

Multi-Family Forecast for Southern Maine

2022 MEREDA Real Estate Forecast Conference

Presented by Brit Vitalius



Vitalius Real Estate Group

306 Congress Street, Suite 3

Portland, ME 04101



www.vitalius.com



brit@vitalius.com



207.541.3755

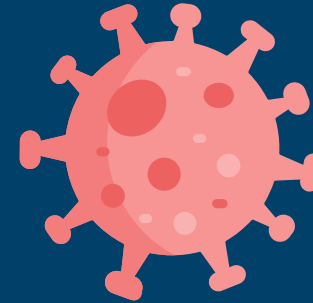
Top 3 Takeaways

Educational Notes

Marked with a



**Dramatic
Increase in
Sale Prices &
Rental Rates**



**COVID Driven
Market**



**Rent Control
in Portland**

Market Trends



**COVID
Refugees**

**Sellers are
Selling**

**New
Multi-Family
Development**

Market Notables



1031 Exchanges

Numerous exchanges
into investments /
retirement property in
Florida



Tenant Purchases

Tenants buying from
their landlord in both
apartments and even
some houses

Rental Market

- Strong Demand
- State Rental Assistance
- Portland: Rent Control
- Other Cities

Strong Demand

- COVID refugees

State Rental Assistance

- Rent Payments
- Incentives
- “Staved Off Eviction wave”
 - BDN, Sept 7, 2021

Portland: Rent Control

- No rent increases allowed in 2021
- Owner Occupants Exempt

Other Cities:

**Westbrook, Biddeford,
Gorham, Windham,
Brunswick, Lewiston**

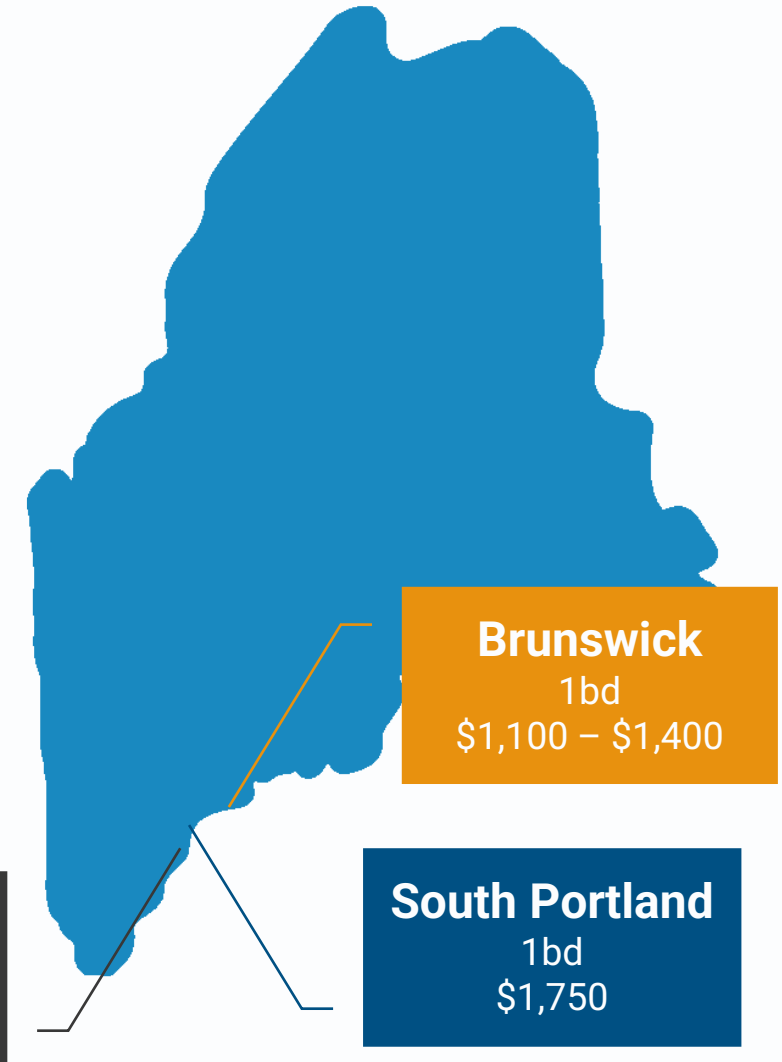
- 25%+ rent increases over last couple years
- New ‘high end’ market
- Displacement of current tenants?
- New construction

