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In these tough times, it's important we focus on and applaud commercial real estate success stories

July 23, 2008 - Spotlights

"Foreclosure rates climb", "Unemployment rises", "Credit crisis continues", "Consumer prices rise". We've all seen these headlines and more over the last 6-12 months. "Doom and gloom" they're called. And, frankly, the light at the end of the tunnel seems distant. That said, who wants to read another article about our economic struggles? In these tough times, it's important we focus on and applaud commercial real estate success stories. Many economists stress the importance of mentally - not just financially - overcoming the challenges we face in down markets. To that end, let's take a moment to review some successful commercial developments undertaken in southern Maine within the last year. We'll also take a look at projects that remain in the pipeline despite the dreaded "doom and gloom".

Island Point - Saco

Maine's great history includes years of factory and mill work. Many of these old mills relied and capitalized on our beautiful rivers and waterways. As the industrial world changed many of those old mills became productively obsolete and ultimately closed. However, what they lost in production value they gained in real estate value. Many developers have taken advantage of these old empty buildings and have transformed them into some of the most beautiful and unique commercial properties in the state. A couple that come to mind are Fort Andross in Brunswick and the Lafayette Center in Kennebunk.

Last October, Kevin Mattson and his development group Mattson Development closed on the Saco Island mill. Reintroduced this spring as Island Point, this \$100 million development project is truly changing the face of downtown Saco. Mattson will convert all the current available Class B-C space into Class-A office space but insists on maintaining the classic feel of the mill (exposed brick and beams, large picture windows, stunning river views, etc.). While some office vacancies remain, the initial marketing push has been strong and interest and feedback have been positive. Furthermore, The Run of the Mill, a new brew pub and restaurant, opened for business on July 14th.

Bayside Developments - Portland

Perhaps no single neighborhood in the state has seen as much commercial real estate development as Marginal Way in Portland. Known as Bayside, this ½ - mile stretch running along I-295 has seen hundreds of thousands of square feet of Class-A office space go up within the last five years alone. AAA, Gorham Savings Bank, and the Department of Human Health Services are just some of the major tenants who call Bayside their new home.

Within the last year, several significant projects have broken ground and are near completion. 84 Marginal Way, an eight-story office building and parking garage, will be ready for occupancy by the fall. It is fully leased to Intermed and Drummond Woodsum, a major Portland law firm. Next door will be the Bayside Village, a five-story apartment building for college students. Just across the street,

the city of Portland has put a stretch of land under contract that will be developed into an incredible mixed-use property with Class-A offices, retail, covered parking, walking trails, and more.

Scarborough

Maine's 4th fastest growing municipality is, not coincidentally, home to several major commercial real estate developments. The much ballyhooed Gateway at Scarborough is complete and open for business. Anchored by Cabela's, the retail center set traffic records during its opening weekend this past June. Directly across the street is the new First Look Plaza, which will be anchored by a 14,000 s/f Golf & Ski Warehouse. First Look is scheduled to be open for business this fall.

Beyond those projects, Scarborough's Rte. One corridor is seeing considerable commercial real estate action. Bessey Sq., a nearly 20,000 s/f mixed-use development, will promote a "live/work" environment. It will feature residential units with retail and office availabilities. Also, the former Orion Center has been purchased and is being redeveloped and marketed as retail and office space. Several large office users are considering the location.

Freeport Village Station

Retailers are generally the first commercial users to take a hit in tough economies. Berrenson Associates, a developer out of Massachusetts, is betting that the town of Freeport can ride this storm. They've broken ground and are pre-leasing the Freeport Village Station. This state of the art retail lifestyle center is approximately 120,000 s/f on 3.6 acres and will include a 550-space covered parking garage. They've already signed on Calvin Klein, IZOD, Van Heusen, and Geoffrey Beene as its premier tenants and have several others under contract. In a town already world renowned for its shopping opportunities, this project will certainly enhance that reputation.

New Business

Beyond the development projects outlined here, another great sign for Maine commercial real estate is that companies "from away" are still attracted to our state. Within the last year, Athena Healthcare and Boston Financial Data Services (BFDS) have each expanded their operations to Maine. Athena purchased a 130,000 s/f former MBNA building in Belfast and BFDS leased 66,000 s/f of office space at 12 Water St. in Rockland.

An imposing hurdle we face in these tough economic times is the mental barrier we create and that is reinforced by the media and their "doom and gloom" articles. We should make regular efforts to recognize and applaud the positive contributions these projects and others have made to our communities. In doing so, we go a long way to overcoming those hurdles and beginning the climb back to economic vibrancy.

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