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Peaks & Plateaus: MEREDA's forecast conference gives context to Maine's Real Estate data

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Portland, ME On Thursday, January 26, over 800 of Maine's real estate and development professionals gathered at the Cross Insurance Arena to learn about the latest trends and predictions for the real estate economy at the Maine Real Estate & Development Association's (MEREDA's) Forecast Conference and Member Showcase. MEREDA also streamed the conference for those who could not attend in-person. "Even though Sugarloaf was having an incredible powder day, there is no other place I'd rather be than the Forecast Conference," said MEREDA president Craig Young. "This is a day where you have great conversations and make great connections. You get to be in the room with the people who are driving responsible development in our state."

With a lineup of industry experts presenting on the ins and outs of Maine's real estate economy, the forecast conference provided an opportunity for real estate professionals to learn from each other and map out what lies ahead for their industry. The day began with a discussion of one of the most pressing issues in Maine: affordable housing. Keynote speaker Greg Payne, a senior advisor on housing policy with the governor's Office for Policy Innovation and the Future, said "We have got to rededicate ourselves to investing in affordable housing and working on solutions." Payne went on to outline the ways in which Governor Mills has made a historic commitment to building more housing in Maine. "As big and frustrating as our housing challenges are, we've never been in a better position to do more," Payne said, urging people to participate in the effort to ensure all Mainers have access to safe and affordable housing. Next, James Marple, a senior Economist from TD Bank provided an economic outlook on both a national and state level, sharing an expectation for the economy's growth to slow, the real estate boom prices to unwind, and for the labor demand challenge to continue to impact Maine's economy.

Looking at the industrial sector, Justin Lamontagne and Sam LeGeyt of The Dunham Group reported on another healthy and competitive year that was also beginning to show signs of a plateau in the future. That said, demand continues to be there for industrial spaces, with Lamontagne wondering if there will be zoning changes to facilitate the conversion of office space into low-impact industrial use, and if speculative construction will move north where there is land to develop for new Innovation Districts.

Dava Davin of Portside Real Estate Group gave a presentation on the single family residential market in Southern Maine, an \$8 billion market, succinctly summarizing, "In 2022, prices went up and sales went down." Diving into the details, Davin put a spotlight on three "stand out" towns that were seeing incredible increases in home prices: Lewiston, Westbrook, and Cumberland. Looking at

the luxury market, Davin reported that homes selling for over \$1 million have tripled since 2019, and in 2022 the most expensive home sold in Maine was in Camden at \$13.7 million. Predicting that housing prices will level off, there will be fewer transactions, and a return of the seasonal market, Davin sees less frenzy and more thought in 2023's residential market. Especially since many Mainers cannot afford to buy the home they live in today, so they aren't able to move anywhere else.

Bricks and mortar retail locations continue to create great demand in the Portland area, Peter Harrington of Malone Commercial Brokers reported. "The demand is there and it's getting really expensive to get a retail space in downtown Portland." With more national chains moving into the Old Port district, Harrington discussed how there is a need for a mix of retailers in the market. "It brings life; we need that at street level," he said while recalling the old days when offices occupied prime locations and had their shades perpetually drawn. Harrington predicts that retail will continue to be a strong market with growth opportunities: its healthy demand is helping historic buildings get rehabilitated and bringing more people to shop and eat downtown.

Other presentations included Elizabeth Frazier of Pierce Atwood with an update on MEREDA's Legislative Agenda. In the year ahead, Frazier said that MEREDA's Public Policy Committee will be focusing efforts on reducing the barriers for housing creation and has three bills in the works for the upcoming session. Reporting on the Bangor area market, David Hughes of Epstein Commercial Real Estate cited the challenges of low inventory in the industrial and office sector, and also highlighted a few game changers for the area including downtown apartment conversions, the Maine Savings Amphitheater, and the transformation of Main St. Brit Vitalius of Vitalius Real Estate Group provided a report on the multi-family market in Southern Maine, highlighting the incredible growth of Lewiston/Auburn in particular. In a look at the Central Maine market, Frank Carr of Maine Realty Advisors echoed the story Vitalius shared of a booming market in Lewiston/Auburn, and shared his outlook for Augusta and Waterville. Dave Holman of RE Max Riverside Commercial gave an update on the Midcoast Maine market, highlighting the renaissance that Bath is seeing, and outlined the exciting projects in the pipeline for the Brunswick area including a community recreation facility and housing for asylum seekers. Matt Arrants of The Arrants Company discussed how the return of business travel and international travel were impacting the Maine hospitality sector, predicting that Maine will continue to be a popular travel destination and lamenting the labor shortage for hotels. Nate Stevens of The Boulos Company provided a report on the Southern Maine Office Forecast, saying that there are still a lot of unknown questions post-pandemic. Outlining the difference between downtown Portland and suburban markets, Stevens sees opportunities for conversions to housing and industrial spaces, and opportunities for office tenants if they know where to look.

Overall, strong demand and limited supply continue to shape many of Maine's real estate sectors. How that demand will continue to drive growth is one of the remaining questions. What's clear is that MEREDA members will be working together to ensure that growth will be defined by responsible development, which must include more affordable housing for Mainers. Sponsors of the event include TD Bank, MaineBiz, The Downs managed by Maine Properties LLC, Bangor Savings Bank, FirstPark Business Park, Haley & Aldrich, Landry/French Construction, Partners Bank, and Pierce Atwood.

