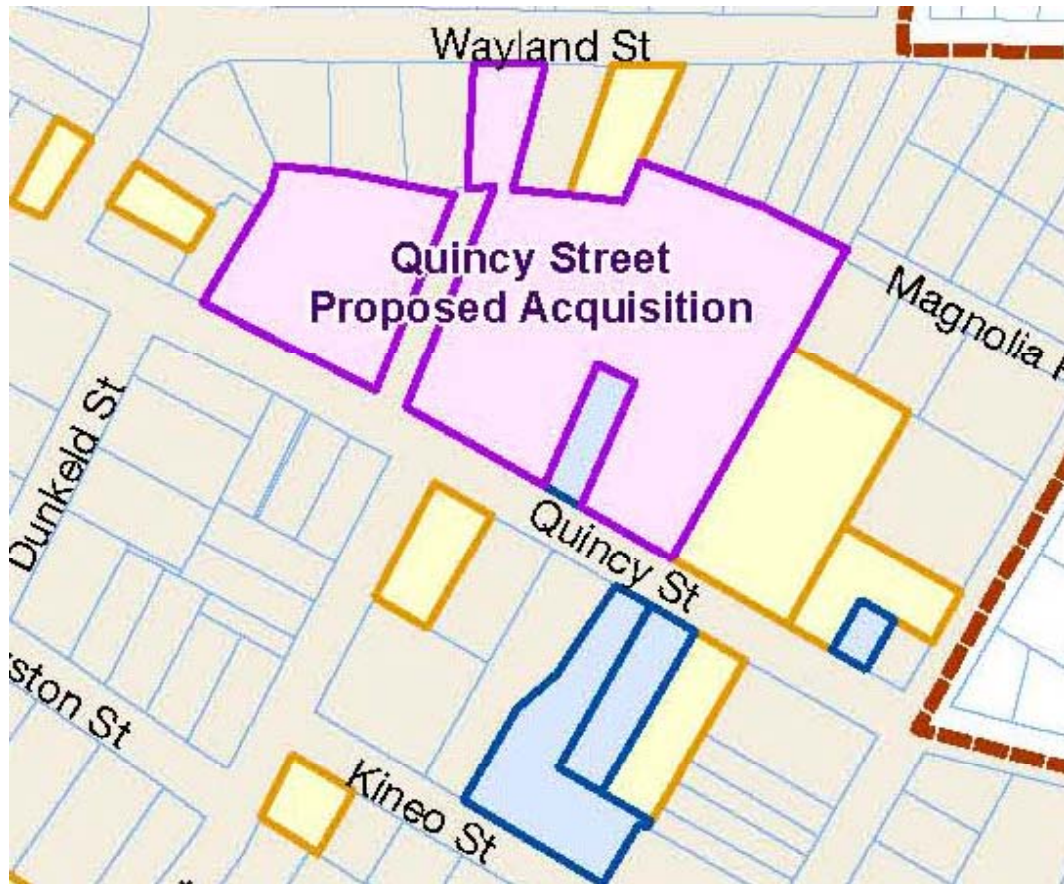




Industrial Opportunity at Quincy Street


May 6, 2008



**Private Land & City-
Owned Land creates
nearly 3 acres
(111,981 SF)**

- **One of the “FIT”
areas;**
- **Located within the
Empowerment Zone**

 City-owned Land

 Land for Sale

Acquisition Costs

- Listing Price: \$2.3 million
- Broker's Suggested Price: \$1.5 million
- Project Status: Offer to Purchase by Dorchester Bay EDC has offered, and is under consideration. Cruz has also done due diligence.

Market Demand for Industrial

- Northeastern U Study -- Mfg in Mass is healthy
- 2 Industrial RE Markets in Boston
 - Space > 50,000 SF
 - Smaller Space – 3,000 SF to 20,000 SF
- Hi Bay Space – more interest. Most space in Boston is low-bay. -- CB
- “Strong market in Boston, with a thin supply.” -- Perishable Management
- “Limited choices, obsolete facilities, limited parking.”
- “Industrial sector is healthy, but not growing,” -- JLL broker

