

Welcome to the

WILD WILD WORLD of MAINE REALESTATE

By Jesse Ellison, Jennifer Van Allen, and Brian Kevin

ILLUSTRATIONS BY KELSEY GRASS

It's a jungle out there.

JUST ASK LIZA WATTS. She'd always figured she'd move back to her native Maine one day, but living in her Brooklyn apartment with her 7-year-old son, with a good job in tech and a neighborhood she liked, she was in no rush. Then COVID hit, and she wanted to be someplace she felt safe.

So she looked at South Portland, but she was outbid on house after house. She shifted her focus to Harpswell's Bailey Island, where she's vacationed since childhood and members of her family have long owned cottages. Travel restrictions kept her from touring properties, so her broker sent detailed video walk-throughs. After five months of looking, she bought a three-bedroom bungalow — with a home office for working remotely — for \$350,000, having never stepped foot in it.

Closing was “such a relief,” Watts says. “I knew I wouldn't have to worry about close quarters, how I was getting to work, or whether it was safe for my son to go outside.”

Watts is part of a wave of home buyers who've set their sights on Maine in the last year. Even before COVID, the state's real estate market had hit historic highs, buoyed by low interest rates, but as the pandemic roiled the nation and remote work became the status quo, sales volumes — and home prices — in Maine have soared to gobsmacking new heights. Houses are being snapped up twice as fast as just a couple of years ago, real estate agents say, some within 24 hours of being listed. Cash offers of \$100,000 to \$150,000 over asking



price aren't unheard of. The suddenness and intensity of the boom has left agents and homeowners from Portland to Rangeley to Presque Isle beset and bemused over what's next for the gonzo market — and for their communities.

“It's a bit wild,” says Dava Davin, founder of Portside Real Estate Group, a Falmouth-based agency with five offices across southern Maine. She mentions a four-bedroom in Westbrook, listed last August for \$859,000 — more than three times the city's 2019 median home price. It drew 16 offers and sold in October for \$1 million, an eye-popping new record for the former mill town.

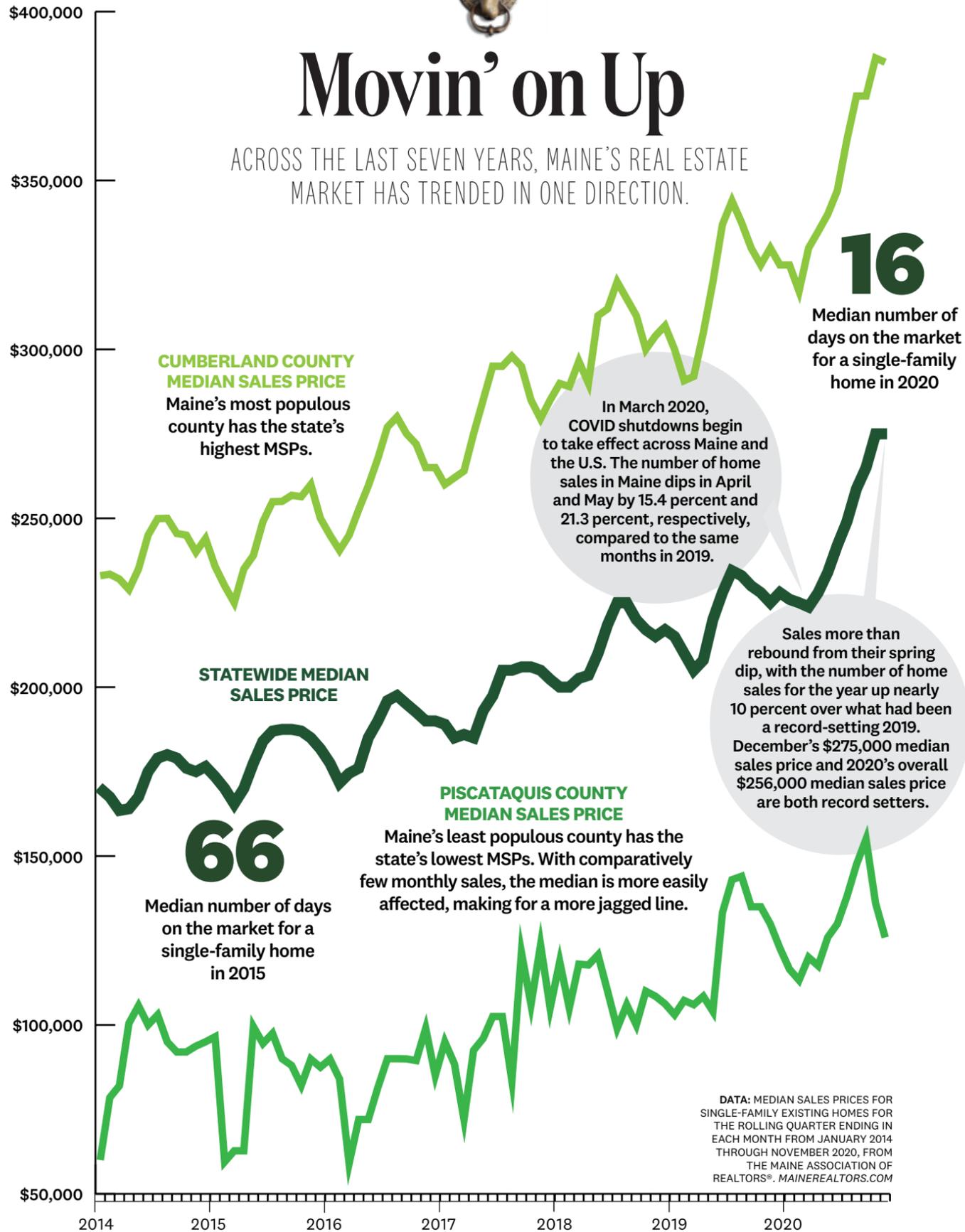
The number of out-of-state buyers rose from 25 percent in 2019 to 33 percent last year. (Many of the remaining two-thirds, Davin says, are Mainers taking advantage of a robust market to downsize or finding homes that better suit COVID realities like remote work and schooling.) How will famously wary Mainers take to the surge of newcomers? How might a state with stagnant population growth and the country's highest median age benefit from it? And how will the market fare as vaccines bring a return to a version of normalcy?

