

How's the Greater Portland Office Market?



Leasing activity continues to slow down in the Greater Portland office market. The market closed 2006 on 220 lease transactions, down from 280 in 2005. There were 46 transactions completed in the fourth quarter, down from 86 in 2005. The first quarter of 2007 was an extension of this trend with 23 closed deals as compared to 57 over the same period in 2006. **The smaller tenant, 4,000 sf or less, continues to be the sector hardest hit**, down to less than 50% of total leases signed, compared to 79% in the first quarter of 2006. **The large tenant category remains active**, with recent deals by One Beacon for 28,000 s.f., Reliance Insurance for 35,000 s.f. and Seligman Data Corporation for 35,000 s.f.

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Downtown Rebuilding Assistance Program



Lewiston recently approved a rebate program designed to stimulate new commercial construction along the Lisbon Street corridor. For projects consisting of three-stories or more and meeting a basic design standard, **the City will return back to the developer \$5 per s.f. upon the issuance of an occupancy permit.** The plan is in place for the next eighteen months and includes a 20-year TIF that will provide 50% tax relief for three-story, 60% for four-story and 80% for five+ story buildings. Now there is one more economic incentive program to add to the list of many already in place in Lewiston-Auburn (e.g. Pine Tree Zones, Foreign Trade Zones, Façade Grants, Elevator Grants, Low-Interest Loans).

New Construction ... Pricing Up or Down?



Pricing for new construction and tenant improvement projects has been hard to track recently. The recent drop-off in new housing starts has lumber pricing at its lowest level since the mid-70s which may be the reason we have seen some stick-built commercial buildings rather than steel frame. In contrast, the recent rise in oil prices should cause a corresponding spike in petroleum-based construction products such as carpet, roofing, plastics. **Also anticipated is a shortage of available subcontractors in Greater Portland in the coming year**, given the start of multiple large projects (Maine Med Center, Mercy Hospital, Cabela's). With the slow down in the residential markets, some residential-based subs have begun bidding in the commercial arena. This may be the market solution to offset the anticipated summer labor shortage.

Brunswick Naval Air Station Base (BNAS) Redevelopment Plan Comes to Life



Planning for the redevelopment of BNAS is well underway. The Planning portion of the Local Redevelopment Authority (LRA) has held workshops and meetings with over 700 local participants to date. The next step is a survey designed to further refine the key issues in the area. **Thus far they have concluded that any redevelopment plan should include a mixed-use aspect with an aviation component.** A consulting group is working on four re-use plans which will be presented to the public this fall, two of which include an aviation facility. The final recommendation will be made by the Planning LRA to the Implementation LRA at year-end. The Implementation team will then select the final plan and start the first implementation phase. This is an exciting opportunity for the Brunswick area and Southern Maine as a whole.