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Kevin Fletcher - Tenant activity picking-up, retail market strong: The second half of 2011 shows great promise

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FINALLY, some activity! The phone is ringing. I'm not going to write anything about the difficulties of the past few years but will only write about what I believe are positive signs taking place in the market this year and believe me, there are positive things taking place in the commercial investment market in 2011!

I have been fortunate enough to have sold some solid investment deals as well as some speculative deals so far this year. These sales include 2 retail centers, 2 NNN leased restaurants, a NNN leased drug store, and a vacant retail project in the first half of 2011.

We have seen some tenant activity as well this year. I am currently negotiating a 5,100 s/f retail space in South Portland and a 23,000 s/f retail tenant in Lewiston, and have recently completed a 6,100 s/f retail restaurant space in Auburn to Buffalo Wild Wings and another 2,400 s/f retail space in the same complex in the last 2 months. The demand for retail seems to be taking the lead of all sectors in 2011.

In review of other commercial companies and their activity, it appears they are busy as well. Investment grade product is moving as well as some speculative vacant properties, when priced right, are selling. This shows that investor confidence is increasing in 2011.

Tenant activity does appear to be picking up as well in 2011. Landlords continue to be aggressive in their search for tenants. Rates are down, incentives are up, and tenants appear to be using this to their advantage to secure affordable long term deals.

As stated above, the retail market appears to be the strongest segment thus far in 2011. Some great announcements have been made so far this year and others are soon to be announced. Tenants like Buffalo Wild Wings, Town Fair Tire and others are moving into Maine aggressively.

Industrial appears to be picking up as well as tenants and owner users clearly see an increase in their desire to lock in rates or to purchase affordable space. Recently we filled a 62,000 s/f industrial building that had been on the market for several years. Owners continue to get aggressive with their desire to sell and owner users and long term investors are taking advantage of these affordable prices.

The apartment market in Southern Maine remains strong with Central Maine truly struggling with activity. The Lewiston/Auburn apartment market is absolutely right for investment as units continue to come offline with demolition and rental rates remain strong, but investors seem to stall in Southern Maine and refuse to come north.

Without looking to sound negative, the office market appears to be the softest segment of the market. Surely there are pockets of space depending on size and location that is in demand but overall, this appears to be the segment in the market lagging behind.

The second half of 2011 shows great promise for continued activity and increased sales and

leasing. It is my belief that consumer and investor confidence is driving this and so long as we do not see any drastic changes to this global economy, I predict the market to continue to get stronger with each passing quarter.

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