

# Retail & Hospitality Outlook



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# Greater Portland Retail Review & Forecast

Presented by Peter Harrington, Partner

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# Portland Update

Vacancy Rate: 3.9%

Lease Rate Range: \$8-40/SF NNN  
\$25-35/SF MG





# Old Port Update

Ultra low vacancies in Old Port

Lease Rate Range: \$40-75/SF MG

- 164 Middle St sold for \$5.2M | \$305/SF





# Scarborough Update

Vacancy Rate: 0.9%

Lease Rate Range: \$16-30/SF NNN

- Maine's first Costco - 152,000 SF
- The Town Center at The Downs is in the works





# South Portland Update

Vacancy Rate: 5.1%

Lease Rate Range: \$15-26/SF NNN

- Maine Mall year-end sales match pre-covid sales
- New tenants include BoxLunch, Peapod Jewelry, Carter's, Miniso, Tacos La Poblanita
- Former Sears still available - 113,111 SF





# Westbrook Update

Vacancy Rate: 14.7% (mostly the former Shaws)

Lease Rate Range: \$20-35/SF NNN

- Newest addition to Rock Row - Cowbell





# Falmouth Update

Vacancy Rate: 2%

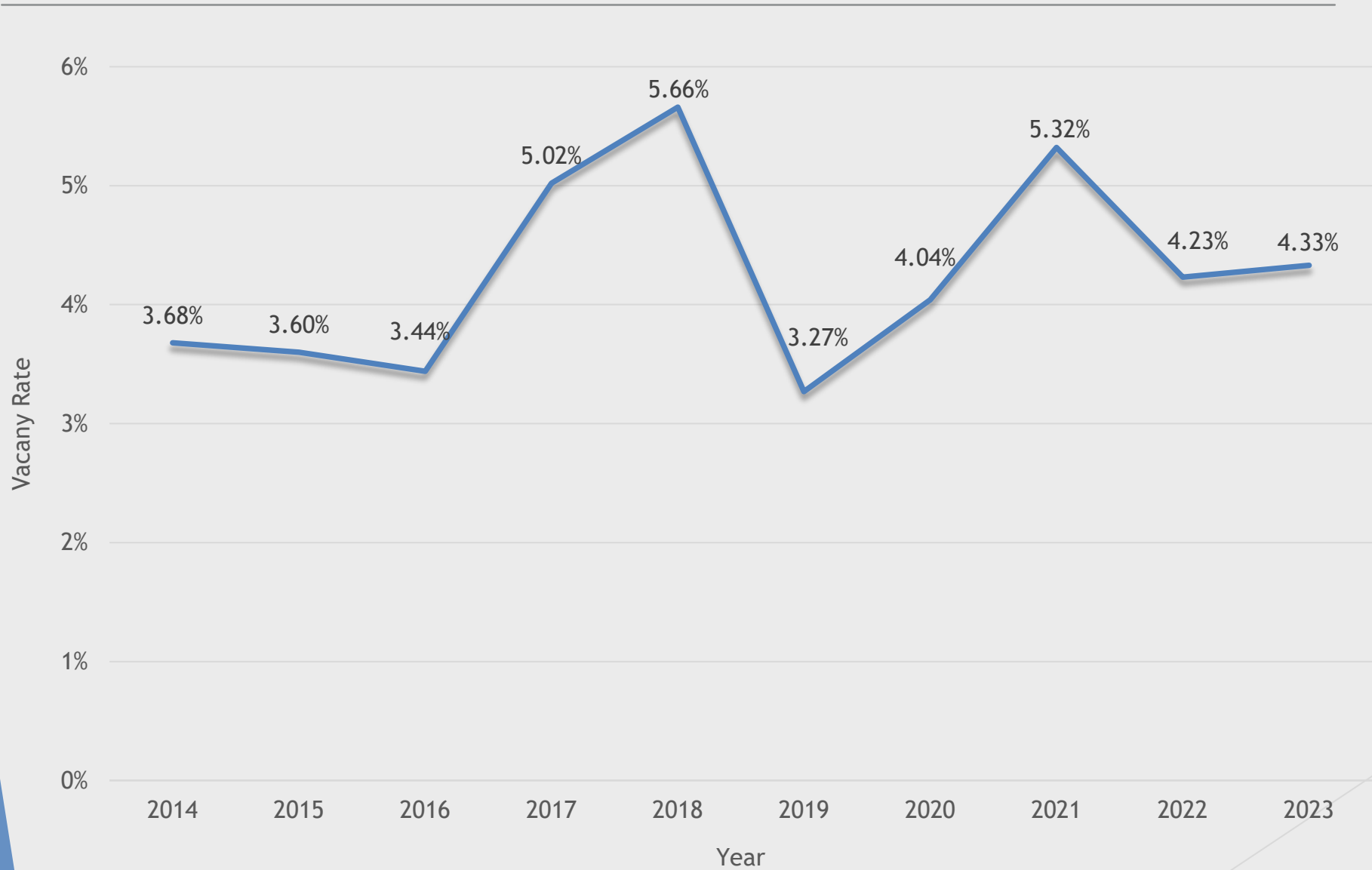
Lease Rate Range: \$22-30/SF NNN

- The Shops at Falmouth Square under construction - 20,980 SF retail/service
