

spotlight/maine



Low cost and skilled workforce create unprecedented growth in Lewiston-Auburn

pb Paul Badeau



Lewiston-Auburn Economic Growth Council

Forbes magazine recently named Lewiston-Auburn among the country's best small places for business, in part because of the low cost of doing business and the availability of a skilled workforce.

Those two factors, in addition to the area's economic diversity, a strong transportation infrastructure, and rich local amenities account for why Lewiston-Auburn continues to be one of the hottest development markets in Maine.

The Auburn Business Development Corp. sold its first lot in the new Auburn Industrial Park recently to a client who plans to build a 380,000 s/f building on the site. The Auburn City Council approved a \$3 million bond for the creation of the 144-acre industrial park abutting the Auburn-Lewiston Municipal Airport. The new park will allow the community to capitalize on the area's transportation resources and the Foreign Trade Zone.

Meanwhile, the Auburn Mall, which has been in need of significant investment and has suffered from empty stores in recent years, was recently purchased by local developer George Schott. In October, Schott said he was investing an estimated \$25 million to renovate the interior of the 300,000 s/f mall and to develop nearby sites. Under a tax increment finance district plan, an estimated \$9 million would be set aside for road and sidewalk construction and related infrastructure enhancements.

MEREDA breakfast seminar: Overview of the 1031 Tax-Deferred Exchange Transaction to be held on Nov. 16th

PORTLAND, ME The Maine Real Estate & Development Association (MEREDA) will host its next breakfast seminar entitled "Overview of the 1031 Tax-Deferred Exchange Transaction" on Thursday, November 16, from 7:30 - 9:00 a.m. at the Mariner's Church Banquet Center, 368 Fore St.

The cost of the seminar is \$30 for members and \$40 for non-mem-

The Auburn Mall is located in a retail area that continues to see phenomenal growth. In fact, over the past six months, a new Kohl's department store has opened; an announcement was made that a new 20,000 s/f Bed, Bath, and Beyond would be completed early next year; officials said that a 2,500 s/f Androscoggin Bank branch will open in the next several months; and details that a Best Buy will be operational some time next year were confirmed. In addition, a host of chain restaurants have opened including Ruby Tuesday's, Longhorn Steakhouse, Starbuck's, and soon, TGI Friday's and Red Robin, a Colorado gourmet burger chain.

This activity, located around the Mount Auburn Ave. and Turner St. retail area, has led the city to bond \$5 million for road improvements and other infrastructure costs, further benefiting business attraction efforts and transportation flow.

Meanwhile, in Lewiston, a \$3 million Estes Express Lines truck terminal is being constructed on a 13-acre site with parking for more than 100 tractor-trailers and a 36-door docking facility. The company, which eyed a number of Maine communities, settled on Lewiston-Auburn because of the can-do attitude of city officials and the site's proximity to the Maine Turnpike.

With excitement still fresh from the opening of gourmet seafood restaurant Fish Bones American Grill, developers of the Bates Mill Complex said that half the space of the former mill facility has been renovated and is nearly occupied. At a September press conference, Platz Associates said that with 45,000 s/f of redeveloped space recently leased to Androscoggin Bank, together with the opening of Bates Dermatology and soon,

Barnie's Gourmet Coffee and Tea Company, along with additional space recently committed to TD Banknorth, about 260,000 s/f has been leased. An estimated 2,000 people, including employees and customers, visit the Bates Mill Complex daily.

Work at the complex is now taking place at Mill 2 Wing and Storehouse for the relocation of a tenant now at a different part of the mill, Davinci's Eatery. Platz has also made \$50,000 in recent landscaping improvements, and has a vision to establish a food/retail pedestrian court at the complex. Plans also call for an on-site fitness center.

Remax/ River Cities, a local realtor, developed an innovative shared resource center for users looking for office space for as little as a day or week at a time. The space includes options such as shared kitchen and reception areas, computer and phone use, and

conference room amenities. Located on Center St. in Auburn, the project also serves as office space for ReMax.

Lewiston-based Tri-County Mental Health Services consolidated four of its operations under one roof at a new Bartlett St. location, with 16,000 s/f accommodating 50 employees.

Lewiston-Auburn College held a ground-breaking ceremony launching a new 14,000 s/f, \$2.5 million learning center. The facility will house a learning center and will be home to research and grant-writing efforts for College for ME Androscoggin. College for ME is an initiative focused on encouraging residents of Androscoggin County to pursue college degrees and other lifelong learning opportunities.

Among other developments:

- Bates College has begun work on a \$30 million dining hall and a \$17.5 million dormitory.

- A new \$2.5 million business service center will house the Lewiston-Auburn Economic Growth Council, Androscoggin County Chamber of Commerce, and other value-added business service providers in an historic downtown Lisbon St. building.

- Governor John Baldacci directed the Northern New England Passenger Rail Authority to present a plan to expand commuter rail service via Downeaster Amtrak or other passenger train service to Lewiston-Auburn.

- The Lewiston-Auburn Economic Growth Council recently launched a web site (www.laitshappeninghere.com) as a resource to access information on dining, arts and entertainment, and quality of life in the Twin Cities.

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The Southern Maine market positioned for soft landing

cc Charlie Craig



NAI The Dunham Group

The Greater Portland/Southern Maine market stabilized in 2006 into a moderate growth mode. New construction has declined. Space vacated by tenants that have expanded into new construction is being slowly absorbed.

The office market is the softest although vacancy is relatively low, averaging 7%. Leasing activity has declined due to decreased demand. Landlords are starting to offer brokerage and tenant improvement incentives. New construction has slowed; however, there are pockets of new construction for lease, particularly in the Marginal Way area off the Portland Bypass I-295. Lease rates for new construction are averaging \$16 per s/f NNN with a base level build-out. New construction has been substantially pre-leased prior to breaking ground. The retail market has been strong.

Big box development continues. Major tenants expanding include Lowe's, Target, Wal-Mart Super Centers, Hannaford, Best Buy, Barnes and Noble and Kohl's. After initial expansion to major markets, these retailers are now moving into secondary markets.

The majority of strip centers are healthy. Retail strip center vacancy is low, despite the big box growth. National chain restaurant expansion continues as well. Ruby Tuesday, Tim Horton's, Dunkin Donuts, McDonalds, Applebee's, and other national concepts have been active. Sale prices of pad sites and 1± acre restaurant sites continue to escalate.

With vacancy rates around 3% compared to the national average of 8-10%, the industrial real estate market in Greater Portland is stable. Sale activity has started to slow due to a lack of available inventory, rising interest rates, and high asking prices. However, the slow down in sales has been offset by rising lease activity. Larger spaces above 20,000 s/f are most in demand. Lease prices for larger buildings range from \$3.75 - 4.50 per s/f NNN. Smaller spaces are fetching \$5 - 6 per s/f NNN.

Industrial land prices in Greater Portland are pushing beyond \$125,000 per acre. With developable land in short supply, prices should continue to escalate. Speculative development is slowing due to market forces. Escalating building material costs, higher regulatory fees, rising interest rates and land prices are all reasons for the change.

Investors looking for Section 1031 exchanges have driven sale prices upward over the past year. High sale costs and pricing have made leasing space more popular. Lease prices are trending downward, however, because of a healthy supply of space. Lease prices should continue to decline modestly as competition escalates to fill empty space.

Looking ahead, we are forecasting level to moderate growth in the commercial market, pending a stable economy. We do not anticipate a near term surge in demand in any commercial sectors that could lead to space shortages and lease rate escalation.

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