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## **By Jonathan Leahy: 2011 Greater Portland commercial real estate market showed signs of stability and slow improvement**

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In spite of continued global economic uncertainty, 2011 showed signs of stability and slow improvement in Greater Portland's commercial real estate market. With the larger issues aside, our local market was quite active last year. Although overall office vacancy rates remain historically high, 2011 showed overall vacancy rates slightly declining with new space also coming on-line. Investment properties remain a strong asset class with the continued trend of strong demand and limited supply. Several newsworthy pipeline projects were announced in 2011 and upon having committed tenants we hope to see one of them break ground this year. Maine is still considered a stable market and we are confident 2012 continues with the positive trends.

### Office Market - Complete Survey

This month, CBRE|The Boulos Company will release our annual Greater Portland Office Market Survey. It is a complete survey of all Class A and B office buildings in the Greater Portland area including breakdowns for downtown, suburban, and medical sectors. The 2012 Office Market Survey can be viewed and downloaded for free at [www.BoulosOfficeMarketSurvey.com](http://www.BoulosOfficeMarketSurvey.com).

Overall, the Greater Portland office market improved slightly in 2011 with total vacancy decreasing by just under 0.5% to a 10.7% from 11.2% in 2010, still relatively high by historical levels. Detailed analysis is available in our survey report including breakdowns by geographic area and market sectors.

Several large tenant moves include Pierce Atwood taking occupancy of the redeveloped Merrill's Wharf on Commercial Street, Stone Coast Fund Services 22,253 s/f lease at 2 Portland Sq., and the Bank of Maine's 16,355 s/f lease at Two Canal Plaza.

### Investment Properties - Continued Strength

Income producing real estate is still in high demand in Southern Maine. With the continued volatility in the stock and bond markets, investors are turning to real estate for higher yields and stability. Although investor demand is greatly outnumbering actively available supply we saw a number of quality investment properties trading hands in 2011. Touching on all sectors and sub-market investments included office, warehouse, multi-tenanted retail, and apartments. In Greater Portland we witnessed several notable investment sales including a 22,000 s/f South Portland suburban office building leased to the GSA sell for \$3.65 million, and two large Downtown Portland apartment building transfers - the 56-unit Butler Payson buildings for \$6.2 million and the 40-unit Miles Standish for \$2.8 million. A more in depth look into 2011 significant sale and lease transactions can

be found in CBRE|The Boulos Co.'s complete report available on our website.

#### Pipeline Development

The outlook for 2012 and beyond looks promising with a few high profile projects in the pipeline. Although actual construction will not start until tenant lease commitments we are hopeful something breaks ground this year. JB Brown has recently begun planning for two projects along Commercial St. in Portland including a 140,000 s/f building near York Street and a 75,000 s/f building on West Commercial St. The Federated Companies announced plans to develop 3.25 acres in Portland's Bayside neighborhood with a mix of office, retail, and residential. The Forefront at Thompson's Point is being marketed and will include office & retail and be the future home of the Maine Red Claws NBA-D League basketball team. Opechee Construction also has preliminary plans for a 70,000 s/f office development in a second phase of the recently completed Hampton Inn & Sebago Brewing Co. project on the block framed by Franklin and India Streets. We hope 2012 brings additional details and forward progress for these exciting new projects.

For the complete market analysis and broker articles please visit our website. We predict 2012 will continue with the good news and forward momentum. Vacancy rates will continue to improve, investment demand will further strengthen, and developers will continue to be confident in Greater Portland.

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