MARKET ANALYSIS OF TOPSHAM'S COMMERCIAL CORRIDORS

Submitted to:

Topsham Development Inc.
100 Main St
Topsham, ME 04086

JUNE 2022

PREPARED BY:

camoin associates

ABOUT CAMOIN ASSOCIATES

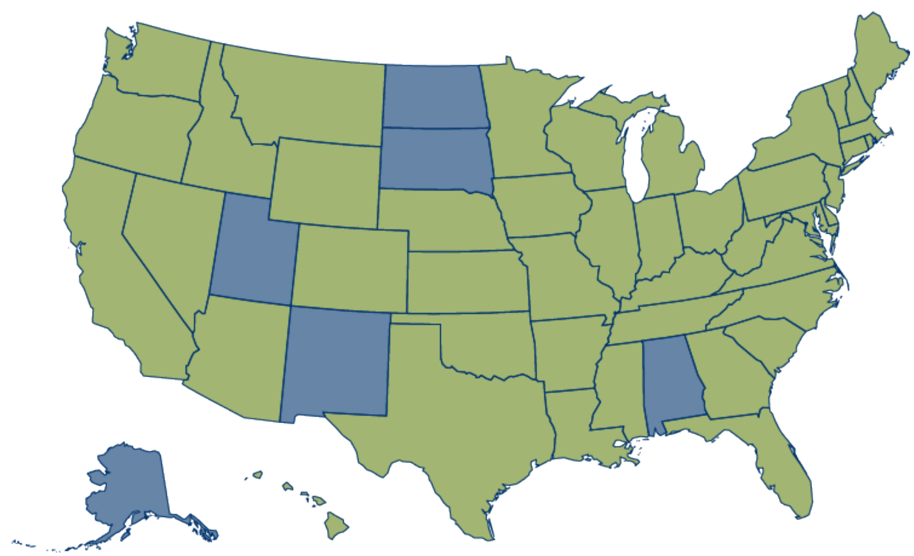
Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin Associates has served EDOs and local and state governments from Maine to California; corporations and organizations that include Amazon, Lowes Home Improvement, FedEx, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of $6 billion. Our reputation for detailed, place-specific, and accurate analysis has led to over 1,000 projects in 44 states and garnered attention from national media outlets including Marketplace (NPR), Crain's New York Business, Forbes magazine, The New York Times, and The Wall Street Journal. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. We are based in Saratoga Springs, NY, with regional offices in Richmond, VA; Portland, ME; Boston, MA; and Brattleboro, VT. To learn more about our experience and projects in all of our service lines, please visit our website at www.camoinassociates.com. You can also find us on Twitter @camoinassociate and on Facebook and LinkedIn.

THE PROJECT TEAM

Jim Damicis
Senior Vice President

Tom Dworetsky, AICP
Director of Research

Jessica Tagliafierro
Senior Analyst



CONTENTS

1. EXECUTIVE SUMMARY

Topsham Development Inc. has commissioned a real estate market analysis to evaluate future development potential in the Town of Topsham. The impetus of the study was to inform the Town's ongoing efforts to update zoning along its commercial corridors. A robust understanding of the types of market-supported development that could occur in Topsham ensures that local land-use regulations can be adapted to accommodate desired development.

The study focuses on Topsham's commercial areas, which consist of two intersecting corridors. These include (1) Lewiston Road (Rt. 196) from the I-295 interchange east to US- 201, and (2) US-201/Maine Steet from the Androscoggin River/Brunswick line north to the I-295 underpass. Some less intensive commercial uses are also present along Rt. 196 west of the I-295 interchange towards Lisbon.

The first corridor includes the Topsham Fair Mall regional shopping center, located immediately off I-295 and serving both town residents and shoppers from as far as 30+ minutes away. Across Lewiston Road from the Topsham Mall is a large 80+ acre site, known as the Crooker site, that is currently used for construction-related industrial uses and is envisioned in the Town's 2019 Comprehensive Plan as a large mixed-use district.

The second corridor along US-201/Maine Street has a substantially smaller commercial footprint, with primarily smaller local businesses interspersed with residential and civic uses. The Town's Comprehensive Plan envisions more distinct, mixed-use Upper and Lower villages along this corridor with a greater intensity of both commercial and residential uses.

The market analysis points to several common themes that cut across property types and that should be considered for future land use planning in Topsham.

1. Topsham and Brunswick are part of the same localized market. This lends itself to healthy competition between the two towns, but development of a certain type in one community will necessarily impact the viability of similar development in the other community.
2. Immediate I-295 access is a critical asset in Topsham that gives it an edge over Brunswick for development projects seeking to tap into a central and easily accessible location between Portland, Lewiston/Auburn, and Augusta. The vast majority of Topsham's commercial corridors are within a 5-minute drive of I-295/Exit 31, whereas some of Brunswick's commercial areas can be as far as 10 or 15 minutes off the Interstate, especially during peak traffic times.
3. Escalating real estate price points in the immediate Portland area have enabled the Brunswick/Topsham area to function as a "release valve" for cost-conscious home buyers and renters, as well as office and industrial space users. This is contributing to strong population and employment growth, expanding future opportunities for development.
4. The office and retail sectors are undergoing similar transformations—driven by the ability to work and shop from anywhere—that are resulting in reduced overall real estate footprints. High-quality physical spaces in amenity-rich locations are best poised to capture the declining demand for space, at the expense of dated building stock that is isolated from other uses. Over the long term, retail and office users will consolidate into prime areas, leaving behind underutilized commercial space in less desirable locations. Such space might be adaptively reused or redeveloped for high-demand uses, such as housing and industrial spaces.

5. Rather than attempting to spread new commercial development too thinly across all commercial corridors, efforts should be focused on developing one or two high-intensity mixed-use nodes in the Town that are integrated into distinctive, cohesive, walkable districts with housing, cultural amenities, and recreational options. This will position Topsham to better to compete with more established mixed-use areas like downtown Brunswick and Freeport.
6. Given its large size, excellent highway access, and potential for "blank slate" development, the Crooker site is a key opportunity for establishing a large mixed-use district in Topsham. Potential uses that could be integrated on the site include residential, retail/restaurant, office, medical office, hotel, and potentially low-impact light industrial uses. Certain types of civic or institutional uses might also complement private development. The site is a rare opportunity for a signature development project in Topsham.

Key findings specific to the five use types examined in the study (residential, retail, industrial, office, and hospitality) are presented as follows.

RESIDENTIAL

Topsham and the surrounding Portland residential market have historically been dominated by homeownership. However, developers are starting to respond to low vacancy rates and strong rent growth in the multifamily market. Residential development activity has ticked up substantially in the Topsham/Brunswick area over the last several years. 2020 decennial census results showed strong population growth that significantly outpaced the State's previous projections. This was driven in part by strong employment growth in the broader labor area leading up to the pandemic. Moreover, since the onset of the pandemic, rapidly rising home prices have pushed prospective residents who may have initially considered the immediately Portland area to Topsham. This has also increased demand for rental housing as would-be homebuyers have been forced to delay purchasing decisions due to high prices and low for-sale inventory.

Based on data currently available, it is estimated that over the next five years, at least 86 new rental units could be supported from household growth within Topsham and the surrounding market. This is equal to about 17 units per year for the next five years. This likely understates true development potential given the high amount of very recent residential development activity in the area. In Topsham alone, approximately 219 rental units have been recently proposed or approved, but not yet built.

Any new rental units proposed for Topsham will compete for tenants with the 900+ units in various stages of permitting and development in Brunswick and nearly 200 units in Freeport. Topsham's competitiveness for rental housing development can be increased by locating rental projects in amenity-rich, walkable areas, including near shopping, dining, entertainment, and recreation offerings.

It is also estimated that over the next five years 295 new owned housing units (e.g. single-family homes or townhomes) could be supported from demand within Topsham and the surrounding market. This is equal to about 59 units per year for the next five years. There are currently about 35 owner units in Topsham's development pipeline.

In total, there are nearly 1,400 housing units either recently completed, under construction, approved, or proposed across the three communities of Topsham, Brunswick, and Freeport.

RETAIL & RESTAURANT

Pent up demand and government stimulus resulted in a strong 2021 for many retail sectors. At the same time, challenges such as inflation, and labor shortages continue to put a strain on the market. Critically, e-commerce will continue to have a substantial impact on the viability of physical retail spaced.

There is sustained moderate demand for retail/restaurant space in town. The Topsham Fair Mall will continue to be well positioned as the primary location in Topsham for automobile-oriented retail space, offering convenient access by car from I-295, abundant parking, an existing concentration of offerings across retail shopping categories, and a well-trafficked corridor. These characteristics appeal to national chain retailers in deciding where to locate as well as shoppers interested in convenient, easy-in/easy-out shopping. Within the greater Topsham region, the Topsham Fair Mall competes most directly with Cook's Corner in Brunswick, and any major chain retailer interested in the region will more than likely locate in one of these two retail nodes.

