



Maine Real Estate &
Development Association

Supporting Responsible Development

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Wipfli

The **Maine Real Estate & Development Association (MEREDA)** is an organization of commercial real estate owners, developers and related service providers, whose mission is to promote an environment for responsible development and ownership of real estate throughout the State of Maine. **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** has developed into a widely respected and influential voice in Augusta on real estate issues and our objective is the same as it was when **MEREDA** was founded over 35 years ago.

MEREDA's officers and Board of Directors focus their efforts in three areas to help achieve our objective.

Advocacy. Our Public Policy Committee keeps a watchful eye on dozens of bills during every legislative session. This is a complicated and time-consuming effort, but **MEREDA** has established itself as a voice of reason and an organization that can help Legislators understand the potential implications, both good and bad, of a particular piece of legislation or amendment.

Education. We host timely and informative events throughout the year that attract members and other professionals who have an interest in working with us. Throughout the coronavirus pandemic, we kept our members up-to-date on evolving real estate and development interests by offering virtual events, but we are certainly excited that we are now back to offering in-person events! Be sure to check out our online calendar for upcoming programs.

Networking. As a member you have the opportunity to connect with a diverse network of real estate professionals and related service providers. Over the years, many beneficial business relationships have been established through networking opportunities.

Upon receipt of your dues contribution, your company will be listed in our Membership Directory located within the **MEREDA** website at www.mereda.org and you will receive the password to the Members-Only Section of the website.

As a **MEREDA** Member, you will be eligible to participate on any of **MEREDA's** volunteer committees – Public Policy, Conference & Seminar, Membership & Marketing, Local Issues, and DevelopME. This not only gives members an opportunity to raise their profile within Maine's real estate community, but also helps the Association meet its targeted goals. Committee work allows members to play an active role in the association's affairs and all members are encouraged to participate.

Thank you for your interest in **MEREDA**. We remain committed to maintaining our influence and effectively advocating on our members' behalf. Thanks to the generous support of our 345+ members, we are making a difference! If you should have any questions, please do not hesitate to contact us at (207) 874-0801.

JOIN MEREDA TODAY



Maine Real Estate &
Development Association

Supporting Responsible Development

Legislative advocacy

Educational programs

Networking opportunities

The **Maine Real Estate & Development Association (MEREDA)** is the state's leading organization of commercial real estate owners, developers and related service providers. Founded in 1985, MEREDA now has over 350 members who employ thousands of Maine citizens and invest millions of dollars in the Maine economy each year.

Our mission is to promote an environment for responsible development and ownership of real estate throughout the state of Maine. MEREDA achieves its mission through legislative advocacy, regulatory oversight, educational programs and conferences, and networking opportunities for members of the commercial real estate industry.

Our membership encompasses a wide array of companies and organizations, including developers, builders, property managers, brokers, attorneys, lenders, engineers, land use consultants, architects, appraisers, affordable housing advocates, housing authorities and municipalities.

In uncertain times like these it is more important than ever that we work together as real estate professionals. MEREDA makes sure our legislators understand the role of responsible real estate development in the overall health of our economy. We are a valuable business development and networking tool for our members. And our monthly educational seminars provide members with timely and useful information.

Join MEREDA today. Visit us at **www.mereda.org** or call Shelly Clark at (207) 874-0801.

www.mereda.org

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

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

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MEREDA SERVICES & BENEFITS



Maine Real Estate &
Development Association

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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LEGISLATIVE ADVOCACY



Maine Real Estate &
Development Association

Supporting Responsible Development

Legislative Update – Spring 2023

May 15, 2023

MEREDA's Public Policy Committee continues to stay engaged on critical matters impacting our members.

Mills Increases Proposal for Housing Spending to \$80m

Housing advocates including MEREDA are pleased that Governor Mills' proposal for supplemental spending includes an additional \$50 million for housing, up from \$30 million in her original budget proposal. In total, the new spending would represent:

- \$35 million for the Rural Affordable Rental Housing Program.
- \$35 million for low-income housing tax credits. This funding is expected to produce approximately 350 new housing units.
- \$10 million for the Innovation Fund for Attainable Housing. This money will provide rental options for those earning up to 80% of AMI or home ownership options for those earning up to 120% of AMI.

