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✦ November 2014

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# The Rise of Commercial Real Estate in Portland

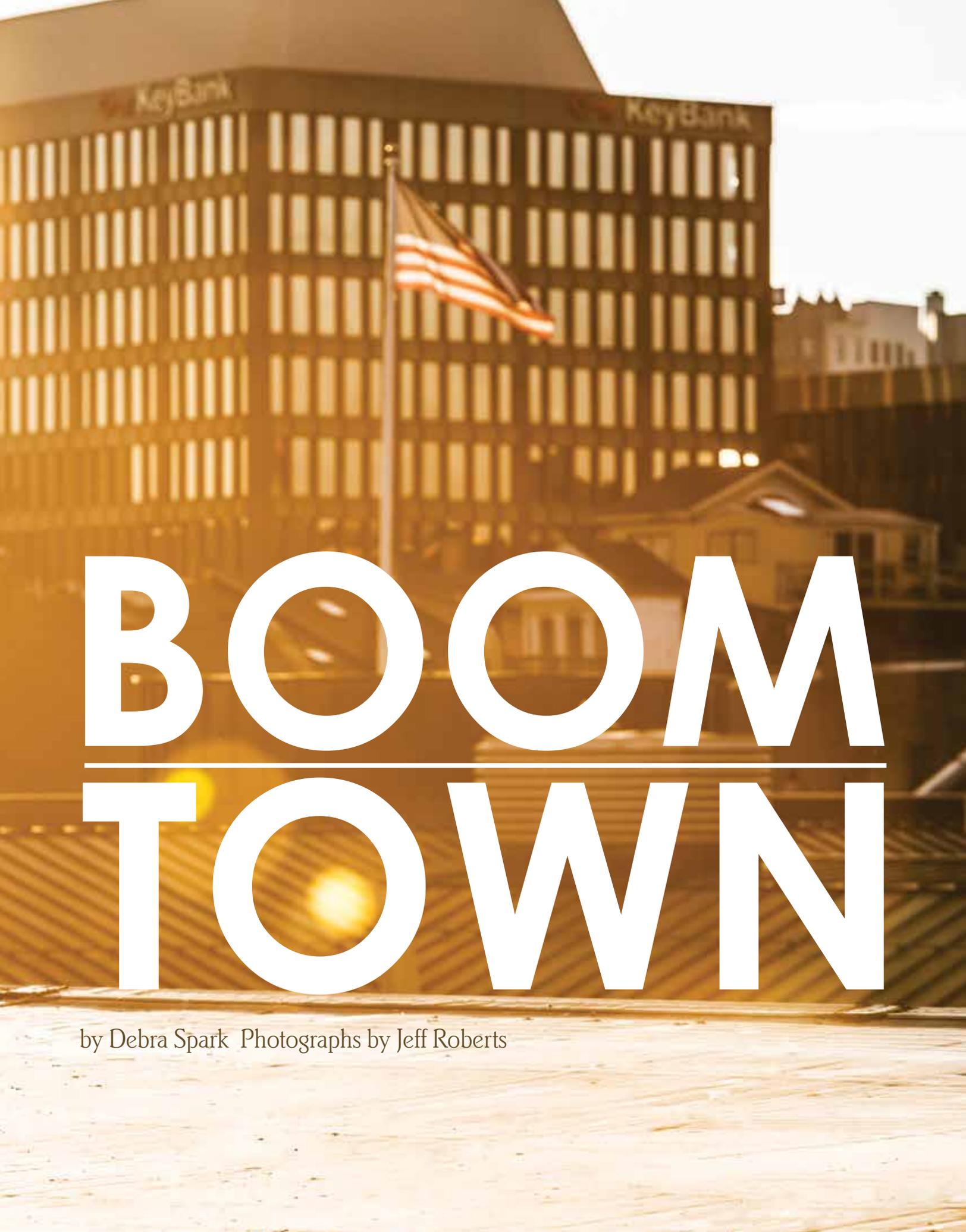
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These days, when I visit Portland, I find myself wondering, “When did *that* get there?” New hotels in the Old Port, townhouses on Munjoy Hill, shops where there once were empty storefronts on Exchange Street, a gussied-up Eastland now transformed into a Westin. I live north of the city, but it’s not like my visits are infrequent. I’m in town several times a week for my son’s Aikido lesson, a visit to Longfellow Books, an event at the nonprofit contemporary arts organization SPACE, or a dinner out with friends. After all, as locals and tourists avow, Portland has a lot to offer. Even so, I find myself surprised. After the doldrums of the recession, Portland feels like a boomtown.