The Topsham Mall and the Cook's Corner area collectively meet the retail and services needs of this broad regional trade area. These areas both compete with and complement each other. They offer a similar mix of stores and services and increasingly compete for both tenants and shoppers. The Topsham Mall offers more convenient access from points north and south due to its location along I-295 (generally between Freeport and Richmond), while Cook's Corner is better positioned to serve Bath and points farther east as far as Newcastle along Route 1.

While most of Topsham's retail space is occupied and performing well, brick-and-mortar retail space will continue to face challenges as ecommerce grows its share of consumer dollars captured. On the one hand, Topsham is expected to enjoy continued population growth, especially as housing prices soar in the Portland area and potential residents expand their search to the comparatively more affordable Topsham/Brunswick area. These factors will grow the customer base for retailers in Topsham. On the other hand, however, growth in ecommerce and a trend toward smaller store footprints will work to counteract these positives.

Retail offerings in Topsham/Brunswick generally meet the needs of residents, meaning that future stores may open to fill small or specialized market gaps, but on the whole, there will not be a need for significant growth in the retail footprint on net. The most likely tenants for unused retail spaces will not be traditional retailers, but rather service-oriented businesses or stores with a hybrid model that are more resilient to ecommerce cannibalization. Examples of likely future tenants include restaurants, health and wellness-oriented businesses (e.g., fitness studios, spas, yoga centers); personal services and beauty (e.g., salons, barber shops); consumer-facing business and professional services (e.g., realtors, shipping/printing); and entertainment/leisure activities (e.g., indoor recreation, arcade, climbing wall, puzzle/escape room).

The retail leakage analysis points to about 100,000 SF of retail space could be supported throughout the regional trade area as a result of leakage recapture and household growth of regional trade area residents, though much of this demand can be met through existing vacant space. Topsham can be expected to capture a portion of this potential demand. The largest retail gap is in the grocery category, which is expected to be filled by the recently announced Market Basket supermarket coming to the Topsham Fair Mall area. Topsham's ability to compete for additional retail market share will be dependent on local household growth as well as offering retail destinations that are differentiated in the market.

INDUSTRIAL

In 2021 the regional industrial market was characterized by increasing prices in sales and leasing and record-setting transactional values. Low industrial inventory has been met with steady demand, with demand for cannabis and craft-brewing space continuing to impact the market. According to NAI The Dunham Group, new inventory in the market has been quickly absorbed, with landlords having the ability to be selective. In particular, small to medium sized industrial spaces are highly competitive. Expanded industrial-zoned land in the greater Portland area is expected to meet the growing regional demand. The industrial outlook is positive for the region, with steady demand and limited disruptions from macroeconomic challenges expected. Logistics space represents the largest portion of current inventory and of demand for new space.

Regional demand could support approximately 200,000 SF of new industrial space. Approximately half of this demand is projected to be for logistics space, with the remainder being split between specialized industrial and flex. In nearby Brunswick Landing there are 15 industrial zoned lots totaling over 50 acres for sale. This land could potentially accommodate a portion of the region's projected industrial demand. These sites have the benefit of being essentially "shovel ready." Topsham has a low inventory of industrial space overall and does not have a sizable inventory of shovel-ready industrial sites. The Town has entertained the potential of extending utilities infrastructure along Lewiston Road to the west side of I-295 to serve potential industrial sites. If this land were shovel-ready today, it is anticipated that it would quickly be developed given the strength of the industrial market and its favorable location with direct access to I-295. Though these sites would realistically not be viable for development for at least several years, all indications point to continued industrial demand into the foreseeable future.

OFFICE

With the shift to remote and hybrid working in an already sluggish office market, commercial office space has been one of the hardest hit markets of the pandemic. With many employers offering opportunities to continue working from home fully or partially, it is anticipated that overall office demand will not return to pre-pandemic levels. The most competitive office space will be high-quality space in amenity-rich environments that give workers a reason to go into the office.

Locally and regionally, demand for medical office space is expected to be stronger than that for general office space. Aging populations and the shifting of many hospital operations into ambulatory care facilities have contributed to increased national demand for medical office space. Both nationally and locally, this need is expected to increase over time.

Need for additional office space in Topsham is minimal, though there are opportunities to entice existing office users from other parts of the region into new or updated amenity-rich space in Topsham. Given that Topsham is not currently an office employment hub in the region, such tenants would typically be smaller professional services firms (e.g., lawyers, accountants, consultants, etc.) that are already based in town or nearby communities.

Over the next five years Topsham could support about 13,000 SF of new medical office space based solely on demand from within Topsham. Topsham could also capture a portion of the demand for nearly 240,000 SF of new medical office space in the broader metro area.

HOSPITALITY

Early in the pandemic, the lodging industry suffered a crushing blow, with demand for hotel rooms virtually disappearing. Fortunately, hotel demand in relatively far-flung destinations like Midcoast Maine has recovered more quickly than in larger cities. Topsham itself lacks any significant lodging properties, with the local hotel market concentrated in Brunswick. According to CoStar, occupancy rates in the Midcoast lodging market (extending along the coast from Topsham to Belfast) are now higher than they were in 2019. By contrast, occupancy rates in the greater Portland lodging market (Cumberland County) remain below pre-pandemic levels. Situated between the two markets, hotels in Brunswick fall somewhere in the middle. While a return to leisure travel has been positive, low rates of business travel are continuing to impact the market. Labor shortages have become an additional challenge to the industry as well.

In the short term, development potential for a new hotel in Topsham will remain low but will likely become a stronger possibility as the pandemic fades. In particular, there is a need for an upper mid-scale/upscale option in the market, with the Brunswick Inn currently the only option in that category.

Topsham could reasonably support a small hotel in the 50-100 room range in the next five years, assuming no other new hotel developments in the immediate area. Pairing the hotel with meeting and event space could increase its competitiveness against existing accommodations options in Brunswick.

DEVELOPMENT FEASIBILITY ANALYSIS

A return on investment (ROI) feasibility analysis was completed to gain insights into the development potential of multiple property types within Topsham. The purpose of the ROI analysis is to determine the general financial feasibility of developing these property types within the town. While the market analysis shows demand potential for certain use types, it also important to demonstrate whether new development of these uses is financially feasible given construction costs, lease rates, operating expenses, and financing terms. The analysis provides a high-level understanding of the types of uses that are likely to be built in Topsham in the future given these considerations. The following five property types were modeled:

1. Medical Office – 12,000 SF building
2. Distribution Center – 200,000 SF building
3. Hotel – 80 rooms
4. Mixed-Use – 10 Apartments above 5,000 SF Retail/Restaurant
5. For-Sale Townhouses – 24 two-bedroom units

The results of the analysis point to strong financial feasibility for medical office, hotel, and townhouses; borderline/moderate feasibility for a distribution center; and limited financial feasibility for the mixed-use concept.

Distribution center lease rates have not yet risen to a level that would support speculative construction in Topsham, but are quite close to the necessary threshold. Built-to-suit distribution space for a specific tenant/user would be a more likely scenario under current market conditions in Topsham.

While market demand for a mixed-use concept is strong, relatively high construction costs and modest retail rents (which are constrained by asking rents for available space at competing standalone properties) means that a project of this relatively small scale would not be likely to generate a sufficient financial return to a potential investor/developer. There are several ways the project's economics could be improved:

- Reducing average unit size, thereby increasing unit count
- Substantially raising rents (likely not a viable option in the short term)
- Increasing residential density and height (i.e., allowing more apartment units per acre of land)
- Scaling down the less-profitable retail component of the project
- Bundling the project with other residential development to increase the overall ratio of residential to retail space

OVERALL RECOMMENDATIONS

This market analysis should be used to inform Town decision-making around encouraging or discouraging certain types of development in light of market trends and pressures. Overall, the analysis points to several findings:

- The Town can expect a steady flow of residential development proposals given strong demand for residential development of all types.

- Demand for both distribution and other specialized industrial space is strong regionally, though the lack of shovel-ready sites in Topsham will hamper development without public action to accommodate it.
- Interest in office and retail development will be relatively muted but can be fostered by encouraging integration with residential and other uses in mixed-use districts.
- The market supports construction of a small to mid-size hotel in Topsham. Integration with a conference center and incorporation into a mixed-use district would further bolster developer interest.