2007 Newmarket Business Survey

- 53.7% plan to expand/relocate business
 - 30.5 definitely plan on expansion/relocation
 - 23.2% possible plan on expansion/relocation
- 68.3% of those planning expansion/relocation want to expand in the City of Boston
- 30.6% respondents reported that they have no room to grow at their present location
- Short-term leasing is common amongst Newmarket businesses
 - 27.5% have at-will leases
 - 20% have a one or two year lease

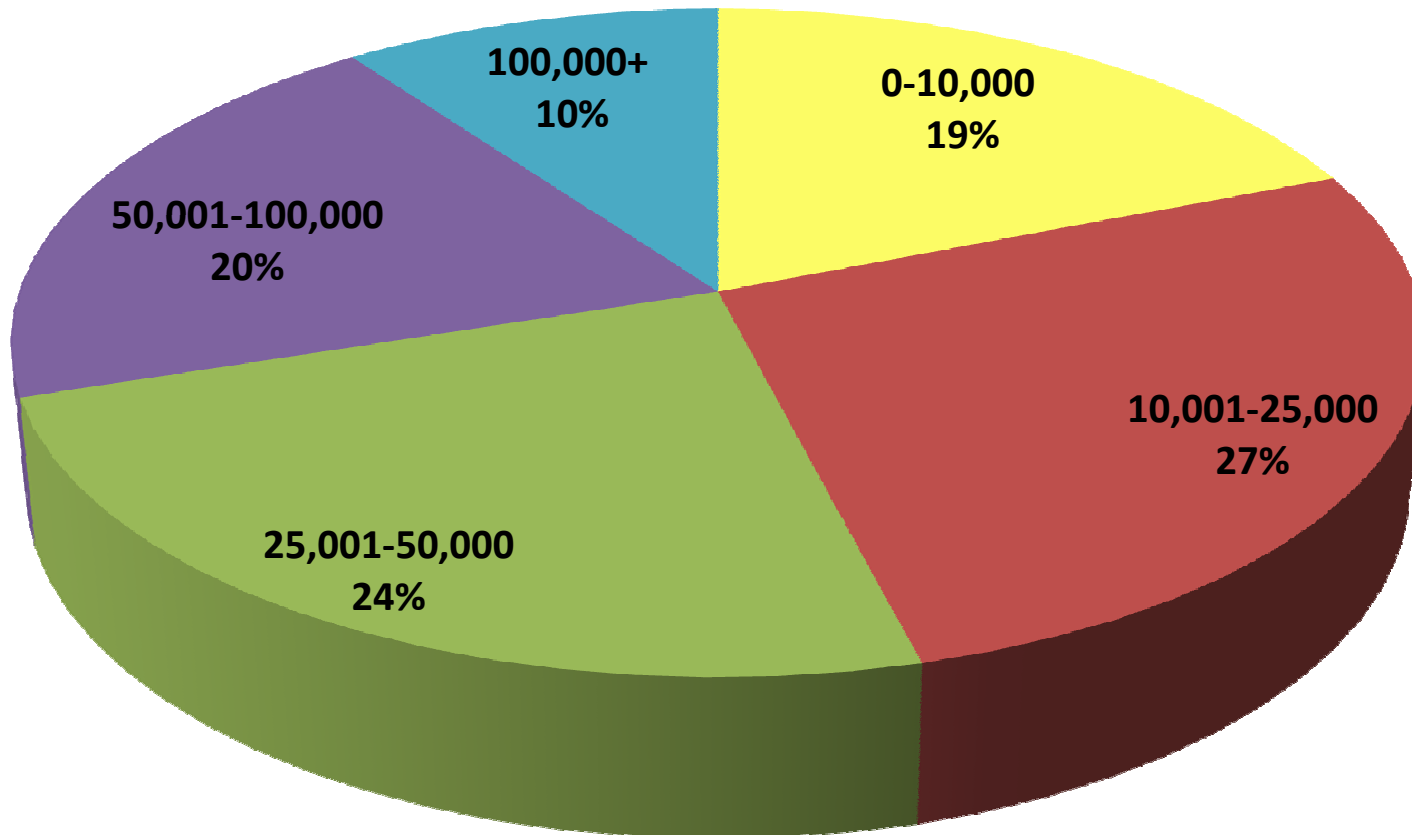
BRA Site Search Assistance

Food Businesses

Business Type	Space Needs	Jobs	Purchase/Lease
Food Processor	10,000 SF	19	Purchase
Food Processor/Mfg	10,000 SF	10	Lease
Food Mfg	13,000 – 20,000 SF	55, projected to be 75 within 2 years following expansion	Lease
Bakery/Caterer	16,000 SF	40-55 jobs	Either
Sweet Mfg	25,000 SF	65 to 200 jobs	Prefer Ownership, possibly L-T Lease
Bakery/Mfg	30,000 SF	65 jobs	Lease