When I look more seriously into what’s going on, it turns out that my impression is accurate. Commercial real estate—and commercial real estate of a particularly innovative kind—is on the rise in Portland, thanks to the efforts of investors, big and small.

To learn more about the current scene, I turn to Greg Boulos, partner with Portland’s CBRE | The Boulos Company. He has a panoramic triptych of the entire peninsula of Portland in his conference room, and he can point to where the action is, which is basically all over. Boulos starts by letting me know about two of the biggest current projects. One is the Portland Company Complex, a ten-acre piece of property on the eastern waterfront for which CBRE | The Boulos Company brokered the sale. The land was formerly owned by Phineas Sprague, who operated Portland Yacht





# BOOM --- TOWN

by Debra Spark Photographs by Jeff Roberts

Services there for years. If you've been to the Portland Flower Show, you've been to the property. Jim Brady, president of Portland's RED Group, and Casey Prentice, president of Portland's Prentice Organization, are two partners in CPB2 LLC, which acquired the property. The project is still in the early planning stages, but a world-class mixed-use development is what Brady and Prentice picture—certainly residences, probably another hotel, and food and beverage outlets. Meanwhile, across town, on 30 acres of old industrial land next to Amtrak and the Concord Coach Lines bus station, developers Chris Thompson and Jed Troubh of Portland's Thompson's Point Development Company have already begun construction on Thompson's Point. Family land? I ask Boulos. No, he says, the overlap in names is just a coincidence. "If there were 30 acres of land in Portland named Boulos Point," he jokes, "I'd probably go for it."

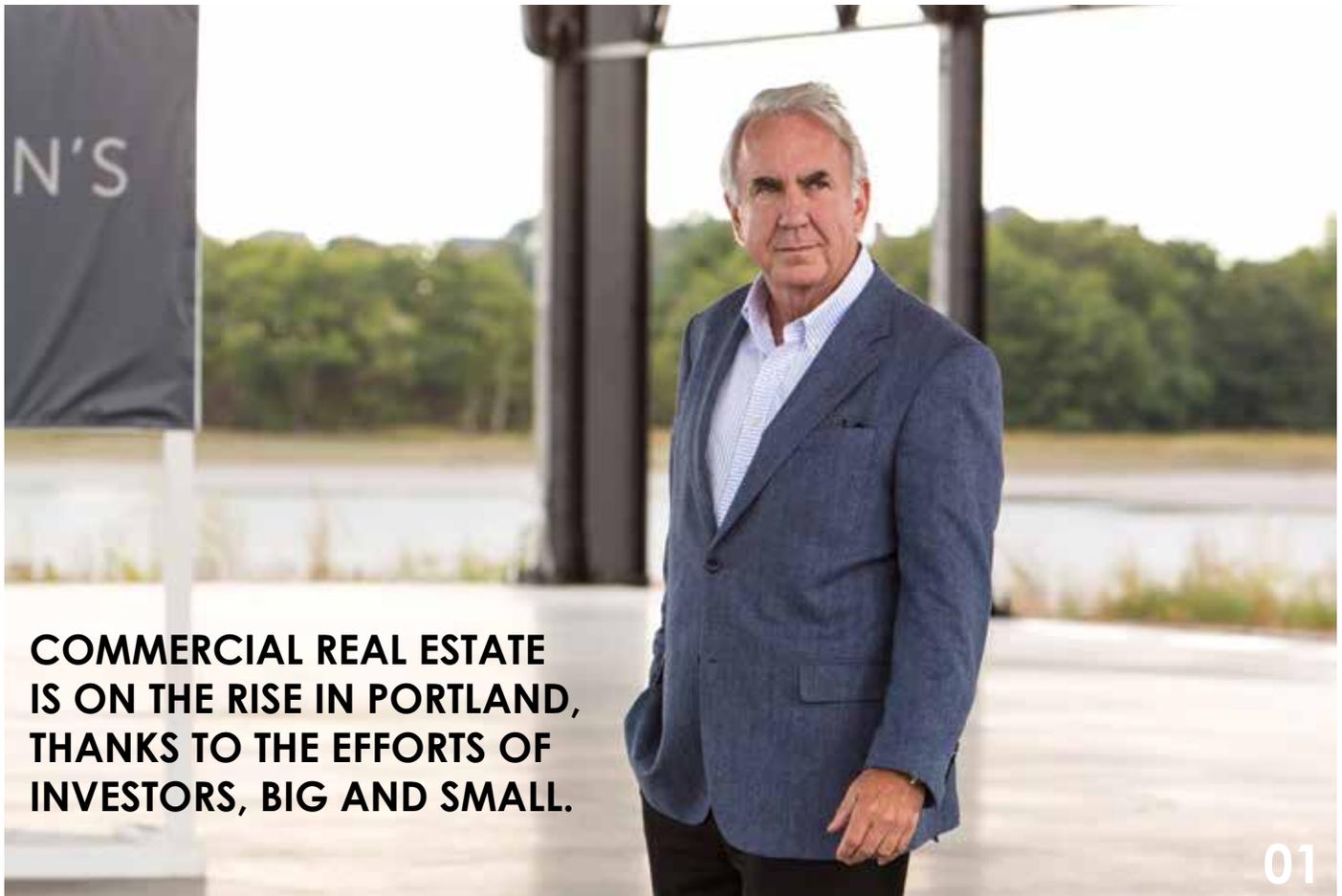
Thompson and his partners are building a one-of-a-kind development with 320 residences of all types and price points, a 125-room hotel, office spaces, renovated historic brick buildings, one of which

