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The 2011 outlook; reflections on 2010

Three of Maine's top commercial brokers offer their analyses of the past 12 months, and their forecasts for the New Year.

Compiled by MAINELAND CONSULTANTS

OFFICE

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Well let's see... how shall I start this forecast for commercial real estate in Maine 2011? I'm sitting by my fireplace with the logs burning bright - feeling very warm, and choose to see the brighter side of life.

It certainly could be easier for folks to think about the much publicized dark side of the real estate market, feeling more like the "Grinch Who Stole Xmas", but those who will be successful in 2011 are most certainly "Miracle on 34th Street" fans.

What a wonderful story this is-- asking people to believe in things they cannot fully see or understand, and telling them if at first you don't succeed, to try, try again!

"Believe," according to the Random House Dictionary, means "to have confidence in the truth, or the reliability of something without absolute proof." And Frank Montello, who was the original author of this Year End Article, was a "believer."

Frank, who has left us far too early and is sorely missed, was one of the rare people who always maintained a positive spirit and can-do ethic. He believed, and I would ask that each of you believe - in yourselves, each other, and the market.

Focus on the positives, and 2011 can be a great year for everyone.

I offer the following thoughts about "belief" as it relates to commercial real estate in Maine:

The year 2010 began with lots of conversations, but much uncertainty and few significant transactions. We witnessed the formal opening of the 179 room Marriott Residence Inn,

the razing of the famous Jordan's Meat property and in its place the construction of the 122 room Hampton Inn. The single biggest real estate transaction was the sale all three Canal Plaza office towers. Taken all together, the largest transactions represented a more than a \$65 million dollar investment in our community.

The New Year has all the markings of being far more positive than 2010. There is a marked increase in activity in the Class A office/retail market, both in sales and leasing.

Investors are aggressively seeking chances to acquire property. Many are well capitalized, and a number of them are getting anxious to take money off the table.

While vacancies in all market sectors were up this past year, I predict positive absorption in 2011, and Southern Maine will be one of the few markets in the nation with single-digit vacancy rates.

We probably will not see bargain basement deals soon. People who are waiting for them may be disappointed. Expect a lingering gap between bid and ask prices through 2011. To be successful in 2011, we will need to work smarter to bridge that gap.

One last thought: The potential impact of tax reform under consideration by the current administration is something we should be seriously reviewing.

Please watch for my next article on this matter, coming soon.

So, as Kris Kringle said "Believe, help others, and with hard work, good things will happen!"