“There are still way too many uncertainties to understand how it's going to play out,” says Dr. Charles Colgan, professor emeritus of public policy and planning at the University of Southern Maine. On the following pages, a look at how it's playing out now — and at what would-be buyers and sellers might expect from the hottest sector in Vacationland. — J.V.A.



Movin' on Up

ACROSS THE LAST SEVEN YEARS, MAINE'S REAL ESTATE MARKET HAS TRENDED IN ONE DIRECTION.



MAINE REAL ESTATE ARITHMETIC

A few price comparisons from across the state (in terms tailor-made for Mainers).



3-bedroom Cape in Limestone: \$84,900

=



about the cost of three 2021 Subaru Foresters



3-bedroom farmhouse in Deer Isle: \$289,000

=



about the cost of three Limestone Capes and a signed Tom Brady Super Bowl jersey purchased at auction



1-bedroom waterfront condominium in Portland: \$629,000

=



about the cost of two Deer Isle farmhouses and an original Andrew Wyeth India-ink drawing purchased at auction



5-bedroom 1813 Federal in Kennebunk: \$995,000

=



about the cost of a Portland waterfront condominium, a brand-new 38-foot Calvin Beal lobsterboat, and enough heating oil to heat the average Maine home for 7½ winters . . . or your new Federal mansion for maybe two or three

MAINE IS STILL A (COMPARATIVE) BARGAIN

Is it any wonder urban exiles from elsewhere in the Northeast are looking to Maine? Never mind the quality of life (which is, of course, unbeatable). Even as the state's home prices soar, Maine remains by far the region's most affordable state. For a snapshot, compare the median sales prices from last November, the most recent month's data available for all states when this magazine went to press.