Greater Boston Metro Area

Tenants in the Industrial Market Place



Source: CB Richard Ellis, 1Q 2008

Available Industrial Space Overview

	Market Area	Industrial SF Space	Vacancy Rate	Available Space
CB Richard Ellis	Urban (Boston & inner ring)	3.6 Million SF	22.6%	814,372 SF
Cushman Wakefield	Boston	5.4 Million SF	13.7%	
Stevens Group (includes Class C space)	Boston & Inner Suburbs	29.85 Million SF	9.5%	2.8 M SF
Co-Star Listings	City of Boston; Greater than 20,000 SF			668,988 SF

3 Alternative Approaches

1. Acquisition, Demolition & New Construction
2. Phase Approach:
 - Phase I: Acquisition, Eliminate Blight, Remediate;
 - Phase II: New Construction with multiple users;
3. Acquisition and redevelopment (re-use existing with some new construction)
 - New Construction on a portion of the property
 - Rehab or warehousing using existing building

Land Ownership Approaches

- City (or EDIC) owned land and owned buildings
- City-owned land and land-lease buildings (or building opportunity)
- City acquire; re-sell to prospective users

Low Estimate

Acquisition & Site Prep Costs

- Acquisition: \$1,500,000
- Environmental (Assmt & Cleanup) \$ 275,000
- Demolition & Site Prep(\$13.68/SF) \$1,434,438

- Sub-Total \$3,259,538
- 10% Contingency(non acquisition) \$ 175,953
- Total \$3,435,492

Low Cost Estimate

Construction Cost Estimate

- \$170/SF for 70,000 SF building, inclusive of soft costs, A&E, and guaranty of price (Source: CMC Associates)

\$11,900,000.

- With a 4% Per Annum Escalation to 2010

\$12,871,400.

- With 25% Contingency for Conceptual Plan

\$16,088,800

All Scenarios

Financing Environmental Costs

Total Costs: \$275,000 estimate

Sources:

US EPA Brownfields Site Assessment (DND) \$25,000
grant

USEPA Brownfields Rev Loan ((BRA) \$250,000
groan -- a loan that becomes a grant

Approaches to Financing Acquisition & Site Dev.

- **Scenario I:**

- Full amount \$3.16 million
- 30 years, 5.25% bond
- Debt Service: \$244,074
- Cost per SF: \$3.49

- **Scenario II:**

- \$1.5 million City or other grant
- Debt Service: \$128,234
- Cost Per SF: \$1.83

- **Scenario III:**

- EZ Grant \$1.5 million
- US EDA grant \$500,000
- Annual Debt Service \$89,621
- Cost Per SF \$1.28
- Five Year Cost of Debt Service: \$448,104

Construction Financing

\$16.1 Million – Low Cost Scenarios

SCENARIO	FINANCING	ANNUAL DEBT SERVICE	COST PER SF	COST per SF with LAND COSTS
A	100% Financing @ 5% for 30 years	\$1,205,231	\$17.2/SF	\$18.50
B	90% Financing @ 5% for 30 years; 10 % Owner Equity	\$1,084,708	\$15.50/SF	\$16.78
C	80% Financing @ 5% for 30 years; 20% Owner Equity	\$964,185	\$13.77/SF	\$15.05
D	80% Financing @ 5% for 30 years; 20% Owner Equity AND \$500,000 Alternative Energy Grant	\$934,221	\$13.55	\$14.63

Other Considerations

- **Zoning**

- Grandfathered “Industrial Use” through January 2009
- 3-Family Residential Zone

- **Trucks**

- Loading Docks enable off-street loading by tractor trailers
- Food processors use fewer trucks than distributors
- Quincy Ave is link between Columbia & Blue Hill
- Rail overpass on Quincy – 11.5 clearance