

MEREDA MISSION



Maine Real Estate &
Development Association

Supporting Responsible Development

*MEREDA's Mission is the same
as it was at its founding in 1985.*

The Maine Real Estate & Development Association (MEREDA) is an organization whose mission is to promote an environment for responsible development and ownership of real estate throughout the State.

MEREDA accomplishes its mission through legislative advocacy, regulatory oversight, sponsorship of programs and conferences, and by serving as a unified and proactive representative for real estate and economic development interests.

MEREDA's Guiding Principle: Practicality, Predictability, and Clarity in Regulation

MEREDA is the *only* voice for the real estate development industry in Maine, and our success is dependent upon bringing together the many different trades that are vitally interested in promoting positive growth in our great state. MEREDA advocates for fair, consistent, predictable regulations to create a healthy economic climate. Our efforts to promote responsible growth through fair and predictable legislation and regulation are vital for a return to a healthy, thriving economy.

Our members, from large corporations to small, one-person consulting firms, have found membership invaluable. Our membership network provides an optimal forum for addressing the mutual concerns of our industry and provides you great access to the top experts in their field. MEREDA membership will connect you with this network and keep you informed of the issues and initiatives we are pursuing on your behalf.

Contact the MEREDA office at (207) 874-0801 to learn more about becoming part of Maine's leading organization of commercial real estate owners, developers and related service providers.

www.mereda.org

6 City Center, 3rd Floor • Portland, Maine 04101 • Tel: (207) 874-0801 • Fax: (207) 899-4870

MEREDA SERVICES & BENEFITS



Maine Real Estate &
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Supporting Responsible Development

Advocacy

Every day legislators and regulators make important decisions that impact Maine's real estate industry. That's why MEREDA makes such a commitment to advocacy on your behalf. We stay on top of the issues, build relationships with key policy-makers, and fight for laws and regulations that encourage responsible development and sensible planning.

Education

The real estate industry is constantly changing, especially in these uncertain and challenging economic times. Our timely seminars and conferences keep you up to date on important trends and provide you with expert information on a wide range of topics such as financing options, tax policy, environmental issues and market forecasts.

Networking Opportunities

While members value our legislative advocacy and educational programs, they also tell us repeatedly that they really appreciate the networking opportunities we provide. Every committee meeting, conference, seminar and member social is an opportunity to renew friendships and develop valuable business relationships with industry professionals.

Other benefits

In addition to advocacy, education and networking, MEREDA members can take advantage of:

- Complimentary One-Year Subscription to *Mainebiz Magazine*
- Ability to provide content to the *Maine Real Estate Insider* e-Newsletter distributed by *Mainebiz*
- Online membership directory with links to your site & company profile
- Sponsorship opportunities to promote your business
- Speaking opportunities where you can share your expertise
- Awards program that recognize excellence in the industry
- Committee participation (*See Reverse Side*)
- Discount registration fees for all programs
- Continuing Education Credits for conferences and seminars

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COMMITTEE PARTICIPATION



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Participation on any one of MEREDA's five standing committees gives members yet another opportunity to raise their profile within Maine's real estate community, and help the association meet its goals. Committee work allows members to play an active role in the association's affairs and all members are encouraged to participate. Committee work also provides an opportunity to work alongside others in the real estate industry and is a good networking opportunity in itself.

- ◆ Our **Public Policy Committee** meets bi-weekly during legislative sessions. This committee reviews pending bills and regulations, identifying those of interest to our members, and works to ensure the real estate industry's concerns are considered. The committee labors to influence and shape the final form of proposed laws and regulations, and initiates new ones when circumstances warrant.
- ◆ The **Conference & Seminar Committee** meets monthly to develop ideas for upcoming conferences, seminars, and social events, suggesting possible topics, guest speakers, sponsors, formats, venues, and so on.
- ◆ Our **Membership & Marketing Committee** meets monthly to review membership statistics and trends, develops ways to retain current and recruit new members, looks for ways to further enhance the effectiveness of MEREDA's publications and other communications media and entertains ideas for new products and services that could be offered to the membership.
- ◆ The **DevelopME Committee** meets monthly to engage membership and create professional development opportunities within MEREDA for the next generation of industry professionals.
- ◆ The **Local Issues Committee** meets up to six-times per year to monitor and timely engage on local land use and development matters .

Please contact the MEREDA office if you would like to become involved in one, or more, of our committees.

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It's a Wrap for the Maine Legislature!

