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## **Better weather and healthy tourists will bring economic strength to Southern Maine - by Justin Lamontagne**

April 30, 2021 - Spotlights



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This time of year, Mainers are awakening from the cold winter and looking forward to brighter, warmer days by the ocean or the lakes. We also typically welcome out of state tourists to all destinations that summer in Maine has to offer. This year, with vaccinations happening rapidly, will hopefully be no different and the commercial real estate market is responding well to what has been an anxious past 14 months.

## Industrial

Industrial vacancy rates continue to fall and rents continue to rise, as we see many companies with limited options for finding space to accommodate sizeable growth. The rise in online retail sales and overall consumer spending is fueling a market with few sizeable options and increased rental rates in the Southern Maine industrial market. The need for new development is as strong as it ever has been and the lack of available, industrial zoned, land is also being felt, by developers and tenants alike.

## Retail

Retail in and around the Portland market is seemingly strong lately, particularly in the food and beverage space, one of Portland's strongest retail subgroups. In a recent article published by PortlandOldPort.com there are 12 new eateries coming to the market in spring/summer 2021. We're cautiously optimistic that the always strong food and beverage industry in Maine will continue to drive the retail sector downtown.

## Office

The office market is more of a mixed bag. Smaller suburban deals seem to be steady, but the downtown sector is lagging and has seen more inventory come online in recent weeks. Across the submarkets we are seeing landlords offering multiple months of free rent, and full fees to outside brokers, upfront. That being said we are seeing more tenant activity in the last two weeks than we have in the last six months, but continued hesitancy on term is pushing shorter deals. Things are looking up for smaller spaces, but it's safe to say that landlords are starting to worry about larger spaces that have been slow to lease, and new competitive listings coming online.

## Multifamily

Multifamily, much like the residential market, demand remains strong and outpaces supply dramatically. Multifamily sales in Portland-proper are seeing values never before imagined and are typically operating in multiple bid scenarios with limited contingencies and in some cases, cash offers. Demand is fueled by out of state interest and locals alike.

So, even though our April showers may be in the form of snow, we know there are warmer days

ahead, and the commercial real estate market is hopeful that better weather and healthy tourists will bring continued economic strength to Southern Maine.

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