We recommend the following next steps for TDI and the Town:

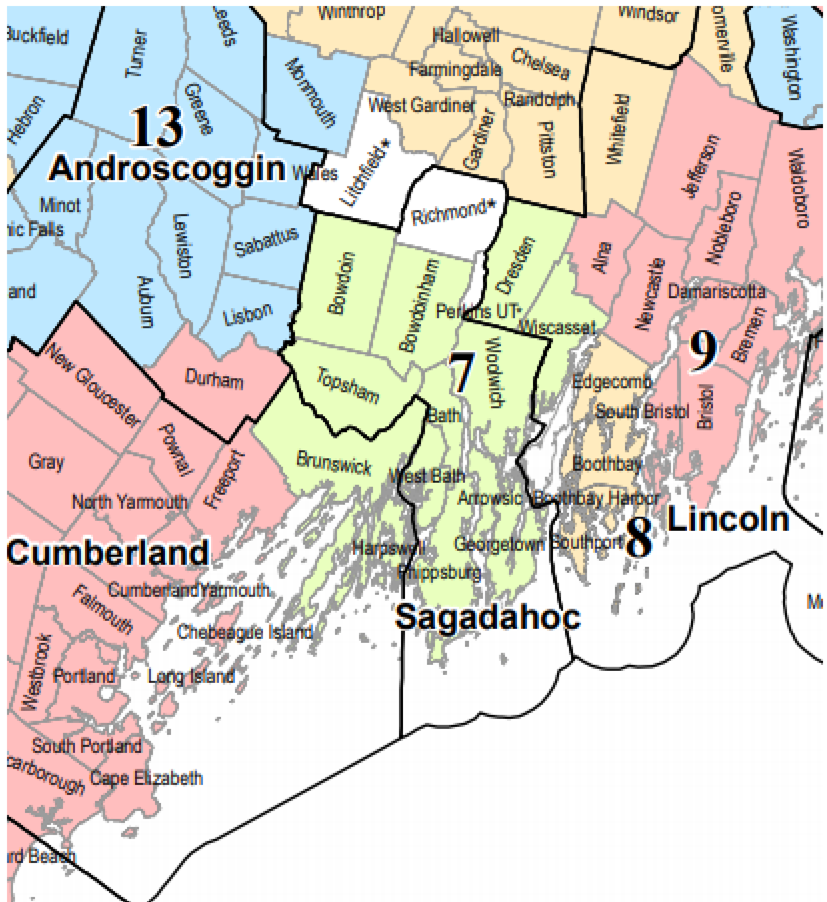
- Build on Topsham's 2019 Comprehensive Plan to create one or more Corridor or District Master Plans that envision future development and lay out policies and strategies for achieving the vision.
- Assess economic and fiscal impacts on the Town associated with various development types. Include consideration of public costs, e.g., infrastructure investments, needed to support such development in certain areas. For example, this would include a return-on-investment analysis of extending utilities along Lewiston Road to the west side of I-295.
- Adjust zoning and land use policies in targeted areas to support the type of development desired, ensuring that mixed-use buildings can be easily accommodated.
- Ensure available incentive programs (e.g., TIF, impact fee waivers, etc.) are aligned with desired development outcomes.
- Use this market analysis as a marketing tool for potentially interested developers, businesses, and investors.

2. DEMOGRAPHIC & SOCIOECONOMIC PROFILE

AREAS OF STUDY

The following analyses were conducted to identify demographic, socioeconomic, business, and industry trends in Topsham. In addition to data specific to Topsham[1], data was also collected and analyzed for Cumberland County, Sagadahoc County, Androscoggin County, the Portland Combined Statistical Area (CSA), Maine, and the United States. Where appropriate, the Brunswick Labor Market Area (LMA), in which Topsham falls, was also used.

BRUNSWICK LABOR MARKET AREA (LMA) – (IN GREEN)

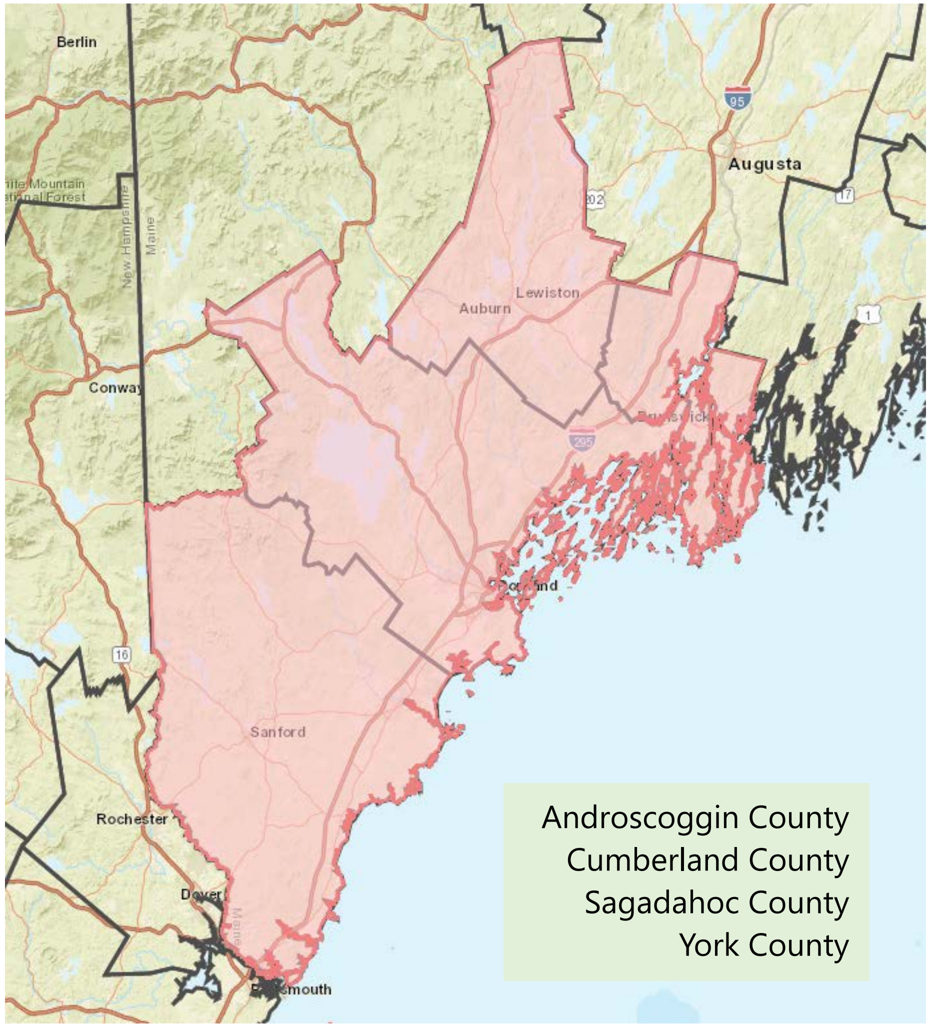


Source: Maine Department of Labor

Arrowsic
Bath
Bowdoin
Bowdoinham
Brunswick
Dresden
Georgetown
Harpswell
Phippsburg
Topsham
West Bath
Wiscasset
Woolwich

[1] Industry data from Emsi is available at the ZIP code level. Therefore, "Topsham" refers to ZIP code 04086 where Emsi data is used.

PORTLAND COMBINED STATISTICAL AREA (CSA)



Source: U.S. Census Bureau, Esri

DEMOGRAPHIC & SOCIOECONOMIC PROFILE: KEY FINDINGS

POPULATION GROWTH

- Topsham's population is growing at a faster pace than the surrounding counties, region, and state. Over a quarter of Sagadahoc County's population is attributed to Topsham, with the Town experiencing 9.3% population growth over the decade from 2010-2020.

POPULATION CHARACTERISTICS

- Topsham has a slightly older population than the surrounding region. Topsham's median age of 48.4 is higher than the surrounding counties, and Topsham has a smaller proportion of children and adults under age 40.

- Median household income in Topsham is higher than the surrounding region, and most closely resembles that of Cumberland County.

COMMUTER CHARACTERISTICS

- Almost 90% of Topsham residents commuted outside of Topsham for work, and Topsham imported about 87% of its workforce from outside communities.

