



NEWS RELEASE

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## **COLDWELL BANKER COMMERCIAL MARKET UPDATE**

(Hamilton, Bermuda – 20<sup>th</sup> September 2012) Coldwell Banker Commercial has been actively servicing our commercial customers and clients for well over a decade and was the first company to recognise that our market required a website specifically focused on commercial rental and sales inventory. Today, [www.bermudacommercial.com](http://www.bermudacommercial.com) boasts an estimated 90% of the commercial rental inventory available in Bermuda with 162 spaces listed as available to the market. ‘A’ class rates are influenced by generous rent-free periods making the effective rates in the low \$70’s per sq.ft. per annum while ‘B’ Class runs at 60% of these rates due to the substantial inventory in this class.

What does this mean for Bermuda’s economy? From a real estate perspective, it means that there are a number of excellent opportunities and tangible benefits for businesses that may wish to establish a presence in Bermuda. The City of Hamilton can quite easily accommodate new business, immediately. With in excess of 600,000 sq.ft. of vacant space, we already have our own special economic zone or enterprise city with highly developed infrastructure and amenities. The average office user consumes 150 square feet or thereabouts, which means Hamilton could feasibly accommodate an additional capacity of up to 4,000 city workers. We do not have to wait to develop our infrastructure to cater to new demand, it already exists.

The oversupply of available office accommodation spans the full spectrum of office classes and locations. We have begun to see the re-activation of smaller international companies that had been near-dormant with either no presence or one employee on the ground. Their re-emergence gives some encouragement. Otherwise demand is for larger and upgraded space being sought from international companies already domiciled here. The bulk of new tenancies in the newer buildings now occupied at levels of 75% or more are from these companies.

The most obvious opportunity for incoming tenants is that commercial office rents have adjusted downwards by at least 30% and in some instances, more. Although this has been painful for

landlords and lending institutions, creativity with respect to the negotiating process has resulted in some amazing opportunities for tenants; opportunities they have not seen for years. This recent market adjustment has made the City and Bermuda extremely competitive compared to other business domiciles. Worldwide, Bermuda ranks outside the top 20 in terms of the most expensive office occupancy costs. Excluding the Asian countries among the Top 20 are London, Paris and Geneva. Of East Coast cities, Bermuda compares favourably with Mid-Town Manhattan, Boston and Washington D.C. for per square foot office rental rates.

On the commercial sales side, the choice of commercial sales inventory has increased exponentially during the last 5 years. If one is able to secure financing, a buyer will have many opportunities to explore and very often, at discounted prices. At present, we have approximately \$52.9 million worth of commercial inventory in our inventory for sale.

Our commercial team members bring extensive experience and expertise to any commercial property transaction whether it be rental or sales related and we work diligently to create synergistic relationships between team members in order to meet our client and customer expectations. Our significant presence in the market assists our clients readily to interpret the demand and supply variables as they relate to both rental and sales transactions.

Many US business publications have been expressing opinions and projections regarding economic recovery but the common theme is that until we understand exactly how bad our problems are, we will never be willing to accept the solutions. This is true for any economy, including Bermuda. We need to be asking the right questions; directly and respectfully. As an international business jurisdiction, we should continually compare our goods and services produced to those produced by our competitors so that we ensure we remain competitive. If a tangible cultural shift occurs and we create a new framework within which we can attract more international business to the island in a substantial way, our economy will grow. What message do we have for our global market?

***Coldwell Banker Commercial** is a trade name of Bermuda Realty Company Limited, serving Bermuda's real estate and land surveying needs for over a quarter of a century. Visit Coldwell Banker Bermuda Realty at 11 Par-la-Ville Road, Hamilton or online at [www.bermudarealty.com](http://www.bermudarealty.com). See available commercial inventory at [www.bermudacommercial.com](http://www.bermudacommercial.com).*