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## **Maine commercial real estate and the continued strength of Greater Portland**

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Portland and the communities which make up the Greater Portland region - Scarborough, South Portland, Westbrook, Falmouth, among others, continue to recover from the serious economic downturn brought on by the recession. There are several factors for economic optimism in this region. According to the Greater Portland Regional Chamber (GPRC), the region has a lower unemployment rate (6.5%) than the national average, led by over 20% employment increases in biomedical/healthcare and 13% in business services industries. The income average is also higher, as a result. This growth has led to a decrease in vacancy rates, which, according to the CBRE|Boulos Company's 2012 Office Market Survey, has seen the overall vacancy rate in the region drop from 11.2% in 2010 to 10.7% in 2011, with that number continuing to fall in 2012.

Of course, the commercial interest rates, which remain in the 4%-5% range, are having a positive sales impact on both owner occupied and investor markets. Many owners of investment properties have offset the reduction in lease rates (the Portland area saw a 20%-30% reduction in lease rates as a result of the downturn, with class A office space dropping from a \$16-\$18 NNN range to \$12-\$14 NNN) by refinancing to these historically low rates. The rates are also assisting in a noted increase in owner/occupied commercial sales, which ground to a virtual standstill in '09-'10.

The Greater Portland area is also seeing a notable increase in large scale development projects. J.B. Brown and Sons, a prominent Portland land owner, has two significant developments which have received City of Portland review. 135 West Commercial St. has received initial approval for a four story, multi use building (office, retail, residential) and 321 Commercial St. is being planned for 130 room hotel, w/ 14 additional residential units. In the Bayside area off Marginal Way in Portland, the Federated Companies have received approval to begin development on 3.25 acres, with an office and hotel, both close to 100,000 s/f. The Eastland Hotel on High St. in Portland was recently purchased, and the new owners (Westin Hotels) are planning renovation in excess of \$35 million. Perhaps the largest project being considered is the Forefront at Thompson Point. Located just off the Portland Peninsula, this 300,000 s/f development (on 27+ acres) will include a sports complex and convention center, as well as medical and restaurant space.

Looking at the long term growth potential for this region, perhaps the most important factor is the quality of life offered in the Portland area. While having few of the problems that plague large metropolitan areas -traffic congestion, high crime rates, etc., Portland offers an amazing array of cultural and entertainment opportunities. An increasingly well known fact is that the Portland area provides a startling variety of very high quality dining options (second only to San Francisco). The Portland Symphony Orchestra, Portland Stage Company, and PORTopera, are among dozens of quality musical and theatrical organizations in the region. Portland's Old Port and Art's District provide a night life filled with live music, and The Portland Sea Dogs (Red Sox Double A farm team)

and Portland Pirates (minor league professional hockey) excel at family fun. Portland and the surrounding communities also provide exceptional public and private school choices. And, the recreational choices are endless, with beautiful Casco Bay, Sebago Lake, high end ski resorts, and much more, all within an easy drive.

The business world increasingly allows the professional work force to locate where they choose. Quality of life, with the opportunity to live and raise a family in a thoughtful, clean, safe environment, will be a powerful economic advantage. And, few regions offer a better quality of life than Portland, Maine.

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