



The Malone Family Tower - Photo courtesy of Anton Grassl

THE MEREDA 2025 INDEX



Firehouse Village - Photo courtesy of Kaplan Thompson Architects



Maine Real Estate &
Development Association

Supporting Responsible Development

*Pictured on Front and Back Covers:
Recipients of MEREDA's 2024 Notable Project Award*



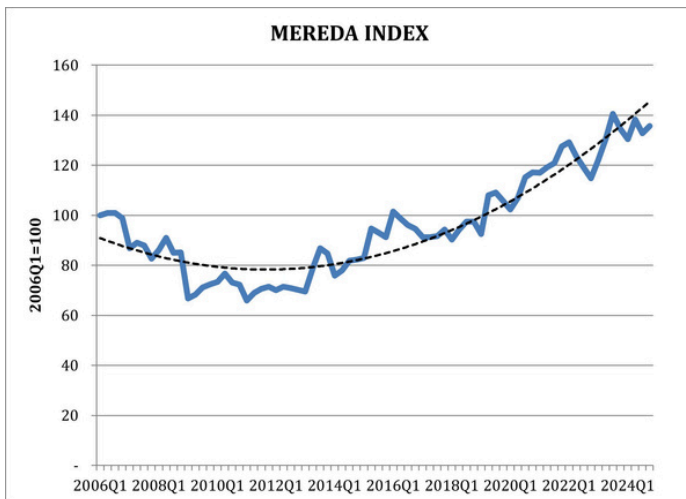
2025 EDITION

WHAT IS THE MEREDA INDEX?

The MEREDA Index is a measure of real estate activity designed to track changes in Maine's real estate markets. The Index is a composite of nine measures reflecting both new development and transactions involving existing properties and it covers both the commercial and residential markets statewide. The Index is measured quarterly beginning in the first quarter of 2006. This report covers the Index through the fourth quarter of 2024. The Technical Note at the end provides more details, including several changes in the data comprising the index.

THE MEREDA INDEX FOR 2024: 2.9%¹

The story of real estate in Maine in 2024 was generally positive across all the sectors measured. There was slight downturn in the commercial real estate index, but this is the most volatile part of index, and the change might equally have been a slight upturn. Despite some increases and decreases, 2024 was a continuation of the upward trend in the index for the past decade.



¹ Compared with annual average 2024.



Shelly R. Clark, Executive Director

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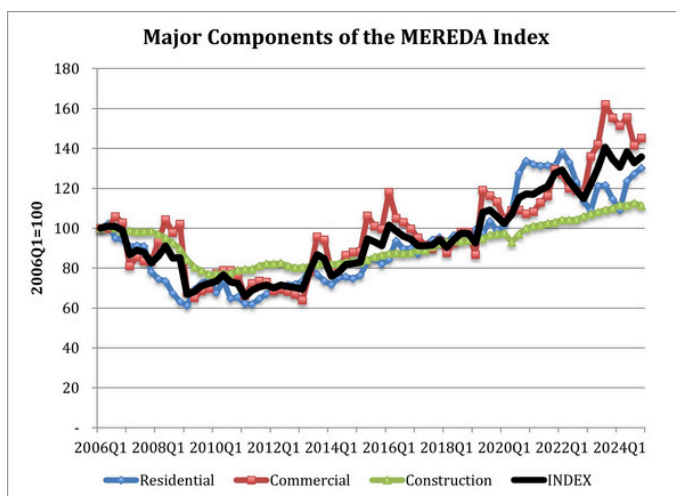