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**Opening Spread:** Tim Soley, president of East Brown Cow Management, standing on top of the Thomas Block, a series of buildings constructed in 1860 at 100 Commercial Street. The Canal Plaza block, which Soley purchased in 2009, is in the distance and dominated by 1 Canal, the building with the Key Bank sign. Soley is reviewing plans he has under development for the Fore Street Garage, which provides parking for Canal. **01** Greg Boulos standing at Thompson's Point. Boulos is a partner with Portland's CBRE | The Boulos Company, which is the commercial real estate firm leasing Thompson's Point property for the developers. **02** The old Portland Press Herald building will soon be a boutique hotel. **03** Jim Brady, president of Portland's RED Group, standing on the roof of the future Press Hotel, a boutique hotel in the former headquarters of the Portland Press Herald building, which is slated to open in the spring of 2015. **04** A rooftop view of the Old Port's Commercial Street.

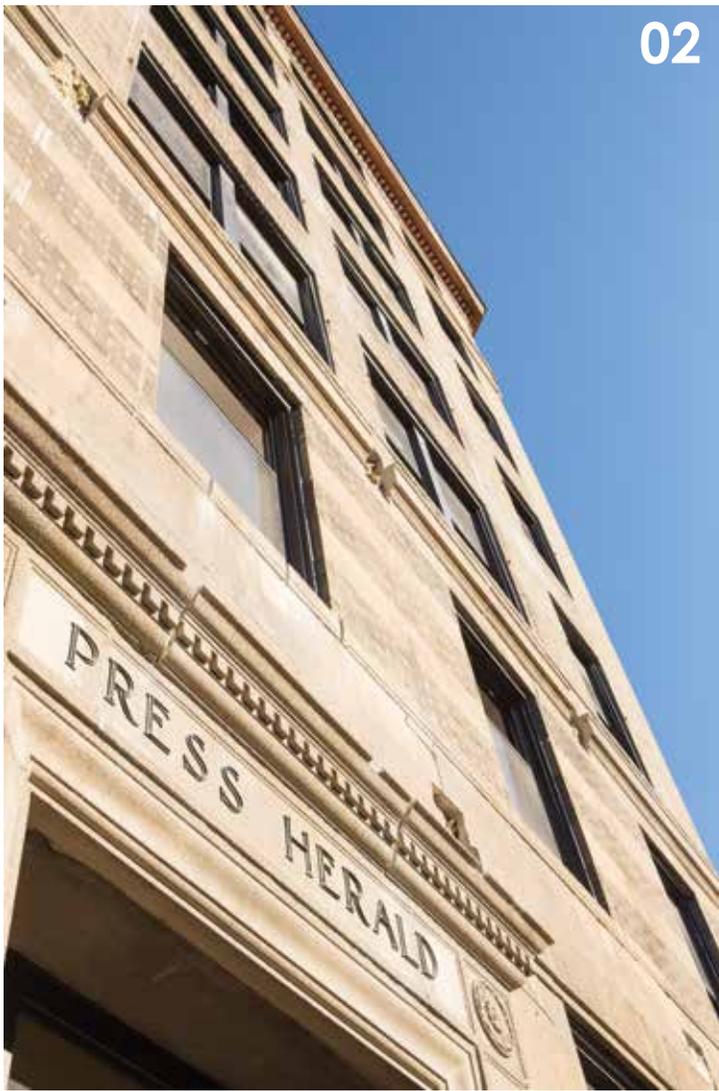
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will include a black box theater space, an outdoor events pavilion with music concerts and performances in the summer and ice skating in the winter, and an indoor events center where the Red Claws, Portland's minor league basketball team, can play home games. And these are only the traditional (more or less) aspects of the project. The indoor events center and black box theater are also going to be home to the Circus Conservatory of America, which aims to be the "Juilliard of the Circus," the nation's first accredited college for circus artists. (Think Cirque du Soleil, not Ringling Brothers.) A large industrial building will be converted into the Open Bench Project, which Thompson describes as "a shared maker space/fabrication studio/community building space," where members of all ages and abilities will have access to equipment (like 3D printers and a robotics lab) and be encouraged to collaborate. In addition, this fall, Thompson and his partners are planting a rather unusual grove of trees, thanks to a project by Sam Van Aken, an artist and professor at Syracuse University, who grafts multiple varieties of stone fruit onto a single tree to create what he calls the Tree of 40 Fruit.



