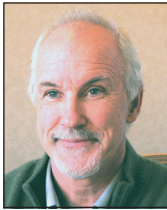


# Multifamily sales, prices reflect market dynamism

The Southern Maine and Greater Portland commercial real estate market continues in dynamic mode – the multifamily segment included.



By **DAVID HARRIGAN**  
Mainland Consultants

Year to date in Portland, the Maine Multiple Listing Service reported more than 15 sales of five-to-15-unit multifamily properties, with another 10 contracts pending. In York County, nine such properties have sold YTD. Six more are contracted.

In the small (two to four units) multifamily market, the MLS reported 66 sales and 21 pending contracts for Portland-based properties, even as values have reached unprecedented levels.

Tom Landry, owner/broker of Benchmark Residential & Investment Real Estate, recently compared the first six months of the 2018 Portland multifamily market to the same period from 2017. Using the MLS as a source, he reported a 23 percent increase in the median sold price for Greater Portland; a 25 percent increase for Portland; 18 percent in South Portland, and 24 percent for Westbrook. Landry said the primary reason for the growth is



**TOM LANDRY**  
Benchmark Residential & Investment Real Estate

demand for urban living. “I estimate that 60 percent of our multifamily transactions are going to owner-occupants, a significant increase from years past. Most of that inventory is 2-4 units, purchased by buyers who can’t find the ideal intown condo or a suitable single-family, or prefer not to be part of an association.

These owner-occupant buyers are primarily first-time owners, who may even get help from parents; and boomers relocating here (about 40 percent of them from Brooklyn, N.Y. last year) who are used to urban/brownstone living and like the idea of a multi.

“A multi also provides a spare unit to rent, or accommodate guests or a grown child. These boomers also appreciate having an amazing upper-level owners’ unit, often with an elevator and views.

“Younger buyers are often purchasing a starter, using the rental income to help them qualify, and going the sweat equity route.”

Notable Portland sales in the past three months include 523 Washington Ave., 12 units, two buildings, for \$1.5 million; 27 Morning St., six units, \$1.1 million; 39-41 Greenleaf St., seven units, \$1.06 million; 8-10 Sherman St, six units, \$935,000; and 208-210 High St., six units, \$808,000.

The 10 multifamilies pending contract terms in Portland have unit prices ranging from \$100,000 to one property at more than \$300,000 per unit.

Outside Portland, the sale of 48 Union St. in Biddeford (\$525,000) represents \$87,500 per unit. In South Portland, 10-unit 10 Hill St. closed at \$1.6 million. In Brunswick, six-unit 57 Pleasant St. had a price of \$100,000 per unit.

These sales mark a significant rise in the average price per unit. The primary reason for the increase is that investors are willing to accept lower rates of return. When CAP rates go down, values increase, which results in higher median prices and per-unit values.

Most CAP rates from these sales are 6.75 percent to 7.25 percent. Two years ago, 8 percent would have been the common rate. Investors buy based on expectation; consequently, when a multifamily is sold, below-market rents are often increased. Increasing rents while holding expenses flat brings higher rates of return for new owners.

Today, the option to raise rents to satisfy investment returns is less apparent. The City of Portland’s recent Rental Market Survey indicates the median Y/Y change in rents is net zero. The study also indicates the average Y/Y change in rent for all unit types is \$26 per month.

Absent the ability to increase rents, and considering the improbability of maintaining flat

expenses, investors must be cautious when buying at going-in rates that do not allow for growth.



**BRIT VITALIUS**  
Vitalius Real Estate Group

conversions.

“Some prices have seemed to defy rational explanation, which creates a concern about overheating. That said, I had that concern two years ago – and buyers who bought back then could flip their investments today.”

The price trends reflect the transformation of Greater Portland. The addition of hundreds of new condominiums and hotel rooms has forever changed Portland’s peninsula.