The First Special Session of the 130th Maine Legislature adjourned sine die at 8:29 p.m. on July 19, 2021. The First Special Session commenced in April, following the adjournment sine die of the First Regular Session of the 130th Maine Legislature on March 30, 2021. **Laws enacted during this First Special Session, that do not contain an emergency preamble or specify another date, will be effective on Monday, October 18, 2021, or 90 days from final adjournment.** Although a special session could be called at any time, at this time none is anticipated. The Legislature is next scheduled to convene, for its Second Regular Session, on January 5, 2022.



MEREDA had a successful year with the enactment of several new programs and laws that will benefit the commercial real estate and development community, including a new CPACE program, a clean energy financing accelerator, and a commission to study local land use laws and their impact on the creation of affordable housing. Additionally, we fought off some bad landlord/tenant bills that threatened to significantly undermine private property rights for landlords. We also joined with our industry allies to secure a veto from Governor Mills on a bill that would have created a graduated real estate transfer tax that would have disproportionately impacted commercial real estate. Finally, despite a last minute setback that delayed it from being enacted this year, the extension of the sunset date for the Maine Historic Rehabilitation Tax Credit (MHRTC) to 2045 is set to be enacted in the Spring of 2022. The current sunset date for the MHRTC is 2025 (by which time projects must be certified, but construction need not have commenced). We look forward to continuing to work with our coalition partners on this effort, as well as on an ongoing Office of Program Evaluation and Government Accountability (OPEGA) tax expenditure review of the MHRTC. That review is set to be concluded this year, with a report due back to the legislature in the Second Regular Session.

With respect to more general matters, the Legislature concluded its First Special Session by enacting LD 1733, *An Act to Provide Allocations for the Distribution of State Fiscal Recovery Funds*, now [Public Law 2021, Chapter 483](#), which authorizes the expenditure of nearly \$1 billion from the State Fiscal Recovery Fund as established by the federal American Rescue Plan Act of 2021. The two parties were unable to reach an agreement on the bill, so the bill was passed in both the House and Senate by a simple majority vote, meaning it did not receive the 2/3 support necessary for it to become law immediately. On Monday evening, July 19, Governor Mills signed it into law and it will become effective this October 18. The bill includes funding for child care, broadband, health care subsidies, workforce training, and economic recovery grants. It also includes \$50 million for housing that must be "affordable to workers and their families to rent or own." This one-time spending initiative will be managed by the Maine State Housing Authority.

Additionally, Governor Mills announced yesterday that Maine's Budget Stabilization, or "Rainy Day" Fund, has grown to \$491.9 million, which is an historic high.

MEREDA will continue to remain diligent advocating on our members' behalf, working in the months ahead on our policy priorities and preparation for the Second Regular Session. We encourage all those who are interested in rolling-up their sleeves and helping to further MEREDA's mission and vision in policy-making to contact Shelly R. Clark, MEREDA's Vice President of Operations at info@mereda.org.



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LEGISLATIVE ADVOCACY



Maine Real Estate &
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Legislative Update – Summer 2021

July 15, 2021

While much has changed in the world in the several months, the MEREDA Public Policy Committee has continued to stay engaged on critical matters impacting our members.

Legislature Set to Adjourn, Sending Right to Food Question to the Voters

The First Special Session of the 130th Legislature is set to adjourn on or around July 19, 2021. That is roughly a month after the anticipated adjournment date of June 16, 2021. Some of that delay can be traced to budgetary negotiations, but much of it stems from procedural timing around a series of vetoes issued by Governor Mills. Unlike her first two years in office, Governor Mills was more free with her veto pen this year and legislators had to return to consider those vetoes (vetoes on major issues were all sustained). The general effectiveness date for all non-emergency legislation is 90 days following the date of adjournment sine die - we therefore expect new, non-emergency, laws to take effect in mid-October.

Among the many resolves passed this session was one that will send a referendum question to voters. Specifically, voters will be asked if they support amending the Maine Constitution to include a “**right to food**.” The impact of this amendment would be to ask more questions than it answers, and likely lead to years of litigation. MEREDA will send more information on this referendum question in the early fall.

MEREDA’s Strong Engagement Helps Defeat Bad Landlord/tenant Proposals

MEREDA successfully worked to help defeat several bad proposals at the Legislature this year. Specifically:

- LD 418, which would have imposed a graduated real estate transfer tax (and disproportionately impact commercial real estate). This bill was vetoed by Governor Mills at the urging of the real estate community, and the veto was sustained by the Legislature;
- LD 1143, which would have effectively ended the concept of a tenancy at will. This bill was defeated on the floor in the House and Senate;
- LD 1590, which would have treated short-term property rentals as commercial property. This bill was defeated on the floor in the House and Senate;

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LEGISLATIVE ADVOCACY

- LD 1255, which would have disallowed evictions for 90 days following the COVID-19 State of Emergency. This bill was defeated on the floor of the house and senate.
- LD 1296, which would have disallowed evictions during any future state of civil emergency proclaimed by the Governor. This bill was defeated on the floor in the House and Senate.

