

First Quarter Perspectives



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- Owner-user purchases remain at a high in the office market, driven primarily by low interest rates. In addition, investor activity continues to be strong due to limited returns in today's stock market and the demand for like-kind-exchange properties.
- While vacancy remains low in the Greater Portland office market (relative to most national markets), tenants are benefiting from more leasing choices as the market softens when compared to the immediate past few years.
- Industrial market purchasing activity includes owner-user interest and investor interest due to the low interest rate environment.
- Developers from out of state are focusing on the Greater Portland market, having recognized the demand in a variety of sectors in this market and a lack of supply to meet that demand.
 - ~ National and regional multi-unit housing developers are finding that the combination of demand and demographics make the Greater Portland market an excellent alternative for investment. A Developer of national scope recently commented that *"the Greater Portland market is habitually under-supplied, resulting in a relatively unaffordable market for renters."*
 - ~ National and regional office developers and investors are increasingly attracted to this market. While their playing field is national, they are focusing on the Greater Portland market as a significant "second tier" or smaller-sized market. They appreciate the continued stability in vacancy rates and the fact that the market is not overbuilt with speculative office buildings, as is the case in many larger markets throughout the country. Evidenced by a national investor - *"when we bought in Portland, we expected less market volatility and steady returns and that is exactly what we have."*
- A re-emergence of commercial condominium products appears on the horizon, as local developers seek to meet the growing demand for ownership given the scarcity of product. One example is a local developer that has preliminary plans for a 60,000 square-foot, 6-story, downtown office condo building.
- Overall, we feel that the Greater Portland commercial real estate market has remained fundamentally healthy through the most recent recession. In addition, the market is positioned well for greater growth once economic conditions improve on both national and regional fronts.

The Greater Portland commercial real estate market is ever changing. For up to the minute insight on the market, call the professionals at Ram Harnden.