These proposals will help move the needle on affordable housing in Maine, but MEREDA would support funding at closer to \$100 million to effectively accelerate housing development. This spending will be part of budget negotiations as the legislature deliberates how best to spend the remaining \$900 million in the upcoming biennium.

Housing Committee Digs In

As its work progresses, the Housing Committee has gone from primarily an information gathering entity to a policymaking entity. During the first few months, the committee heard presentations on a huge array of subjects related to housing - primarily focused on the most immediate needs for homeless and vulnerable families. Now, even as some committees look to wind down their work, the Housing Committee is winding up its policy work and hearing and working bill proposals.

Among the proposals heard recently is MEREDA's own [LD 1289](#), sponsored by Senator Matt Pouliot. This bill would allow the conveyance of an unfinished commercial condo. The purpose of the proposed legislation is to expedite affordable housing projects that use the condo method to divide large real estate projects of which only a part will be put to the housing project. MEREDA thanks all those that called or wrote in to the Housing Committee in favor of this proposal. The work session will be on 5/16/23, and MEREDA is optimistic that it will get support from the committee.

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LEGISLATIVE ADVOCACY

Judiciary Hears Proposal for Statewide Rent Control

On May 15, the Judiciary Committee held a public hearing on [LD 1574](#), which would propose a statewide limit on rent increases and require landlords to pay tenants a month's rent if the landlord opts to terminate the tenancy for no cause within 90 days of a lease termination. It would also effectively turn month-to-month leases into year-long leases by allowing a termination of tenancy only on the one-year anniversary of the original lease agreement.

MEREDA opposed [LD 1574](#) on Monday, May 15 because it would have a chilling effect on housing creation. With the market demand, Maine needs more housing to ease the crunch and stabilize prices. Scaring away investors or regulating so heavily that only the well-financed can afford to develop will lead to less overall housing development, and create substantial barriers for small and community developers who do not have deep pockets.

MEREDA Supports Pre-approved Buildings, ADU Tax Credit, Vibrant Corridors, Proposal for Subdivision Study, and Expanded Historic Tax Credit, Opposes Mandatory % Affordable Rental Units

MEREDA testified last week on a flurry of bills related to housing. By and large, MEREDA has been in support of the housing proposals made this session. The following are a few key highlights from this past week.

- Pre-approved Buildings, [LD 1752](#) (Senator Matt Pouliot)
- Tax Credit for ADUs, [LD 1538](#) (Senator Stacy Brenner)
- Vibrant Corridors Funding, [LD 1673](#) (Rep. Traci Gere)
- Study to Overhaul Subdivision, [LD 1787](#) (Rep. Jack Ducharme)
- Expand Historic Tax Credit for Small Projects, Home Weatherization, [LD 1810](#) (Rep. Mo Terry)

While MEREDA is proud to support these efforts and more, we take objection to proposals that will have a chilling effect on housing creation. Just like the rent control proposal above, [LD 1710](#) (Rep. Golek) has certain provisions that would discourage housing creation and increase risk for housing creators and providers. Specifically, [LD 1710](#) would require that a landlord provide at least 10% of units as affordable to someone making 80% of AMI. Affordable is defined as not more than 30% of that individual's income. The effect of this and other requirements in [LD 1710](#) would be to create substantial uncertainty in the Maine housing market. MEREDA supports the rental assistance provisions in [LD 1710](#) but does not support the mandates on housing providers, as we believe that will make it harder to encourage new housing creation. Additionally, it will further disadvantage the small and community developers who can't afford the high-risk/high-reward landscape that these kinds of policies promote.

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. We encourage all those who are interested in rolling up their sleeves and helping to further MEREDA's mission and vision in policymaking to contact Shelly R. Clark, MEREDA's Executive Director at info@mereda.org.