POPULATION

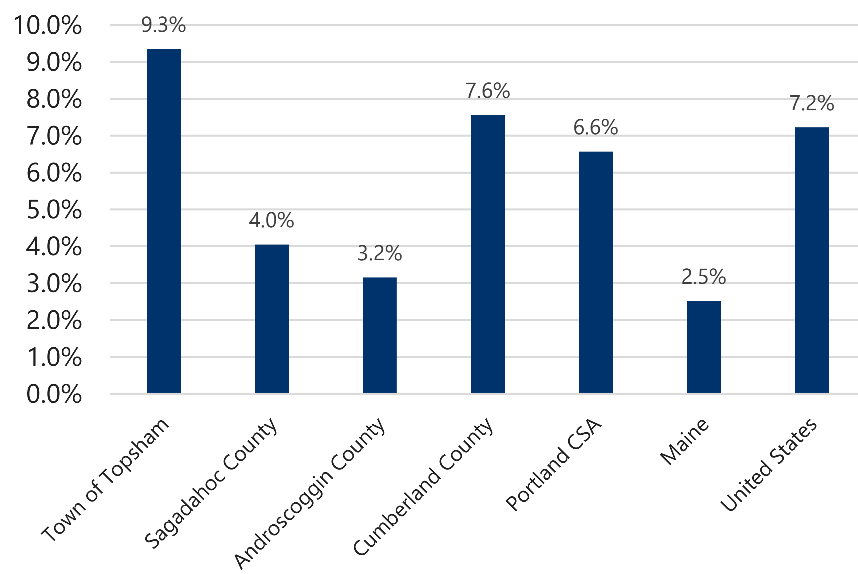
- Topsham's population grew by 9.3% or approximately 817 people from 2010 to 2020, which is higher than the rate of population growth in the surrounding counties, region, state, and nation.
- Topsham's population of 9,560 is 26% of Sagadahoc County's population but only 1.4% of the CSA's population.

Total Population, 2010-2020

Year	Town of Topsham	Sagadahoc County	Androscoggin County	Cumberland County	Portland CSA	Maine	United States
2010	8,743	35,272	107,742	281,761	622,047	1,328,983	309,121,785
2020	9,560	36,699	111,139	303,069	662,879	1,362,359	331,449,281
Pct. Change	**9.3%**	**4.0%**	**3.2%**	**7.6%**	**6.6%**	**2.5%**	**7.2%**

Source: Esri, U.S. Census Bureau Decennial Census (2020 Population Data)

Population Change, 2010-2020



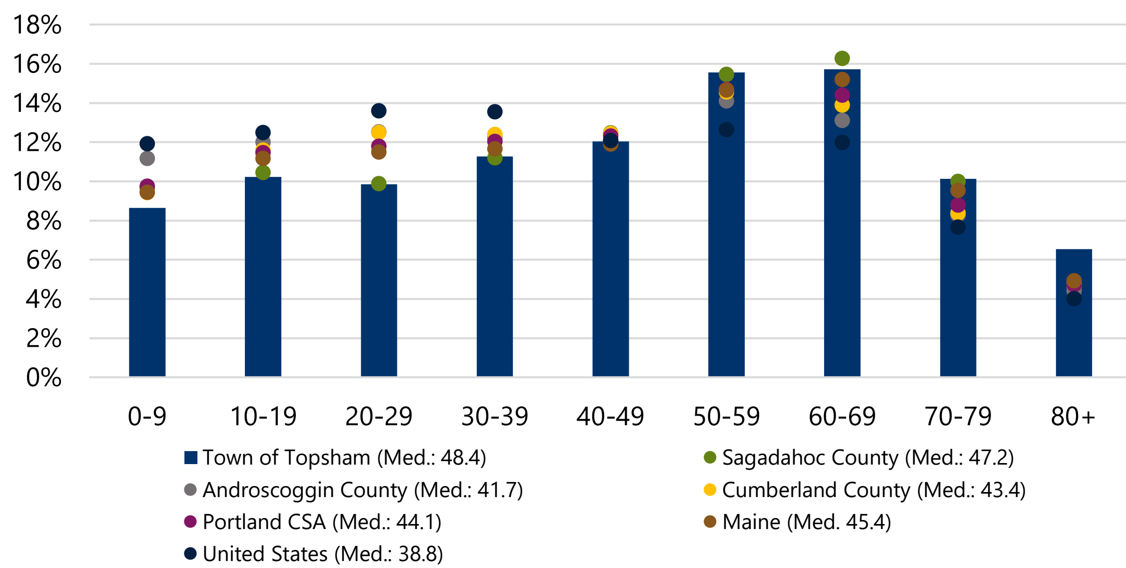
Source: Esri, U.S. Census Bureau Decennial Census

POPULATION CHARACTERISTICS (AGE DISTRIBUTION): REGIONAL COMPARISON

The following graph outlines age distribution ranges of the 2021 population in the Town of Topsham, surrounding counties, and larger regions.

- Topsham is older than the larger geographies, with a higher median age (48.4) and a smaller proportion of children and adults under age 40. Topsham has a higher portion of adults 80 or older compared to the other geographies.

Population Age Distribution



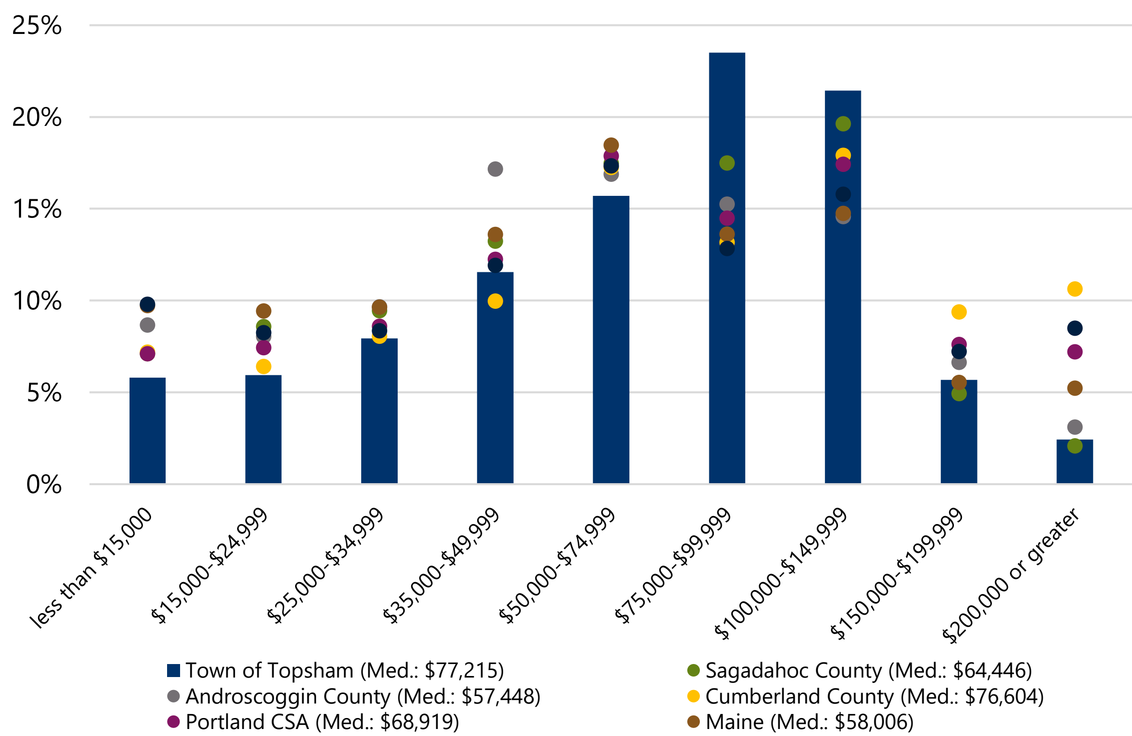
Source: Esri

POPULATION CHARACTERISTICS (INCOME DISTRIBUTION): REGIONAL COMPARISON

The following figure outlines the 2021 population by household income.

- Median household income in Topsham is higher than the comparison geographies and most closely resembles that of Cumberland County ($77,215 and $76,604, respectively). A higher proportion of households have incomes in the $75,000-$149,999 range than the comparison geographies.

Household Income Distribution, 2021



Source: Esri

COMMUTER TRENDS: TOWN OF TOPSHAM

- Almost 90% of Topsham's resident workers commuted outside of Topsham as of 2019.
- Topsham imports about 87% of its workforce from outside communities.
- Other than Topsham, Brunswick is the top place where Topsham workers live and where Topsham residents are employed. More Topsham residents work in Brunswick than in Topsham itself.
- Portland and Bath are also popular destinations for residents to commute to.

