recordable easements, covenants or other restrictions running to the benefit of the Town.

Land Sale Comparable



VALUATION - Parcel A

Total Land Area (ac.)	34.21
Total Land Area (SF)	1,490,188
Estimated Unit Value (\$/SF)	\$1.85
Total Land Value	\$2,756,848
Fair Market Value (rounded)	\$2,760,000

VALUATION - Parcel B

Total Land Area (ac.)	2.49
Total Land Area (SF)	108,464
Estimated Unit Value (\$/SF)	\$2.60
Total Land Value	\$282,006
Fair Market Value (rounded)	\$280,000

Market Study Sources

- Broker\developer interviews
- Reynolds Appraisal Report
- Craigslist
- Rent.com
- Apartment Finder
- REIS, Inc.
- CoStar Properties
- Zillow.com
- MAPC Study

Subject Property

Strengths

- Strong median household income
- Convenient access to Route I-93
- Low Commercial Tax Rate
- Growing population
- Strong public school system
- Expedited permit process

Weakness

- Lack of town sewer
- No access to public transportation
- Lack of commercial development in the immediate area.
- Zoning does not allow for residential uses

Demographics

	<u>1 Mile</u>	<u>3 Mile</u>	<u>5 Mile</u>
Population (2015 est)	5,001	30,679	102,479
Median Age	41.40	42.70	42.50
2015 Median HH Income	\$89,216	\$106,206	\$106,546
Owner Occupied Housing	72.46%	86.04%	85.97%
Median Home Value	\$369,385	\$437,092	\$425,321

Product Sectors

- Office
- Retail
- Residential (Multi-family rental and for sale)
- Industrial
- Hotel
- Recreational