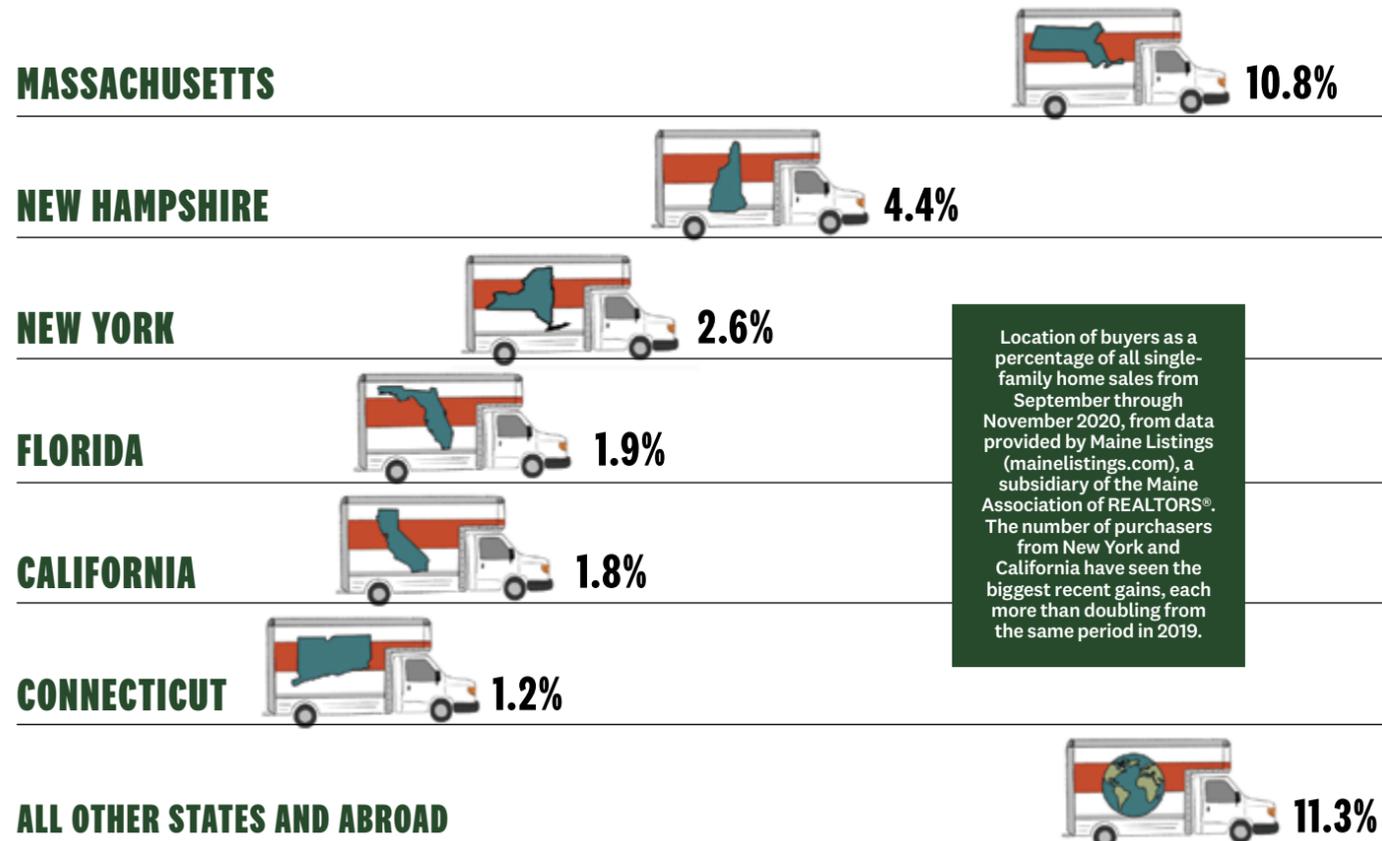
| | |
|----------------|-----------|
| Massachusetts | \$480,000 |
| The Northeast* | \$354,100 |
| New Hampshire | \$351,000 |
| Rhode Island | \$323,000 |
| Connecticut | \$295,000 |
| Vermont | \$285,000 |
| Maine | \$270,000 |

* Includes New England, New York, Pennsylvania, and New Jersey



Where Are Recent Out-of-State Home Buyers Coming From?

MAINERS ACCOUNTED FOR 66 PERCENT OF ALL SINGLE-FAMILY HOME SALES LAST YEAR. A BREAKDOWN OF THE REMAINING 34 PERCENT:



Location of buyers as a percentage of all single-family home sales from September through November 2020, from data provided by Maine Listings (mainelistings.com), a subsidiary of the Maine Association of REALTORS®. The number of purchasers from New York and California have seen the biggest recent gains, each more than doubling from the same period in 2019.