Regional Rental Market Snapshot

Some Rental Notes from Around the Area

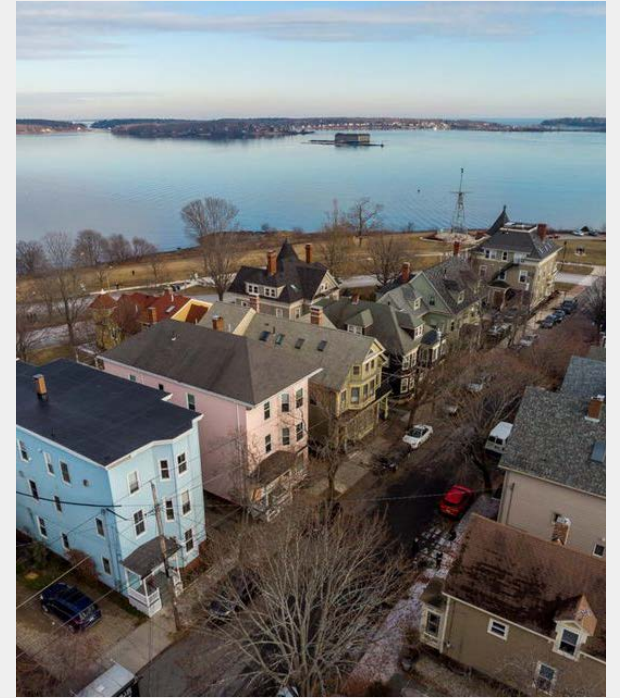
“ Think you Can't Get \$2k
to \$3k for Apartments in
Auburn? THINK AGAIN!

- Recent Headline from the City of Auburn



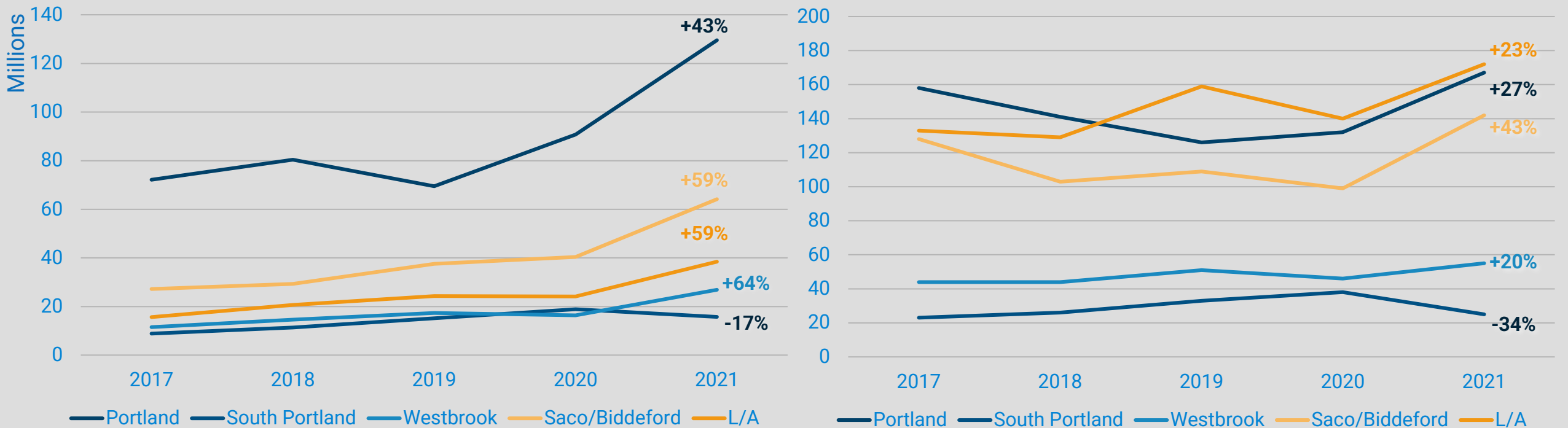
Regional Sales Overview

- Owner Occupant Demand
- Investors Active Outside of Portland
- Non-Portland towns look like Portland of last 20 years