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COMMITTEE PARTICIPATION



Maine Real Estate &
Development Association

Supporting Responsible Development

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.

www.mereda.org

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MEREDA's Upcoming Events

May 25, 2023 - 1:00 - 5:00 PM

MEREDA's Annual Real Estate Spring Conference

Solving Maine's Housing Crisis

Holiday Inn By the Bay
88 Spring Street
Portland, ME



June 8, 2023 - 7:30 - 9:00 AM

Morning Menu Breakfast Seminar

A Deep Dive into Including Solar in Your Real Estate Portfolio

Holiday Inn By the Bay
88 Spring Street
Portland, ME



September 14, 2023 - 7:30 - 9:00 AM

Morning Menu Breakfast Seminar

MEREDA Welcomes Maine State Economist, Amanda Rector

Venue to be Determined



September 20, 2023 - 11:30 - 1:00 PM

Join DevelopME at its Next "Lunch & Learn"

This will be the second installment in a continuing series on the various team members and their roles throughout the development process.

Holiday Inn By the Bay
88 Spring Street
Portland, ME



October 11, 2023 - 7:30 - 9:00 AM

Morning Menu Breakfast Seminar

Topic to be Determined

Holiday Inn By the Bay
88 Spring Street
Portland, ME



November 2, 2023 - 5:00 - 7:00 PM

MEREDA's Annual Fall Networking Social Returns!

Mariner's Church
368 Fore Street
Portland, ME



November 14, 2023 - 11:30 - 1:00 PM

DevelopME Committee's "Lunch & Learn"

Topic to be Determined

Holiday Inn By the Bay
88 Spring Street
Portland, ME



November 29, 2023 - 7:30 - 9:00 AM

Morning Menu Breakfast Seminar

Topic to be Determined

Holiday Inn By the Bay
88 Spring Street
Portland, ME



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

Maine Real Estate Insider e-Newsletter



Maine Real Estate &
Development Association

Supporting Responsible Development

Mainebiz

MAINE REAL ESTATE INSIDER

The *Maine Real Estate Insider* 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



Maine Real Estate &
Development Association

Supporting Responsible Development

"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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MEREDA Matters Podcast



Maine Real Estate &
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Supporting Responsible Development

The Real Estate Podcast with Insider Conversations You'll Want to Hear!

Have you ever wanted to be a fly on the wall listening in on a conversation between Maine's real estate industry leaders? You're in luck – **MEREDA now has a podcast: MEREDA Matters!** This is not your typical Q&A session. This is a podcast that puts you in the room with the people who are driving responsible development in Maine. It's dynamic and we don't know where each conversation will go, but with MEREDA President Craig Young and other MEREDA members leading the conversation, you're sure to learn something new each episode. **MEREDA Matters gives you insider conversations** that highlight the people, stories, and relationships behind the real estate and development deals in Maine. **Listen to a new conversation each month!**



The MEREDA Matters podcast is sponsored by NBT Bank and Landry / French Construction. Additional sponsors include Bangor Savings Bank, Clark Insurance, and The Boulos Company. A new episode will be released each month and each will feature a new voice from the real estate and development industry in conversation with Young and other MEREDA board members such as Vice President Shannon Richards and Board Member Paul Peck.

Eager listeners can find the MEREDA Matters podcast episodes on Apple, Spotify, or their regular podcast source. The episodes can also be found on MEREDA's website at <https://mereda.org/mereda-matters-podcast/> or directly on our SimpleCast site: <https://mereda-matters.simplecast.com/>

www.mereda.org

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Our Members are Invested in What We Do



Maine Real Estate &
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Supporting Responsible Development

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 Federal Credit Union
Atlantic National Trust, LLC
Baker Newman Noyes
Bangor Savings Bank
Bar Harbor Bank & Trust
BerryDunn
Camden National Bank
cPort Credit Union
Drummond Woodsum
East Brown Cow
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Epstein Commercial Real Estate
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Malone Commercial Brokers
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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 \$1000

[See over for details.](#)