COURTESY OF BETTER HOMES & GARDENS REAL ESTATE/THE MASIELLO GROUP (HARTLAND FARMHOUSE); COURTESY OF RE/MAX COUNTY PRESQUE ISLE (MID-CENTURY)

COME FROM AWAY

The real estate surge is testing Mainer's chronically uneasy relationship with outsiders.

The first time I met my closest neighbor after buying my home in Camden, he asked where my parents were born. I stammered that my mom was born in Lewiston and my dad in Connecticut, adding that I was born in Damariscotta. He said it anyway, straight to my face: "Well, you'll never be a real Mainer." He said it with a sort of wink, as such people usually do, but it stung nonetheless.

And yet, last spring, in the early days of COVID, I glared uneasily at the New York and New Jersey license plates appearing around my town. Maine had seemed to sail through the first months of the pandemic: most counties had no community transmission until fall; positive cases were minimal compared to most of the rest of the Northeast. It was scary to think what outsiders might bring with them — and I wasn't alone feeling less than welcoming. After old friends from New Jersey bought a place on the midcoast in March, their car was egged at Hannaford. After that, they registered their other vehicle locally and kept the car with the Jersey plates in their garage. ("It felt shitty, it really did," my friend said. "But I'll tell you, people in Jersey loved that story.")

On another spring day, at yet another Hannaford, I saw an SUV with New York plates and a handmade sign taped to the window that read, "I've been here since February!"

In many of Maine's island communities, early-COVID anxieties about outsiders were even more pronounced. North Haven officials briefly tried to bar anyone from the island who wasn't a year-round resident. Vinalhaven's town government sent letters to owners of summer homes requesting they stay away. In March, a group of "local vigilantes," as Vinalhaven's state rep called them, made national news after cutting down a tree and dragging it across a road to prevent several New Jersey residents from leaving their rental property.

"Most of us were shocked and horrified," recalls Kris Davidson, a real estate broker on the island. She spent the next few months fielding calls from worried property owners and would-be renters, some asking if they'd be met with guns coming off the ferry.

"When I saw that, I thought, 'Oh, I'm surprised that's not in Lubec,'" says Joshua Rolfe, operations supervisor at Washington County's regional emergency communications center. The far Down East county saw home sales jump by more than a third in the last year, and the influx of out-of-state plates, Rolfe says, was "notable." All year, he heard

stories of people from away ("PFAs," in some circles) buying houses sight unseen in towns like Jonesport and East Machias.

"There was some tension when people showed up in cars with out-of-state plates, because people were so nervous," says Lehrle Kieffer, a real estate broker in Caribou. Aroostook County tends to be welcoming, she says — still, her son-in-law blanched last year when his workplace in the County gave him a company vehicle with New York plates. "He was appalled," Kieffer says. "Of all the states!"

Even as quarantine restrictions have lifted and transmission concerns eased, Mainer's are left grappling with an age-old wariness about newcomers, particularly any emitting a whiff of expectation that their new home adjust to their wants. ("The only ones we see that are rejected," Kieffer says, "are the ones that are too urbanized, too citified. They're not happy with the lack of amenities.") Of course, in

He said it straight to my face: "Well, you'll never be a real Mainer."

a small town, even the most adaptable COVID émigrés can place appreciable new demands on things like waste removal, emergency services, and education. In Rangeley, where 2020 home sales were up sharply, enrollment at the K-12 school jumped more than 10 percent last fall — and while rural school districts facing consolidation may welcome such a windfall, teacher shortages and property-tax pinchfists

are complicating factors. Meanwhile, spiralling home values and deep-pocketed newcomers can price out locals, putting home ownership out of reach for Mainer's with less means and exacerbating an already acute affordable-housing crunch. All of this may leave some Mainer's chilly.

And yet, reminds former Maine state economist Dr. Charles Colgan, in-migration is desperately needed here. With its stagnant population growth and the highest median age of any state, Colgan says, Maine needs to attract new full-time residents to replace those aging out of the workforce — to say nothing of driving growth. For his part, Colgan doesn't worry much about the old antagonism toward PFAs. "The people with those kinds of views tend to be the most vocal and their voices get carried," Colgan says. "But I think it is a decreasing perspective."

For me, I hope all these new neighbors give some of us an opportunity to rethink what it means to be a "real Mainer." And I'm not the only one who feels that way.