These bills (with the exception of LD 418) were all premised on the notion that private property rights can and should be easily further restricted in the interest of public policy, without consideration for the potential to fundamentally undermine our system of private property ownership. We were pleased to help successfully defeat them this year, but are on the lookout for future similar efforts, and will work hard to defeat them.

MEREDA Aids in Successfully Enacting CPACE Program, Commission to Study Local Land Use Laws

MEREDA was pleased to join with The Nature Conservancy, Coastal Enterprises, Inc. (CEI) and other industry allies to support LD 340, which will enact a Commercial Property-assessed Clean Energy Program (CPACE) in Maine. The bill was enacted as Public Law 2021 Chapter 142. The new law will enable new financing options for developers looking to install or retrofit a commercial property with clean energy infrastructure. MEREDA engaged closely with many of our members to educate on and learn about this proposal, and we were pleased to support its passage into law this year. The law will take effect sometime in mid-October.

MEREDA will continue to remain diligent in protecting its members' interests. Our members represent a critical pillar of the state economy, and we will continue to advocate for policies that are fair, practical, and predictable even as we navigate a new, post COVID-19 environment. We encourage all those who are interested in rolling-up their sleeves and helping to further MEREDA's mission and vision in policy-making to contact Shelly R. Clark, MEREDA's Vice President of Operations at info@mereda.org.

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MEREDA's Upcoming Events



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The following in-person events were scheduled prior to the COVID-19 Delta variant's arrival.

We are monitoring State and Federal CDC Guidelines and suggested protocols and will respond accordingly. Please visit our website at www.mereda.org for the latest updates.

September 14, 2021 - 7:30 - 9:00 AM

Morning Menu Breakfast Seminar

Southern Maine Development Trends:
If You Build it, Will they Come?

Holiday Inn By the Bay
88 Spring Street
Portland, ME



October 22, 2021 - 7:30 - 9:00 AM ** New Date **

Morning Menu Breakfast Seminar

The Office Environment Today & Tomorrow

Holiday Inn By the Bay
88 Spring Street
Portland, ME



Due to COVID, this celebration will once again be rescheduled to Spring 2022

November 16, 2021 - 7:30 - 9:00 AM

MEREDA's 35th Anniversary Celebratory Gala

Stay tuned for more information on when we may be able to host this special celebration!

Venue to be Determined



Morning Menu Breakfast Seminar - 3rd Quarter Residential Market Check-In

To say it's been a crazy year for the residential market is a bit of an understatement. Join us for a look back at what transpired in this sizzling hot market this past year, and hear some predictions for the close of 2021.

Holiday Inn By the Bay
88 Spring Street
Portland, ME



December 16, 2021 - 7:30 - 9:00 AM

January 20, 2022 - 9:00 AM - 5:00 PM

Morning Menu Breakfast Seminar - "What's Up" with Vertical Harvest? Join us in person to hear about Vertical Harvest's plans in Westbrook!

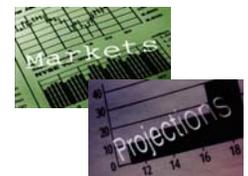
Portland Regency Hotel
20 Milk Street
Portland, ME



2022 Annual Real Estate Forecast Conference & Member Showcase

We're excited to be back in person!

NEW LOCATION:
Cross Insurance Arena
1 Civic Center Square
Portland, ME



Dates Subject to Change - Please visit www.mereda.org for the latest updates.

Maine Real Estate Insider e-Newsletter



Maine Real Estate &
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The [Maine Real Estate Insider](https://www.mainebiz.biz/enewsletters) e-newsletter is distributed weekly by Mainebiz and covers the latest news in the real estate industry in Maine. To subscribe, click here <https://www.mainebiz.biz/enewsletters>.

The Maine Real Estate & Development Association (MEREDA) provides weekly content to the *Maine Real Estate Insider*. As a MEREDA Member, your company would have the opportunity to provide content through MEREDA to this newsletter. With a distribution list in the thousands, it is a great opportunity for both MEREDA and our members to get exposure.

Articles are not intended to be promotional in nature, but rather informational / educational items, trends, etc. that would be useful to the membership or general reader. The articles should be around 500 – 750 words, along with a photo or two (*as appropriate*).

Feel free to take a look at the articles archived on our website located at <https://mereda.org/news/maine-real-estate-insider/>. If you are interested in providing content to the *Maine Real Estate Insider*, please send your submissions for consideration to Shelly R. Clark at the MEREDA office at info@mereda.org.