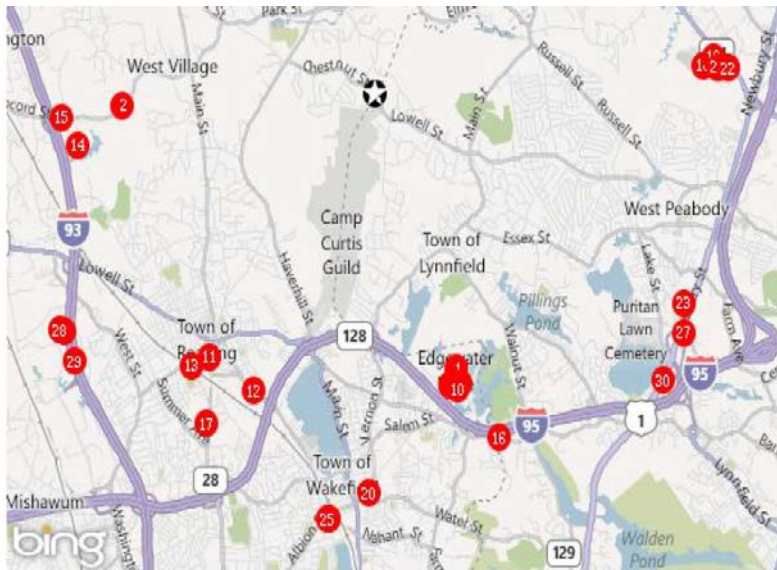
Comparable Office Market

30 Properties in comparison

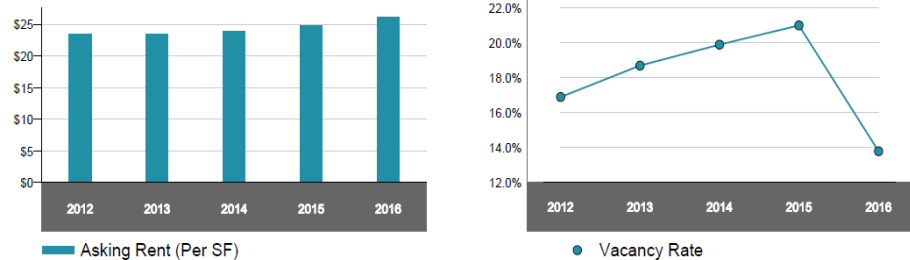
Average Asking Rent of \$26.07 PSF

Average Vacancy of 13.8%

675,000 SF new space in pipeline



ASKING RENT VS VACANCY - ANNUALIZED



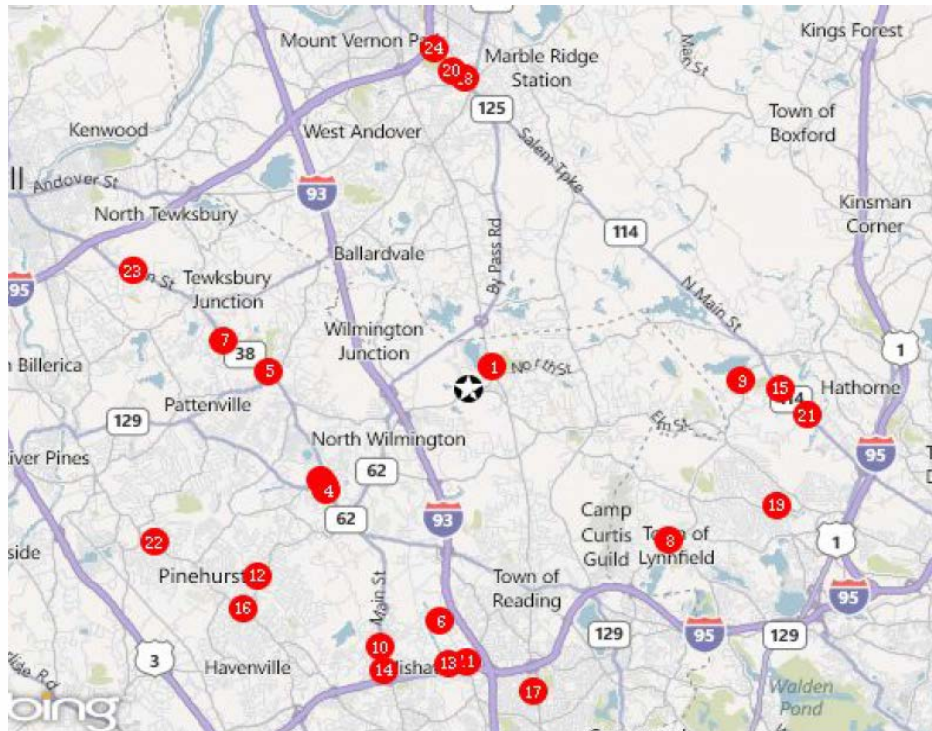
Year	Qtr	Asking Rent (per SF)	Asking Rent Pct Change	Vacancy Rate	Vacancy Change (BPS)
2012	1	\$23.45	2.9%	16.9%	-200
2013	1	\$23.51	0.2%	18.7%	180
2014	1	\$23.89	1.6%	19.9%	120
2015	1	\$24.79	3.8%	21.0%	110
2016	1	\$26.07	5.2%	13.8%	-720

North Reading Market Office Space Available

<u>Address</u>	<u>Year Built</u>	<u>SF Available</u>	<u>Asking Rent</u>
100 Riverpark Drive	2007	10,000	\$23.50
400 Riverpark Drive	1991	25,764	N\A
21 Main Street	1986	4,757	\$17.50-\$22.00
48 Main Street	1973	7,500	\$12.00
50 Main Street	1972	200	\$18.00
324 Main Street	1960	1,000	N\A



