

Retail Market

Summer 2018

Traditional retail, defined as Malls and shopping centers, are experiencing slow absorption of vacant space. It is the retail boxes 20,000 SF and up that are the most problematic. Adding to the inventory are recent store closures of Sears and their Kmart division, as well as the recent bankruptcy filing by Toys R Us that has closed their South Portland store. These boxes range from 60,000 to 90,000 SF. To fill these large spaces, landlords must be willing to subdivide the buildings which can be very costly. A recent example of this is at 131 Topsham Fair Mall Road. The 22,000 SF Bed Bath & Beyond junior box was subdivided to accommodate a 11,000 SF Dollar Tree store.

Even more vacant retail space will be added to the inventory from the Walgreens recent purchase of 79 Rite Aid stores across Maine. (All Rite Aids within a mile of an existing Walgreens are slated to close). These spaces range between 11,000 and 13,000 SF, and will be a challenge to backfill unless a creative adapted reuse is employed.

Another indication of retail slowdown is the proposed 'The Ridge' development in Westbrook. The project was originally conceived as a 500,000 square foot power center and the latest iteration has been downsized to around 120,000 square feet of traditional retail anchored by Market Basket. The remainder of the development will be a two phase mix of residential, office and hospitality.

The bright spot for retail is the Portland urban market. There is virtually no vacancy on the peninsula and any turnovers seems to be rapidly consumed.



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