

KNOWLEDGE IS POWER

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You have the Power



DISTINCTLY DIFFERENT

COLDWELL BANKER COMMERCIAL

DISTINCTLY DIFFERENT

THE INVISIBLE INVENTORY

As commercial real estate is one of the island's leading economic indicators we regularly assess demand and supply trends for this segment of the market and in keeping with the culture of our Company, share this data with our community. At our latest team meeting our commercial representatives continue to report that viewing activity for office accommodation remains robust and the uptick in transactional volume which we noted earlier this year in leasing appears to have maintained its momentum.

Likewise, the appetite of investors for commercial real estate has shown a relative resurgence. Several properties for sale have closed recently with others poised to go into contract. Interest in the remaining inventory is very encouraging as it demonstrates a revival of long term confidence.

Given the incredibly high office vacancy rate, however, which is currently well over 600,000 square feet in the City of Hamilton, this market intelligence is welcome news. The Government's collaboration with the private sector and related stakeholder groups which has resulted in changes in policy and legislation to stimulate economic growth is starting to produce some dividends. Graham Smith, Commercial Representative at Coldwell Banker Bermuda Realty says, "We are excited about the growth of new companies on the island and the expansion of existing companies in recent months." Our records indicate that we have rented or placed in contract close to 80,000 square feet of office space this year, which bodes well as annual historic absorption rates average 75,000 - 125,000 sq. ft. pa with peaks during our the height of our market between 125,000 - 175,000 sq. ft. Scott Powell, Commercial Representative states, "We are seeing all classes of office space being rented ...A, B and C with nearly all of it situated within the City of Hamilton. Another encouraging trend that we are beginning to see more interest in larger spaces (4000 sq. ft. - 6000 sq. ft. range) versus the 1500 sq. ft. - 2500 sq. ft. that we have noted in the past few years."



Brian Madeiros, President and CEO is of the opinion "that for the layperson who works in the city, office vacancy is an invisible issue. If actual vacancy rates were posted on each commercial building in Hamilton, our city users may have more transparency around this economic indicator and perhaps would more readily understand the need to aggressively explore further policy changes as it relates to growing our island and city population. The economic 'ripple effect' associated with a growing city population is significant to the private sector who are trying to sustain business models which require greater transactional volume and increased consumer confidence." This is one of the most significant impacts of the recent 'America's Cup' announcement. Mr. Madeiros continues, "Much of the current office inventory is dated and requires refurbishment. If only half of the vacant accommodation was refurbished and fit out for new tenants at current building and fit out rates, this would result in an economic injection of in excess of \$40 million dollars. Occupants in this newly fitted out space could spend well over \$300,000 a week on lunches alone."

Through research and stakeholder dialogue we have learned that recent growth in Bermuda's business community is much more transient in nature than it has been in the past decade. Quality office space for a small number of executives who reside here only part of the time and residential demand for convenient, city living can be expected to grow. Mr. Madeiros believes that "... commercial absorption rates are not likely to climb as quickly as they are required to in order to more aggressively reduce the current vacancy rate under current conditions. Therefore the "invisible office inventory" issue which impacts property owners, business owners and city users will continue to exist unless further creative solutions can be identified. What else do we need to do to attract new global business enterprises to Bermuda in order to create economic expansion and new job opportunities for Bermudians?"



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COLDWELL BANKER COMMERCIAL DISTINCTLY DIFFERENT BULLETIN

GRAHAM SMITH: 247-1824 / GSMITH@BRCL.BM
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VICTORIA HALL

FOR LEASE

A landmark city office building located in the heart of the City at City Hall Square. It is conveniently positioned a short walk to banks, law firms, shops and restaurants as well as very near short and long term public parking. There are a variety of spaces now available for rent at reasonable rates.



- * **1st Floor:** 8,100 sq ft @ \$15 sq ft, or \$10,125/month, lease.
- * **3rd Floor East:** 3,852 sq ft @ \$18 sq ft or \$5,778/month, lease option is for 3 years.
- * **3rd Floor South:** 2,100 sq ft @ \$30 sq ft or 5,250/month, lease option is for 3 years.
- * **3rd Floor NW:** 2,402 sq ft @ \$28 sq ft or 4,667.05/month, lease option is for 3 years.
- * **4th Floor NW:** 964 sq ft @ \$28 sq ft or \$2,249.33/month, lease option for 3 years.

BERMUDA COMMERCIAL BANK BUILDING

4th Floor

FOR LEASE

High quality fit out office space for rent from May 1st 2015. This building was completed in 2006 & has 2 elevators, high quality Ground Floor entrance lobby. Must be seen to be appreciated.



Asking rent \$40.00 sq. ft. - 5,680 sq. ft. plus service charge of \$9.00 sq. ft. pa plus electricity and property taxes of \$26,505.00 pa (\$4.67 sq. ft. pa) Electricity estimated \$8.00 sq. ft. pa, depending upon IT requirements.

Furniture available \$50,000 to include, boardroom table, small meeting room table, 30 workstations, balcony furniture and kitchen appliances.

TALENT SCOUT RANDY BRANGMAN

Randy is a recent addition to the Coldwell Banker family, obtaining his license in 2014. He has held an interest in real estate for a few years after graduating with a Bachelor's in Sports Management from the European University of Barcelona. Soon after completing this degree Randy began work with Stoke Travel with whom he gained experience in the customer service, sales and marketing aspects of commercial business. Upon returning to Bermuda, Randy studied to acquire a license in Real Estate after working for a small company in Barcelona and discovering a liking towards the industry. He enjoys meeting people, learning languages, traveling and works as a fitness trainer, but will always make certain that his clients are tended to properly and with exemplary service.



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