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INTRODUCTION

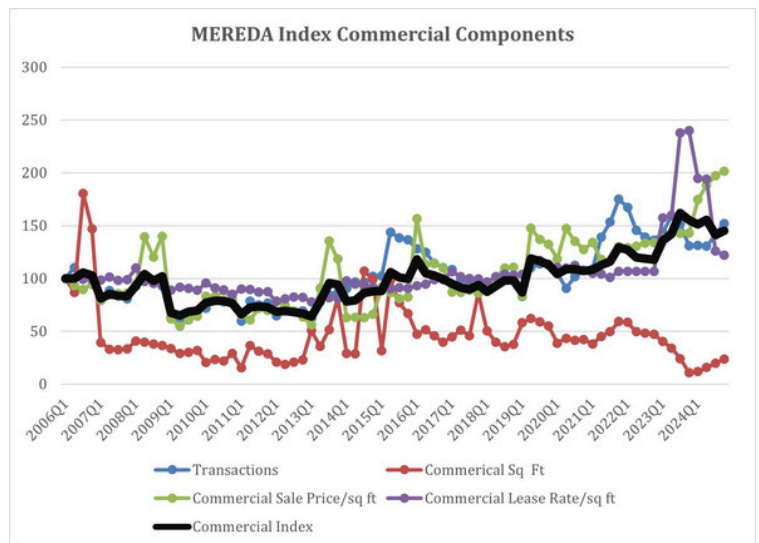
In 2012, MEREDA decided to invest in an annual study to measure various components of the real estate industry in Maine, and to combine the results into one number. We call that number the “**MEREDA Index.**” We understood that the Index was information that would become more meaningful over time, as a way to compare and chart the progress of the real estate industry in Maine. The first Index included information going back to 2006, which we treated as the benchmark for the Index. The first several years of computing the Index were marked by the impact of the Great Recession. Now in our 13th year of preparing the Index, we have new historic events shaping our economy and industry. The information and analysis provided by the Index is proving to be extremely useful and informative – not only by showing the relative performance of various sectors of the real estate industry, but also as a way of tracking the trends for each component of the Index.

The 2025 Index contains a report from Dr. Charles Colgan with a measurement and presentation of the real estate market in Maine and its various components for all of 2024. The data reveals that Maine's housing landscape underwent significant transformation in 2024, driven by persistent buyer interest, constrained inventory, and broader economic pressures that reshaped market dynamics. As home values climbed steadily upward, prospective homeowners faced mounting obstacles in securing affordable properties. Our state's future depends on welcoming newcomers while ensuring that longtime Maine residents and workers can find quality, reasonably priced housing options. Addressing this housing challenge represents the defining opportunity for our generation to work together and chart a sustainable path forward for Maine's communities.



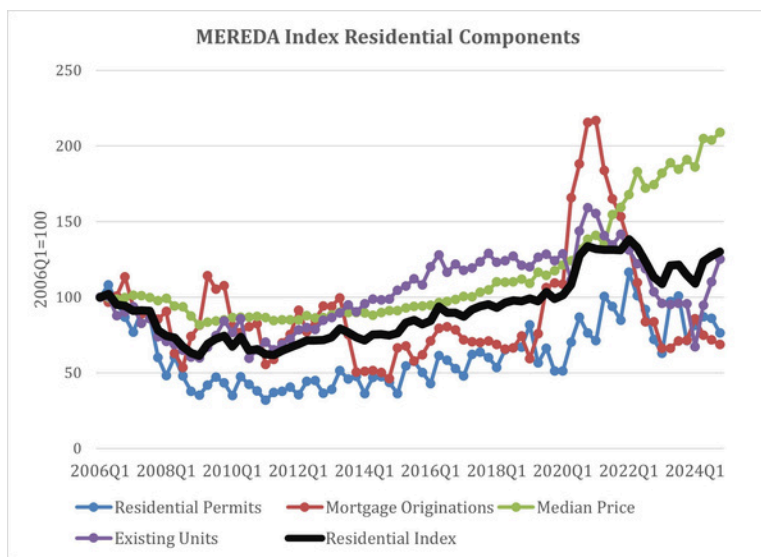
THE COMMERCIAL COMPONENT: ↓ -0.3%

The volatility in the commercial index is illustrated by the slight downward movement of the index which is the combined result of a sharp upswing in the per square foot sales price of commercial real estate (up 34%) and downward movements in commercial transactions (-5.1%), retail rental rates per square foot (down 19%) and square footage leased or sold (down 35%). The index has fallen since the third quarter of 2023 driven mostly by a fall in rental rates after a sharp increase in the second part of 2023.



THE RESIDENTIAL COMPONENT: **5.1%**

The residential sector showed relatively strong growth in 2024, with three of the four components of the index showing increases. The only component that declined was residential permits (down 0.3%). The other components all grew. Mortgage originations (up 9.6%), the median home price (up 7.7%) and sales of existing units (up 5.1%) all contributed to a positive performance for the residential sector. See the Technical Note for modifications to the residential index.

