



Maine Real Estate &
Development Association

Supporting Responsible Development

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MEREDA

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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.

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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.

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MEREDA SERVICES & BENEFITS



Maine Real Estate &
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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 &
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Supporting Responsible Development

End of Session Legislative Update

August 3, 2023

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

Legislature Concluded Business on July 26, 2023

After one of the longest legislative stretches in recent history, the Maine State Legislature finally concluded its business on July 26, 2023 around 5:00 a.m. The general effectiveness date for non-emergency legislation will be October 25, 2023. This year, MEREDA engaged in or closely monitored over 70 pieces of legislation, including:

- Efforts to unwind effectiveness or repeal LD 2003, the Housing Act passed in 2022 (ultimately negotiated to delay effectiveness; see below);
- Over \$80 million in allocated funding for affordable housing;
- Paid Family Medical Leave Act, which will require companies with more than 15 employees to offer a paid family medical leave benefits plan, which would allow for paid leave up to 12 weeks for a family member or close familial relationship. More information about the law, which will take effect on October 25 but be fully implemented by May 1, 2026;
- Proposal to require licensure for residential contractors (carried over to next legislative session);
- 29 separate pieces of legislation before the Joint Select Committee on Housing;
- Statewide rent control (defeated);
- Proposal before Housing Committee to require that all existing landlords set aside 10% of their units to be offered at an affordable rate, which would be 80% of AMI or not more than 30% of an individual's income (carried over to the next legislative session); and MORE!!

MEREDA was a critical source of information and context for legislators debating weighty land use, landlord, and housing matters. While we continue to have both fights and opportunities ahead, we can say with confidence that MEREDA has had a very successful year in statewide advocacy, and we look forward to next year!

MEREDA Succeeds in Modernizing Maine's Elevator Safety Laws, Condo Act to Improve Development Environment

MEREDA successfully worked with the Maine State Legislature to enact two pieces of legislation in the 131st Legislature so far: LD 975, which aligns Maine's elevator safety standards to the standards in the Maine Uniform Building and Energy Code (MUBEC); and LD 1289, which enables the transfer of an

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LEGISLATIVE ADVOCACY

unfinished commercial condominium. These two bills were passed by the legislature and signed into law by the Governor this session.

LD 975, An Act to Align Maine's Elevator Safety Laws with Maine Uniform Building and Energy Code Standards, is now Public Law 2023, Chapter 149. This new law was enacted as an emergency measure and took effect on June 12, 2023. Under the new law, Maine's safety standards, specifically with respect to elevator size and stop requirements, must be the same as the standards dictated by the International Building Code as it has been adopted by the State of Maine under the MUBEC. This change ensures that Maine's elevator safety standards evolve and align with current international standards, and that Maine statutory standards aren't out of step with current international standards. MEREDA wishes to thank Rep. Ed Crockett of Portland for his sponsorship of this legislation, and the Department of Professional and Financial Regulation (DPFR) for its assistance in updating this important law.

LD 1289, An Act to Facilitate Property Redevelopment and Encourage Affordable Housing by Allowing the Conveyance of Unfinished Commercial Condominium Units, is now Public Law 2023, Chapter 198. This new law will take effect on October 25, 2023, and provides that a commercial condominium may be conveyed from one developer to another, to accommodate projects in which the condo is the most efficient form of development but for which the initial developer is not the same as the specific project developer. For example, in a mill rehabilitation, one developer may take on the rehabilitation work and then transfer condominium units for a multitude of purposes, including to an affordable housing developer, who may fit out on condominium as affordable housing units. MEREDA wishes to thank Sen. Matt Pouliot of Augusta for his sponsorship of this legislation, and the Housing Committee for its consideration of the deep and complex world of housing policy.

MEREDA will have one additional piece of legislation considered in the next session of the 131st Legislature:

LD 772, An Act to Establish a Process to Vest Rights for Land Use Permit Applicants. This bill has not yet had its public hearing and is being carried over to the Second Regular Session of the 131st Legislature for consideration next year. MEREDA will be working to drum up support for this bill, which would provide that a land use applicant is subject to the ordinance standards in place on the date on which the application is submitted. This legislation is intended to lower the risk and ensure greater predictability for housing creators by preventing retroactive ordinances from being adopted with the intent or killing one project. MEREDA is open to amending its current language to address unique circumstances or narrow its application, and we look forward to coordinating with stakeholders in the fall.

Building Code, Energy Audits, and Power Plays

On the horizon is a number of state and local initiatives driven by climate action. Among them are:

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LEGISLATIVE ADVOCACY

- the adoption of the latest version of the International Energy Conservation Code (IECC) under the statewide Maine Uniform Building and Energy Code (MUBEC) (MUBEC Technical Standards Board);
- local and statewide efforts to require buildings to report greenhouse gas emissions and/or score the building according to an audit system (South Portland, Maine Legislature); and
- efforts to limit local energy choice and convert Maine's transmission and distribution utilities into an entity which would be owned and operated by the State (localities, Maine Legislature, and referendum).

These are significant issues that will impact the housing creation community over the new few years and possibly decades. As climate action efforts ramp up across the globe, many Maine towns are running ahead of the legislature to adopt local policies to drive consumer choice. For example, South Portland is contemplating requiring all commercial buildings to publicly report their greenhouse gas emissions, and some advocates are seeking to implement a mandatory energy auditing system, which would score a building based on its energy efficiency. Taking it a step further, some towns have discussed disallowing the installation of fossil fuel energy systems in new construction. The intent of policymakers in support of these actions is to force housing creators and purchasers to elevate the importance of energy efficiency over other elements of a building.