Residential multi-family sales were strong in all Southern Maine communities

Sales Volume & Sales by Region

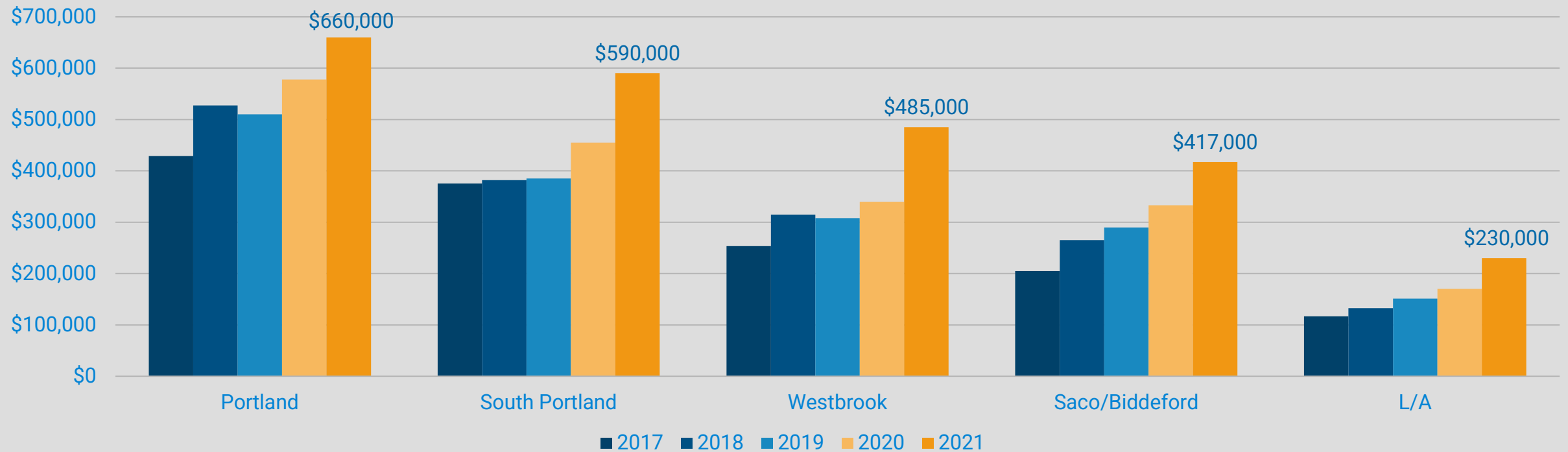


Highlight

Huge increase in activity after an already strong year in 2020

	Portland	SoPo	Westbrook	Saco/ Biddeford	L/A
Sales	167	25	55	142	172
Volume (\$mm)	\$130m	\$16m	\$27m	\$64m	\$38m
Volume Δ 2020 > 2021	+43%	-17%	+64%	+59%	+59%

Median Sale Price by Region



Highlight

25%+ price increases in non-Portland cities

	Portland	SoPo	Westbrook	Saco/ Biddeford	L/A
% Change '20-'21	+14%	+30%	+43%	+25%	+35%

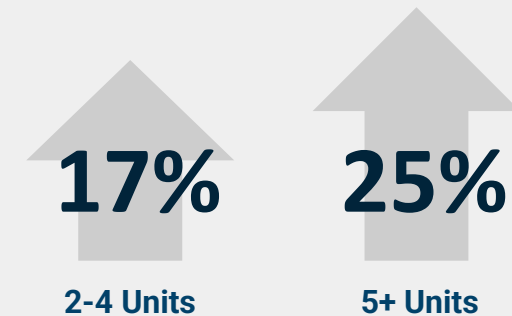
Portland

- Rent Control
- Property Tax Increase
- Fewer Buyers
- High Price Point

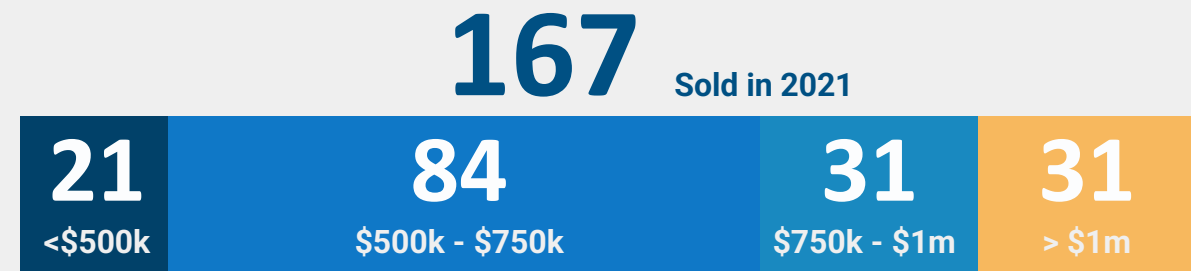
Rent Control

- Strictest in country
- No increases in 2021 except 5% for new tenant
- 2022 allows a CPI increase of 4.3% plus the tax increase