Comparable Retail Market



-23 shopping centers ranging from 33,000 to 275,000 SF in size

-Average non-anchor rent is \$20.04 PSF

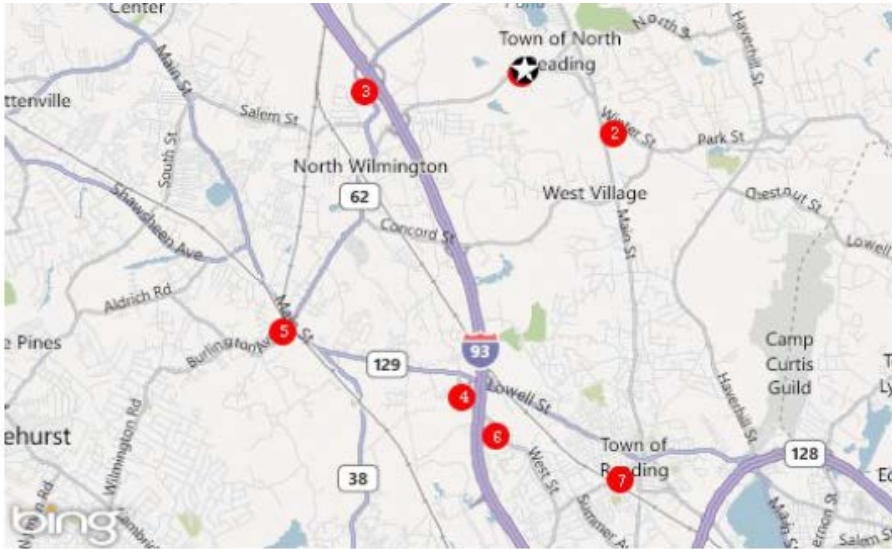
-Average anchor rent is \$15.42 PSF

-Average vacancy is 3.5%

Comparable Group Summary Statistics

	Low	Mean	Median	High
Current Asking Rent/SF (Nonanchor)	\$12.00	\$23.33	\$20.04	\$45.00
Current Asking Rent/SF (Anchor)	\$10.97	\$16.24	\$15.42	\$27.00
Current Vacancy Rate	0.0%	7.8%	3.5%	43.8%
Total Operating Expenses PSF	\$2.95	\$5.57	\$4.89	\$10.39
Real Estate Taxes PSF	N/A	N/A	N/A	N/A
Property Size (SF)	19,296	114,236	103,500	282,665
Year Built	1950	1975	1972	2008

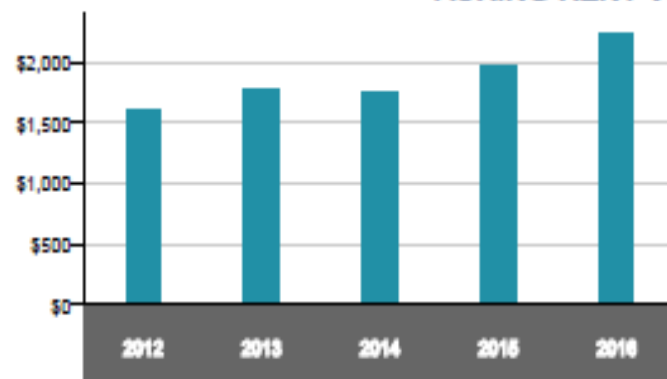
Comparable Residential Market- Rental



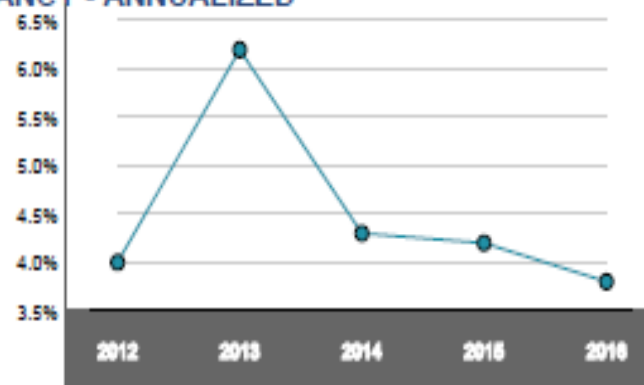
PROPERTIES	Submarket	Units(Units)	Year	Class	Rent	Vacancy
1) EDGEWOOD APARTMENTS 100 LOWELL RD, NORTH READING, MA 01864	North Shore/Merrimack River 304 Valley		2009	A	\$1,972	6.6%
2) AVALON OAKS WEST 1 EVERGREEN DR, WILMINGTON, MA 01887	North Shore/Merrimack River 96 Valley		2002	A	\$1,992	7.3%
3) AVALON OAKS 1 AVALON DR, WILMINGTON, MA 01887	North Shore/Merrimack River 208 Valley		2000	A	\$1,949	3.8%
4) REGENCY PLACE 7000 Horseshoe Lane, WILMINGTON, MA 01887	North Shore/Merrimack River 90 Valley		2008	A	\$2,090	1.1%
5) METRO AT WILMINGTON STATION 10 BURLINGTON AVE, WILMINGTON, MA 01887	North Shore/Merrimack River 78 Valley		2013	A	\$1,979	2.6%
6) INWOOD WEST 1 INWOOD DRIVE, WOBURN, MA 01801	North Shore/Merrimack River 445 Valley		2007	A	\$2,698	1.6%
7) 30 HAVEN ST 30 HAVEN ST, READING, MA 01867	North Shore/Merrimack River 53 Valley		2012	A	\$2,092	5.7%