Simultaneously, voters this fall will be asked to support a takeover of the state's current transmission and distribution utilities (CMP and Versant). This proposal will be in the form of a referendum question and would cost the state upward of \$8 billion to implement. Given the shifting landscape for energy generation, the natural market forces related to energy efficiency, and the above-mentioned policy proposals to limit consumer choice, MEREDA will likely engage on energy-related matters more than we have in the past. It is critically important that climate action be balanced with the very real need for housing creation in Maine. MEREDA supports reasonable and fair energy regulations and encourages climate activists not to let the perfect be the enemy of the good in this policy realm.

MEREDA to Promote Local Adoption of LD 2003 Provisions, Encourage Effective Affordable Housing Policies in Towns

This fall, MEREDA's Local Issues Committee will be meeting with individual town planners and influencers to promote the adoption of policies from LD 2003, the housing bill that passed in the last legislature. MEREDA is excited to coordinate with other stakeholders to help accelerate the housing creation opportunities inherent in the implementation of LD 2003 land use policies. The current legislature reaffirmed its commitment to this law, which will take effect on January 1, 2024, for all towns that do not require a town meeting to conduct business. For the latter towns, the effective date will be by June 1, 2024. In all cases, there are many opportunities for the adoption of either effective or burdensome language, despite the intent of the legislation. While the underlying law will remain in effect, towns will have significant latitude to narrow the application of that law or to require additional fees or regulations that will

LEGISLATIVE ADVOCACY

undermine the intent of the law. Most towns are eager and excited to dig into the work of implementing the new policies and want to help solve the affordable housing crisis in their communities. MEREDA looks forward to working with those towns and helping provide information and insight into housing creators' needs to effectively add stock to our housing supply.

MEREDA looks forward to coordinating with local town planners, developers, and interested parties to help provide feedback, guidance, and encouragement for the adoption of the policies in LD 2003 that will significantly move the needle in Maine's housing crisis.

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



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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.

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MEREDA's Upcoming Events

<p>September 14, 2023 - 8:30 - 10:00 AM</p> <p>Morning Menu Breakfast Seminar MEREDA Welcomes Maine State Economist, Amanda Rector</p> <p>Portland Regency Hotel 20 Milk Street Portland, ME</p> 	<p>September 20, 2023 - 11:30 - 1:00 PM</p> <p>Join DevelopME at its Next "Lunch & Learn" This will be the second installment in a continuing series. Meet the Land Use Designer and Environmental Professional – Defining their Role in the Development Process</p> <p>Holiday Inn By the Bay 88 Spring Street Portland, ME</p> 
<p>October 19, 2023 - 8:30 - 10:00 AM</p> <p>Morning Menu Breakfast Seminar Topic to be Determined</p> <p>Holiday Inn By the Bay 88 Spring Street Portland, ME</p> 	<p>November 2, 2023 - 5:00 - 7:00 PM</p> <p>MEREDA's Annual Fall Networking Social Returns! Another great "meet-and-greet" opportunity! This must-attend event will most likely sell out, so sign up early!</p> <p>Mariner's Church Banquet Center 368 Fore Street Portland, ME</p> 
<p>November 14, 2023 - 11:30 - 1:00 PM</p> <p>DevelopME Committee's "Lunch & Learn" This will be the third installment in a continuing series on the various team members and their roles throughout the development process.</p> <p>Holiday Inn By the Bay 88 Spring Street Portland, ME</p> 	<p>November 29, 2023 - 8:30 - 10:00 AM</p> <p>Morning Menu Breakfast Seminar Using the Condominium Act to Solve Land-Use Issues</p> <p>Holiday Inn By the Bay 88 Spring Street Portland, ME</p> 
<p>December 14, 2023 - 8:30 - 10:00 AM</p> <p>Morning Menu Breakfast Seminar Harvesting the Future: Seaweed in Maine</p> <p>Holiday Inn By the Bay 88 Spring Street</p> 	<p>February 29, 2024 - 9:00 AM - 5:00 PM</p> <p>2024 Annual Real Estate Forecast Conference & Member Showcase</p> <p>RETURNING TO: Holiday Inn By the Bay 88 Spring Street Portland, ME</p> 

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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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 &
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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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MEREDA Matters Podcast



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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/>

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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 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
Eaton Peabody
Epstein Commercial Real Estate
Gorham Savings Bank*

*Knickerbocker Group
M&T Bank
Machias Savings Bank
Malone Commercial Brokers
Mascoma Bank
NBT Bank
Norway Savings Bank
Oak Point Associates
Pierce Atwood, LLP
Sebago Technics
Saco & Biddeford Savings
St. Germain
Turner Construction
Wipfli*

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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.](#)



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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	\$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.*



Maine Real Estate &
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Supporting Responsible Development

Membership Application

Date / /

Name of Company or Organization

Mailing Address City State Zip

Street Address City State Zip

() -- () --

Telephone Fax

Type of Business (See Key to Business Type Categories) Number of Employees

Contact Person / Title Authorized By

Contact Person Email Address Web Site Address / Twitter Handle

Feel free to list others in your company (with email addresses) interested in receiving MEREDA Mailings

Business Type Categories:

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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. 