Maine Real Estate &
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Supporting Responsible Development

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	\$550	\$850	\$1000	Opportunity to reserve a Forecast Conference Exhibitor Booth (\$1000 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.*

Membership Directory Active member companies will be featured in our Membership Directory located on the MEREDA web site at www.mereda.org, with a brief description of the company's products and services. There is no additional fee for this listing. (Only member companies with current dues are eligible to be featured in our Membership Directory.) Please use the space below for your company's profile. *Attach additional sheet if necessary.*

MEREDA Dues Structure: MEREDA has four levels of membership: Supporter, Advocate, Sustainer and Cornerstone. All members will receive the same foundational benefits of a MEREDA membership: Advocacy, Networking, and Education & Insight, however, this structure rewards members for their support of the organization with added benefits at each level. *Please see attached for details.*

<i>2022 Membership Benefit Levels</i>	<i>Minimum Annual Dues</i>
<input type="checkbox"/> I = Full Time Student	\$50
<input type="checkbox"/> II = Municipal / Government	\$300
<input type="checkbox"/> III = Individual	\$385
<input type="checkbox"/> IV = Corporate <i>(Includes up to 5 individual members)</i>	\$550
<input type="checkbox"/> V = Advocate	\$1200
<input type="checkbox"/> VI = Sustainer	\$2500
<input type="checkbox"/> VII = Cornerstone	\$5000+

☐ *Check Here to Request an Invoice be Emailed to the Address Provided on Front*

For Your Convenience, we also Accept Visa or MasterCard

Card # _____ Exp. _____

Committee Participation Committee work allows members to play an active role in the association's affairs. I *(and / or one of my colleagues)* would like to join one or more committee.

☐ Conference & Seminar ☐ Membership & Marketing ☐ Public Policy ☐ DevelopME ☐ Local Issues

Name(s) & Email(s) _____

MEREDA expects members to adhere to its mission of developing Maine responsibly. Application is subject to review of MEREDA Board and/or executive committee. MEREDA is organized under IRS Section 501 (c) (6) rules.

For federal income tax purposes, dues paid to the Maine Real Estate & Development Association (MEREDA) are deductible as a business expense, not as a charitable contribution. A portion of dues, however, is not deductible as an ordinary and necessary business expense to the extent that MEREDA engages in lobbying. The non-deductible portion of dues is 30 percent. MEREDA is tax exempt under IRS Section 501(c)(6).

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PHOTO / ALEXIS WELLS

Mixed preview of 2023 offered at MEREDA conference

Higher interest rates, tight inventory and volatile construction costs present challenges

MEREDA's 2023 Real Estate Forecast Conference offered a mixed look at the real estate market for the year. Coming off two red-hot years, the real estate forecast becomes a bit more nuanced going into this year. Construction companies and brokers are busy, projects are underway, deals are still being made, but higher interest rates, tight inventory across the real estate spectrum, fluctuating construction costs and uncertainty in the economy all bring a measure of caution this year.

This year's conference, held at the Cross Insurance Center in Portland on Jan. 26, had a crowd of 750-plus attendees, who were there for the showcase and more than a dozen presentations. "I love seeing you all here," MEREDA President Craig Young, a partner and broker at the Boulos Co., said in his opening remarks. "There's just a buzz in the air."

Single-family market expected to level off

BY PETER VAN ALLEN

After two crazy years characterized by bidding wars and escalating home prices, the housing boom has already peaked and this year is expected to continue to level off.

Dava Davin, principal at Portside Real Estate and presenter of the sector analysis for the single-family home market, said Maine's median home price peaked in June 2022, at \$360,825, driven by the pandemic-related buying frenzy. Just five years ago, the median home price was \$200,000.

She said her office started to see showings taper off by August, and with interest rates spiking above 7% by late year the market cooled noticeably.

What didn't cool off were prices. Sellers, she said, are still seeking top dollar.

Going into the year, she expects strong demand in towns that have seen buying action — much of it in southern Maine, where the median home price is \$475,000 — and much of it will be centered around "cream puff listings" that are move-in ready.