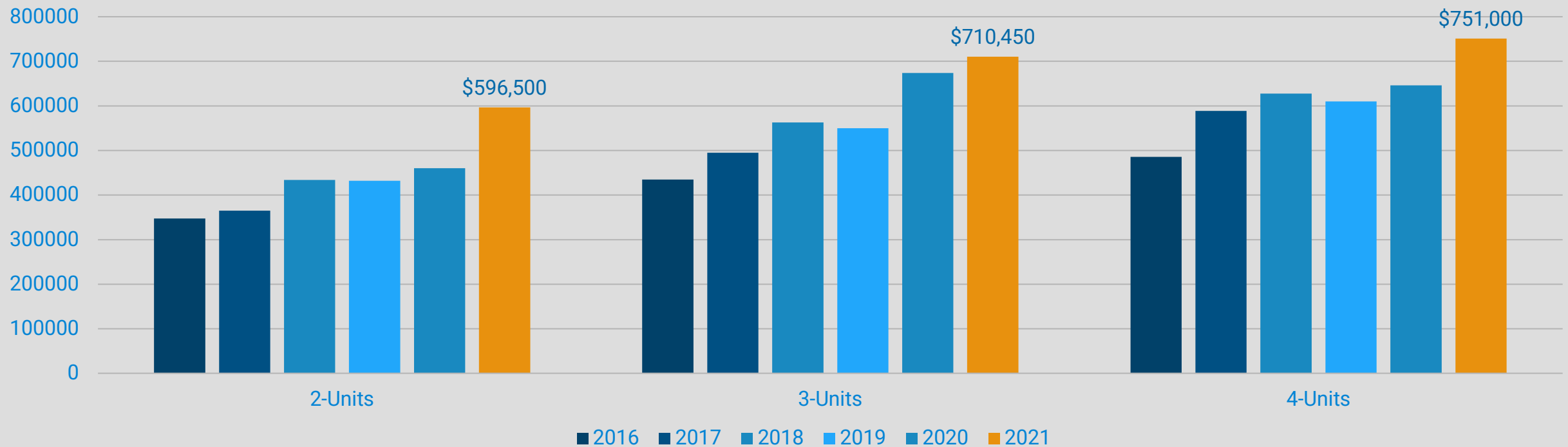
Property Tax Increase



High Price Point



Portland Median Price 2-4 Units



Highlight

Price increases are related to the single family buyer valuation more than the multi-family