- Built since 2000
- Professionally managed
- Amenities includes fireplaces, washer\dryer hookups, clubhouses, pools, and fitness centers
- 196 new units have been recently completed in market
- 613 new units are in the pipeline

ASKING RENT VS VACANCY - ANNUALIZED



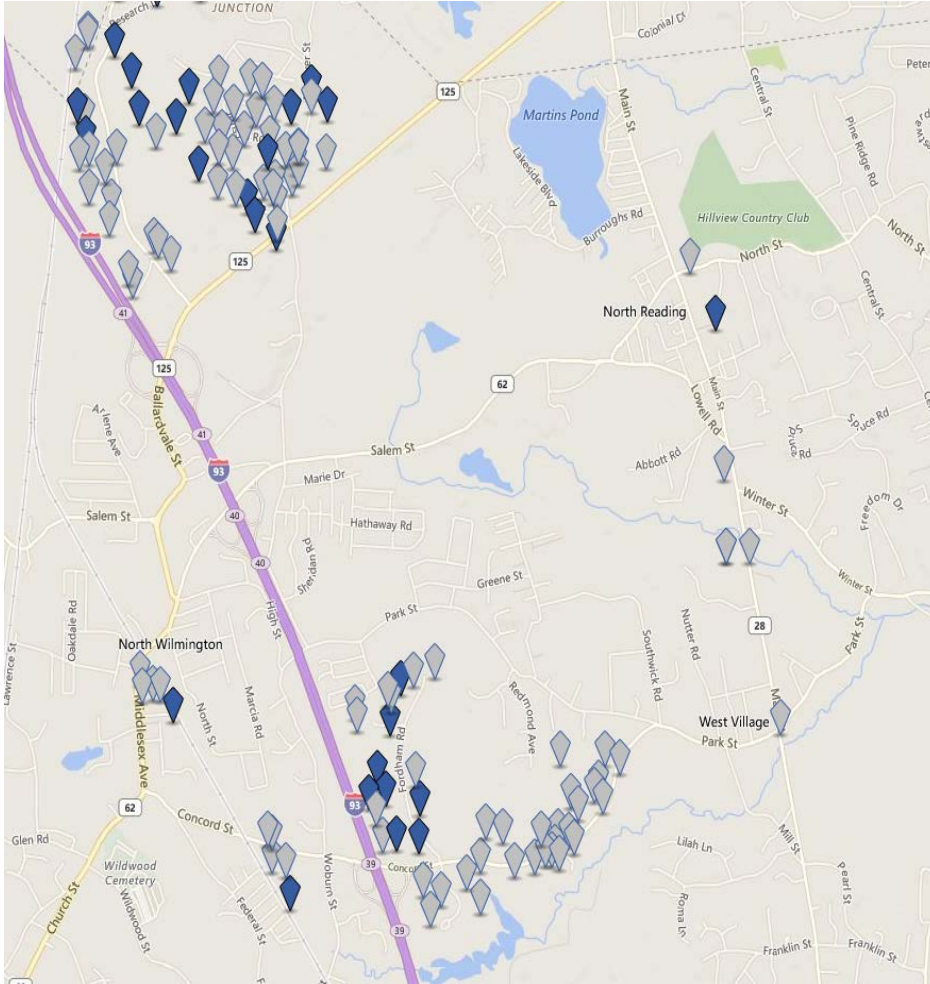
■ Asking Rent (Per Unit)



● Vacancy Rate

Year	Qtr	Asking Rent (per Unit)	Asking Rent Pct Change	Vacancy Rate	Vacancy Change (BPS)
2012	1	\$1,602	-3.2%	4.0%	100
2013	1	\$1,773	10.7%	6.2%	220
2014	1	\$1,752	-1.2%	4.3%	-190
2015	1	\$1,859	11.8%	4.2%	-10
2016	1	\$2,237	14.2%	3.8%	-40