- Wyeth Condos on upper floors - \$550,000-\$1,000,000





# 10-Year Vacancy Rate





# What's Driving Retail Market Strength?

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- Post pandemic forces are still at work
- Portland is still a top destination for tourists and locals
- Strong economy, job growth continues, solid wage growth
- Inflation is easing, but rent and groceries remain high
- Retail sales were up 5.6% in December from 2022
- A lack of new retail construction has helped keep vacancies low



# The Future of Retail

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- 2024 begins on solid footing with a positive outlook
- New construction will be impacted by high interest rates and high cost to build, keeping vacancy rates low and prices stable
- Rental rates will moderate in areas that see the biggest increases
- Credit card debt and defaults are creating a cause for concern
- Home sales are at a 30-year low with record prices, this will begin to impact retailers selling home related products
- It should be another positive year for retail, subject to the US consumer confidence





THANK YOU!



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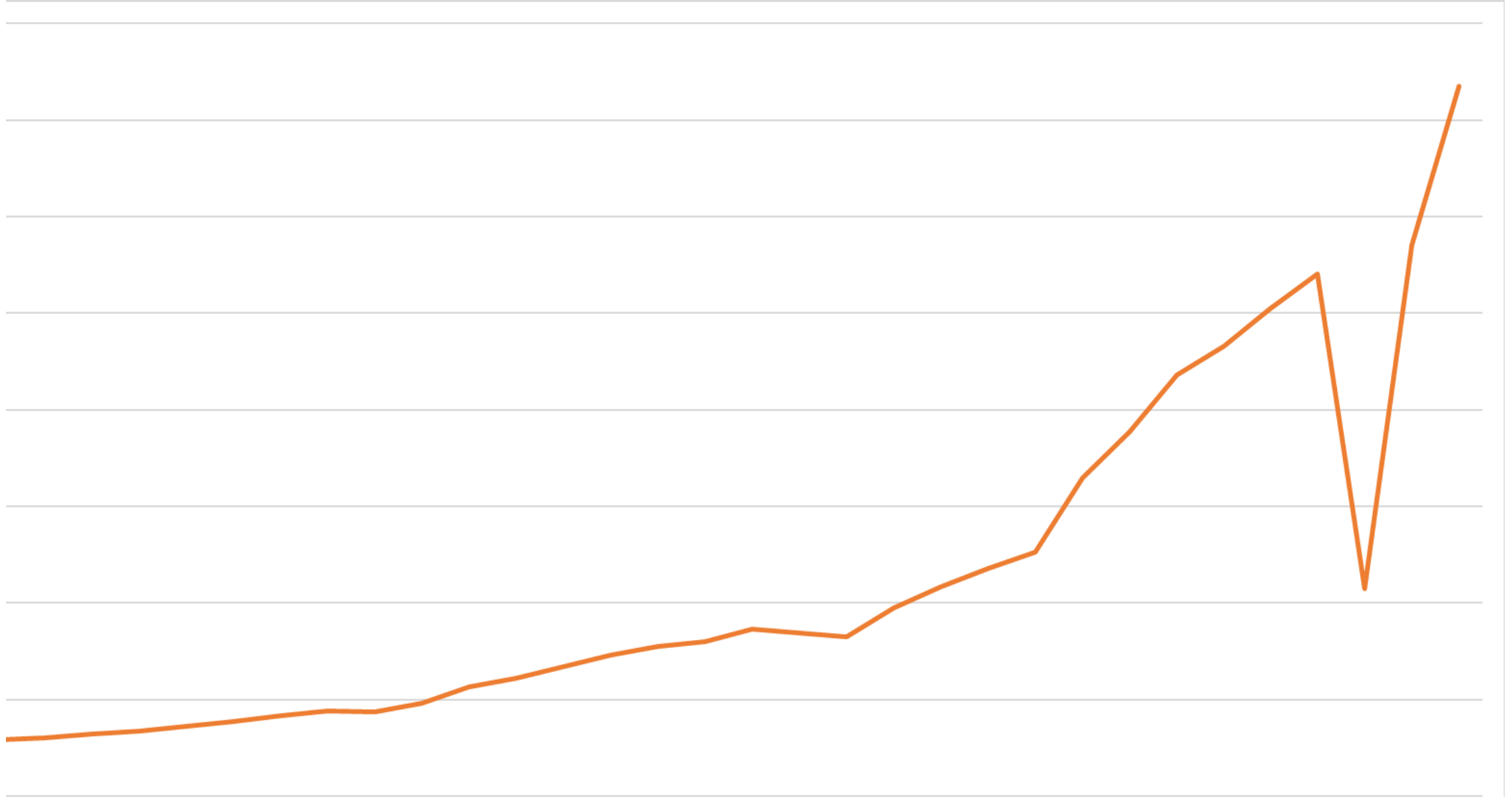
# **MEREDA**