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TESTIMONIALS



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"There is a ton of benefits to becoming a member of MEREDA. MEREDA is an advocate so it's helping the industry. I'm on the commercial lending side so to the extent we're able to develop; I'm able to finance those things, so that's good. The educational piece, and this is an example of it [the 2011 Spring Conference], you learn an awful lot from the best people in the industry through what MEREDA does. There's also a very good networking capability here. Again you take a look at the breaks here, they have breakfast sessions as well, and social gatherings and anybody really who's involved in the commercial real estate business, it's not just the developers, it's the brokers, it's the bankers, it's the architects, it's everybody, they're all there, all in one spot and so that's a huge benefit."

Noel Graydon, Regional Vice President and Commercial Lender at Norway Savings Bank
Saco, ME

"Being outsiders, MEREDA has been a great introduction to the real estate community in Maine. It's been a very good thing for us."

Robert Gordon, Managing Director of City North Development
Haverill, MA

"The thing I liked most about the (2011) Spring Conference so far was listening to former Governor King and listening to Gunnar (Hubbard) talk about sustainability and talk about in a very thoughtful way the trends that are facing us, and not just recycling another presentation but really engaging with the audience and really putting some thought behind what they were doing.

The thing I like best about being a member of MEREDA is it's an organization that's looking out for me in Augusta and other places while I'm out doing what I do. I can go be a developer and still a lot of the stuff that I would advocate for if I had more time, I can rest easy knowing that MEREDA is advocating for it, for me. "

Kevin Bunker, Founding Principal of Developers Collaborative
Portland, ME

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Our Members are Invested in What We Do



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MEREDA's strength has always come from the support and participation of its valued members. Thanks to their continued support, we have become the leading voice for responsible real estate development in Maine, representing hundreds of commercial real estate owners, developers and related businesses, from architects and engineers to property managers.

We are pleased to give special recognition to our Cornerstone and Sustainer Level Members. If you are interested in learning more about these levels of membership, please contact the MEREDA office.

Cornerstone Level Members:



America's Most Convenient Bank®

J. B. BROWN & SONS



Sustainer Level Members:

AAA Energy Service Co.

Androscoggin Bank

Atlantic National Trust

Baker Newman Noyes

Bangor Savings Bank

Bank of New Hampshire

Bar Harbor Bank & Trust

BerryDunn

Camden National Bank

cPort Credit Union

Drummond Woodsum

East Brown Cow

Eaton Peabody

Epstein Commercial Real Estate

Gorham Savings Bank

Machias Savings Bank

Malone Commercial Brokers

Mascoma Bank

NBT Bank

Norway Savings Bank

People's United Bank

Pierce Atwood, LLP

Saco & Biddeford Savings

St. Germain

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Membership Benefit Levels



Cornerstone \$5,000+

MEREDA's Cornerstone membership level includes exclusive benefits to member organizations that contribute significant amounts of both time and money to support MEREDA and its mission. For more information on the Cornerstone membership, please contact the MEREDA office at (207) 874-0801.



Sustainer \$2,500

Members at this level receive
Advocate benefits, **PLUS:**

- Up to 2 attendees FREE per annual conference
- Logo displayed at all MEREDA events
- Forecast Conference Exhibitor booth at a reduced price of \$500 (regularly \$950)
- Logo on website / social media promotion
- Name listed on MEREDA letterhead



Advocate \$1,200

Members at this level receive
Supporter benefits, **PLUS:**

- Forecast Conference Exhibitor booth at a reduced price of \$800 (regularly \$950)
- Eligibility to be considered for the MEREDA Board of Directors
- Logo on website
- Unlimited attendees at the member rate for MEREDA events



Supporter

Corporate \$550 (includes up to 5 individual members at the member rate)
Individual \$385 | **Municipal / Government \$300** | **Full-Time Student \$50**

All members at the Supporter level and above receive:

- Advocacy – Legislative and regulatory lobbying efforts
- Education & Insight – Breakfast events and annual conference, *Mainebiz* Real Estate Insider newsletter and MEREDA Index
- Networking – Breakfast events, annual conferences and socials
- Inclusion in members-only events
- Opportunity to submit and place an article for consideration in the *Mainebiz* Real Estate Insider newsletter
- Opportunity to reserve a Forecast Conference Exhibitor booth at \$950

See over for details.



