

Maine

Three solid quarters in 2016 and counting for southern Maine's commercial real estate market

Matthew Cardente

Cardente
Real Estate

Heading into the 4th quarter of 2016, the commercial real estate market in Southern Maine remains strong with no immediate signs of a slowdown. Several key indications of the ongoing market strength include low / declining vacancy rates, high buyer demand, and limited supply of investment grade properties.

Office

Year to date, the leasing market for higher end office has performed well for landlords in Portland and the surrounding municipalities. One prime example is Ocean Gate Plaza located at 511 Congress St. in Portland. Approximately 100,000 s/f of this 130,000 s/f complex consists of nine stories of class A office space that is currently 100% leased. At the time the property was purchased in March of 2014, the office vacancy rate for the office tower was closer to 9%. CBRE, The Boulos Co. produces an annual office market survey based on approximately 12 million s/f of class A and B office in Greater Portland. "The overall office vacancy in Greater Portland continues to trend downward and is likely in the 5% range heading

Southern Maine's commercial sales for investment and owner occupant properties is arguable the hottest market. Owner occupants continue to take advantage of the historically low vacancy rates. Formerly tenants, these new owner occupants are often paying less on their mortgage than they were on their former lease rate.

into the 4th quarter", said Drew Sigfridson, managing director & partner of CBRE, The Boulos Company, "We have witnessed a flight to quality over the past year with class A office vacancy rates likely below 4% for both suburban and downtown buildings. However, class B and lower quality product continue to experience pro-

longed vacancies."

Retail

Southern Maine's retail market is flourishing as well. In March, the 13-acre Falmouth Plaza was purchased by developer Matthew Orne for \$11.55 million on Feb. 2, 2016. Located approximately 10 minutes from downtown Portland, the pur-

chase of retail complex included a 92,000 s/f Wal-Mart and the adjacent vacant Regal Cinema. Later this year, Flagship Cinemas leased the former cinema and is now open for business after the 15,000 s/f unit was vacant for four years. Steve Baumann of Compass Commercial Brokers handled the sale and cinema lease for the new owner. Other positive signs for the market is the lack of inventory for lease in the major retail districts of Greater Portland. According to the New England Commercial Property Exchange database, as of mid-October 2016, there were a total of 40 retail listings for 1,000 - 3,000 s/f in Portland and South Portland combined. These cities includes Portland's Old Port and the Maine Mall district. The same database indicated that there were a combined total of thirteen retail units ranging from 5,000 - 10,000 s/f and four 15,000 - 200,000 s/f retail boxes available in total for Portland and South Portland.

Industrial

Greater Portland's industrial market is seeing increased price points, low inventory, and tenant/buyer competition. In part, this is due to high demand from marijuana cultivators and breweries that have been expanding into the marketplace. "Over the last six years, industrial lease rates and sales prices have consistently trended and vacancy rates have dropped," said Justin Lamontagne, partner at The Dunham Group out of Portland. "We anticipate a 3-4% vacancy rate for Greater Portland industrial space by year end 2016."

Investment & Owner Occupant Sales

Southern Maine's commercial sales for investment and owner occupant properties is arguable the hottest market. Owner occupants continue to take advantage of the historically low vacancy rates. Formerly tenants, these new owner occupants are often paying less on their mortgage than they were on their former lease rate. For Maine investors, the continuation of low interest rates combined with the state's attractive capitalization rates has made investment properties scarce within the region. Capitalization rates for higher end office, retail, and industrial properties are currently trending between 8-9.5% in the prominent marketplace; 7-8% for premium multi-units and properties offering long-term leases from high credit tenants. Investments sales in secondary markets and higher risk properties are offering capitalization rates 9.5% to above 10%. These types of capitalization rates are not as prevalent in other states in New England making Maine a prime target for local and national investors.



CARDENTE
REAL ESTATE
Commercial / Investment Brokerage

CHERI BONAWITZ JOINS CARDENTE

We are pleased to announce that Cheri Bonawitz has joined the team at Cardente Real Estate as a full service commercial broker. Practicing real estate in the State of Maine since 2009, Mrs. Bonawitz brings with her extensive experience in commercial leasing and the sale of retail, office, industrial, multi-family, land, and investment properties.

Prior to joining Cardente Real Estate, Cheri was an Associate Broker with KW Commercial and in April, brokered the mega Portfolio sale of J&S Oil. The assets of this transaction included the acquisition of eight Xpress Stop convenience stores with gas stations, two Express Lube auto service stations, three Ultra Clean car washes, a wholesale fuel supply division, and transportation logistics. Additionally, the company's retail heating business was sold to the Augusta Fuel Company.

Mrs. Bonawitz is a member of the Maine Commercial Association of Realtors, Maine Association of Realtors, and National Association of Realtors. Additionally, Cheri is a Certified Commercial Investment Member Candidate and is in the final phases of completing her CCIM designation.



"Building a Foundation of Trust, One Client at a Time..."

PREMIER INVESTMENT PROPERTY

FOR SALE \$415,000



299 RIVER ROAD - LEWISTON, MAINE

- MULTIPLE BUILDINGS ON 11.38± ACRES
- INVENTORY & EQUIPMENT AVAIL. FOR PURCHASE
- 375± FRONTAGE ON THE ANDROSCOGGIN RIVER

HIGGINS BEACH HISTORIC INN

FOR SALE



34 OCEAN AVE - SCARBOROUGH, MAINE

- 9,624± SF WELL-MAINTAINED HIGGINS BEACH INN
- GAROFOLO'S RESTAURANT & OUTSIDE DINING
- 22 GUEST ROOMS AND EASY BEACH ACCESS