**COMMERCIAL REAL ESTATE  
IS ON THE RISE IN PORTLAND,  
THANKS TO THE EFFORTS OF  
INVESTORS, BIG AND SMALL.**

01



02



03



04

Developer Chris Thompson standing in what will become the trampoline pit for the Circus Conservatory of America (CCA), which is planned for this space at Thompson's Point. The man in the background who is doing a handstand is Joshua Oliver, a circus artist and performer by training, who is also a designer and engineer. He is working with the developers and CCA for the design of this space.

"This will be the first grove of these trees anywhere," Thompson says.

Thompson hopes current neighbors will see Thompson's Point as their backyard, that they will walk on its walkways and take advantage of its open space and water access. (Thompson's Point borders the Fore River.) Thompson doesn't just want to build a neighborhood, however. He envisions Thompson's Point as a destination attraction with people arriving by bus or train, staying at the hotel, enjoying what there is to enjoy, and then venturing into downtown Portland, using a water taxi to the Old Port that Thompson has planned for the site. A portion of the new tax revenue from the project will be used to improve bus transit to downtown.

In between the east-west poles of these big projects are many smaller projects, including the Press Hotel, a boutique hotel in the former headquarters of the *Portland Press Herald* building—this is another Jim Brady project that will be opening in the spring of 2015—and four residential towers with ground floor retail that Jonathan Cox of Miami's Federated Companies is looking to put on four and a half acres in Bayside. Stephen Goodrich, who was responsible for the Portland Public Market's refitting as a headquarters for PowerPay, has been renovating the existing buildings on the Maine Wharf—that's the wharf next to the ferry terminal—and is now adding a building that will have a seafood restaurant on the ground floor (an endeavor of Portland restaurateur Dana Street) and office space above. Nathan Bateman, vice president of Portland's Bateman Partners, is building a multi-use building (high-end condos upstairs, commercial on the ground floor) and a commercial building to surround the Ocean Gateway Garage in the India Street neighborhood.