2-Units Median Price

2020: \$460,000
2021: \$596,500

+30%

3-Units Median Price

2020: \$674,000
2021: \$710,450

+5%

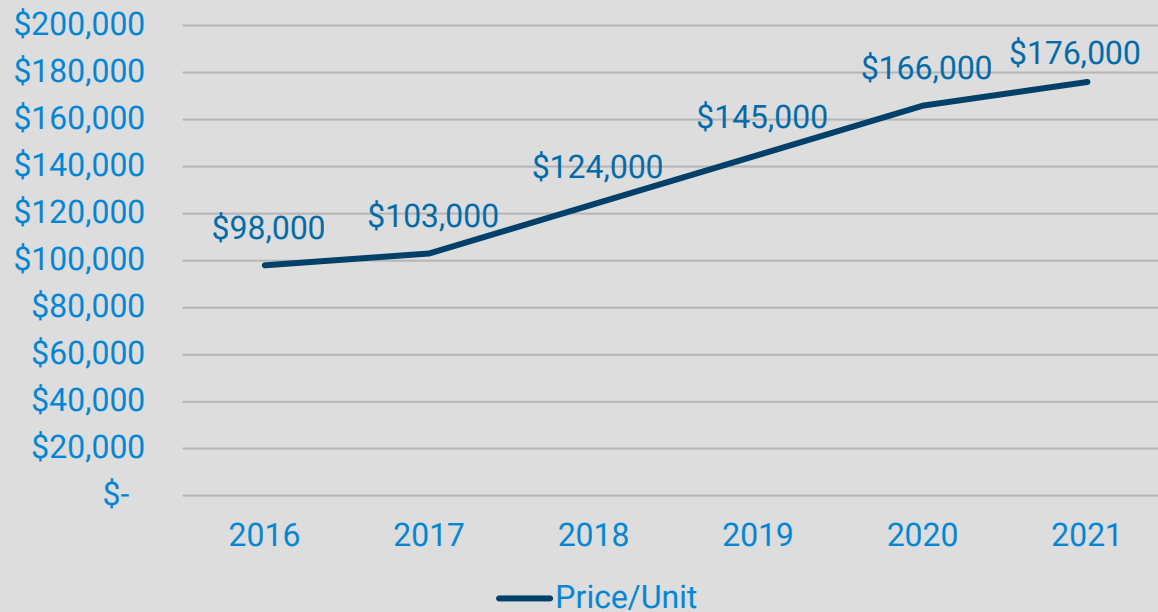
4-Units Median Price

2020: \$646,450
2021: \$751,000

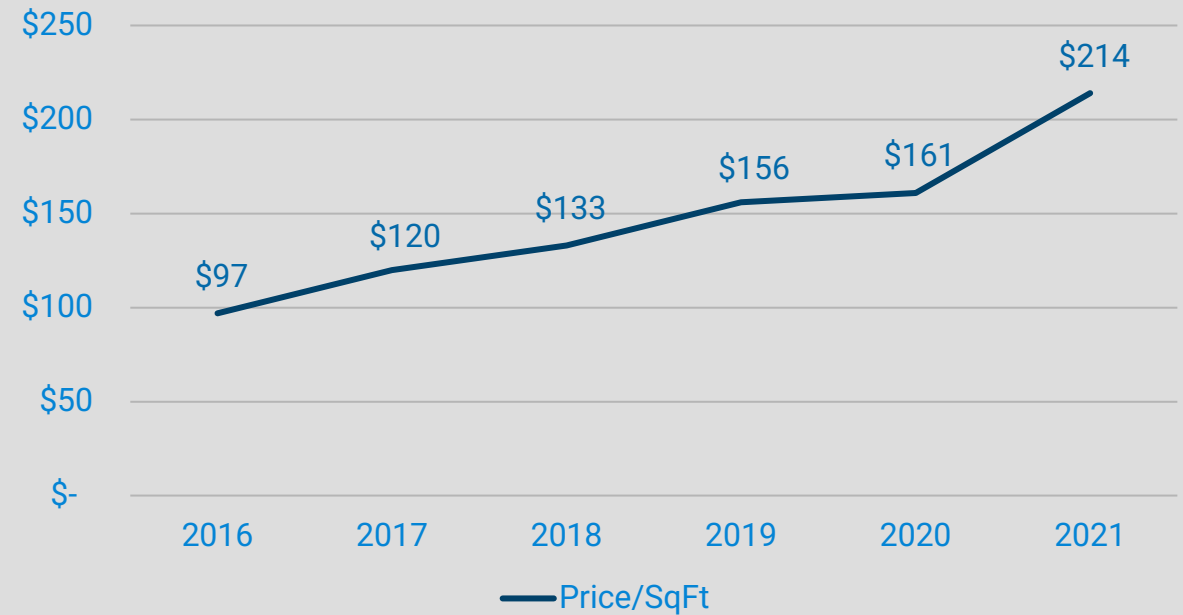
+16%

Portland Commercial (5+) Price Per Unit & SqFt

Price/Unit



Price/SqFt



Highlights



- Rent Control **reduced** the value of many multi-family properties by eliminating prior value-add opportunities
- Cap Rate: 6-6.5% Average Price/Unit – \$176,000

2020

Price Per Unit: \$166,500

Price Per SqFt: \$161/ft²

+6%

+33%

2021

Price Per Unit: \$176,000

Price Per SqFt: \$214/ft²

A Taste of Portland Sales



170 Eastern Prom
\$2,625,000

2-units

Listed by James Lindvall, JT Leahy Real Estate; Sold by Rachel Davey, Vitalius Real Estate Group



