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## **Southern Maine commercial market - first half of 2012 has been very strong, we expect continued momentum**

September 06, 2012 - Northern New England

As the summer season begins to wind down here in Southern Maine, we would like to take this opportunity and look back to see what has happened year to date in the commercial real estate market in Southern Maine. When we evaluate what has happened in the commercial real estate industry we seek to identify specific trends based on the individual sectors as well as the overall marketplace. The first part of 2012 has produced multiple transactions which give us clear direction on where the trends are.

The multi-tenant retail investment property market continues its multiple year run of red hot demand with very limited supply. The desire from investors for grocery anchored centers is at all time high and never has that been more evident than in 2012. Take, for example, the sale of the Shaw's anchored shopping centers in Windham and Waterville, ME. This was the first time these properties traded hands in many years. Another Shaw's anchored center on Rte. 1 in Falmouth, ME is currently under contract to be purchased and likewise this property has been family owned for many years without transfer. CBRE|The Boulos Company is pleased to offer for sale the Shaw's anchored shopping center in Ellsworth, ME and it is attracting very strong demand from regional investors. The demand for grocery anchored retail centers in Maine at below average cap rates is a very positive sign on things to come for investment property in 2013.

Moving from the retail market to the office market we have witnessed continued trends that have existed the last couple years. For example "blend and extend" continues the favorite phrase for tenants and landlords alike. It is a win-win situation where the tenant gets temporary relief on their rental expense while the landlord is rewarded with additional lease term on their investment, simply the best for both sides. Given very low interest rates and attractive loan programs such as the SBA 504 and SBA 7(a) we have experienced a new wave of activity from tenants who have now become building owners via the owner/ user route. This trend is very encouraging for the market place and has driven transaction volume that we expect to continue for several more years.

The industrial market in Southern Maine is generally the one sector that is unpredictable year over year. During 2012, industrial has been surprisingly very strong with some above average size deals being completed early on with Emery Waterhouse taking on a additional 54,000 s/f as well as BUNZL Northeast relocating into 58,000 s/f. Based on market activity it appears things are changing a bit and the normal user looking for 5,000 s/f to 10,000 s/f is now looking for 15,000 s/f to 20,000 s/f. This trend is strictly based consolidation of facilities as well as lower lease rates which create the perfect opportunity for tenants to make a move.

Overall the commercial real-estate market in Southern Maine for over the first half of 2012 has been very strong and continues to be driven by low interest rates, demand from owner users, motivated landlords and good value in the market place. We expect the market to continue to build strength

thru 2012 and carry this momentum long into 2013.

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