It's not just the improved economy that is driving all this new investment. As the proliferation of new hotels proves, part of the energy is simply tourist-based. Portland's food scene is a big draw, with frequent write-ups in places like *Food & Wine*, *Bon Appetit*, and *Savour*. Plenty of other national magazines have touted



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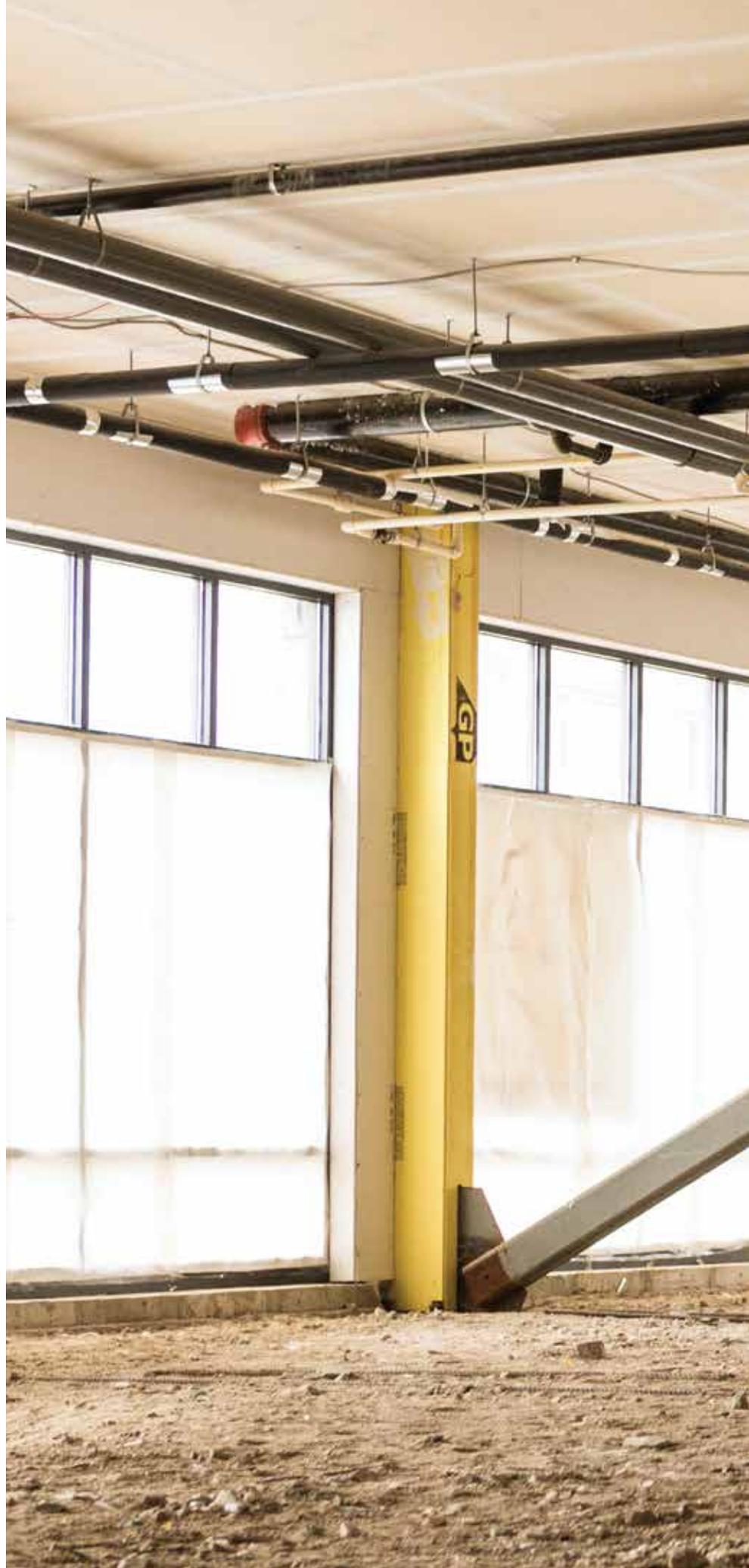
Vin Veroneau inside the new Courtyard by Marriott Hotel on Portland's Commercial Street. The space is soon to be converted into Tiqa, a Mediterranean-inspired eatery opening at the end of 2014 or early 2015.