25 Granite St
\$2,680,000

12-units

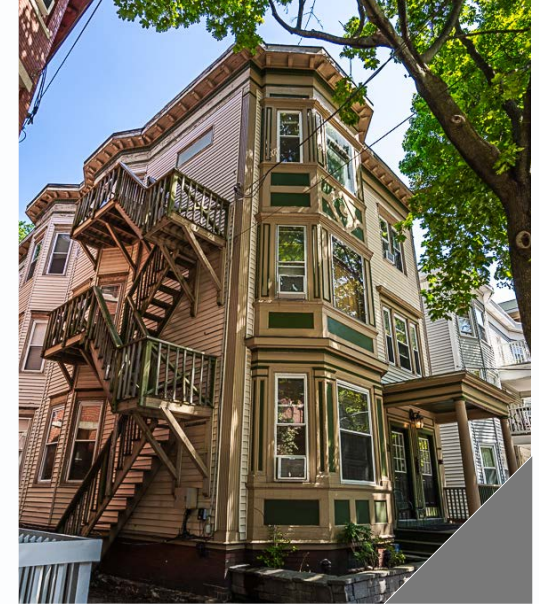
Sold by Steve Morrison, Morrison Real Estate



50 Morning St
\$1,800,000

3-units

Listed by Colleen Bedard, RE/MAX Shoreline; Sold by Kathleen Browne, Better Homes & Gardens



75 Sherman St
\$1,175,000

9-units

Listed by Chris Sullivan, Vitalius Real Estate Group; Sold by Tom Gadbois, F.O. Bailey Real Estate

The Many Sales of 27 Morning St Over 7 Years



February 2021
\$1,550,000

+9%

July 2019
\$1,425,000

+30%

June 2018
\$1,100,000

+49%

October 2014
\$740,000

+109%
Over 7 year period

Portland Notable Sales



645 Congress Street
\$12,965,000

*60-units, 56-apartments, 88 car parking lot
2.7% cap rate*

Sold by Joe Porta of Porta & Co.



Eastern Prom & Morning Street Portfolio
\$7,600,000

*40-units in 2 buildings, 45 car parking lot
3.1% cap rate*

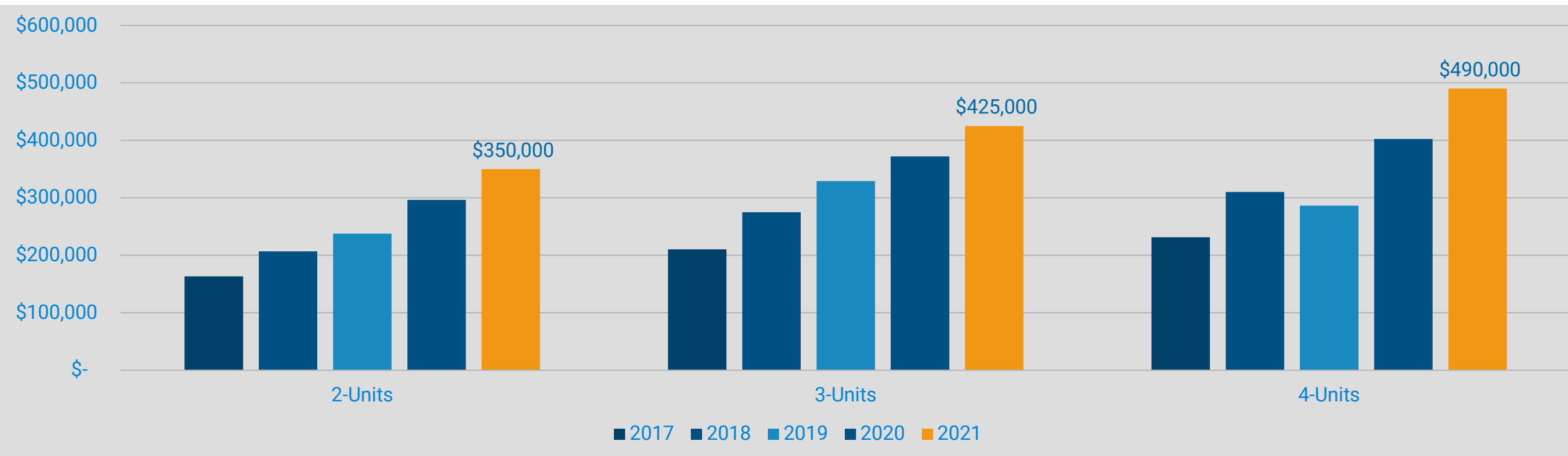
Sold by Brit Vitalius of Vitalius Real Estate Group & John Graham of John Graham Real Estate