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Membership Benefits

Cornerstone \$5,000+	Sustainer \$2,500	Advocate \$1,200	Supporter \$50-\$550*	Benefits
√				Thanks/mention at all MEREDA events
√				Exclusive invitation to “Cornerstone Circle” events
√				Legislative monitoring and updates on real estate-related bills
√				First right of refusal for sponsorship opportunities
5	2			Number of attendees FREE per annual conference
√	√			Logo displayed at all MEREDA events
√	√			Social media promotion
√	√			Logo or name listed on letterhead
√	√	√		Logo on website
√	√	√		Eligibility for consideration for MEREDA Board of Directors
FREE	\$500	\$800	\$950	Opportunity to reserve a Forecast Conference Exhibitor Booth (\$950 value)
√	√	√	√	Advocacy – Legislative and regulatory lobbying efforts
√	√	√	√	Education – Breakfast events and annual conferences
√	√	√	√	Industry Insight – <i>Mainebiz</i> Real Estate Insider newsletter and MEREDA Index
√	√	√	√	Inclusion in members-only events
UNLIMITED	UNLIMITED	UNLIMITED	5	Networking – Member rate for attendees to MEREDA events
√	√	√	√	Opportunity to submit an article for consideration in the <i>Mainebiz</i> Real Estate Insider newsletter

**See over for details.*

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MAINE'S BUSINESS NEWS SOURCE



Justin Lamontage, of NAI The Dunham Group, discusses the southern Maine industrial forecast at the 2021 virtual MEREDA Forecast Conference.

IMAGE / MEREDA FORECAST SCREEN IMAGE

MEREDA Forecast Conference: After challenging year, mixed prospects ahead

BY MAUREEN MILLIKEN, LAURIE SCHREIBER, RENEE CORDES AND PETER VAN ALLEN

As at most events these days, there was a different look to Thursday's annual Forecast Conference of the Maine Real Estate and Development Association.

The meeting usually attracts more than 1,000 industry professionals throughout the state to Portland. This year, about 550 people registered to participate online.

And unlike last year, the buzzword of the day was "pandemic."

Mainebiz captured some of the highlights of this year's conference in the roundup below.

Mills' innovation director outlines climate plan

BY PETER VAN ALLEN

In the keynote address, Hannah Pingree, director of the state Office of Innovation and the

Future, outlined the challenge of climate change, which she called "the greatest threat of our age."

Maine is already seeing rising ocean temperatures, a more severe fire season and a rise in sea levels, she said. In 2020, Portland reported recorded record-high temperatures.

The pandemic has also exposed more vulnerabilities, testing emergency preparedness and global supply chains, according to Pingree. It has strained internet connections, with more people working remotely.

Gov. Janet Mills established the Maine Climate Council to reduce greenhouse gas emissions, with such goals as reducing Maine emissions by 2030 and reaching carbon neutrality by 2045. Efforts so far have encouraged use of renewable energy, including solar, wind power. For homeowners, the administration supports weatherizing older homes and making the transition to renewable energy like heat pump

More than half of emissions in Maine come from transportation — cars, trucks and aircraft. Manufacturing counts for just 9%.

Pingree lauded the work of the Maine Climate Council, which consists of 39 scientists, industry leaders, and state and local officials. It's supported by another 230 volunteer members. [M](#)

Maine's economy could be slower to recover than US

BY PETER VAN ALLEN

James Marple, managing director and senior economist at TD Bank, said it might be 2022 before Maine's economy recovers to pre-pandemic levels.

While Maine's economy should see greater growth in the second half of the year, Marple said the labor market could take time to "normalize."

The official unemployment rate reached 10.4% in Maine in April, higher than the 2008-09 recession, and was 5.0% in November. But Marple said the true unemployment rate may be closer to 7.5%, when you factor in people who have dropped out of the labor market.

He is seeing signs of job market “scarring,” meaning jobs that are lost permanently.

The pandemic, he said, has exacerbated some of the trends that were happening pre-COVID. He cited elevated government debt levels, ultra-low rates, shifts in demand for real estate, high household saving, jolt of the labor market and changing industrial policy.

While many of the economic gains seen in the summer have started to taper off, Marple cited the help the CARES Act and relief checks provided the economy.

Only Canada had a more generous support program than U.S., according to Marple.

The housing market continues to drive much of the economy, he said, citing low interest rates and increasing demand. Housing permits are expected to continue to surge this year.

“There’s a segment of the population that has done better since the pandemic and are looking to move into other housing,” he said. ■

Southern Maine industrial forecast: Strong, but pandemic questions remain

BY MAUREEN MILLIKEN

While the greater Portland industrial market navigated the COVID-19 pandemic well, and even excelled, questions remain for 2021, said Justin Lamontagne, of NAI The Dunham Group.

“I feel it’s irresponsible to say that even the industrial market is immune from the impacts COVID has put on us,” he said.

