

# CENTRAL MAINE MARKET UPDATE

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## **AUGUSTA**

Despite economic turbulence over the past twelve months, public and private money has spurred continued investment in the state's capital city. Prior to the pandemic, Augusta seemed poised to springboard on a budding economic resurgence. Finally, the city seems to have recovered from the pandemic and is back on track for revitalization. New businesses have filled both pre-pandemic and pandemic-induced vacancies downtown, and the downtown district itself has expanded farther north on Water Street.

Government regulations and incentives continue to push renewable energy sources, and inflation has spurred ballooning energy costs. This has led to a renewed focus on solar energy. The Maine Department of Transportation has commenced installation of solar arrays on three separate pieces of state-owned land in Augusta - two along I-95 and one at the Augusta State Airport. Additionally, Woods End Laboratories, a climate-smart farming laboratory, leased 13,500 square feet of lab and manufacturing space at 150 Whitten Road.

As most Mainers are aware, the current housing shortage puts a strain on both availability and affordability. Maine Housing data estimates the need for an additional 870 affordable units, with an additional 1,465 needed for nearby Waterville and Winslow. Investors and developers in Augusta have set their eyes on addressing the issue locally. In the near future, residential investment is projected to approach \$100 million, according to Keith Luke, Augusta's economic development director. A 260-apartment project off Rod Road by the John Flatley Co. will account for \$20-25 million of that. Additionally, a \$10 million LIHTC project at 10 Civic Center Drive by Tim Gooch will provide 42 affordable units for those aged 55 and older. Gooch sees Augusta's stability as a capital city as a good reason for continued investment. Public money from Augusta Housing also has two projects in pre-development, slated for 34 units off Malta Street and 45 units in a "convenient in-town location."

In 2021, the Inland Fisheries and Wildlife leased 43,000± square feet at 353 Water Street. It was the largest office lease in Central Maine since the onset of the pandemic. In 2022, the General Services Administration leased nearly 50,000 square feet from AVANGRID at 83 Edison Drive, edging out the IFW lease for that title. The GSA deal was a big win for the Augusta office market, as it's been in the works since 2020 when the pandemic put it on hold. The deal came full circle this year, as employers have learned the value of physical office space to teamwork, camaraderie, and creativity, and people have begun to return to the office.

## **GARDINER**

In Gardiner, activity continued in the popular Libby Hill Business Park. PODS completed construction on their state-of-the-art, 54,000 square-foot self-storage facility, and ground-up industrial construction has continued from users and developers alike. In the FirstPark campus, a solar developer purchased 33.3 acres to build a 3.64 MW solar field just north of T-Mobile's call center. Additionally, private wealth management firm J.M. Arbour, with offices in Hallowell and Arizona, is moving to 348 Water Street and expanding.

## **WATERVILLE**

Colby College once again led the redevelopment and resurgence of Waterville's downtown in 2022. The Lockwood Hotel, built by Landry/French Construction for Colby, was used as temporary student housing when it was completed last year, while the college finished new dormitories on campus and addressed pandemic-related concerns. As of August, the brand-new, 53-key hotel is now open to the public. Additionally, the Paul J. Schupf Art Center, Colby's \$18 million downtown hub for the arts, recently completed construction on the 30,000± SF facility and held its grand opening on December 17th.

Dirigo Capital Advisors, led by Kevin Mattson, is taking advantage of the opportunity to fill the aforementioned 1,465-unit housing shortage in the greater Waterville area. Mattson and Dirigo are redeveloping the former MaineGeneral-owned

### SIGNIFICANT LEASE TRANSACTIONS

PROPERTY LEASED	PROPERTY CITY	TENANT COMPANY	SF	PROPERTY TYPE
83 Edison Drive	Augusta	US General Services Administration	48,598	Office
650 River Avenue	South Gardiner	Orion Ropeworks, LLC	30,000	Industrial
40 Waterville Commons Drive	Waterville	Office Superstore East LLC	23,942	Retail
7 Industrial Park Road	Skowhegan	Douglas Dynamics, LLC	14,500	Industrial
38 Leighton Road	Augusta	J.S. McCarthy Printers	14,500	Industrial
50-170 Kenedy Memorial Drive	Waterville	Old Navy	12,500	Retail

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Seton Hospital into a mixed-use building with 68 apartment units and various commercial spaces.

Notably, in Winslow, STORE Capital (NYSE: STOR) purchased the 112,000± SF Orion Ropeworks building at 953 Benton Avenue for \$6.725 million and incorporated a long-term sale-leaseback agreement with the tenant.

### OUTLOOK

The Central Maine office market is projected to remain stable as we continue to see a flurry of small and medium-sized office leasing activity from state and private entities. The industrial market remained strong in 2022, and as of now, we see no indication of a decline in industrial leasing activity.

### SIGNIFICANT SALE TRANSACTIONS

PROPERTY SOLD	PROPERTY CITY	SALE PRICE	PROPERTY SF	PROPERTY TYPE
82 Glenridge Drive	Augusta	\$8,025,000	126,286	Multifamily
14 Gabriel Drive & 249 Western Avenue	Augusta	\$4,800,000	48,000	Office
681 Riverside Drive	Augusta	\$2,900,000	36,644	Industrial
40 Waterville Commons Drive	Waterville	\$2,650,000	23,748	Retail
53 Industrial Drive	Augusta	\$2,300,000	34,200	Self-Storage

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