Town of Topsham Commuter Flows, 2019

	Count	Share
Workers		
Employed in town, living out of town	2,654	87%
Employed and living in town	415	14%
Total Workers	**3,069**	**100%**
Residents		
Living in town, working out of town	3,384	89%
Living and working in town	415	11%
Total Residents	**3,799**	**100%**

Source: U.S. Census OnTheMap

Top Home and Employment Destinations (2019)

Where Topsham Workers Live		Where Topsham Residents are Employed	
County Subdivision	Percent (%)	County Subdivision	Percent (%)
Topsham town (Sagadahoc, ME)	14%	Brunswick town (Cumberland, ME)	20%
Brunswick town (Cumberland, ME)	9%	Topsham town (Sagadahoc, ME)	11%
Lisbon town (Androscoggin, ME)	5%	Portland city (Cumberland, ME)	11%
Lewiston city (Androscoggin, ME)	5%	Bath city (Sagadahoc, ME)	10%
Bath city (Sagadahoc, ME)	4%	Freeport town (Cumberland, ME)	6%
Auburn city (Androscoggin, ME)	3%	Lewiston city (Androscoggin, ME)	5%
Bowdoin town (Sagadahoc, ME)	2%	South Portland city (Cumberland, ME)	4%
Bowdoinham town (Sagadahoc, ME)	2%	Auburn city (Androscoggin, ME)	3%
Harpswell town (Cumberland, ME)	2%	Augusta city (Kennebec, ME)	3%
Richmond town (Sagadahoc, ME)	2%	Scarborough town (Cumberland, ME)	2%
All Other Locations	52%	All Other Locations	26%

Source: U.S. Census OnTheMap

3. INDUSTRY AND OCCUPATION PROFILE

INDUSTRY ANALYSIS: KEY FINDINGS

EXISTING JOB TRENDS

- Before COVID-19 related disruptions there were approximately 4,552 jobs in Topsham in 2019, representing 12% of the LMA's jobs and 1% of the CSA's jobs. Between 2016 and 2019 Topsham's job growth was flat. Manufacturing (+87 jobs), Construction (+55 jobs), and Information (+41 jobs) added the most jobs over the time period.

- Historically, Topsham's rate of job growth has outperformed the LMA, CSA, Maine, and United States.

- 60% of Topsham's total jobs are made up of four sectors: Health Care (17%), Construction (16%), Accommodation and Food Services (14%), and Retail Trade (13%). All four sectors are more concentrated in Topsham compared to the nation, with Construction being the most concentrated sector in the town (LQ of 4.52).

- Average earnings per job across all sectors is $56,006.

- COVID-19 resulted in an overall job loss of 2% for Topsham. Accommodation and Food Services (-95 jobs) and Information (-37 jobs) lost the most jobs during the COVID-19 period. All else held constant, Topsham is expected to regain a similar number of jobs over the next five years, with Health Care, Construction, and Manufacturing driving growth.

EXISTING JOB TRENDS (2-DIGIT NAICS, PRE-COVID-19)

The table outlines 2019 jobs by industry in Topsham, the labor market area (LMA) and the Portland CSA (CSA).

- Before COVID-19 related disruptions there were approximately 4,552 jobs in Topsham in 2019, representing 14% of the LMA's jobs and 1% of the CSA's jobs.
- Almost half of Topsham's total jobs are in the Health Care (17%), Construction (16%), and Accommodation and Food Services (14%) industries.

Jobs by Sector, Pre- COVID-19 (2019)

NAICS	Description	Town of Topsham #	Town of Topsham %	LMA #	LMA %	CSA #	CSA %
11	Agriculture, Forestry, Fishing and Hunting	19	0%	474	1%	3,711	1%
21	Mining, Quarrying, and Oil and Gas Extraction	0	0%	<10	0%	122	0%
22	Utilities	<10	0%	66	0%	587	0%
23	Construction	731	16%	2,579	8%	23,019	6%
31	Manufacturing	220	5%	1,382	4%	32,346	9%
42	Wholesale Trade	45	1%	601	2%	11,039	3%
44	Retail Trade	608	13%	4,099	13%	41,612	11%
48	Transportation and Warehousing	15	0%	200	1%	10,223	3%
51	Information	70	2%	366	1%	4,539	1%
52	Finance and Insurance	94	2%	1,027	3%	17,904	5%
53	Real Estate and Rental and Leasing	56	1%	535	2%	5,611	2%
54	Professional, Scientific, and Technical Services	369	8%	1,750	5%	21,506	6%
55	Management of Companies and Enterprises	12	0%	29	0%	7,628	2%
56	Administrative and Support and Waste Management and Remediation Services	204	4%	1,733	5%	18,804	5%
61	Educational Services	74	2%	3,236	10%	12,446	3%
62	Health Care and Social Assistance	771	17%	4,489	14%	57,370	15%
71	Arts, Entertainment, and Recreation	34	1%	753	2%	6,408	2%
72	Accommodation and Food Services	616	14%	2,669	8%	34,735	9%
81	Other Services (except Public Administration)	222	5%	2,143	7%	16,647	4%
90	Government	391	9%	3,741	12%	46,673	13%
99	Unclassified Industry	0	0%	0	0%	<10	0%
Total		**4,552**	**100%**	**31,871**	**100%**	**372,933**	**100%**

Source: Emsi

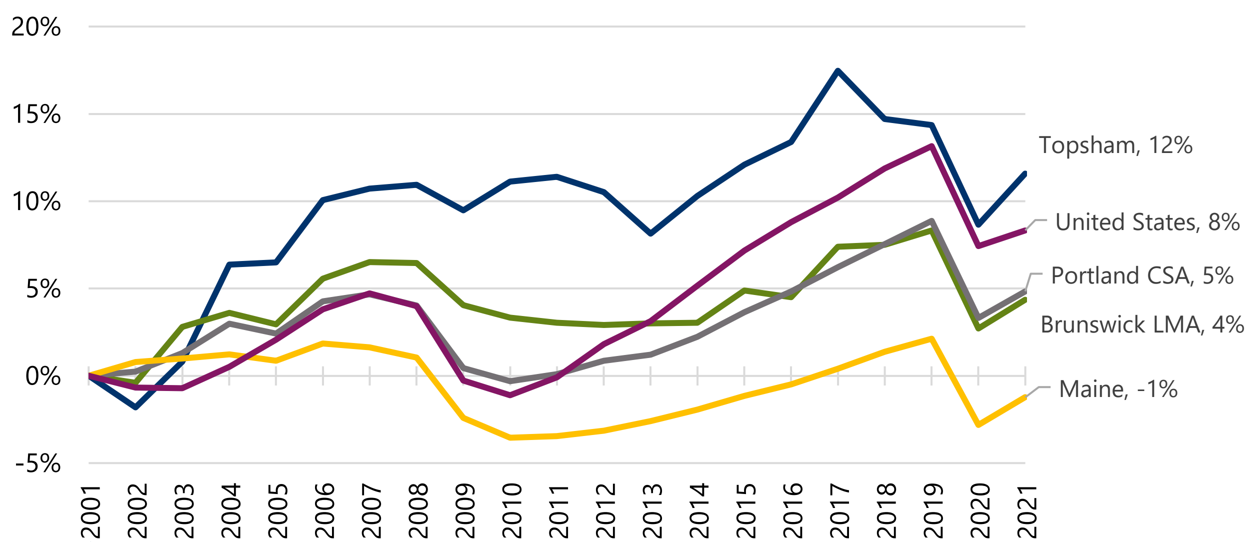
Note: Bath Iron Works is a significant manufacturing employer within the LMA. For the purposes of this analysis employment in NAICS 33661: Ship and Boat Building has been excluded to avoid fluctuations in employment from a single employer skewing the data.

TOTAL JOB GROWTH: REGIONAL COMPARISON

The figure below combines population and total job growth in Topsham and the surrounding regions from 2001 to 2021.

- Topsham added over 460 jobs (a 12% increase) from 2001 to 2021.
- Topsham's rate of job growth outperformed the LMA, CSA, state, and nation over this period.
- All geographies experienced job losses due to pandemic and have begun to rebound.

Percent Job Change Since 2001



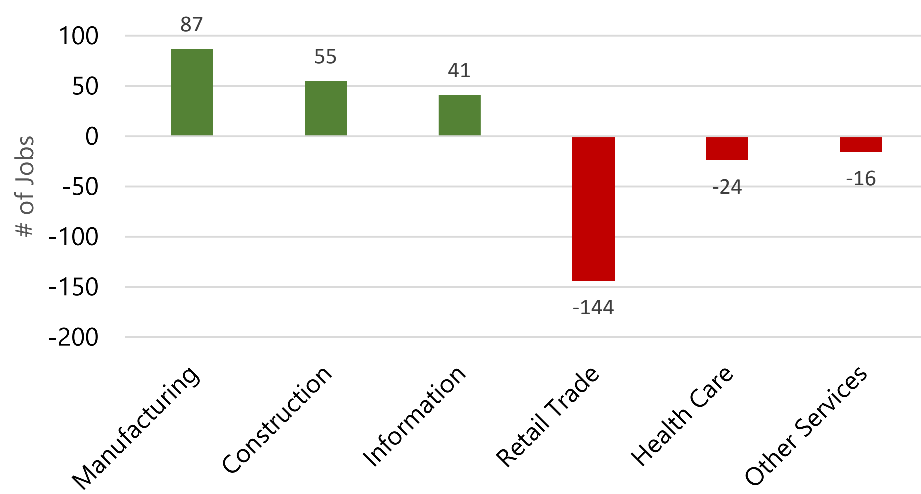
Source: Emsi

JOB TRENDS (2-DIGIT NAICS): TOPSHAM

The following figure outlines the historic pre-COVID-19 change in jobs. The subsequent table also highlights the change in jobs during the COVID-19 period, and projected job changes.