## AUGUST TRANSACTIONS

**SALES**  
**Waypoint Partners, LLC** purchased the 6,230-square-foot Weld House at 149 Main St., Yarmouth and the 8,866-square-foot Shepley House at 153 Main St., Yarmouth. Matthew Cardente, **Cardente Real Estate**.  
**GWD Properties, LLC** purchased the commercial property with residential component at 170 Elm St., Biddeford. Josh Soley, **Maine Realty Advisors**.  
**Remington Street Properties** purchased the 23-unit West End Portfolio, consisting of 138 Pine St., 140 Pine St., 21 Dow St. and 11 Carleton St., Portland. Josh Soley, John Golden, **Maine Realty Advisors**; Craig Church, **Magnusson Balfour**.  
**Ashby Team, LLC** purchased the 6-unit multifamily property at 21 Dow St., Portland. Josh Soley, **Maine Realty Advisors**.  
**Resurgam, LLC** purchased the 18-unit multifamily complex at 187 Roosevelt Trail, Windham. Jay Sparrow, **RE/MAX Allied**; Larry Eliason, **Butts Financial Group**.  
**Pelone, LLC** purchased the 13,376-square-foot historic brick building at 7 Pearl St., Biddeford. Roxane Cole, **Roxane Cole Commercial Real Estate**.  
**KPT Holdings, LLC** purchased the 2,091-square-foot concrete and cinder block building at 538 Elm St., Biddeford. Roxane Cole, **Roxane Cole Real Estate**.  
**South Portland Housing Authority** purchased a 19,199-square-foot redevelopment property on 1.81 acres at 611 Main St., South Portland. Thomas Moulton, Frank O’Connor, Katie Millett, **NAI The Dunham Group**.  
**Bekitto Realty** purchased a 23,748-square-foot retail building at 40 Waterville Commons, Waterville. Charles Craig, **NAI The Dunham Group**.  
**Dearborn Land Investment, LLC** purchased 0.94 acres in Old Orchard Beach. Charles Craig, **NAI The Dunham Group**; Mike Alberico, **Atlantic Retail**.  
**110 Main Street Holdings, LLC** purchased 30,000 square feet of investment space at 110 Main St., Saco. Thomas Moulton, Katie Millett, **NAI The Dunham Group**.  
**Gaff Realty, LLC d/b/a Gaftek** purchased an 11,200-square-foot industrial building on 3.21 acres at 75 Scott Drive, Westbrook. Frank O’Connor, Greg Hastings, Tom Dunham, **NAI The Dunham Group**; Jon Rizzo, **CBRE | The Boulos Company**.  
**La Petite École, LLC** purchased a 2,339-square-foot day care property at 440 Ocean St., South Portland. Michael Anderson, **Malone Commercial Brokers**; James McFarlane, **Keller Williams Realty**.  
**JKC, LLC** purchased a 3,835-square-foot commercial condominium at 62 India St., Portland. Joe Malone, Peter Harrington, Jennifer Small, **Malone Commercial Brokers**.  
**Prosperita, LLC** purchased a 3,300-square-foot retail condominium at 152 Middle St., Portland. Joe Malone, Jennifer Small, **Malone Commercial Brokers**.  
**Shawna and Kevin McNamara** purchased a 1,472-square-foot mixed-use building at 521 Main St., Damariscotta. Cheri Bonawitz, Karen Rich, **Malone Commercial Brokers**; Davin Fairfield, **KW Realty**.  
**Falmouth 182 Properties, LLC** purchased a 1,376-square-foot medical office building at 182 US Route 1, Falmouth. Brandon Mitchell, **Malone Commercial Brokers**.  
**Oceanside Behavioral Health, LLC** purchased a 2,432-square-foot office condominium at 22 West Cole Road, Biddeford. Karen Rich, Cheri Bonawitz, **Malone Commercial Brokers**.  
**Hebert Development, LLC** purchased a 1,656-square-foot condominium at 62 Middle St., Portland. Mark Malone, Joe Malone, Jennifer Small, **Malone Commercial Brokers**.  
**J&B Partners, LLC** purchased the 0.33-acre development site at 75 Chestnut St., Portland. Tony McDonald, **CBRE | The Boulos Company**; Jeff Clark, **Maine Real Estate Network**.  
**82 Hanover, LLC** purchased the 40,768-square-foot former Portland Public Works building at 82 Hanover St., Portland. Nate Stevens, **CBRE | The Boulos Company**; Joe Porta, **Porta & Co**.  
**333 Water Street, LLC** purchased the 31,500-square-foot mixed use building at 333-339 Water St., Augusta. Nick Lucas, **CBRE | The Boulos Company**; Matt Pouliot, **RE/MAX Riverside**.  
**Jeffrey Timm, LLC** purchased a restaurant building and an office building totaling 15,977 square feet at 378-390 Western Avenue, Augusta. Chris Paszyc, Dan Greenstein, **CBRE | The Boulos Company**.  
**MECAP, LLC** purchased the property comprised of five buildings totaling 24,720 square feet at 675 Old Portland Road, Brunswick. Tim Millett, **CBRE | The Boulos Company**; Julie Perrino, **F.O. Bailey Real Estate**.  
**2 Seton, LLC** purchased a former hospital building on 2.08 acres for redevelopment at 2 Seton Center Drive, Waterville. Chris Paszyc, Dan Greenstein, **CBRE | The Boulos Company**.  
**Arc Holding, LLC** purchased the 55,124-square-foot office building at 331 North St., Saco. Samantha Marinko, Greg

Boulos, Catie Seavey, **CBRE | The Boulos Company**.

