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Moving ahead, all sectors of commercial real estate market in southern Maine should remain strong

March 26, 2015 - Spotlights

As we head into the spring and early summer of 2015, we should continue to see more of the same trends as the end of 2014 and beginning of 2015.

The Greater Portland office market continues to improve; last year's vacancy rate was 7.84%, down 2.4% from 2013. We are seeing a slow decline in the vacancy rate while there has been a slight increase in asking rates. Office market transactions continued to increase in 2014 and 2015. We should continue to see improvement this spring. Some significant sales last year in the office market were; 128,400+ s/f at 511 Congress St. in Portland, 112,000+ s/f at 75 Washington Ave. in Portland, and 72,490+ s/f at 189 Darling Ave. in South Portland.

The Greater Portland retail market is booming. Vacancy rates are down to 3.6% although Falmouth and Brunswick are not seeing the decrease of the other southern Maine towns. Goodwill, Dollar Stores, and food industry establishments are leading the charge. Lease rates continue to increase for prime locations. Scarborough Gallery will be adding another retail center, the Maine Mall continues to almost no vacancy, and new restaurants are opening every week.

The southern Maine industrial market will continue to see low vacancy rates and slightly higher lease rates with last year's vacancy rate at 4.12%. Small to medium sized businesses have been driving this sector. Some significant sales in this market were; 170 Anderson St. in Portland which consists of 34,168+ s/f, 1 Runway Rd. in south Portland which consists of 114,720+ s/f, and 20 Morin St. in Biddeford which consists of 52,000+ s/f.

Multi-family sales continue to increase in the Portland and Saco/Biddeford market with an increase of 17% and 26%, respectively in 2014. Portland will continue to see strong sales in 2015 with buyer demand exceeding supply while the other towns in the Greater Portland area all saw single-digit decreases. Rent rates will continue to increase in the Portland area while rents in other towns should remain stable. We are starting to see market rate development in Portland for the first time in many years.

The hospitality market is still going strong. We should see the opening of several new hotels in 2015 with Maine expecting around 880 additional hotel rooms added to the inventory. Two more hotels are expected to open in Portland alone this year. Portland added two new hotels at the end of 2014. Moving ahead, all sectors of the commercial market in southern Maine should remain strong. The investment market will continue to thrive, land interest and new construction will increase, lease rates will continue to move up slightly, and vacancy rates will continue to decrease slightly in Greater Portland.

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