- In the three years leading up to COVID-19 (2016-2019) Topsham's job growth was relatively flat, with a marginal 1% increase. Sectors with the largest gains were Manufacturing (+87 jobs) and Construction (+55 jobs). A portion of the manufacturing job gains can be attributed to breweries and medicinal and botanical manufacturing, while construction growth is largely attributed to highway, street, and bridge construction.
- COVID-19 has erased the marginal job gains of the previous four years. The industries that lost the most jobs between 2019 and 2021 include Accommodation and Food Services (-95 jobs) and Information (-37 jobs).
- Topsham experienced a large decrease in Retail Trade employment prior to COVID-19, so the COVID-19 related losses in this industry were relatively minimal compared to other places nationally. With respect to retail however, the data is primarily picking up the closure of large retailers at the Topsham Fair Mall – including Bed, Bath, and Beyond and Best Buy. Since then, the mall has had success filling space with smaller scale, local and regional stores such as Lamey-Wellehan Shoes and Day's Jewelers. More recent additions have included Jersey Mikes and Sherman's Books.
- Projections, which are based on current trends and do not consider potential projects that may be in the pipeline, suggest that the jobs lost during COVID-19 will be gained back in the coming years, with Health Care, Construction, and Manufacturing driving growth.

Town of Topsham Top Jobs Gainers and Losers, 2016-2019



Source: Emsi

Town of Topsham Job Change

		Historic		COVID-19		Projected	
NAICS	**Description**	**2016 - 2019 Change**	**2016 - 2019 % Change**	**2019 - 2021 Change**	**2019 - 2021 % Change**	**2021 - 2026 Change**	**2021 - 2026 % Change**
11	Agriculture, Forestry, Fishing and Hunting	6	43%	16	85%	13	37%
21	Mining, Quarrying, and Oil and Gas Extraction	0	0%	0	0%	0	0%
22	Utilities	Insf. Data	Insf. Data	Insf. Data	Insf. Data	Insf. Data	Insf. Data
23	Construction	55	8%	42	6%	45	6%
31	Manufacturing	87	66%	3	1%	33	15%
42	Wholesale Trade	12	35%	(16)	(36%)	4	14%
44	Retail Trade	(144)	(19%)	(7)	(1%)	(49)	(8%)
48	Transportation and Warehousing	4	31%	4	27%	3	15%
51	Information	41	136%	(37)	(52%)	10	30%
52	Finance and Insurance	(4)	(4%)	2	2%	(0)	(0%)
53	Real Estate and Rental and Leasing	9	19%	(5)	(10%)	1	1%
54	Professional, Scientific, and Technical Services	(2)	(0%)	2	1%	(0)	(0%)
55	Management of Companies and Enterprises	(10)	(47%)	Insf. Data	Insf. Data	Insf. Data	Insf. Data
56	Administrative and Support and Waste Management and Remediation Services	4	2%	(6)	(3%)	5	2%
61	Educational Services	3	4%	3	5%	(0)	(0%)
62	Health Care and Social Assistance	(24)	(3%)	16	2%	61	8%
71	Arts, Entertainment, and Recreation	2	7%	(2)	(7%)	8	24%
72	Accommodation and Food Services	12	2%	(95)	(15%)	5	1%
81	Other Services (except Public Administration)	(16)	(7%)	(12)	(5%)	(9)	(4%)
90	Government	6	1%	(16)	(4%)	(13)	(4%)
99	Unclassified Industry	0	0%	0	0%	0	0%
Total		**38**	**1%**	**(110)**	**(2%)**	**111**	**2%**

Source: Emsi

JOB TRENDS (2-DIGIT NAICS): REGIONAL COMPARISON

The following table outlines the Brunswick LMA's job change trends.

- The LMA's job trends closely mirror that of Topsham in the historic and COVID-19 periods. From 2016-2019 (pre-COVID-19) the LMA experienced job growth of 4%, gains which were erased between 2019 and 2021.
- The LMA is expected to regain a small portion of these jobs.

Note that Bath Iron Works is a significant employer in the LMA. Fluctuations in employment at the company, which is highly dependent on large defense contracts, can skew the data, particularly the Manufacturing sector data. Therefore, industry employment data for the LMA excludes NAICS 33661: Ship and Boat Building – the industry in which Bath Iron Works falls – in order to get a more accurate picture of job growth within the LMA.

Brunswick LMA Job Change

		Historic		COVID-19		Projected	
NAICS	**Description**	**2016 - 2019 Change**	**2016 - 2019 % Change**	**2019 - 2021 Change**	**2019 - 2021 % Change**	**2021 - 2026 Change**	**2021 - 2026 % Change**
11	Agriculture, Forestry, Fishing and Hunting	29	7%	175	37%	116	18%
21	Mining, Quarrying, and Oil and Gas Extraction	Insf. Data	Insf. Data	Insf. Data	Insf. Data	0	0%
22	Utilities	(16)	(19%)	14	21%	(2)	(3%)
23	Construction	256	11%	60	2%	58	2%
31	Manufacturing	586	74%	(153)	(11%)	154	13%
42	Wholesale Trade	6	1%	(28)	(5%)	9	2%
44	Retail Trade	(139)	(3%)	(67)	(2%)	(273)	(7%)
48	Transportation and Warehousing	(42)	(17%)	15	8%	15	7%
51	Information	(6)	(1%)	(90)	(25%)	20	7%
52	Finance and Insurance	35	3%	0	0%	(39)	(4%)
53	Real Estate and Rental and Leasing	39	8%	(0)	(0%)	16	3%
54	Professional, Scientific, and Technical Services	79	5%	41	2%	60	3%
55	Management of Companies and Enterprises	(25)	(46%)	(9)	(30%)	Insf. Data	Insf. Data
56	Administrative and Support and Waste Management and Remediation Services	101	6%	(105)	(6%)	32	2%
61	Educational Services	348	12%	62	2%	262	8%
62	Health Care and Social Assistance	93	2%	(97)	(2%)	184	4%
71	Arts, Entertainment, and Recreation	73	11%	(89)	(12%)	60	9%
72	Accommodation and Food Services	100	4%	(598)	(22%)	(110)	(5%)
81	Other Services (except Public Administration)	50	2%	(160)	(7%)	26	1%
90	Government	(450)	(11%)	(135)	(4%)	(325)	(9%)
99	Unclassified Industry	0	0%	0	0%	0	0%
Total		**1,119**	**4%**	**(1,164)**	**(4%)**	**243**	**1%**

Source: Emsi

SECTOR CHARACTERISTICS (2-DIGIT NAICS): TOPSHAM

The following table outlines the concentration, competitiveness, and earnings per job by sector in Topsham.

- Construction is the most concentrated sector in Topsham (LQ of 2.98). This is followed by Accommodation and Food Services (LQ of 1.63). Of the two, the region only has a competitive advantage in Construction.
- Manufacturing has the highest competitive effect in the town.
- Average earnings per job across all sectors is $56,006.

Town of Topsham Sector Characteristics

NAICS	Description	Location Quotient	Competitive Effect	Avg. Earnings Per Job
11	Agriculture, Forestry, Fishing and Hunting	0.62	12	$42,831
21	Mining, Quarrying, and Oil and Gas Extraction	0.00	0	$0
22	Utilities	0.06	0	Insf. Data
23	Construction	2.98	20	$71,706
31	Manufacturing	0.65	30	$69,804
42	Wholesale Trade	0.18	4	$67,442
44	Retail Trade	1.36	(38)	$46,414
48	Transportation and Warehousing	0.10	1	$41,756
51	Information	0.42	8	$37,054
52	Finance and Insurance	0.50	(3)	$85,275
53	Real Estate and Rental and Leasing	0.66	(1)	$57,482
54	Professional, Scientific, and Technical Services	1.20	(30)	$74,544
55	Management of Companies and Enterprises	0.13	(4)	Insf. Data
56	Administrative and Support and Waste Management and Remediation Services	0.73	(4)	$46,610
61	Educational Services	0.66	(6)	$38,315
62	Health Care and Social Assistance	1.36	(8)	$51,059
71	Arts, Entertainment, and Recreation	0.50	5	$25,695
72	Accommodation and Food Services	1.63	(21)	$26,239
81	Other Services (except Public Administration)	0.92	(17)	$35,437
90	Government	0.57	(17)	$79,895
99	Unclassified Industry	0.00	0	$0
Total			**(69)**	**$56,006**

Source: Emsi

Location Quotient and Competitive Effect

Both the location quotient and the competitive effect help to illustrate what makes a region unique.

