



DISTINCTLY DIFFERENT

COLDWELL BANKER COMMERCIAL

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# THE COMMERCIAL MARKET REPORT

## A STRONG YEAR

Early signs of growing interest in Bermuda as a commercial destination, forecasted in 2015 by Coldwell Banker Bermuda Realty, have become reality with higher than expected leasing figures for 2015 and positive sales growth recorded by the local real estate industry. Advertising for the America's Cup 2017 in Bermuda along with approval under Solvency II has helped raise our profile, and increase interest in our appeal to new businesses emanating from Europe and other jurisdictions.

### Leasing

The positive news for 2015 was that just over 102,000 sq. ft. of mostly office space was leased, right in the middle of our historic annual absorption rate, actually beating last year's expectations.

At the same time we estimate net office space available for rent in the City of Hamilton to have dropped to about 500,000 square feet. 2015 acquisition activity in the insurance industry in Bermuda led to surplus A Class space which was snapped up by several existing companies looking to upgrade their facilities and one significant and large, new presence. That one large new company took a space in excess of 10,000 sq. ft. contrasting with the typical new company interest levels in the 1,500 to 3,500 sq. ft. range; with staffing levels from 1 to 5 or 6 in the first year, and anticipated growth to 8 to 10 in the second year. The business models we are seeing come to more prominence are for new companies which plan to conduct their non-USA business through a Bermuda-based head office, insurance startups and some smaller fund administration companies.

Flexibility of rental rates is still a key component to having new leases signed. It remains the Landlords of older buildings that are debt free, who have the negotiating advantage in offering significant incentives to attract tenants. Willingness to negotiate, even at prime locations is good news for tenants active in the market.

For tenants, a more favourable market means choices to suit their specific needs, and negotiating power both in the agreed terms and the time to make their decisions.

### Sales

The commercial property sales market had a strong year in 2015 as well, with a total of 16 commercial buildings (office buildings, retail, mixed use and warehouse) with a total sales value just under \$20 million. Many of these were for owner-occupation as was witnessed in 2014. Partially occupied properties continue to be a harder sell, with higher carrying costs and lower investment value. Some Landlords who have looked at selling have changed their minds because the appraisal values have fallen short of expectations and as the leasing market improves they find the rental potential more attractive.

In summary, for 2015 transactions were driven by value. Inventories remain high for office space leasing though the best locations and condition are moving most briskly. Limited well-priced sales inventory is also attracting attention. Owner occupation is still a key motivator for sales.

Coldwell Banker Bermuda Realty provides the only commercial website on the island that is strictly dedicated to commercial property, for a complete inventory visit [www.bermudacommercial.com](http://www.bermudacommercial.com).

***We have "move-in condition" office suites available in good quality buildings in the central business district. Asking rent from \$30 to \$60 SF pa. with rent free periods.***



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ATLANTIC HOUSE  
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## THE KENWOOD BUILDING

**FOR LEASE**

**\$14,550**

17 Reid Street, Hamilton - Ground Floor in very high-traffic street at junction of Washington Lane and Reid Street. Ideal for retail.

Asking rent: \$40.00 per sq ft.

No Service Charge  
Estimated Property taxes TOTAL  
\$19,499 p.a./\$4.47 per sq ft p.a.

Shop: formerly THE COMPLETE OFFICE

Available now.

**Listing Agent:**  
**Scott Powell**

P: 441.247.1823  
E: spowell@brcl.bm



## BERMUDA COMMERCIAL BANK

**FOR LEASE**

**\$30,000**

2nd floor high quality fit out office space of 5,738 sq. ft. for rent now. This building was completed in 2006 and has 2 elevators, ground floor entrance lobby, generator, close to large public parking lots, 2 balconies, men's and ladies washrooms with showers.

Asking rent \$40.00 sq. ft. pa + service charge of \$9.00 sq. ft. pa plus electricity and property taxes.

Landlord willing to assist with fit out.

**Listing Agent:**  
**Graham Smith**

P: 441.247.1824  
E: gsmith@brcl.bm



## A LONG HISTORY BACKS A STRONG VISION. TRADITION INFORMS INNOVATION.

- \* Online directory of available space for sale and for rent
- \* Specialized commercial representatives
- \* Market intelligence, analysis and projections

**Let us help you find the best solutions  
for your commercial needs today!**

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