"It's not about where you're from — it's about where you are," says Nate Wildes, executive director of the nonprofit Live and Work in Maine, launched to help address the state's crippling labor shortage. "You get no points for being born here. You get points if you move here." And even more importantly, Wildes says, "if you stay." — J.E.

AS SEEN ON MAINEHOMES.COM

\$100K-\$200K

ROCKLAND SHINGLED SALTBOX
• 1,239 SQUARE FEET
• THREE BEDROOMS
• BUILT IN 1872
• WALK TO DOWNTOWN
\$135,000

HARTLAND FARMHOUSE
• 2,500 SQUARE FEET
• FIVE BEDROOMS
• BUILT IN 1900
• WRAPAROUND PORCH
• FINISHED ATTIC
\$164,900



EAST MACHIAS MODIFIED CAPE
• 2,964 SQUARE FEET
• TWO BEDROOMS
• BUILT IN 1994
• FOUR-CAR GARAGE
• ON 6.7 ACRES
\$200,000

AS SEEN ON MAINEHOMES.COM

\$200K-\$300K

PORTLAND LOFTED STUDIO CONDO
• 550 SQUARE FEET
• ONE BEDROOM
• OLD PORT LOCATION
• ON-SITE LAUNDRY
\$269,900

SIDNEY RANCH
• 1,352 SQUARE FEET
• THREE BEDROOMS
• TWO BATHS
• BUILT IN 2019
• TWO-CAR GARAGE
• NO BASEMENT
\$275,000

PRESQUE ISLE MID-CENTURY HOME
• 2,767 SQUARE FEET
• BUILT IN 1976
• FOUR BEDROOMS
• FOUR BATHS
\$300,000





So Your House Is Suddenly Worth More Than You Thought!

BUT IF YOU SELL, YOU'LL BE LEFT HOUSE-HUNTING IN A SELLER'S MARKET. SO WHAT'S A MAINE HOMEOWNER TO DO? WE TALKED TO A FEW WHO FOUND DIFFERENT WAYS TO TAKE ADVANTAGE OF THE CURRENT MOMENT.

You Could Sell and Find Temporary Quarters Until the Market Cools

Michael Reed and Allison Thorner
►BRUNSWICK

Reed and Thorner put their Topsham home on the market on a whim at the end of last year. They'd heard sales and home prices were up, and they were planning a move anyway — but a few years from now, after Reed retires from his role as vice president for inclusion and diversity at Bowdoin College.

"Allison said, 'Let's just put the house on the market and see what happens,'" Reed says. "I'm like, 'Nobody is going to buy anything in December — it's the middle of winter.'"

But within a week of calling a broker, a bidding war had broken out over their four-bedroom home. The offer they accepted came from a family from Long Island, New York, who only saw the place via Zoom and offered \$100,000 above what Reed and Thorner paid just three years ago.

"It was insane," Reed says. "It



was like one of those *Godfather* things: 'I'm going to make you an offer you can't refuse.'"

The couple plans to move to

Pennsylvania when Reed retires and to live in Bowdoin faculty housing until then, which Reed estimates will save \$30,000 to

\$40,000 a year. Mainers with an affordable place they can rent temporarily or otherwise hole up might similarly cash in, some brokers suggest, then seek a new place when (er . . . if?) Maine's intense demand eases up.

"I don't understand it,"

Reed says. "I'm not complaining about it, but there are obviously folks who desperately want to live in Maine."

You Could Sell and (Gasp!) Leave Maine Altogether

George Eaton and Hannah Barrows
►KINROSS, SCOTLAND

The Eatons had long planned to move to George's native Scotland — it just happened way earlier than they expected. "The way the year was going, between the pandemic and politics, it moved our schedule up by five years, at least," George says. The couple spent the summer readying the Rockland home they call "the cabbage" — half cabin, half cottage — and they put it on

the market the first week of September. Agents were so busy at the time, the Eatons ended up taking photos of the place with an iPhone rather than waiting for the professional photographer their agent was planning to send.

Turns out, it didn't matter. The listing went live on a Monday afternoon, and by Friday, the Eatons had picked a buyer from multiple offers. The highest was \$40,000 over their asking price, but they went with the second highest, mainly because it was cash. In the end, they walked away with \$30,000 more than what they'd asked.