Location quotient (LQ) is a measure of industry concentration within a region. An LQ of 1.0 means that an industry is as concentrated within the region as it is on a national level. An LQ greater than 1.0 indicates that an industry is more concentrated in a region than at the national level.

The **competitive effect** illustrates how much change in an industry is not explained by national economic or industry trends. A positive competitive effect means that the region has unique characteristics giving it a competitive advantage in that respective industry.

SECTOR CHARACTERISTICS (2-DIGIT NAICS): REGIONAL COMPARISON

The following table outlines the concentration, competitiveness, and earnings per job by sector in the Brunswick LMA.

- Educational Services is the most concentrated sector in the LMA (LQ of 3.49). This is followed by Manufacturing (LQ of 2.35). Of the two the LMA only holds a competitive advantage in Educational Services, though very slight.
- Agriculture has the largest competitive effect in the LMA, and is also concentrated with an LQ of 1.42.
- Average earnings per job across all sectors is slightly higher than in Topsham, at $61,778.

Brunswick LMA Sector Characteristics

NAICS	Description	Location Quotient	Competitive Effect	Avg. Earnings Per Job
11	Agriculture, Forestry, Fishing and Hunting	1.42	95	$47,606
21	Mining, Quarrying, and Oil and Gas Extraction	0.00	0	$0
22	Utilities	0.64	(2)	$159,549
23	Construction	1.25	(26)	$57,697
31	Manufacturing	2.35	(659)	$82,342
42	Wholesale Trade	0.44	4	$77,297
44	Retail Trade	1.12	(200)	$42,786
48	Transportation and Warehousing	0.14	(5)	$50,674
51	Information	0.42	5	$56,220
52	Finance and Insurance	0.67	(71)	$105,017
53	Real Estate and Rental and Leasing	0.86	(2)	$60,631
54	Professional, Scientific, and Technical Services	0.71	(83)	$85,720
55	Management of Companies and Enterprises	0.04	(11)	$153,515
56	Administrative and Support and Waste Management and Remediation Services	0.74	(37)	$47,476
61	Educational Services	3.49	11	$40,253
62	Health Care and Social Assistance	0.93	(198)	$69,968
71	Arts, Entertainment, and Recreation	1.31	(4)	$42,377
72	Accommodation and Food Services	0.80	(217)	$29,717
81	Other Services (except Public Administration)	1.07	(47)	$39,026
90	Government	0.67	(357)	$73,462
99	Unclassified Industry	0.00	0	$0
Total			**(1,802)**	**$61,778**

Source: Emsi

EXISTING JOB TRENDS (4-DIGIT NAICS): TOPSHAM

The following table outlines the top growing industries (4-NAICS) by number of jobs in Topsham (pre-COVID-19).

- Highway, Street, and Bridge Construction (+44 jobs), Motion Picture and Video Industries (+40 jobs), and Electrical Equipment Manufacturing (+33 jobs) added the most jobs over the time period.
- Of the top growing industries, Highway, Street, and Bridge Construction is the most concentrated with an LQ of 49.96. This is followed by Outpatient Care Centers, with an LQ of 2.50.

Town of Topsham, Top Growing Sub-Industries, 2016-2019

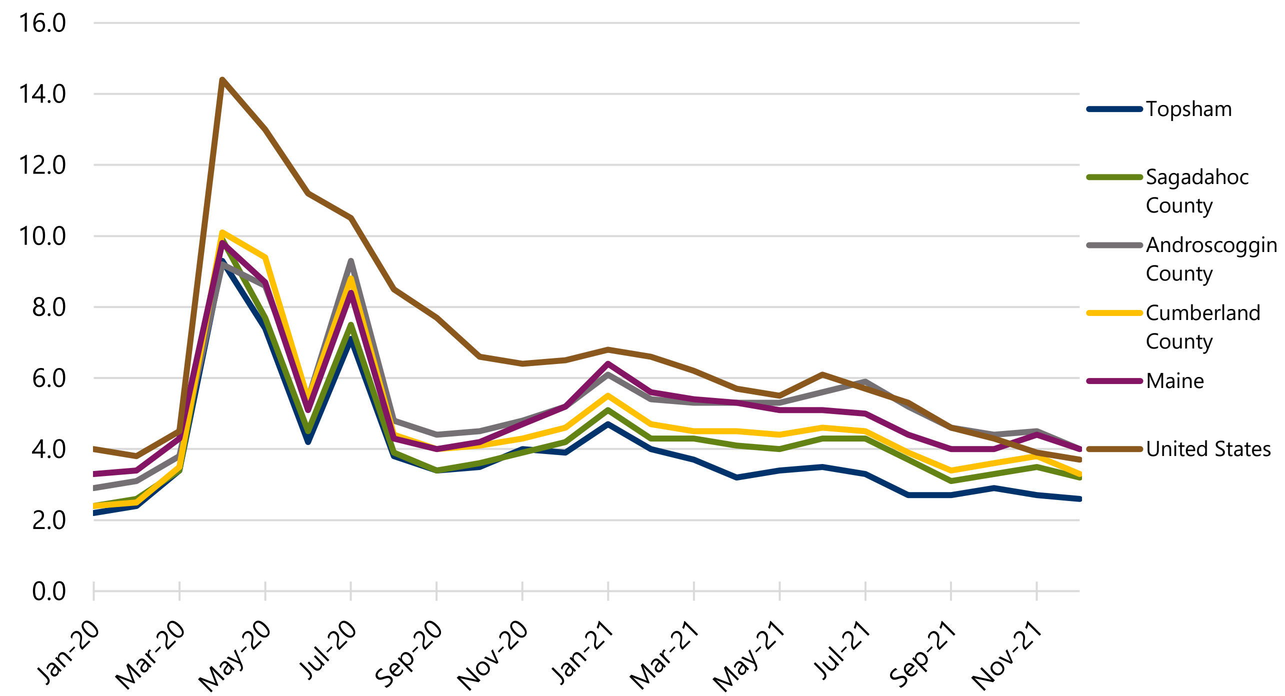
NAICS	Description	2016 Jobs	2019 Jobs	2016 - 2019 Change	2016 - 2019 % Change	Location Quotient	Competitive Effect	Avg. Earnings Per Job
2373	Highway, Street, and Bridge Construction	428	473	44	10%	49.96	8	$85,175
5121	Motion Picture and Video Industries	15	55	40	262%	2.42	40	$31,428
3353	Electrical Equipment Manufacturing	0	33	33	100%	0.00	33	$0
6214	Outpatient Care Centers	27	53	25	93%	2.50	22	$67,005
5419	Other Professional, Scientific, and Technical Services	32	49	17	54%	1.83	14	$43,746
3121	Beverage Manufacturing	0	14	14	Insf. Data	2.10	14	$48,683
3254	Pharmaceutical and Medicine Manufacturing	0	11	11	Insf. Data	2.18	11	$197,945

Source: Emsi

UNEMPLOYMENT RATE TRENDS: REGIONAL COMPARISON

- The unemployment rate for Topsham has trended lower than comparison geographies since January 2020.
- Since peaking at 9.3% in April 2020, Topsham's unemployment rate has steadily decreased, to 2.6% as of December 2021. This is only slightly higher than its pre-pandemic rate of 2.2%.

Unemployment Rate (%, not seasonally adjusted)



Source: Bureau of Labor Statistics

4. REAL ESTATE OVERVIEW

TOWN OF TOPSHAM REAL ESTATE INVENTORY SNAPSHOT

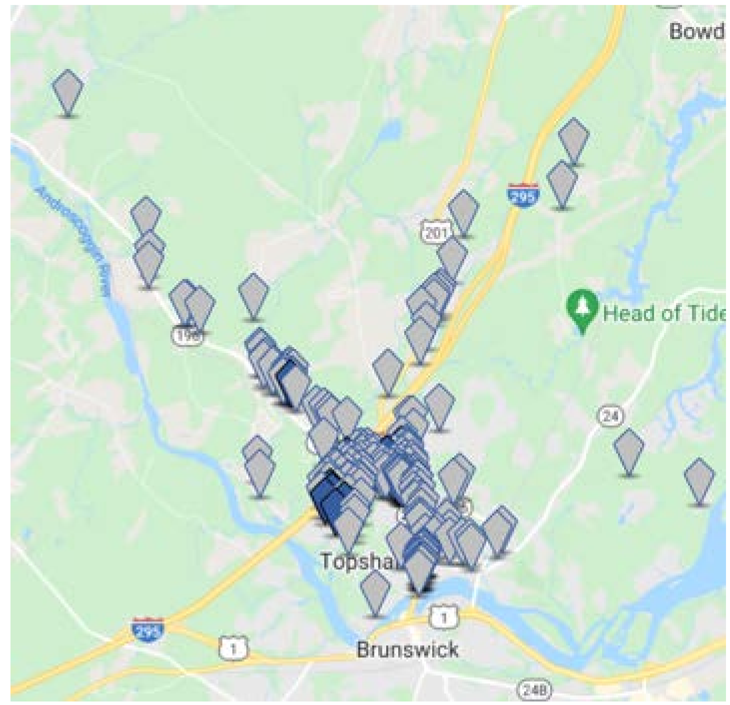
Based on properties tracked by CoStar there is over 1.1 million SF of rentable retail space in Topsham, of which 26,434 SF is currently vacant. Offices and industrial space are the next most common types of space in the area. There are 40 office properties accounting for over 15,000 SF of space, and 19 industrial buildings accounting for 18,000 SF of space. Property inventory is summarized in the table below, with the map showing the area of reference and property locations. Within Topsham, most properties are clustered to the east of I-295, off of State Route 196. To the west of I-295 there a smaller cluster of properties continues west on 196 and north on Route 201.

