

GLOBAL SPOTLIGHT

Portland, Maine



Seacoast City Blends Old Town Charm, Big-City Banking, Law and Import/Export Industries.

- Portland is an old seacoast town, attractive for its galleries and high-end boutiques, restaurants, port location and historic districts. The banking capital of northern New England, home to major international law firms, import/export companies, and modern high-rise office buildings, Portland serves as New England's largest tonnage seaport, second largest fishing port and second largest oil port on the East Coast.
- After a decade of big box and power center expansion, retail expansion appears to be slowing down. Although current retail construction is robust, the pipeline for new development is substantially smaller. The larger retailers fueling growth have reduced expansion due to saturation of primary and secondary markets in Maine. Anchor stores include Wal-Mart Super Centers, Target, Home Depot, Lowe's, Kohl's and Best Buy.
- More than 250,000 square feet of new office space was added via new construction in the last year to a total inventory of more than 12 million square feet, but the new space was predominantly build-to-suit with minimal speculative space. Construction of speculative space has slowed significantly due to reduced demand and lease rates that do not justify today's higher construction costs.
- The Portland peninsula has been the primary beneficiary of new construction, particularly in high visibility areas. Mercy Hospital is constructing a new 80,000-square-foot medical facility on the new Commercial Street connector, which runs along the Fore River. A Portland gateway area, the Bayside neighborhood along Marginal Way and I-295, is home to three new office buildings totaling over 160,000 square feet. These projects are generally build-to-suit and have provided an attractive visual introduction for Portland visitors.
- Industrial leasing activity has been healthy; however, rents have softened as owners want their buildings occupied to cut their monthly negative cash out flow. The market has been successful in reducing the available leasable inventory in Greater Portland and rental rates are expected to begin to escalate to 2006's higher levels, due to reduced supply and no speculative construction.

Portland At A Glance

Population	265,000 (Greater Portland area)
Location	Coastal Maine
Interest	7%
Unemployment	4.5%

Property	Rent/SF/Year Low	High	Vacancy Rate
Downtown Office Class A	\$15.00	\$25.00	2%
Suburban Office Class A	\$13.00	\$20.00	3%
Industrial Bulk Warehouse	\$5.00	\$8.00	7%
Retail City Center	\$18.00	\$35.00	3%

NAI The Dunham Group provides local market expertise in the greater Portland, Maine region.

About NAI Global

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At A Glance

325	Offices
55	Countries
5,000	Professionals
\$45 billion	Annual Transaction Volume
200	MSF of Property Management

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