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## **MEREDA's Forecast Conference highlights a robust real estate industry full of collaboration & innovation**

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Craig Young

Portland, ME On Thursday, February 29th, over 800 of Maine's real estate and development professionals gathered at the Holiday Inn By the Bay 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. "The Forecast Conference is an opportunity for us real estate professionals to learn from each other and discuss the important issues in our industry and our state," said MEREDA president Craig Young. "With thought-provoking speakers like Dr. Habib Dagher and in-depth analysis from industry experts, it's an energizing day full of important conversations!"

The Forecast Conference featured a lineup of industry experts presenting on topics that delved into both the opportunities and challenges for Maine's real estate economy. The day began with a presentation on innovation in Maine from Dr. Habib Dagher, executive director at the University of Maine's Advanced Structures and Composites Center. Presenting on his research work that ranges from green building materials and floating off-shore wind turbines to inflatable technology for NASA, Dr. Dagher's work highlights the possibilities that can exist when we innovate. For a room full of real estate professionals, perhaps the most exciting aspect of his work is BioHome 3D, a 3D printed house prototype that his lab is perfecting to scale up affordable housing production in a dramatic way. "This is an opportunity to build more housing stock [and] get more roofs over people's heads. Think of this as one solution to move things along." Dr. Dagher and his team are currently working with the city of Bangor to develop a neighborhood of 3D printed homes for people who are currently homeless.

The morning continued with an overview of MEREDA's legislative agenda with Elizabeth Frazier of Pierce Atwood. Frazier highlighted one bill currently being considered, LD 772, which focuses on permitting predictability and protecting developments from retroactive ordinances. "It's a very small amount of language that will hopefully have a big impact," commented Frazier. Next, James Marple, a Senior Economist from TD Bank provided an economic outlook on both a national and state level, sharing that the U.S. economy has outperformed expectations and, at 3.5%, is currently experiencing a 15-year-low in the unemployment rate. For the housing market, Marple highlighted that the limited supply is keeping pressure on home prices, underscoring the dire need for more affordable housing in Maine. Additionally, Marple noted that the economy will be impacted by the upcoming Presidential election.

This was the first year the Conference featured an afternoon format with multiple sessions each hour. In the first group of sessions, the Office & Industrial Outlook featured Justin Lamontagne of The Dunham Group on the industrial market, Nate Stevens of The Boulos Company on the office market, and Charles Day of Porta & Co. on the markets outside of Portland. With continued low vacancy rates in the industrial sector, Lamontagne predicted that there will be some new construction for the industrial sector but not enough, particularly because land is difficult to find. Speaking on the trend of office space conversions to industrial space, Lamontagne noted that while it is easier said than done, "There are no bad ideas in a market this competitive." Meanwhile, Stevens outlined how the 7% vacancy rate in the Greater Portland office market differs from the national trends, which are at about a 20-30% vacancy rate in larger cities. Stevens also discussed the impact conversions have had on the office market, particularly the Class B office space sector.

He noted that some 15 buildings in downtown Portland have added residential space, which has removed over 20% of Class B office space. Day then shared an overview of what's happening in markets outside of Portland, highlighting the spectacular transformation of Waterville's downtown, as well as two major redevelopments in Northern Maine, including the One North Building in Millinocket and The Green 4 Maine Program in Limestone. Continuing the conversation on office conversions, Day also highlighted four office buildings in downtown Bangor that had been converted to residential spaces.

The first session also included Construction Outlook and Regional Outlook panels. The Construction Outlook featured three general contractors - Kendrick Ballantyne of Optimum Construction, Nick Cormier of PM Construction, and Shannon Richards of Hay Runner - who discussed the challenges and opportunities for residential and commercial construction in Maine. The Regional Outlook featured Andre Rossignol of Maine Realty Advisors, Chris Paszyc of The Boulos Company, Brandon Mitchell of Malone Commercial Brokers, and Bev Uhlenhake of Maine Commercial Realty, who discussed some of the significant developments planned for the coming year across the state.

The second afternoon session featured a Retail & Hospitality Outlook with Peter Harrington of Malone Commercial Brokers and Matt Arrants of The Arrants Company. They provided an insider's look at the world of retail leasing and the growth opportunities in Maine's hotel market. Also in the second session was a Development 101 panel with Josh Soley of Maine Realty Advisors, David Packard of PK Realty, and Marieke Thormann of Fathom Companies. The group of developers discussed how they analyze the risk and rewards of the development process. Lastly, the second session also included a Financing Trends panel with Kim Twitchell of NBT Bank, Matt Early of Gorham Savings Bank, and David Hult of Ready Capital. With a recap of last year's numbers and a look at the emerging trends in the financial landscape, the group discussed where they see caution and optimism in the market. As part of the conversation, Twitchell commented on current interest rates. While she expects they will go down some, she cautioned, "Today's rates are more normal. Folks need to get used to that. When penciling out deals, think about where rates are today."

The final group of afternoon sessions included a Residential & Multifamily Outlook with Brit Vitalius of Vitalius Real Estate Group, Aaron Bolster of Allied Realty, and Elise Kiely of Legacy Properties Sotheby's International Realty. The group shared their thoughts on the fast moving and competitive world of residential and multifamily real estate throughout Maine. Another panel was on Upcoming Projects & Developments with three of Maine's biggest developers who are working to bring a blend of housing to Maine's marketplace - Dan Bacon of M&R Holdings, John Laliberte of Reveler Development, and Rebecca Hatfield of Avesta Housing. The third panel in the session was a Technology & Innovation Outlook with Tim Hebert of Hebert Construction, Stephanie Brock of Red Thread, and Dr. Habib Dagher. The group looked at how technology is changing real estate. Dr. Dagher provided a more in-depth look at the Biohome 3D, which his team is hoping can one day be printed in as little as two days and is 100% recyclable. Brock outlined a few of the ways AI can be used in the workplace, discussing products such as ChatGPT, Microsoft Copilot, and Qbiq. Hebert discussed the many ways technology has already come into the construction industry and improved things, but also saw reason for caution. "Sometimes it's good to slow down and understand what we're doing. We can do things faster, but we still have to do them right." That said, Hebert agrees

that innovation is the future and the way to answer the question: how do we make the built environment better? This query led him to develop STARC Systems, innovative temporary containment solutions that eliminate the disruption of renovation. The group went on to discuss the cost of new technologies and its accessibility. Dr. Dagher stated that his team is confident the Biohome 3D can one day be produced at competitive pricing, but acknowledged the incredible amount of investment required to produce this new possibility for housing.

At the end of the day it's clear that Maine's real estate markets continue to be a driving force in the economy. The challenges and opportunities our state faces will require collaboration and innovation, and MEREDA members will be working together to ensure that solutions are centered on responsible development. Sponsors of the event include TD Bank, Landry/French Construction, Perkins Thompson, The Downs managed by Maine Properties LLC, Mainebiz, Ready Capital, Bar Harbor Bank & Trust, Sebago Technics, The City of Bangor, St. Germain, Belfor Property Restoration, Pierce Atwood, and United Insurance.

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