

# COMMERCIAL REAL ESTATE REPORT Q4 2023

## Portland-South Portland, ME Metro Area

Select a Metro Area  
Portland-South Portland, ME Metro.

### Demographics and Economy

#### Demographics

|                             |                            |                                      |                        |
|-----------------------------|----------------------------|--------------------------------------|------------------------|
| 0.8%                        | 27.2%                      | 6.0%                                 | Net Migration in Maine |
| population growth<br>(2022) | share of renters<br>(2022) | renter household formation<br>(2022) | 11,425<br>(2023)       |
| U.S.: 0.4%                  | U.S.: 34.8%                | U.S.: 2.4%                           | 16,365<br>(2022)       |

#### Economy

|  |  |  |                                       |
|--|--|--|---------------------------------------|
| 9.2%                                     | 5,000                                    | 2.3%                                   | 5.0%                                  |
| GDP growth<br>(2022)                     | 12-month job creation<br>(December 2023) | 1-year job growth<br>(December 2023)   | 1-year wage growth<br>(December 2023) |
| U.S.: 9.1%                               |  | U.S.: 1.7%                             | U.S.: 3.8%                            |
| \$58,330                                 | 2.5%                                     | 19.4%                                  | International Migration in Maine      |
| Average wage per year<br>(December 2023) | unemployment rate<br>(November 2023)     | share of workers teleworking<br>(2022) | 2,209<br>(2023)                       |
| U.S.: \$61,120                           | U.S.: 3.7%                               | U.S.: 17.9%                            | 2,504<br>(2022)                       |

### Commercial Real Estate by Sector

#### 1. Office

Demand for office space is **weaker than nationwide** as this area has a slower absorption of office space. As a result, rents rose slower than nationwide. However, vacancy rate is lower in this area.

|         | Net Absorption SF | Net Absorption SF 12 Mo | Market Rent Growth 12 Mo   | Market Rent/SF     | Vacancy Rate    |
|---------|-------------------|-------------------------|----------------------------|--------------------|-----------------|
| 2023 Q4 | -51,479           | -273,305                | 0.7%                       | \$21               | 5.7%            |
| 2022 Q4 | -58,755           | 247,286                 | 3.3%                       | \$21               | 4.6%            |
|         | Inventory SF      | Net Delivered SF        | Net Delivered SF 12 Months | Total Sales Volume | Market Cap Rate |
| 2023 Q4 | 27,217,330        | 10,000                  | 38,602                     | \$9.20M            | 10.0%           |
| 2022 Q4 | 27,178,728        | 0                       | 252,340                    | \$50.99M           | 9.5%            |

#### 2. Multifamily

Demand for multifamily space is **stronger than nationwide** as this area has a faster absorption of multifamily space. As a result, rent prices rose faster than nationwide and vacancy rate is lower in this area.

|         | Absorption Units | Absorption Units 12 Months | Market Asking Rent Growth 12 Months | Market Asking Rent/Unit | Market Effective Rent/Unit | Vacancy Rate |
|---------|------------------|----------------------------|-------------------------------------|-------------------------|----------------------------|--------------|
| 2023 Q4 | 308              | 556                        | 1.6%                                | \$1,770                 | \$1,761                    | 5.6%         |
| 2022 Q4 | 3                | 229                        | 5.9%                                | \$1,742                 | \$1,737                    | 3.3%         |
|         | Inventory Units  | Net Delivered Units        | Net Delivered Units 12 Mo           |                         | Market Cap Rate            |              |
| 2023 Q4 | 17,004           | 528                        | 979                                 |                         | 7.4%                       |              |
| 2022 Q4 | 16,025           | 60                         | 252                                 |                         | 6.7%                       |              |

#### 3. Retail

Demand for retail space is **weaker than nationwide** as this area has a slower absorption of retail space. As a result, rents rose slower than nationwide. However, vacancy rate is lower in this area.

|         | Net Absorption SF | Net Absorption SF 12 Months | Market Rent Growth 12 Months | Market Rent/SF            | Vacancy Rate |
|---------|-------------------|-----------------------------|------------------------------|---------------------------|--------------|
| 2023 Q4 | 808               | 55,531                      | 3.2%                         | \$17                      | 2.4%         |
| 2022 Q4 | 11,291            | 83,073                      | 3.2%                         | \$17                      | 2.4%         |
|         | Inventory SF      | Market Cap Rate             | Total Sales Volume           | Transaction Sale Price/SF |              |
| 2023 Q4 | 40,741,981        | 7.8%                        | \$16.74M                     | \$89                      |              |
| 2022 Q4 | 40,692,215        | 7.9%                        | \$59.76M                     | \$156                     |              |

#### 4. Industrial

Demand for industrial space is **weaker than nationwide** as this area has a slower absorption of industrial space. As a result, rents rose slower than nationwide. However, vacancy rate is lower in this area.

|         | Net Absorption SF | Net Absorption SF 12 Months | Market Rent Growth 12 Months | Market Rent/SF  | Vacancy Rate       |
|---------|-------------------|-----------------------------|------------------------------|-----------------|--------------------|
| 2023 Q4 | -79,888           | -178,228                    | 5.8%                         | \$10            | 3.5%               |
| 2022 Q4 | -240,982          | -188,608                    | 8.7%                         | \$9             | 2.6%               |
|         | Inventory SF      | Net Delivered SF            | Net Delivered SF 12 Months   | Market Cap Rate | Total Sales Volume |
| 2023 Q4 | 35,234,092        | -43,120                     | 144,480                      | 8.8%            | \$32.32M           |
| 2022 Q4 | 35,089,612        | 61,000                      | 141,744                      | 8.0%            | \$11.60M           |

Sources: NAR analysis on data from the U.S. Census Bureau, U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, CoStar

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