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The Greater Portland real estate market is off to a fantastic start with significant interest in all areas - by Mark Sandler

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The Greater Portland real estate market is off to a fantastic start for 2017. We are still seeing significant interest in all areas. The office market continues to improve. Last year's vacancy rate was 6.17%, down 0.35% from 2015. There has been a slight increase in asking rates across the market.

Some significant sales and leases already this year in the office market were: 82 Running Hill Rd. in South Portland, which consists of 114,017 s/f and sold for $17.9 million; 30 Thomas Dr. in Westbrook, which consists of 18,693 s/f and sold for $1.85 million; 11,470 s/f was leased at 190 Lancaster St. in Portland for $12.50/s/f; and 10,812 s/f was leased at 43 Landry St. in Biddeford for $12.50/s/f.

The retail market is booming, with food industry establishments leading the charge. Vacancy rates are at 3.44%, down 0.16% from 2015. The average lease rate has risen from $14.77/s/f in 2015 to $17.50/s/f. Lease rates continue to increase for prime locations. We have already seen more than a dozen new restaurants in the past month and a half, including Mainely Wraps, Tipo, Sichuan Kitchen, and Big Fin Poke. Some significant sales this year include the former Marshalls location at 333 Clarks Pond Parkway in South Portland, which consists of 80,000 s/f and sold for $7 million. A 500,000 s/f retail center is in the planning stage for Westbrook. The Southern Maine industrial market will continue to see low vacancy rates and slightly higher lease rates. We should see lease rates start to hit the high $6.00 NNN range. Last year's vacancy rate went down 1.06% to 2.32%.

Small to medium-sized businesses have been driving this sector. Some significant sales and leases in this market were: 3 Business Parkway in Brunswick, which consists of 54,943 s/f and sold for $3.9 million; 586 Lewiston Junction in Auburn, which consists of 120,339 s/f and sold for $2 million; 60,000 s/f was leased at 7 Washington Ave. in Scarborough for $5.00/s/f NNN; and 17,348 s/f was leased at 47 Spring Hill Rd. in Saco for $6.50/s/f NNN.

Multifamily sales continued to surge in South Portland, Saco/Biddeford, Lewiston/Auburn and Westbrook markets. They had an increase of 18%, 6%, 16% and 28%, respectively, in 2016. Sale prices and rents are continuing to rise, and the towns and cities above are seeing strong sales in 2017 with buyer demand exceeding supply. We are seeing significant construction of market rate development in Portland. 294 units are already in the construction phase with another 470 in the planning stage. Some notable sales for 2017 in residential were: 18 units at 28 Broad St. in Bangor, which sold for $3.125 million and was brokered by Cardente Real Estate; and 16 units at 6 Oregon Ave. in Old Orchard Beach that sold for $1.5 million.

The hospitality market is still going strong. Occupancy rates are still averaging around 65%. Rates are still rising slightly and more hotels are in the construction phase for 2017.

Moving ahead, all sectors of the commercial market in Southern Maine should remain robust. The

investment market will continue to thrive, land interest and new construction will increase, lease rates will continue to move up slightly, and vacancy rates will continue to decrease slightly in Greater Portland.

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