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Portland, with its waterfront and art scene, as a fun place to visit, and the city routinely shows up on "best" lists. Most recently, in August of 2014, *Outside* magazine included Portland in its list of the 16 greatest places to live in America. Cyrus Hage of Portland's Project Management, Inc., says, "There's a major shift in how people are traveling to Portland. Originally people would rent a house up the coast and come to Portland for the day. Now people stay in Portland and take day trips away."

Casey Prentice describes Portland as "the last frontier." He adds, "Tourism is coming back, because people don't want to sit on their wallets anymore," but people are choosing to come to Portland not just because it is appealing, but because it is convenient. "The Jersey Shore is and always has been crowded. Cape Cod, Nantucket, and the Hamptons are all crowded. So people on the Eastern Seaboard are looking to Maine to escape. The airport is helping us, too, with JetBlue and Delta. It's a huge economic driver when you have a good airport with a good flight pattern."

Reurbanization is part of the story, too. People want to live in a city where they can walk to things. Portland is a draw for empty-nesters, and also for younger people. Jonathan Cox says, "We are seeing a lot of growth nationally in the urban markets and they seem to be growing in these very high-quality-of-life markets that are interesting to the millennial generation (which is a huge focus for any developer at this time)." Once you have more people living in downtown proper, you have a need for more amenities. "A surge of retailers are coming downtown," says Tim Soley, president of Portland's East Brown Cow Management, which is responsible for the new Hyatt Place Portland-Old Port. "Some are the type of tenants who haven't looked at downtown Portland in 40 years, like Urban Outfitters and Five Guys. I just signed a lease with Anthropologie," he adds, referring to the national chain, which specializes in eclectic women's clothing and home decor. Soley acknowledges that the desire to buy local makes national retailers potentially controversial, but says, "If we want a range of people to come downtown, we have to bring stores people want to





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Casey Prentice standing in the second floor of "building 2," the oldest building in the former Portland Company Complex, which he and his partners have bought as part of a ten-acre development project on Portland's eastern waterfront. Built around 1858, the structure is at the proposed "historic core," Prentice says, of the overall project.

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go to. If it's just boutiques, it's a limited bandwidth of customer."

The one area where Portland isn't seeing current growth is in office space. But that doesn't mean the market's in bad shape. Just that there aren't the vacancies there once were. Five years ago, Nathan Bateman notes, there were one million square feet of commercial vacancy in Portland. But, according to Jeff Levine, Portland Director of Planning and Urban Development, office space isn't on the rise because the city's growth hasn't been in large, traditional offices. "In Portland, there are a lot of small startup spaces or people working out of

their homes. It's an innovation economy." The people who are developing right now aren't, Chris Thompson says, "what people think of when they think of developers." They're hugely invested in creating a "dynamic civic space," and thinking through historic preservation issues. Plus, they aren't only concerned with the bottom line. The CEO of Portland's J.B. Brown and Sons, Vin Veroneau, developed the new Courtyard by Marriott on Commercial Street. He says, "Most people are looking for community," and the current crop of Portland developers is eager to provide it. Peter Bass, who is the co-founder and ex-owner of Peloton Labs, a coworking

space in Portland, says, "I am an odd investor, because I don't just look at the numbers. I am concerned with how to build community and add value to the community." He owns the building where Holy Donut is located and has developed artist studios. Social entrepreneur Markos Miller is similarly focused. He's co-chairing a study team to come up with a reuse and redevelopment plan for the Franklin Street Arterial, something that will make the street more pedestrian- and bike-friendly, while taking advantage of the opportunity, he says, for a "great public space for that three-quarter-mile stretch across the Portland peninsula."