By contrast, with houses that need work or are less desirable, brokers are seeing listings expire.

"If it's going to sell, it's going to sell fast," she said. "Other places are sitting."

**Many Mainers
couldn't afford the
home they live in.**

— **Dava Davin**
Portside Real Estate

For this year, she expects to see prices level off. Demand will be steady because there's too little inventory to satisfy the need for housing. She expects fewer transactions than the past two years. She also said there's positive signs that interest rates may head back down into the 5% territory.

About 1 in 3 buyers are from out of state. Massachusetts buyers lead the charge, accounting for 8% of the overall market.

With the higher home prices, she said “many Mainers couldn’t afford the home they live in,” which means there are fewer people making lateral moves to other homes.

Where people used to move every seven years, that’s now every 10 years, she said. **M**

A call to action on housing

BY RENEE CORDES

Greg Payne, a senior advisor on housing in the Governor’s Office of Policy

Innovation and the Future and former development director Avesta Housing, built on what then-Maine House Speaker Ryan Fecteau touched on last year.

Payne noted that there’s still a large gap between the supply of housing units in Maine and demand, and that prices for rented and owned homes “are really, really high.”

But he also pointed to progress in some areas, including state legislation, to address emergency housing and homelessness; checks that are currently being processed for federal emergency rental assistance; and investment by the state to develop permanent affordable housing.

“The administration will remain focused on increasing supply,” he said.

Payne also said the administration would like to see more towns, organizations

and companies get involved in efforts to boost the state’s housing supply, and that MaineHousing has created a technical assistance program via the Genesis Community Loan Fund to assist in that regard.

Elsewhere on the legislative front, Payne said a zoning reform law set to take effect this summer will give all Maine homeowners the right to add an accessory dwelling unit to their property and allow four units to be developed on residentially zoned land rather than just one.

“The administration is absolutely committed to making sure that LD 2003 is operationalized and put into effect,” he said.

Wrapping up with a call to action, Payne said, “Let us recommit to working together and acknowledge that a decent home is essential, and we will build it.” **M**



Greg Payne, a senior advisor on housing for the **Mills** administration, was keynote speaker at the **MEREDA** conference.

Multifamily market still strong — and benefitting new cities

BY PETER VAN ALLEN

Portland has had a strong multifamily market in recent years, but the outlook is somewhat murky.

Brit Vitalius, owner of Vitalius Real Estate Group and the presenter of the multifamily home analysis, said rents in Portland at the high end are \$3,300 to \$3,500 a month, but the higher end of the market is slowing. The middle and lower market, from \$1,200 to \$3,000, is still tight.

On the development side, Vitalius said investors are still cautious after the passage of the Green New Deal, which makes it harder for new projects to be profitable.


He cited two major Portland projects that are underway that were both approved before the Green New Deal went into effect: Maine’s tallest building, 201 Federal St., a Redfern development that will have 263 rental units, and a Port Property apartment building in West Bayside, with 171 units.

Outlying markets have been the beneficiary, he said.

Saco-Biddeford saw the 2022 completion of the Lincoln, with 147 loft apartments going for \$1,350 to \$2,700 a month. Also in Saco-Biddeford, the Levee is expected to open this year, with 96 lofts renting for \$1,835 to \$2,800 a month.

Likewise, Lewiston and Auburn have seen an increase in interest. Last year, on the sale

side, Vitalius said there were just 16 active listings, compared to 200 listings in 2008.

“Bad housing policies in Portland are driving people to other cities,” he said. 

Bullish retail outlook


BY RENEE CORDES

Peter Harrington, a partner with Malone Commercial Brokers, offered a bullish outlook for the Greater Portland retail market.

Dismissing concerns over the last year or two about retail being dead, Harrington said, “I’m here to tell you ... that’s simply not true.”

Out of 6.6 million square feet of retail space in Greater Portland tracked by his firm, close to 280,000 square feet, or 4.23%, is vacant.