Saco & Biddeford

- Value-add Opportunities
- Active Sales & Prices Increases
- More Accessible Price Point for Buyers



Saco & Biddeford Median Prices 2-4 Units



Highlight

Buyers are both owner occupants and investors

2-Units Median Price

2020: \$306,000

2021: \$350,000

+18%

3-Units Median Price

2020: \$367,000

2021: \$425,000

14%

4-Units Median Price

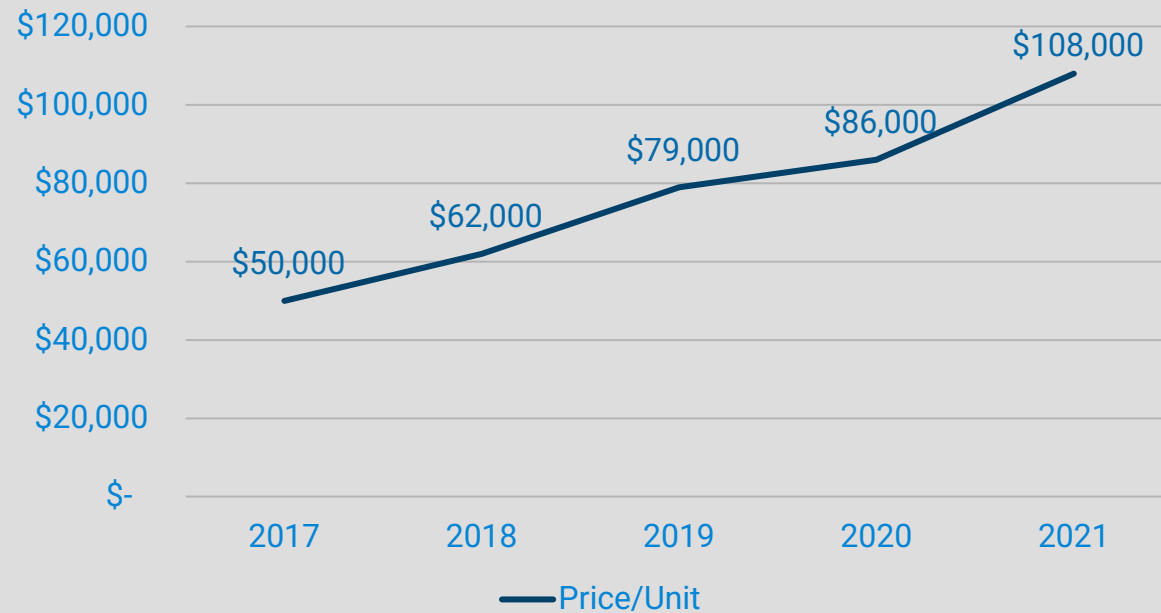
2020: \$422,500

2021: \$490,000

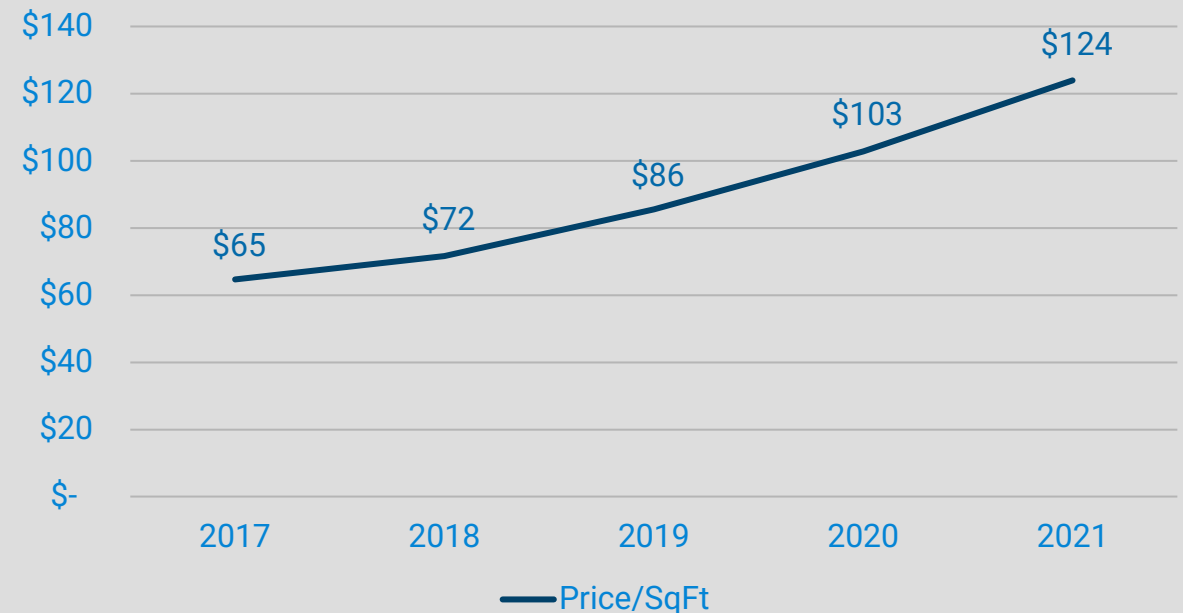
+22%

Saco & Biddeford Commercial

Price/Unit



Price/SqFt



- Cap Rate: 8-9%
- Average Price Per Unit: \$108,000
- Investors drive the market

2020

Price Per Unit: \$86,000

Price Per SqFt: \$103/ft²

+26%

2021

Price Per Unit: \$108,00

Price Per SqFt: \$124/ft²

A Few Biddeford Sales



287 Elm St
\$699,000

4-units

*Listed by Jes Wallimann, Vitalius
Real Estate Group; Sold by David
Lyon, The Real Estate Store*



27 Fall St
\$594,525

3-units

*Listed by Mandy Wheeler, U&R
Real Estate; Sold by AmyBeth
Brochu-Krikken, Rockstar Real
Estate*



Pepperell Mill Campus

152 Residential units

*Sold by owner Doug Sanford to the
Presidium Group and local partners,
Chris Rhoades and Drew Preston*

Other Towns

- Lewiston & Auburn
- Brunswick
- Gorham
- Windham

Lewiston / Auburn

- Courting significant investment

Brunswick

- Attracting Portland tenants and investors

Gorham

- Becoming an even more attractive destination

Windham

- New development and growth

Forecast for 2022

Portland

- Remains attractive to owner occupants
- Investors look elsewhere
- Rent control starts a rental rate chasm between *controlled* units and *not controlled* units
- STR's may be eliminated by political winds

Westbrook

- Owner occupants and renters become even more content (nay, excited!) to live in Westbrook
- Pricing starts to close the gap with Portland

Saco & Biddeford

- Continued high level activity
- Investors pause price increases as the rental market catches up

Forecast for 2022

Other Towns

- All will continue to grow and adapt to the pressure and opportunity created by new Maine residents