Tim Soley says, "You want to set the tone for the kind of urban fabric that you want here. You want to figure out what creates neighborhood and vibrancy." In 2005, he converted an old pool hall on Commercial Street into Company C, the colorful furniture store, whose Portland storefront is a wall of glass. "The transparent curtain wall lets the energy inside the building spill onto the street," Soley says. He had the chance for a higher-paying tenant at the address, but not one that would create the street vibe that Company C does. A similar situation arose with his lease with Anthropologie, which will occupy the old Chamber of Commerce building on the

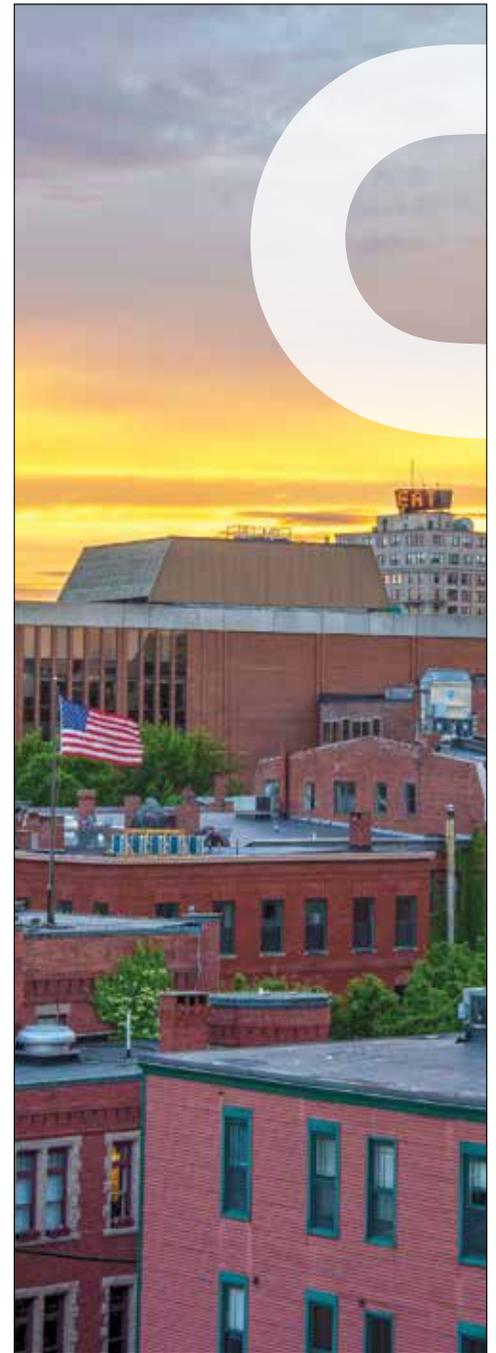


corner of Pearl and Middle streets. Plenty of people wanted to rent part of the space, but Soley wanted to keep it as "one large space, to create a presence and anchor that corner of the block."

Jonathan Cox says the Federated Companies hopes to "activate" the Bayside neighborhood with their multi-use project. "The retail portion of our project is being positioned to service the neighborhood. We are going to deliver a host of small shops, restaurants, and entertainment options that will increase walkability and improve the quality of life for area residents." Although some are concerned about the density that the high-rises will bring to the area, the company feels that it is necessary to build denser projects to solve the city's housing problem while still maintaining the other land uses so vital to the character of the community. Cox says, "In East Bayside and elsewhere on the peninsula, there are a lot of cool creative businesses operating in converted industrial and warehouse buildings. Our fear is that the sprawl-effect of low-density housing will displace many businesses that we consider vital to the urban fabric."

With all this activity, is Portland going to be over-developed? "So far," says Vin Veroneau, "the lack of product and the growing need has combined to make new development appealing. That said, there might be a little adjustment period to see how this development is absorbed into the marketplace." Greg Boulos says he thinks the city can accommodate all these new projects. Chris Thompson feels the city has a chance to grow "wisely and interestingly." What's Portland going to be like five years down the road? Ten years? Greg Boulos says, "If anything, a more vibrant city. There will be more people in these condos and spaces, which translates into more people spending money. Everybody will benefit." Markos Miller describes Portland in 2014 as "hip, creative, and forward looking, while maintaining a rich history as evidenced by the architecture and urban streets." In the future, developers hope it will keep this character and simply grow bigger, making the transition, as Tim Soley sees it, "from a big town to a small city." +

 Hear more about the commercial development of Portland on Love Maine Radio with Dr. Lisa Belisle.  
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