Life sciences, as well as businesses deemed “essential,” that continued or ramped-up production in 2020 helped keep the market tight. Though the 2.4% vacancy rate is slightly higher than last year’s 1.8%, it’s still low, and sales and lease prices have skyrocketed.

Transaction values in southern Maine set a record in 2020. The average asking lease price in 2020 was \$7.56 a square foot, triple net, and some specialty leases, like cannabis, as high as \$10 to \$12, said Sam LeGeyt, of NAI The Dunham Group.

Average sale prices continue to set records, LeGeyt said. The average was \$75 a square foot last year, a steady climb from \$40 in 2011.

“Investors are still betting heavily on the greater Portland industrial real estate market, and I don’t see that slowing down in 2021,” LeGeyt said.

Though “old obstacles” like lack of vision still slow new construction, Lamontagne said the pros are beginning to outweigh the cons, and there are more new builds and that will continue.

Lamontagne said questions for 2021 include how the trickle-down effects of the pandemic will play out, what will happen with the cannabis industry as legalization becomes more widespread, how the craft brewing industry will hold up for the next few months and what impact political turnover will have.

Predictions for 2021 are that vacancy rates and prices will stabilize; the life science sector will continue to grow; there will be expanded industrial zone land and code modifications, making it more possible; and retail and hospitality workers will discover high-end manufacturing jobs. ■

Greater Bangor’s lack of industrial space impacts growth opportunities

BY LAURIE SCHREIBER

Historically low industrial vacancy rates in Bangor and surrounding communities is impacting business growth and community vitality, according to Bev Uhlenhake with Epstein Commercial Real Estate.

Bangor is historically an industrial hub, comprising more than half of the region’s industrial space, or about 4.1 million square feet.

Neighboring Hampden saw a modest increase in new construction in 2019 and Holden saw some new owner/user construction designed to leverage high traffic counts and low property taxes along the Route 1A corridor from Bangor to Mount Desert Island.

But the approximately 2% vacancy rate is the lowest seen in a decade, Uhlenhake said.

Bangor’s industrial inventory plummeted from 14% in 2011 to 2% in 2020. Hampden has gone from 5% in 2014 to nearly 0%.

Several factors impact the industrial sector, she said. For the last 10 years, older industrial “white elephants” have been renovated and are now back in service. Paper and tissue manufacturers have been moderately active, particularly toilet paper production over the last year, and much of the product is stored in Bangor warehouses. And construction prices continue to outpace market rents, which has kept inventory flat for many years.

Sales and lease prices have strengthened, but not enough to cover new construction costs, according to Uhlenhake. Although some companies are fulfilling their growth needs with new construction, that growth has been limited and the market as a whole isn’t

yet willing or able to pay higher sales/lease prices. At the same time, she said, sales/lease prices haven’t increased enough to encourage speculative construction.

Lack of space makes it difficult for businesses to find suitable spaces for expansion and for new tenants and buyers, she noted. To satisfy demand and take advantage of growth opportunities, Greater Bangor needs more space, or businesses need to be willing and able to pay higher rent rates, she said.

Office inventory also hasn’t grown much in the past few years, aside from the significant Bangor Savings Bank construction on Bangor’s waterfront in 2018-19.

Still, she said, there have been significant shifts and upgrades in the office market. That includes two prominent downtown office buildings bought by developers — 80 Exchange St. purchased by J.B. Brown & Sons and Sky Villa LLC’s purchase of One Merchant Plaza. Over the past year, both buildings have seen upgrades and renovations.

While the overall office inventory hasn’t increased, there have been upgrades in the quality of the inventory that gives tenants more options as they look to upgrade their spaces, Uhlenhake also noted.

Office vacancy has remained about level for the last three years. Downtown Bangor vacancy is at about 8% and suburban is about 11%. The pandemic is the big player in the office market, she noted. So far, most office tenants have retained their leases: Some are using their full spaces, others are holding onto their leases but their employees are working remotely, and some have a hybrid model.

There are competing pressures to both increase and decrease office footprints, she said. Businesses recognize that social distancing requires more space; at the same time, many have invested in technology that allows their employees to work from home. It’s unclear how the situation will pan out as far as the demand for office space goes, she said.

On the retail front, the Bangor Mall has been on a downward slide for over five years, although it’s retained three anchor tenants — JCPenney, Dick’s Sporting Goods and Furniture Mattress & More in the former Macy’s department store.

That leaves a 10,000-square-foot vacancy in the former Sears anchor location. And at least 65% of the smaller mall spaces are vacant or have temporary tenants.