**LEASES, OFFICE**  
**WEX, Inc.** leased 13,750 square feet at 53 Darling Ave., South Portland. Charles Craig, **NAI The Dunham Group**.  
**Leopold & Associates** renewed its leased of 1,145 square feet at 2 Monument Square, Portland. Thomas Moulton, Charlie Craig, **NAI The Dunham Group**.  
**Owls Nest Montessori and Childcare** leased 3,296 square feet at 381 Main St., Gorham. Anthony Struzziero, **Porta & Co**.  
**Aware Recovery Care, Inc.** leased 4,301 square feet at 500 Southborough Drive, South Portland. Brandon Mitchell, **Malone Commercial Brokers**; Jim Hamden, **Harn-den Commercial Brokers**.  
**Defendify** leased 2,000 square feet at 1 Marginal Way, Portland. Brandon Mitchell, **Malone Commercial Brokers**; Jennifer Nale, **Porta & Co**.  
**Pioneer Telephone** leased 4,872 square feet at 500 Washington Ave., Portland. Mark Malone, **Malone Commercial Brokers**; Tony McDonald, Catie Seavey, **CBRE | The Boulos Company**.  
**Mack Air Pro, LLC** leased 290 square feet at 7 Oak Hill Terrace, Scarborough. Andrew Ingalls, **Malone Commercial Brokers**.  
**UMHS V, LLC d/b/a University of Medicine and Health Services** renewed its lease of 8,267 square feet at 189 Darling Ave., South Portland. Drew Sigfridson, Catie Seavey, **CBRE | The Boulos Company**.

**Progressive Casualty Insurance** renewed and expanded its lease to 7,325 square feet at 600 Sable Oaks Drive, South Portland. Tony McDonald, **CBRE | The Boulos Company**.

**Paramount Behavioral Services, Inc.** leased 4,097 square feet at 224 Main St., Waterville. Nick Lucas, **CBRE | The Boulos Company**.

**LeafFilter North, LLC d/b/a LeafFilter Gutter Protection** subleased 4,000 square feet at 125 John Roberts Road, South Portland. Jon Rizzo, Ty Hobbs, **CBRE | The Boulos Company**.

**State of Maine Department of Education and Child Nutrition** leased 3,420 square feet at 101 Western Ave., Augusta. Chris Paszyc, Nick Lucas, **CBRE | The Boulos Company**.

**Winter Kids** leased 1,335 square feet at 506 Main St., Westbrook. Brice O’Connor, Jon Rizzo, **CBRE | The Boulos Company**; Michael Anderson, **Malone Commercial Brokers**.

**Edward Jones** leased 1,100 square feet at 145 Newbury St., Portland. Nate Stevens, Samantha Marinko, **CBRE | The Boulos Company**; Jennifer Nale, **Porta & Co**.

**Regional Home Care** leased 1,080 square feet at 190 Riverside St., Portland. Catie Seavey, **CBRE | The Boulos Company**.

**Law Office of James D. Wade** leased 600 square feet at 57 Portland Road, Kennebunk. Greg Boulos, Samantha Marinko, **CBRE | The Boulos Company**; John Anderson, **Investcomm Commercial Group**.

**Pro Action** renewed its lease of 359 square feet at 4-6 Main St., Kennebunk. Dan Greenstein, Catie Seavey, **CBRE | The Boulos Company**.

**RETAIL**  
**Dizzy Bird Rotisserie, LLC** leased 2,500 square feet at 55-56 Main St., Biddeford. Sylas Hatch, TC Haffenreffer, **NAI The Dunham Group**.

**MHL-Maine, LLC** leased 1,500 square feet at 4 Scamman St., Saco. Ty Hobbs, **CBRE | The Boulos Company**.

**INDUSTRIAL**  
**Electric Power Systems** leased 4,650 square feet at 4 Industrial Parkway, Brunswick. Sylas Hatch, TC Haffenreffer; **NAI The Dunham Group**; Nick Lucas, Chris Paszyc, **CBRE | The Boulos Company**.

**High Output** renewed its lease of 8,400 square feet at 83 Bell St., Portland. Katie Millett, Justin Lamontagne, **NAI The Dunham Group**.

**Flowers Baking Company** renewed its lease of 28,000 square feet at 5 Drapeau St., Biddeford. Greg Hastings, **NAI The Dunham Group**; John Doyon, **Malone Commercial Brokers**.

**Nestle Waters North America, Inc.** Leased 2,000 square feet at 4 Spring Water Road, Poland. Drew Sigfridson, **CBRE | The Boulos Company**; Marineh Dermovsesian, **CBRE**

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