COMMERCIAL O'BRIEN PROPERTIES, INC

Commercial Real Estate News

Winter 2008

Is Accelerated Depreciation Back to Spur Real Estate Investment ?

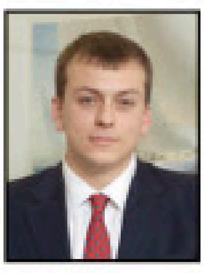
Article by
Eric O'Brien
President

In the 1980's, accelerated depreciation was a popular tool for real estate developers to amass large portfolios of buildings without having to pay income taxes for extended periods of time. Under the Reagan administration, depreciation schedules as short as 10 years for industrial and office properties were the norm vs. today's 39.5 years. Over the last five years, the IRS code has quietly introduced something called Cost Seg Depreciation. This new method of expensing your investment, or owner/user real estate, allows building owners to have an engineering study done to then segregate the more depreciable components of the real estate and expense them at a much faster rate. Office buildings, special purpose industrial facilities and lab buildings can benefit the most, while generic warehouse properties will normally benefit the least. Components like HVAC, carpet, drop ceilings and plumbing fixtures can be extracted from the overall value and depreciated in eight years or less. In extreme cases these items may comprise over 50% of the value of the building. The engineering study will usually cost from $10-15,000 but can be expensed, and the payback is tremendous. If you have not already begun depreciating your building this way, you can start this year retroactively. Cost Seg Depreciation should do a lot to spur the pace of development and purchases of investment, office and flex buildings in 2008 and the years ahead.

Alicia Whitney Joins OCP

OCP welcomes Alicia Whitney to the team as accounting manager. With her extensive background in finance and accounting, including previous employment at Rapa-Murray CPA, Alicia is a strong asset to both the brokerage and property managment teams.

Broker of the Year



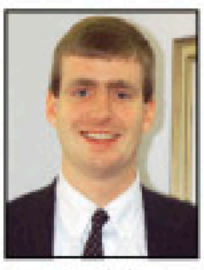
Dylan Connelly
Senior Associate

Dylan Connelly, a recent graduate of UMass-Amherst's Isenberg School of Management, joined O'Brien Commercial Properties in the Summer of 2006 and quickly propelled himself to the top performer for the year ending December 2007. In addition to completing 15 lease agreements, Dylan's notable transactions include:

- Sale of joint venture interest in 311 acre Westminster Business Park for $2.5M
- Sale of 32 acres of industrial land on Codman Hill Road in Boxboro for $1M
- Sale of 468 Great Road office building for $2,075,000

Dylan focuses on large industrial sales and leases in the Route 2 corridor and currently has numerous other properties under contract to sell in the first quarter of 2008. Dylan was recently promoted to Senior Associate. "It is a pleasure to have Dylan on our team. He is an outstanding individual, very focused in his work habits and extremely professional in his duties", says Eric O'Brien, President, O'Brien Commercial Properties.

Hopkinton Technology Park Surges in 2007 -- Now 100% Leased



Article by
Bret O'Brien
Vice-President

O'Brien Commercial Properties has completed ten new leases in the Hopkinton Technology Park during the last year for over 100,000 square feet of space. The 250,000 square foot park is now 100% occupied as compared to the area's average vacancy rate of 14%. O'Brien Commercial Properties recently implemented a rebranding and repositioning of the property including a full-scale advertising, promotion and direct marketing campaign. As of April 1, 2008, O'Brien Commercial Properties will have one 5,000 square foot bay available for lease for new tenants wishing to join the current and upcoming players in Metro West such as Lonza Biologics, Inc., Belfor USA, Pitney Bowes, California Closets, A123 Systems, Invitrogen Corporation and many more. The park is a center for high tech, biologics, and prestigious companies desiring to establish managing branches and satellite offices, and is located on South Street in Hopkinton adjacent to the world headquarters for EMC, Barry Controls and near by Caliper Life Sciences.

Is Local Commercial Lending Still Alive?

Article by
Joel Aho
Senior Associate

With all the talk about the recent troubles in the financial markets, one might wonder how these issues are affecting the local banking institutions. In making the comparison between the national and local credits markets, especially in regard to commercial lending, it is important to note that many of the current problems are related to the sub-prime loans that were being originated over the past couple of years. The extent to which a financial institution is currently in trouble can most directly be tied to the level of participation each has had in this segment of the lending industry. So while the financial markets at large are probably facing their biggest challenges since September 11, 2001, "the sub-prime has had no impact on a Community-Based Bank's ability to lend money," according to Bart Murphy of Avidia Bank in Hudson. Because Avidia was "not involved in the nontraditional loan products linked to the sub-prime crisis, ... traditional commercial loan funding sources remain as solid as rock." In a small sample of Avidia's total loan activity that is either pending or has closed within the past 90 days, the bank has placed $19.7 million in commercial real estate loans throughout the local area including Hudson, Worcester, Westborough, Boxborough, Clinton, Hopkinton, Acton, Holliston and Leominster -- in addition to $4.5 million in business term, fixed and lines for businesses in the MetroWest region -- according to information provided by Dick Schrader, one of Avidia's commercial lenders. So if you are wondering how all the recent events in the news might effect your ability to access capital locally, the "bottom line" says Murphy, is that "community banks are willing and able to provide commercial financing." TD Banknorth, Middlesex Savings and St. Mary's Credit Union are also active.

COMMERCIAL O'BRIEN PROPERTIES, INC

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