Leaving out the mall building, though, demand for retail space in surrounding free-standing and strip developments has remained steady at 7% for the last three years and seem to have a vitality of their own. And secondary

markets seem to be holding their own with a steady 4% vacancy rate. There's a risk the rate could go up as retailers and restaurants try to hold on through the pandemic, she added.

The greatest challenge on the horizon is the uncertainty around how the pandemic will affect demand of space in each sector, according to Uhlenhake. "There will be winners and losers," she said. [M](#)

Recognition Awards Ceremony

This year's MEREDA award winners are:

- Robert B. Patterson Jr. Founders Award — Bill Shanahan, of Evernorth
- President's Award — Elizabeth Frazier, of Pierce Atwood, and Tom Shoening, of Drummond & Drummond
- Public Policy Award — Kevin Sutherland, director of business development at HardyPond Construction
- Volunteer of the Year — Mark Stasium, of Camden National Bank [M](#)

Legislative Agenda: Budget deficit, climate, local issues are focus

BY MAUREEN MILLIKEN

MEREDA will focus on the state budget, what impact climate change legislation has on real estate and development, historic preservation tax credits and more, Andrea C. Maker and Elizabeth Frazier said.

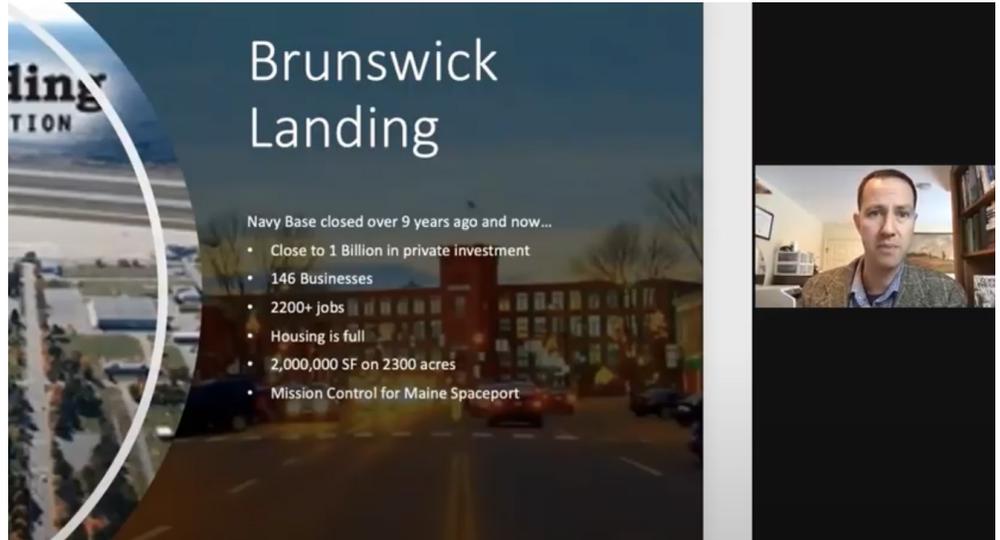
Maker said the leadership and makeup of the 130th Legislature hasn't changed much, but "it helps to have seasoned leadership," given the pandemic.

MEREDA's advocates at the Statehouse will keep an eye on how the budget deficit, \$250 million for the fiscal year ending June 30 and projected at \$400 million for 2022-23, will be dealt with.

Climate change legislation, particularly efforts to modernize buildings and to build healthy and resilient communities, both with 2024 carbon-lowering goals, will affect real estate and development.

Frazier said MEREDA will continue to work with the Maine Historic Tax Credit Coalition to extend the program to 2040, as well as legislation to reduce greenhouse gas emissions and promoting weatherization in building. Proposed bills surrounding housing

IMAGE / MEREDA FORECAST SCREEN IMAGE



Dave Holman, of of RE MAX Riverside Commercial talks about the Midcoast market at the 2021 MEREDA Forecast Conference.

and housing bonds, short-term rentals, green financing, private and abandoned roads and more are also on MEREDA's radar.

Locally, public policy advocates will continue to find ways to work with Portland's green new deal ordinance, particularly in light of the sometimes conflicting One Climate Future effort in Portland and South Portland. Issues surrounding Portland rent control, and the possibility it will be proposed as a statewide program, will also be a continued focus. [M](#)

Central Maine: Small commercial users, pandemic flight driving markets

BY MAUREEN MILLIKEN

Businesses in central Maine "are still paying the rent, but workers are at home," Frank Carr, of Maine Realty Advisors, said, leading to low vacancy, yet low occupancy in commercial real estate across the Lewiston-Auburn, Augusta and Waterville markets.

