

Maine

Proposed commercial developments in Portland show market optimism

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Southern Maine's commercial real estate market continues to show signs of improvement in the 3rd Quarter of 2012. One key indicator is the amount and recent activity from developers in Portland.

In June, the city of Portland's Planning Board gave final approval for the redevelopment of Thompson's Point. Located off on I-295, Thompson's Point has been a run down industrial site for many years and has been viewed as an "eye sore" by many. The \$105 million project will include an events center for the Maine Red Claws, a hotel, a parking garage, and up to 300,000 s/f of office, medical office, and restaurant space. Last month, the U.S. Commerce Department through the Obama Administration, granted the Thompson Point project \$1.5 million towards its redevelopment. Construction is planned to commence upon securing leases for approximately 80,000 s/f of the commercial space. This project is estimated to create 455 jobs in Portland.

In September, East Brown Cow submitted a proposal to the City of Portland to build a \$13 million seven story hotel that would include 124 rooms and be built on the corner of Union and Fore St. in the Old Port. East Brown Cow is one of the most active developers in Portland acquiring the Canal Plaza buildings/ garage, several large office/retail buildings on Market St., Pearl and Middle St., and 222 Saint Johns St. (all purchased since 2005). The construction of this hotel would redefine the look of the Old Port and should positively contribute to Maine's tourism.

Also in September, 119 Development, LLC submitted a proposal to redevelop the former Portland Press Herald building (located on Congress Street and Exchange St.). Jim Brady and Kevin Bunker executed a Purchase & Sale Agreement for this 85,500 s/f building in June and are proposing to convert the property into a 119 room hotel with an 80 seat restaurant. Congress St. has been in a revitalization period for the last ten+ years and adding a hotel here would be significant to its continued redevelopment.

JB Brown & Sons, one of the largest and oldest property owners in Portland, has also been active in recent times. A zone change was granted in February to JB Brown & Sons that will allow retail, residential, and business uses on a 10.5 acre parcel they own

on West Commercial St. in Portland. The push for the zone change by JB Brown suggests that proposals for development on this site will be underway soon.

Opechee Construction, who built a 122 room Hampton Inn and restaurant last year on Fore St. in Portland, was scheduled to start construction on their next phase of development this Fall. Phase II of Opechee's development would include street level retail, office, condominiums, and an internal parking garage. However, the \$18 million project may be delayed a year until a sizeable commercial tenant is secured. Opechee's construction of the Hampton Inn and their next phase of development replaces the functionally obsolete industrial building that was once occupied by Jordon's Meats.

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And then there is the proposed \$38 million Bayside development. Located off of Marginal Way and Somerset St. in Portland, the 3.5 acre site was purchased by The Federated Cos. in

2011. The two phase development proposes parking garages with 700 spaces, 40,000 s/f of retail, and up to 176 apartments. The first phase of this project could be completed

within the next three years and would literally change gateway to downtown Portland.

There is no doubt that times are changing in Portland and the magnitude of these proposals/developments indicates that the commercial market is rebounding. Assuming that these major projects come to fruition, the majority of Portland's highly visible and under utilized industrial sites will be transformed into new age mixed used buildings. It will also change the skyline of Portland from both sides of I-295 and areas of the Old Port area.

Matthew Cardente is a designated broker/owner of Cardente Real Estate, Portland, ME.

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