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MEREDA spring conference examines the health of Maine real estate

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Portland, ME On Thursday, May 20th, the Maine Real Estate & Development Association (MEREDA) hosted its virtual spring conference. As we head into summer amidst record-breaking residential real estate sales, a robust construction sector, and a commercial sector poised to rebound, the MEREDA event provided an opportunity to reflect on a historic year and to look ahead at Maine's economic future. MEREDA is committed to promoting responsible development across the state and providing forums for its members to engage and learn about opportunities in the state. As part of the conference, MEREDA unveiled its 2021 Index, hosted a panel discussion with Index contributors and Dr. Charles Colgan, and recognized its 2020 notable projects recipients, with Craig Young of The Boulos Company and Shannon Richards of Hay Runner acting as event hosts.

“MEREDA and its members are looking ahead as we march into the second half of 2021. Our spring conference gave us an occasion to reflect on 2020 - a singular year in Maine real estate - and discuss what opportunities lay ahead for our economy,” said Josh Fifield, MEREDA president. “We brought together Dr. Colgan and our Index contributors to help us bring the story of 2020 forward. Where do they see the real estate economy heading? It was an important and timely conversation for not just MEREDA members, but everyone who is interested in seeing Maine thrive.”

The conference first presented the 2021 Index data live, with economic data and analysis from Dr. Colgan, director of research at the Center for the Blue Economy at the Middlebury Institute of International Studies at Monterey and professor emeritus of Public Policy & Planning in the Muskie School of Public Service, as well as commentary on the commercial market from Cheri Bonawitz of Malone Commercial Brokers, insight into the residential market from Joe Dasco of Reger Dasco Properties, and a perspective on the construction sector from Drew Sigfridson of The Boulos Company.

Overall, in 2020 the Maine real estate sector did well, while the economy as a whole contracted faster than during the Great Recession. Residential real estate was a headline story throughout 2020 and one of the few bright spots in the economy during the pandemic. Whereas the activity in the commercial market and construction sector painted a more complex picture and raised lots of questions on how the market will continue to develop in the years ahead. Speaking on the commercial sector Dr. Colgan said, “Can a world in which no one goes to the office or stores still be a world where commercial real estate is sold? The answer is - yes, it can.” Despite early declines in 2020, the commercial market remained vibrant in Maine and has already shown signs of recovery. Turning to the construction market, Drew Sigfridson summed up a major uncertainty: the

changing cost of materials. “When you see a 30% increase in the price of steel over three months, it’s impossible to predict costs and develop a budget,” shared Sigfridson.

Building upon the insights on 2020 that commentators shared individually, the event concluded with a panel discussion. Young and Richards helped guide the conversation forward and asked the commentators to share their thoughts on how the real estate market will evolve in 2021 and beyond.

Dasco spoke on his experience developing Hobson’s Landing in Portland where the increased consumer demand for amenities drove creative and innovative uses of space. Dasco also commented on the impact of the 2020 Portland referendums, stating that his firm wouldn’t be able to make a project like Hobson’s Landing work today with the new onerous regulations in place. With those new limitations restricting Portland development, the panel were all curious to see how the surrounding communities in southern Maine would now benefit and capitalize on the increased demand for housing.

Bonawitz offered her perspective on the future of the retail market, stating that while many people are used to ordering products online, there are still a lot of shops that people want to visit downtown, and her firm is already seeing vacant restaurant spaces in the Old Port fill back up. Dr. Colgan expanded the commercial sector discussion by adding that there is an unprecedented amount of suppressed demand for travel that will certainly create a boom in Maine’s hospitality industry in the coming years before it comes back on trend. Following the devastation of 2020, this will surely be a welcome surge of activity for hotels and restaurants across the state.

The pandemic also radically transformed the world of work and the big question of the future of the office was another topic discussed. Dr. Colgan noted that now that the technology exists and will be expanding to rural areas, the sociological question of how and where we work will continue to play out over the next decade. Sigfridson shared how his own team has returned to the office, stating, “We find collaboration and being able to be with our team makes a difference.”

To sum things up, Dr. Colgan shared his perspective on the future of the Maine economy this way: “I’m generally optimistic, but I have some really nagging questions.” It’s true that with Maine’s robust residential market, rebounding commercial market, and the increased demand for construction there is a lot to look forward to in Maine real estate. But MEREDA and its members will be here to continue to ask those nagging questions and be a part of the solutions as Maine strives to build its future in a responsible way.