Vacancy rates range from zero in Cape Elizabeth (albeit with only 34,735 square feet) to 16.3% in Westbrook, which Harrington attributed to the closure of a Shaw’s Supermarket across from Market Basket, “a tough competitor.”

But he said Westbrook remains strong for retail both downtown and at Rock Row, noting that “it’s all going very well out there.” 

Southern Maine industrial forecast: ‘Demand is there’

BY LAURIE SCHREIBER


Southern Maine’s industrial market is healthy, competitive and strong, said Justin Lamontagne of the Dunham Group. But there’s limited supply, with the vacancy rate under 3%. That affects tenants, buyers and landlords.

With ongoing supply chain issues, there’s a trend in storage and warehousing as businesses store supplies just in case they need them, instead of ordering supplies “just in time.”

The demand for space among cannabis companies continues. Lamontagne said he’s seeing turnkey medicinal market cultivation spaces coming back onto the market. That leads to the question of what to do with industrial facilities that have been specifically built for cannabis, short of another cannabis business replacing previous users.

Construction costs are hampering deals. There have also been major delays in deliveries of supplies — basic components like fixtures and ductwork as well as materials. As a result, transaction activity was hampered by supply chain issues.

Concerning signals for the industrial sector include higher interest rates, inflation, labor issues and the possibility of a recession, he said. Inflation in particular raises negotiations with regard to setting lease renewals and rate increases.

Former office space could be a new entry in the industrial market, he said. Some are primed for industrial conversion — similar to big-box retail conversions. Office spaces on the ground level, with interior HVAC, plenty of parking, and even loading areas translate to low-impact light industrial. 


Greater Bangor area forecast: A range of real estate demand

BY LAURIE SCHREIBER

In Greater Bangor, industrial vacancy is tight, making it extremely difficult to find new spaces for tenants, said David Hughes of Epstein Commercial Real Estate.

Still, the area saw some industrial construction in 2022 and expects more in 2023.

Downtown Bangor is bolstered by a strong office market, more and more apartments and a strong group of restaurants and retail, he said.


 **People enjoy living and working downtown.**

— **David Hughes**
Epstein Commercial Real Estate

Housing developments in downtown Bangor have been a “game changer,” he said.

The last couple of years have brought more and more people living in the downtown and downtown residential conversions of older buildings have picked up considerably, with 76 units under development or completed in the last year. Units have been leasing before they’re even completed, he said.


“People enjoy living and working downtown,” he said.

The coming year is expected to be challenging due to a relatively static inventory in industrial and office space, continued low vacancies, higher interest rates and construction costs, he said. 

Southern Maine office forecast: ‘Steady’

BY ALEXIS WELLS

Nate Stevens, a partner and designated broker with the Boulos Co., said downtown Portland rates have been increasing in demand. The city saw nine significant transactions downtown, eight to nine of them being subleases and downsizes. A few of these significant transactions downtown include 100 Middle St., 25 Pearl St., Two Portland Square and 120 Exchange St.

“Demand will stay low but steady, a clearer market outlook, more time to look at the post-pandemic market, downtown vacancy rates will increase in Class B, suburban vacancy rates hold steady, and more opportunities for tenants to absorb some sublease spaces,” said Stevens. 

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SCREENSHOT

MEREDA economic overview: Inflation, consumer prices should level off

BY LAURIE SCHREIBER

Eventual relief on interest rates should lead to a gradual recovery in real estate, even as the U.S. economy is likely to slow further over the next year and Congress engages in brinkmanship over the federal debt ceiling and a possible default by mid-2023.

That's part of the economic forecast presented by James Marple, managing director and senior economist with TD Bank, during MEREDA's annual Real Estate Forecast Conference on Thursday.

Marple said inflation has slowed recently as global supply chain challenges have eased.

Although higher interest rates have led to a sharp slowdown in real estate activity, overall economic data have remained resilient.

Overall, elevated inflation has prompted a strong response from global central banks.

The pandemic was a major challenge that changed where people worked and the demand for housing — especially true for Maine, which saw tremendous demand.