You Could Stay Put and Refinance

Jim Chalfant
►ROCKPORT

Chalfant has worked in real estate on the midcoast for nearly two decades, and part of his job is to monitor new properties that pop up daily on the state's Multiple Listing Service. He has a notification set up to alert him to any new property within a 50-mile radius of Rockport, covering the coast from Southport to Searsport and including the islands. In recent years, he's been accustomed to seeing 30 to 40 new listings per day. One day last winter, for the first time in his career, there were zero. For many of his clients — and for himself, Chalfant says — selling just isn't an option, because there's nowhere to buy.

For Mainers in a similar position — contemplating a dramatic change of scenery — there may be no time like the present. For now, George and Hannah and their 6-year-old son are staying with George's parents in a village north of Edinburgh, while the couple looks for new jobs. They're still in limbo, they say, but have no regrets.

"My son is in my old primary school. Health care is free," George says. "All these worries just dropped away." And the money they made on the sale? It's sitting in the bank. "We're waiting for Brexit to completely tank the pound," George jokes.

"Where would I go?"

Chalfant asks. "There's no inventory. And I want to live here. I like it here. I think most of us feel the same way."

So instead, Chalfant took advantage of the booming market and extremely low interest rates and refinanced his Rockport home. "I was pretty surprised at the appraisal," he says, "but frankly, had I waited two months, I would have done even better. If the appraiser had done it a few months later, it would have been worth maybe 10 to 15 percent more."

Does he wish he'd have held out? Not so much. "It's like people who think they can time the market," Chalfant says. "If you get lucky, you get lucky." — J.E.

WHY CAN'T WE JUST BUILD A BUNCH MORE HOUSES?

"Historically low." That's how former Maine Association of Realtors president Tom Cole described Maine's inventory of for-sale homes at the end of his term, in December. In fact, Maine real estate insiders have used the phrase since at least 2016 to describe a market that seems only to tighten with each new year. So we dared ask the dumb question: why aren't developers just building houses left and right to supply perennially intensifying demand? The short answer: it costs too much to be real profitable. A few reasons why:

"Guys are struggling to find help that'll show up every day."

• Maine's labor pool for tradespeople is shallow, particularly since the Great Recession. "Contractors, electricians, plumbers — they may have decided it was time to retire early or to move to another place," Cole says. And in a state that has a hard time recruiting

and retaining younger people, the ranks aren't being replenished. "Guys are struggling to find help that'll show up every day," says homebuilder Mark Patco, of Sanford's Patco Construction.

• Building-materials costs have skyrocketed. "We have a lot of lumber in Maine, but building materials can be transported nationwide," Cole reminds. "When you have high global demand, that drives up the price." Cole points to more frequent property destruction from natural disasters like wildfires and floods. And thanks to COVID, Patco says, curtailed imports and mill and factory shutdowns have sent prices soaring for everything from lumber to shingles to appliances.

• Maine's geography poses hurdles for developers, says Matthew Teare, a member of the Portland-based Developers Collaborative. Lots of ledge and wetlands that aren't great for building, plus cold weather, moisture, and radon. "This all adds significant costs to a new home," Teare says, "especially when compared to down South."

• "With Maine's low population, there just isn't the economy of scale to draw in big national builders that do thousands of new homes a year," says Maya Bough, of South Berwick's Great Northern Builders, board president of the Home Builders & Remodelers Association of Maine. Still, smaller companies seem to be gradually responding to the market: Maine saw construction employment rise by 1.7 percent between February and November last year (compared to a 2.4 percent decline nationally), mostly driven by the residential sector. "I think it is ramping up," Cole says. "It's just not enough." — B.K.