In Lewiston-Auburn, the office market is relative flat, and affected by University of Southern Maine L-A College's postponement of its move from 55 Westminster St., on the outskirts of Lewiston, to the Bates Mill downtown.

The trend is similar in Augusta, where state workers are largely working from home. Leases are mostly from smaller users, at 3,500 square feet and less.

"Driving the market is the smaller users," he said. "The bigger entities out there are just not making decisions in the COVID freeze."

Residential, though, is a different story, Carr said. The "flight to isolation" from denser population areas has driven up the residential market, particularly multi-family property. Waterville, for instance, had 70 multi-family transactions in 2020.

Carr expects rent increases to stay flat in L-A and Augusta, where some larger residential properties are being developed, but they'll likely rise in Waterville as the inventory decreases.

There are some big commercial opportunities in all three areas, including the 55,000-square-foot former MaineHousing building on Water Street in downtown Augusta, new and rehabbed buildings in Auburn and Lewiston, and the FirstPark business park in Oakland, which has 12 developable lots available. [M](#)

Midcoast Maine market forecast

BY MAUREEN MILLIKEN

If a rising tide lifts all boats, then the Bath-Brunswick area is at high tide, Dave Holman, of RE Max Riverside Commercial said in his forecast for the midcoast.

Both the residential and commercial markets have steadily grown about 9% a year in the last five years, Holman said. "It's slow and steady growth, but we're not a boom and bust market," he said.

Residential growth, in particular, is driving the rest of the market. Holman pointed to the fact that 13% of the population in the Bath-Brunswick-Topsham area is non-white, compared to 7% five years ago.

“That’s important for real estate developers to be aware of,” he said. “The state’s drawing new blood, and who knows what the COVID pandemic will bring, It’s definitely a boost for Maine.”

The 2,200 jobs added at Brunswick Landing, the former naval air station, and the huge recent push for residential development on the campus is the foundation for the area’s growth, he said. “If you’re looking for why the market’s thriving, those jobs are a big part of it.”

More Brunswick Landing development, as well as Brunswick downtown renovation projects, a plan to upgrade the Topsham-Brunswick bridge, a new agricultural retail store on Route 196 in Topsham, Szanton Co.’s renovation of the former YMCA in Bath into 50 residential units, and more will keep growth steady in the area.

In 2021, the residential market, including multifamily, will remain hot. “Not just regular hot, they are red hot,” he said. “It is a very, very competitive market right now.”

Commercial will stay strong, with the exception of industries hit hard by the pandemic, like restaurants and large office. He also predicts the population will continue to grow, and inflation will emerge by the fourth quarter as the economy recovers. [M](#)

Hotel occupancy dropped a third from 2019’s record level

BY LAURIE SCHREIBER

Hotel occupancy in 2019 was 60.6% in 2019, a record for the Maine. Not surprisingly, occupancy dropped by a third, to 39.7%, in 2020, according to Smith Travel Research data presented by Sean Riley, president and CEO of Maine Course Hospitality Group.

Revenue for 2020 declined 42.9 % compared with 2019.

In Portland, the decline in occupancy was 35.5% and in revenue 55%.

To make it through the pandemic, the industry had to adapt, he said. That included taken more extended-stay business, such as traveling medical providers.

The industry saw the return of leisure travelers during the summer and through eh fall, he said. The return of business travelers could happen in Q2, he added.

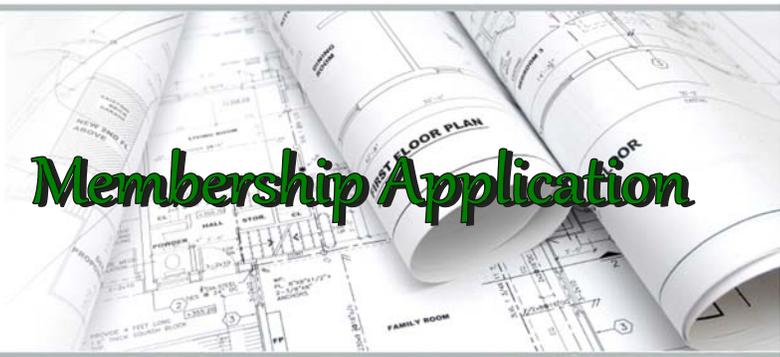
Nationally, he said, industry experts say it could be five years before the industry returns to pre-pandemic levels. But Riley predicted the industry in Maine will get close to its 2019 numbers within the next couple of years. [M](#)



Maine Real Estate & Development Association

Supporting Responsible Development

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New Member Interests Please state your reasons for joining MEREDA and emphasize any issues that are of particular concern to you and your company. *Attach additional sheet if necessary.*

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