



# nerej

## **Southern Maine's commercial sector is continuing its solid recovery, with better days ahead**

July 29, 2010 - Spotlights

Reflecting on the first half of 2010, I would like to highlight several southern Maine commercial real estate success stories, including new retailers in the Maine Mall area, a flurry of bank branch developments and a new life for a former downtown meat-packing facility. But before I touch on each of these exciting developments, I must draw attention to an unfolding situation in Portland's downtown office market involving one of the city's largest tenants.

Pierce Atwood...to go or not to go?

One of the biggest stories of 2010 has been Pierce Atwood, northern New England's largest law firm, and their plans to possibly relocate from the roughly 76,000 s/f of space they currently occupy at One Monument Sq. in the heart of Portland's Congress St. District. Pierce Atwood has investigated several potential new locations over the past several years, but is currently focused on 258 Commercial St., a 5-story, waterfront self-storage facility. The century and a half old structure would require extensive renovations, partially funded by a recently approved \$2.8 million tax increment financing deal with the city.

Although exciting, the possible relocation could result in a substantial vacancy in the heart of Monument Sq. on Portland's Congress St. corridor. Current vacancies of class A and B office space in the immediate area plus an additional 76,000 s/f of empty class A space at One Monument Sq. could force landlords to be even more aggressive than the current discounted rental rates and tenant incentives offered. Portland's commercial brokers are closely following the unfolding development and potential office vacancy effects.

Opportunity for Discount Retailers

Historically, the Maine Mall and surrounding retail centers of South Portland and Scarborough have been the epicenter of retail development in Maine, attracting shoppers from across the state. The high traffic - high visibility locations have traditionally commanded prices only affordable to large national retailers, but in this down market, one retailer's loss is another's gain.

When Walmart decided to build a new 208,000 s/f Supercenter next door to their existing 119,000 s/f building, everybody wondered what would become of the older building. Ham Marden, president of Marden's Surplus & Salvage, saw an opportunity for the company's 15th and largest location, which opened its doors on June 10th.

A similar story unfolded after Circuit City filed for bankruptcy protection and shuttered its 28,000 s/f Maine Mall Rd. location. Goodwill Industries, a nonprofit retailer of second hand clothing and goods, pounced on the opportunity to secure the highly visible location. After renovating the former electronics store, Goodwill had a grand opening on March 26th.

Bank Branches Breaking Ground

Local banks continue to expand and add branches throughout Greater Portland. Bangor Savings

Bank is leading the expansion with four recently announced new locations - 3 in Portland and 1 in Falmouth. Norway Savings Bank and Gorham Savings Bank have both also announced new branches in Falmouth. The recent expansions further demonstrate that community banking is leading the way in southern Maine.

#### Hot Dogs to Room Service

After years of vacancy and failed development plans, the former Jordan's Meat's facility at 38 India St. in Portland has sold, been demolished and construction has commenced on a \$17 million hotel, restaurant, and residential condominium development. Old Port Hospitality LLC and Opeechee Construction purchased the 1.74 acre former hot dog packaging facility in early February and received city approvals in mid-March. The planned 122-room Hampton Inn, Sebago Brewing Restaurant & Brewery, and 12 top-floor, residential condos is scheduled for completion in the spring of 2011, just in time for peak season.

This small sampling of Maine success proves that the first six months of the new decade have been anything but boring. Southern Maine's commercial real estate sector is continuing its solid recovery from the affects of the national recession and I'm positive, better days lie ahead.

Jonathan Leahy is an associate broker with CBRE | The Boulos Company, Portland, ME.