## **Maine's Vacation/Hospitality Forecast**

**Matthew R Arrants, ISHC, CHAM**







## Portland Hotel Revenues 1990-2022

- **2012-2022**
  - Total Revenues 13% CAGR
  - Supply 8% CAGR
  - Average Daily Rate 5% CAGR
  - RevPAR 4% CAGR
- **August 2012 Average Daily Rate \$197.00**
- **August 2022 Average Daily Rate \$350.00**



# Portland New Supply

## **Under Construction**

- The Longfellow - 48 Rooms 1Q 2024
- Docent's Collection - 50 Rooms 4Q 2024

# Portland New Supply

## In Planning

- Tribute By Marriott Thompson's Point 148 rms
- Time and Temperature Building - 196 rms
- 385 Congress Street - 179 rms
- LivAway Suites - 126 rms
- Roux Institute - 125 rms
- Element by Westin Rock Row - 122 rms
- 59 Westbrook Arterial Conference Center - 125 rms
- Galt Block Hotel - 41 rms
- Portland Foreside Hotel - 129 rms



# Maine Trends

## Select Maine Lodging Market Performance - T12 November 2023

Market	Occupancy	% Change	ADR <sup>1</sup>	% Change	RevPAR <sup>2</sup>	% Change
Portland	67.9%	-3.7%	\$191.04	1.5%	\$129.79	-2.3%
MidCoast (Brunswick/Freeport)	61.1%	-4.4%	\$194.01	1.6%	\$118.59	-2.9%
Maine North and Bangor	57.8%	-10.0%	\$176.78	4.2%	\$102.00	-6.3%

Notes:

1. Average Daily Rate

2. Revenue Per Available Room

Source: STR/Costar

# Notable Projects outside of Portland

## **Under Construction**

- Hotel Ursa at U Maine Orono – 95rms Q1 2024
- Redevelopment of the Asticou Spring 2025

## **Planning**

- Dover Foxcroft Hotel – 80 rms
- Bridgeton Hotel – 65 rms



## Welcome to the New Normal

- Revenge Travel is Over
- Covid is over
- Everyone went to Europe last year
- Room rates seem to be holding
- Demand has softened, not tanked
- Labor situation has gotten better...**or we've gotten used to it**

## **The Bad**

- Demand is not growing like it did in '21 and '22

## **The Good**

- Operating expenses are not growing like they did in '21 and '22

## **...Still**

- Construction Costs
- Interest Rates



## What the Operators are Saying

- Occupancy
  - Basically flat (some up a little, some down a little)
- Average Daily Rate
  - Moderate growth, at or slightly below inflation
- RevPAR
  - 2% to 4% Growth

**Maine  
Outlook**



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**Thank you**