Spoilers to Watch

- Rising interest rates
- Higher utility costs
- Political intervention

Hopefully, 2022 will have less COVID, less division, and much more in-person everything!

Brit Vitalius



Brit Vitalius has made a career selling multi-family properties in Greater Portland since he got into real estate in 2004. He founded Vitalius Real Estate Group in 2011 so that he could continue to focus on the multi-family market while assembling a group of specialized agents to provide a full complement of brokerage services to clients. Brit is serving his 2nd decade as President of the Southern Maine Landlord Association. He was a founding member of the Quality Housing Coalition, which focuses on opening-up market rate apartments to challenged tenant populations. Brit is also currently serving as President of the Portland Community Chamber of Commerce. He personally owns and manages multi-unit investments in Portland and Yarmouth.

Brit grew up in Yarmouth, Maine before he graduated from Harvard University in 1995. He worked in technology as a programmer and team manager at BBN, the company that developed the forerunner of the internet. Brit currently lives in Yarmouth with his wife, Yasmin, 13-year-old son, Coltrane and 10-year-old-daughter, Allegra. In his copious spare time, Brit enjoys mountain biking, skiing, and single malt scotch.

Vitalius Real Estate Group is a boutique real estate brokerage based in downtown Portland. We believe that our clients benefit from working with a diverse team of intelligent professionals who are dedicated to effectively negotiating the myriad needs of a real estate transaction.

Our group is comprised of associates who have complementary areas of market specializations - multi-family, commercial, condos and residential. Instead of one broker attempting to be all things to all people, we put together a team, which brings the needed area of expertise to a given client and situation. And we have a lot of fun along the way.

Vitalius Real Estate Group
306 Congress Street
Portland, ME 04101
207.541.3755
brit@vitalius.com
www.vitalius.com