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Southern Maine's commercial real estate market continues to boom through mid-year - by Matthew Cardente

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Southern Maine's commercial real estate market has continued to boom through mid-year of 2017 with many indications pointing to a strong close at year's end.

As was the case in 2016 and years prior, there is significant demand by tenants and buyers looking for premier commercial property in Southern Maine. With limited inventory and low vacancy rates, competition for offerings in primary markets has continued. With such demand, asking lease rates and sales prices have been on the rise.

Southern Maine is definitely a seller's market with capitalization rates averaging 8–9% in the primary and the majority of the secondary markets.

Sales demand by owner/occupants has been ongoing with attractive interest rates. The potential to pay less for a mortgage than a lease rate offers long-term upside for business owners. Investors are also buying vacant buildings for refill upside, as well as land for both immediate and future development. A newer trend for area investors is real estate with a business component or even the purchase of businesses with the real estate excluded. Investors are "thinking outside of the box" or are on the sidelines waiting for an opportunity to present itself. This is a good indication that more sellers will enter the marketplace and could suggest even higher sales prices and lower capitalization rates by mid-year 2018.

With difficulties finding quality product for investors, high demand by tenants, and a continuation of low vacancy and interest rates, the Southern Maine commercial market is on track for another solid year.

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