Industrial



-There is only 3,000 SF of industrial\flex space available in North Reading

-There is limited industrial development near the Subject Property location

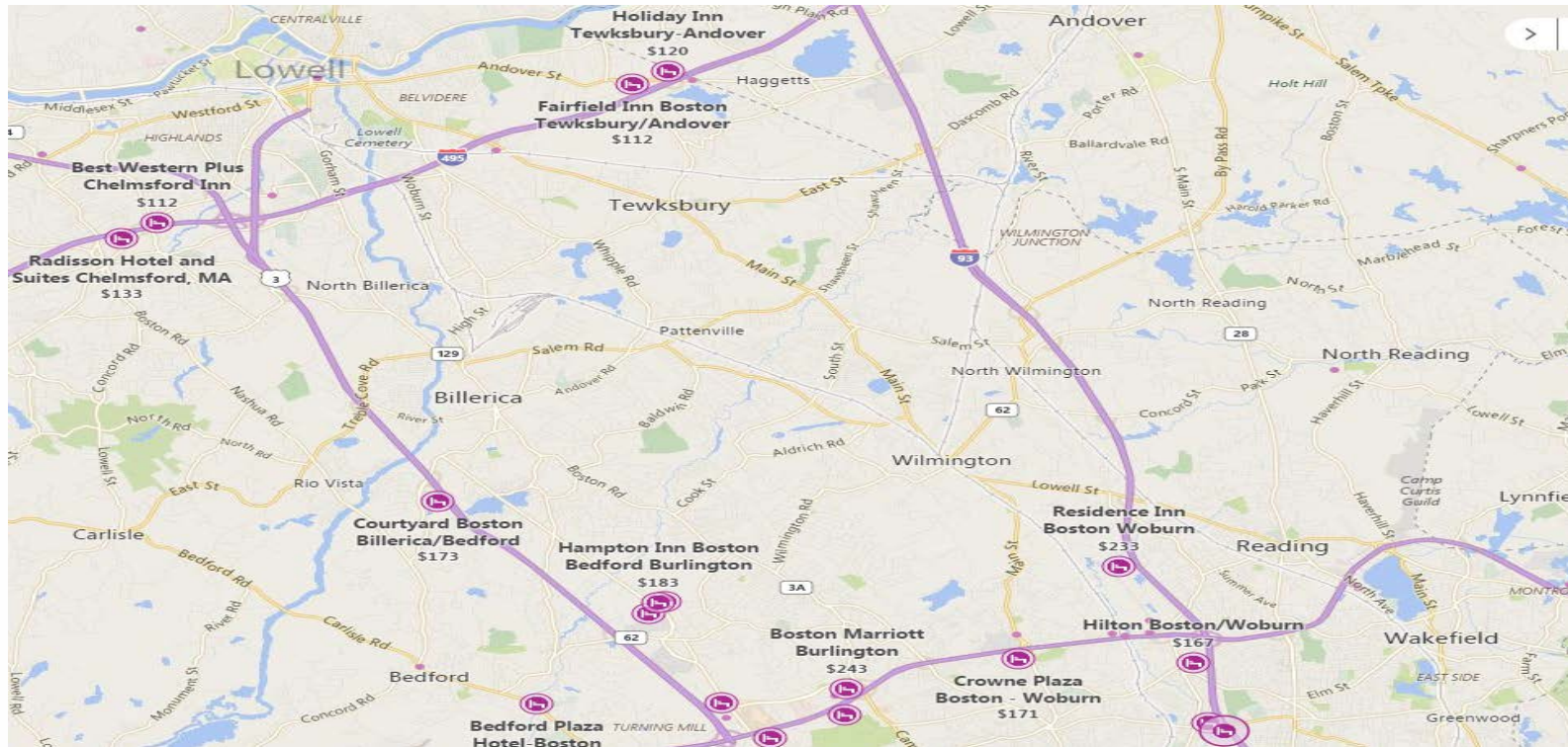
-In Wilmington there is 570,000 SF of industrial\flex space available with asking prices of \$10-\$14 PSF

