

MAINE

MAINE RETAIL

The Southern Maine retail market is rebounding. According to Malone Commercial Broker's retail survey, Greater Portland's vacancy rate was at a 10-year high of 10.8 percent in 2009 but dropped down to 6.24 percent in 2011. We are seeing absorption of some empty big boxes, and new retailers are entering Maine's marketplace.

Last year, Buffalo Wild Wings opened its first Maine restaurant in South Portland and then opened a second location in Auburn. Five Guys opened its first Maine location in Portland in 2011, and Elevation Burger opened in South Portland at the beginning of 2012. Despite national headlines that Urban Outfitters is struggling, in 2011 the trendy chain leased approximately 10,000 square feet on Middle Street in Portland. Other retailers new to Maine's marketplace over the last year include Aveda, BAM! Books-A-Million, J. Jill and White House Black Market.

In addition to new retailers entering Maine, some existing national and regional retailers are expanding. To name a few: ACE Hardware has opened a new location in Falmouth; Subway has opened additional locations in Scarborough, Westbrook, and Lewiston; and Verizon opened a flagship store off of Franklin Arterial in Portland. Maine banks and credit unions are expanding as well. Norway Savings and Bangor Savings have added locations throughout the state and cPort Credit Union is under construction on property formerly occupied by Arby's in Portland.

The absorption of several large retail vacancies has helped in the early recovery stage of Maine's retail sector. Reny's took over L.L. Bean's Congress Street location and also opened another store in Topsham. Old Navy relocated its South Portland location to absorb part of the former South Portland Linens 'n Things. Several years ago, Goodwill took over the South Portland Circuit City; and Marden's opened its largest store to date (119,000 square feet) in the former Scarborough Walmart.

While retail vacancy rates dropped in 2011, Maine may not be completely out of the woods yet. In October of 2011, Lowe's announced the closure of seven locations in New England including their stores in Biddeford and Ellsworth, Maine. The Biddeford location alone adds approximately 160,000 square feet of retail vacancy. Also disturbing is Best Buy's announcement

in March that they will be closing 50 stores in the United States. Is it possible that Best Buy will be closing any of their six locations in Maine?

Though Maine's retail market will continue to have its challenges over the next 12 months, key indicators suggest that the worst is over. The retail vacancy rate in Greater Portland has dropped every year since 2009,

new national retailers are opening in Maine, and existing Maine retailers are expanding. Even with the potential of additional big box closures, the last 3 years of absorption should provide a reasonable comfort level that new vacancies will be refilled as well.

— Matthew Cardente is designated broker and owner of Cardente Real Estate.



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