AS SEEN ON MAINEHOMES.COM

STANDISH FARMHOUSE

- 1,942 SQUARE FEET
- THREE BEDROOMS
- BUILT IN 1880
- TWO WOODSTOVES
- ATTACHED BARN

\$385,000

SOUTH PORTLAND BUNGALOW

- 1,604 SQUARE FEET
- THREE BEDROOMS
- THREE BATHS
- BUILT IN 2018
- CRAFTSMAN STYLE

\$417,500

NORTH YARMOUTH FARMHOUSE

- 1,930 SQUARE FEET
- FOUR BEDROOMS
- BUILT IN 1859
- INTERIOR RENOVATION
- FIVE-LEVEL BARN

\$450,000



AS SEEN ON MAINEHOMES.COM

YORK BEACH CAPE

- 1,200 SQUARE FEET
- THREE BEDROOMS
- TWO BATHS
- BUILT IN 1954
- CLOSE TO BEACH

\$592,500

NORTHPORT FARMHOUSE COTTAGE

- 2,145 SQUARE FEET
- FIVE BEDROOMS
- THREE BATHS
- BAYSIDE HISTORIC DISTRICT

\$595,000



WINTHROP COLONIAL-STYLE MANOR

- 5,651 SQUARE FEET
- SIX BEDROOMS
- IN-GROUND HEATED POOL
- ON 11 ACRES

\$699,000

COURTESY OF DAMBRIE GARON REAL ESTATE EXPERTS | KELLER WILLIAMS REALTY (NORTH YARMOUTH FARMHOUSE); COURTESY OF CAMDEN COAST REAL ESTATE (NORTHPORT FARMHOUSE)



What's Next?

FOUR MAINE REAL ESTATE AUTHORITIES ON WHERE THE MARKET GOES FROM HERE.

"I expect sales volume and prices to increase but at a slightly lower rate, especially after the vaccine is widely distributed. Sales will still be driven by families expanding, working remotely, and ready for that step-up house; young adults who'd moved back in with their parents, ready to buy as first-timers; and millennials, the largest and most educated generational group in history."

— Dava Davin, founder of Portside Real Estate Group and presenter at the Maine Real Estate & Development Association's Annual Forecast Conference

"The brokers in my office would say that if the right property came along now, they'd easily have 100 buyers. And it's not just Camden and Rockport — that's the whole midcoast. I believe it's going to



continue, driven by low inventory and increased demand. People have realized they can work from anywhere and that this is a great community where we live with a lot of options, particularly if you're raising kids."

— Scott Harty, owner of Camden Real Estate Company

"There's no question the intensity of the buyer frenzy through November was largely

driven by the fact that not only is Maine a great place to live . . . but it also has such a relatively low incidence of COVID cases. Once people are able to travel more easily, I think there will continue to be a ramp-up in demand, though less frenzied and more stable, from a motivated pool of buyers who haven't been able to get here before. There's been this ever-increasing realization that Maine is so liveable, approachable, and affordable. And it's coincided with a time when quality of life has become the number-one priority."

— Chris Lynch, owner of Legacy Properties Sotheby's International Realty

"If everyone continues to work from home or in much smaller office spaces, that's

a really big shift, not a temporary blip. Yes, there are lots of people moving to Maine. But the biggest shift may be within Maine: The historic pattern of sprawling suburbanization may come to an end, simply because people don't need to be a [reasonable] commute to the office, as long as they have access to high-quality internet. . . . That creates an opportunity for the more rural areas of Maine to grow, as long as they can provide good internet. Even in a softer market, Maine will still be a lot cheaper than Massachusetts. You can get a hell of a lot more house in Buxton than you can in suburban Boston."

— Dr. Charles Colgan, professor emeritus of public policy and planning at the University of Southern Maine and former Maine state economist

AS SEEN ON MAINEHOMES.COM

NORWAY CUSTOM HOME

- 3,100 SQUARE FEET
- THREE BEDROOMS
- THREE BATHS
- BUILT IN 1992
- ON 7.4 ACRES

\$700,000

PORTLAND VERNACULAR HOME

- 1,884 SQUARE FEET
- TWO BEDROOMS
- CIRCA 1866, RENOVATED
- MUNJOY HILL NEIGHBORHOOD

\$1,100,000

WELLS CONTEMPORARY COTTAGE

- 2,104 SQUARE FEET
- THREE BEDROOMS
- FOUR BATHS
- BUILT IN 2016
- CLOSE TO BEACH

\$1,299,900



\$700K+

Whether you're building, renovating, decorating, or simply captivated by Maine living, you'll find a home here.



"Thanks for the great content in your magazine. I appreciate that it's not all the same giant homes and 'new Maine' stories and that you seek out the quirky and classic attributes and personalities that have always made Maine a unique place."

— Sarah Mulvihill
Westhampton, MA

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mainehomes.com

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