"That's been a sea change from what had been a 20-year period of benign inflation," said Marple.

Inflation rose at double-digit levels, and the U.S. Federal Reserve is trying to bring it down. Increased inflation happened globally, not just in the U.S., due to the pandemic and disrupted global supply chains that resulted in a flare-up in prices, which first took place in the cost of goods.

The start of 2022 saw another major shock with the Russian invasion of Ukraine, leading to a spike in energy prices. That's influenced inflation in North America and,

more so, in Europe due to the latter's dependence on natural gas coming from Russia.

Inflation in North America has peaked and is starting to retreat, Marple said. Through 2022, the cost of goods started to come down and is beginning to normalize, he said. Commodity prices remain elevated, especially in the energy sector. Core goods prices, excluding energy, have started to come down, especially in the final three months of 2022. That's a good sign and could continue through 2023, said Marple.

Shelter prices, including rents — which are a major driver of the cost of shelter — are still accelerating, although not as quickly, said Marple. That will likely contribute to inflation.

"But we've seen signs that market rents have started to slow as we see overall housing demand slow as interest rates have risen," Marple said.

Higher interest rates are affecting the economy, said Marple. That's most evident in the housing market, which surged nationally and even more so in Maine, where the surge in sales saw double-digit gains in 2021.

However, the surge of sales peaked in mid-2022 as interest rates began to decline; sales fell through the second half of the year. That's led to a slowing in the rate of home price growth. Marple said he anticipates that prices will continue to pull back as demand for affordability grows.

Some of that spending, he noted, is because people weren't able to spend at typical levels during the pandemic. And income support provided by the federal government resulted in higher income levels that people wouldn't have had if the pandemic hadn't occurred. As a result, the population accumulated \$2.5 trillion in savings, which is now starting to be drawn down, partly as inflation eats into purchasing power.

"We expect that could continue over 2023," said Marple. "But there are other reasons people have saved, so I wouldn't necessarily expect this to go zero."

Overall, markets were relatively healthy through the pandemic until 2022, when interest rates started to go up. Solid household balance sheets should provide some resilience to the spending outlook, given the purchasing power issues and higher interest rates, he said.

The real challenge, he said, is to get inflation down from 9% at its peak to 4% and even to the 2% mark.

During the pandemic, there was an unprecedented increase in the rate of job openings that went unfilled. That was especially true in Maine, where there were at least two job openings per unemployed person. The tight labor market resulted in increased wage growth. The rate of wage growth is now starting to slow.

However, there is still a shortage of workers. Maine's labor force is 4% to 5% below where it was before the pandemic.

"The workforce is aging and people are retiring and the pandemic probably sped that up," said Marple.

Maine's participation rate in the job market is at an all-time low, which likely reflects the state's aging demographic.

"That's not a challenge that's going to go away," said Marple.

There's little growth in the under-55 population nationally and even more so in Maine. Only by bringing new people into the state will the state see any growth in the population.

Maine needs 5,000 to 6,000 people to migrate in annually or the state's population will begin to decline over the next five years.

"That's a challenge to the labor force" both near term and longer term, he said.

But the good news is that Maine has seen good signs of positive in-migration.

"If that can increase a little more there's the potential for growth," he said.

The consequence of slowing economic activity as a result of higher interest rates has been evident in purchases of housing and other large expenditures such as cars.

"We expect to see some recovery taking place in late 2023 and into 2024," he said.

It's expected the Federal Reserve will maintain interest rates above 5% well into 2023, with a decline expected to start by late 2023 and into 2024.

The economy today doesn't show signs of being in recession yet, "although the warning signals are there," said Marple.

"We're still in pretty good condition," he added.

A major risk, however, is the issue around raising the debt ceiling, the risk of default, and the Congressional "brinkmanship" that surrounds the issue. The last time the issue arose was in 2011. At that time, the ceiling was raised before there were missed payments. But the U.S. economy did see a tightening of financial conditions and slowed economic activity.

"We can't make a firm prediction on that," said Marple. 