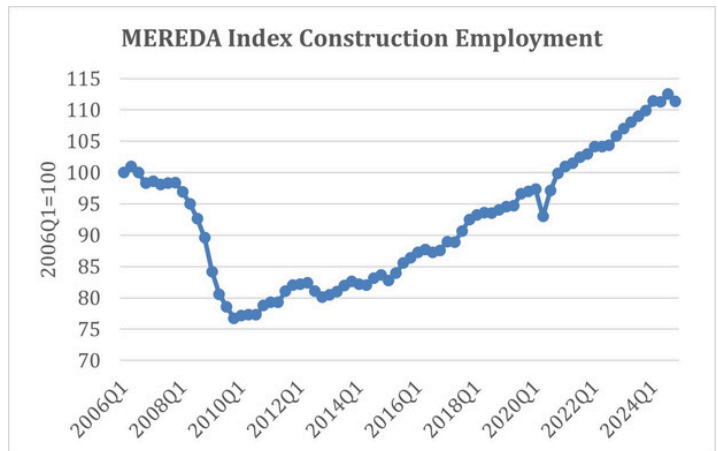




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THE CONSTRUCTION COMPONENT: 2.9%

The construction employment index was up rather modestly at 2.9%. The index value for 2024 Q3 showed the highest level of construction employment in Maine since the base quarter of 2006 Q1.



ABOUT MEREDA

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 is the state's leading organization of commercial real estate owners, developers and related service providers. Founded in 1985, we now have over 350 members who employ thousands of Maine citizens and invest millions of dollars in the Maine economy each year. MEREDA is the only voice for the real estate development industry in Maine. Our success is dependent upon bringing together 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.



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TECHNICAL NOTES:

All data is either quarterly or monthly, converted to quarterly and then either seasonally adjusted or trended using moving averages and then compared to the value of each variable in the first quarter of 2006 (2006Q1=100). Data sources for the index include: the Maine Association of Realtors, the Boulos Company, Maine Department of Labor, Mortgage Bankers Association, U.S. Census, and Moody's Analytics.

Two of the components in the residential index required changes in data series due to discontinuation of previously used data series. The data for mortgage originations had previously included only mortgages for purchase and excluded refinance lending. The revised data series includes both types of mortgage. The earlier version of permits for new residential construction focused on single-family units only; the revised data was for total residential permits, which included multi-family units. These changes, along with the use of a different seasonal adjustment algorithm, means the absolute values of residential and total indexes are not comparable with earlier versions. For this reason, the absolute values of the indexes are not reported. The percent changes in the values can be interpreted in the same manner as earlier reports.

The relatively small volumes of real estate transactions in Maine and regular seasonal changes in the residential market mean that the raw numbers comprising the Index can be very volatile from month to month and quarter to quarter. The index is constructed using methods that adjust for seasonal changes and better capture underlying trends in the real estate market.

The source of all data for the commercial index has been commercial real estate information maintained by the Boulos Company, which has generously made the data available for purposes of the Index.



The MEREDA Index is prepared by **Charles S. Colgan**, Professor Emeritus of Public Policy & Planning in the Muskie School of Public Service at the University of Southern Maine, where he chaired the Graduate Program in Community Planning & Development. He served 12 years in the Maine State Planning Office including positions as Maine State Economist and director of the Maine Coastal Program. He currently serves as Director of Research at the Center for the Blue Economy in the Middlebury Institute of International Studies at Monterey in Monterey, CA. He received his BA from Colby College and his PhD in Economic History from the University of Maine.



Front Street Redevelopment - Photo courtesy of Randy Crandon

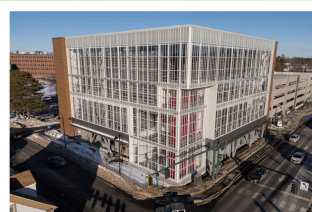
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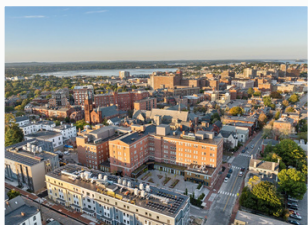
Stacy M. Symbol Apartments
Photo courtesy of Trent Bell Photography



99 Western Apartments
Photo courtesy of Locksley Consulting



Vertical Harvest
Photo courtesy of Ryan Donovan



Nightingale & State Street Campus Redevelopment
Photo courtesy of Structure Media



Katahdin Woods and Waters National Monument:
Tekakapimäk Contact Station, T3 R7 WELS
Photo courtesy of James Florio



Seaport Community Health Center
Photo courtesy of Ed Marsh, PCHC



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