-There is another 250,000 SF in the pipeline to be constructed in Wilmington

Industrial\Flex listing

Address	Name	Type	Star Rating	Status	RBA/GLA	SF Avail
228 Andover St		Industrial	★★★★★	Existing	80,000	80,000
323 Andover St		Flex	★★★★★	Existing	25,000	16,300
260 Fordham Rd		Flex	★★★★★	Existing	67,323	6,590
340 Fordham Rd		Flex	★★★★★	Existing	35,316	8,633
197 Main St		Flex	★★★★★	Existing	23,110	3,000
10 Upton Dr		Flex	★★★★★	Existing	53,637	8,336
210 Andover St		Industrial	★★★★★	Existing	53,000	1,500
250 Andover St		Flex	★★★★★	Existing	31,696	15,848
255 Andover St	Graebel Van Line	Industrial	★★★★★	Existing	88,390	10,000
265 Ballardvale St		Flex	★★★★★	Existing	74,527	11,000
326 Ballardvale St	Bldg 2	Industrial	★★★★★	Existing	99,453	41,854
50 Concord St		Flex	★★★★★	Existing	51,657	42,294
66 Concord St		Flex	★★★★★	Existing	37,664	2,352
40 Fordham Rd		Industrial	★★★★★	Existing	265,000	158,620
100-110 Fordham Rd	D	Flex	★★★★★	Existing	100,195	100,195
100-110 Fordham Rd	B	Industrial	★★★★★	Existing	136,216	14,400
7 Lopez Rd		Flex	★★★★★	Existing	67,772	34,000
36 Upton Dr	Building C	Industrial	★★★★★	Proposed	80,000	80,000
38 Upton Dr	Building D	Industrial	★★★★★	Proposed	60,200	60,200
40-42 Upton Dr	Bldg D	Flex	★★★★★	Proposed	97,000	97,000
5 Waltham St	1 Nature Walk	Industrial	★★★★★	Existing	84,178	26,292

Hotels



Findings

- Office- lack of Class A office space in local market, Subject Property location, rents are flat, previous developer experience with site.
- Retail- town needs additional retail services, corridor to Route I-93 is potential for highway convenience retail, potential for retail as a mixed use component.

Findings

- Residential- Any residential use would require a change in zoning; town has a need for additional housing over the next five years, location lacks the requirements for the millennial user; interest from development community in assisted living, senior independent living, and age restricted for sale housing; lower density likely due to lack of sewer.

Findings

- Industrial- town has limited amount of industrial space available; Subject Property lacks surrounding commercial uses; interest from self storage operators
- Hotel- active hotel development market; under served hotel market ; close proximity to I-93 corridor; potential to be a mixed used component; waste water is a challenge

Findings

- Recreation- strong interest from regional recreation facility operator; interstate access is key; waste water challenges are not an issue; could attract co-location by other users

Pre-Offering Engagement with Development Community

- Assisted Living
- Age Restricted For-Sale
- Recreation\sports facility
- Self storage
- Hotels
- Highway retail

Proposed Zoning Changes

- Allow a mixture of uses without needing an additional special permit
- Eliminate the maximum 2.0 Floor Area Ratio “FAR” since other dimensional controls are in place.
- Eliminate the requirement that uses are restricted to closed buildings. Some commercial uses may have an outdoor component that benefits the site.

- Eliminate the maximum stories (currently 4). This allows for flexibility with how high each story is (there are different needs for industrial commercial and industrial spaces, for example), within the height requirements.
- Increase the maximum height to 80 (currently 50 feet).
- Allow for a maximum building area of 65% with the ability to go up to 75% with a special permit from the CPC (currently maximum building area is 50%).
- Allow uses previously eliminated from the zoning in this area such as drive-in motion movie theaters, medical offices, bowling, and some types of sports and recreation clubs and activities.

- Add self-storage to list of prohibited uses. These uses tend to generate little tax revenue or amenity for the town.
- Eliminate requirements that certain retail spaces be at least 50,000 square feet. A collection of smaller stores could potentially be a component to a high-quality development project.
- Allow garage parking on the first story to not count toward the total building height.

Public Feedback on site

Public Feedback on site

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