Town of Topsham Real Estate Inventory Summary*

Type	# of Properties	Avg. Year Built	Vacant SF	Rentable Building Area
Retail	77	1979	26,434	1,133,203
Office	40	1957	15,289	312,411
Industrial	19	1998	18,000	190,405
Specialty	9	1950	NA	156,067
Multi-Family	7	1957	-	278
Flex	2	2010	NA	17,550
Medical Office	2	1978	NA	38,306
Sports & Entertainment	1	NA	NA	70,012

Source: CoStar

***Note:** Multifamily expressed in units, rather than SF.



Source: CoStar

*Properties in blue have current availability according to CoStar.

4.1 RESIDENTIAL MARKET ANALYSIS

RESIDENTIAL MARKET ANALYSIS: KEY FINDINGS

- Historically, the Greater Portland Market has not been known to have a strong multifamily market, with homeownership dominating. However, the rental market has strengthened in recent years, with minimal vacancies and strong rent growth prompting developers to respond to the improved market demand.

- Approximately 77% of Topsham's occupied housing units are owner-occupied. This is higher than the percentage of owner-occupied units in the surrounding counties, region, and state. New residential development in the town is focused on single-family owned units, with approximately 120 units under development. In addition, 3 rental duplex units are under construction and 48 assisted living units.

- Given past trends, over the next five years (2021-2026) the number of households in Topsham is projected to grow by 132. Age cohorts driving growth will be those aged 65+ and 35–44-year-olds. Growth will be concentrated in higher-income households. Households with incomes greater than $100,000 will grow by the most, while households with incomes of $74,000 or less will decrease.

- It is estimated that over the next five years 86 new rental housing units could be supported from demand within Topsham and the surrounding market. This is equal to about 17 units per year for the next five years.

- It is also projected that over the next five years 295 new owned housing units could be supported from demand within Topsham and the surrounding market. This is equal to about 59 units per year for the next five years.

Supportable Demand for New Residential Units, 5-year Estimates

Type of Unit	Number of Units
Rental	86
Owned	295
Total	**381**

Source: Camoin Associates

HOUSING INVENTORY: OCCUPANCY

The following charts outline existing housing units by occupancy status. In addition to the surrounding counties, CSA, state, and nation, Topsham's housing market is compared to neighboring Brunswick where applicable throughout this section.

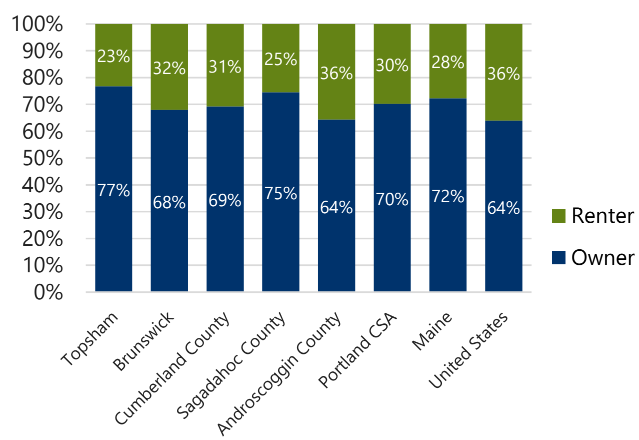
- 93% of Topsham's housing units are occupied and 7% are vacant.
- Of the occupied units, approximately 77% are owner-occupied. This is higher than the percentage of owner-occupied units in all comparison geographies, but most closely resembles Sagadahoc County (75% owner-occupied).
- Only 1% of Topsham's housing units are attributed to seasonal homes. In Maine overall, this is 18% and in neighboring Brunswick this is 4%.

Housing Units by Occupancy Status, 2019

	Town of Topsham	
	#	%
Occupied Units	3,870	93%
Owner-occupied	*2,970*	*72%*
Renter-occupied	*900*	*22%*
Vacant	272	7%
Seasonal	*57*	*1%*
Other Vacant	*215*	*5%*
Total	**4,142**	**100%**

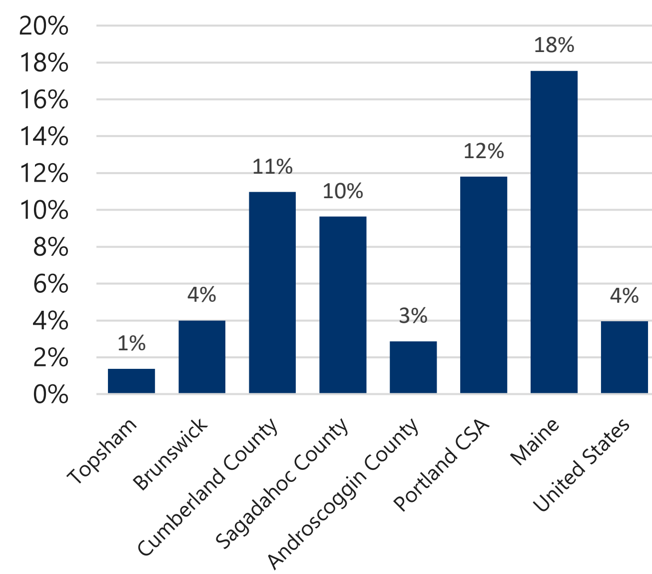
Source: 2019 ACS 5-year Estimates

Occupied Housing Unit Breakdown



Source: 2019 ACS 5-Year Estimates

Seasonal Housing Units as a % of Total Units



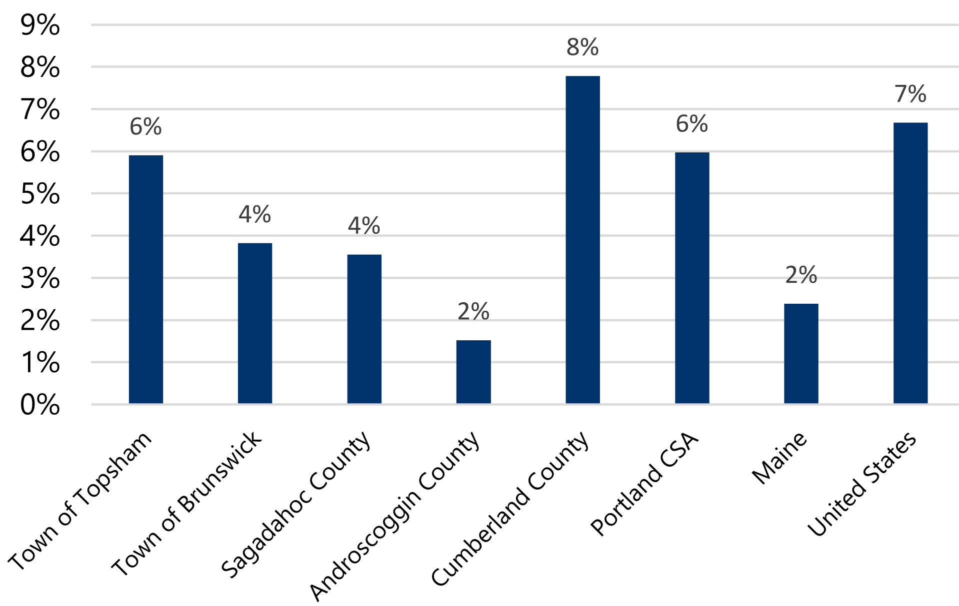
Source: 2019 ACS 5-Year Estimates

HOUSING INVENTORY: UNITS

The following table outlines the change in number of housing units:

- Since 2010, the number of housing units in Topsham has increased by 6%, from 4,167 to 4,413. This is an increase of 246 units over 10 years.
- Topsham's change in number of housing units is in line with the CSA. Topsham's growth outperforms Brunswick, Androscoggin and Sagadahoc counties, as well as the state, but lags Cumberland County.

% Change in Housing Units, 2010-2020



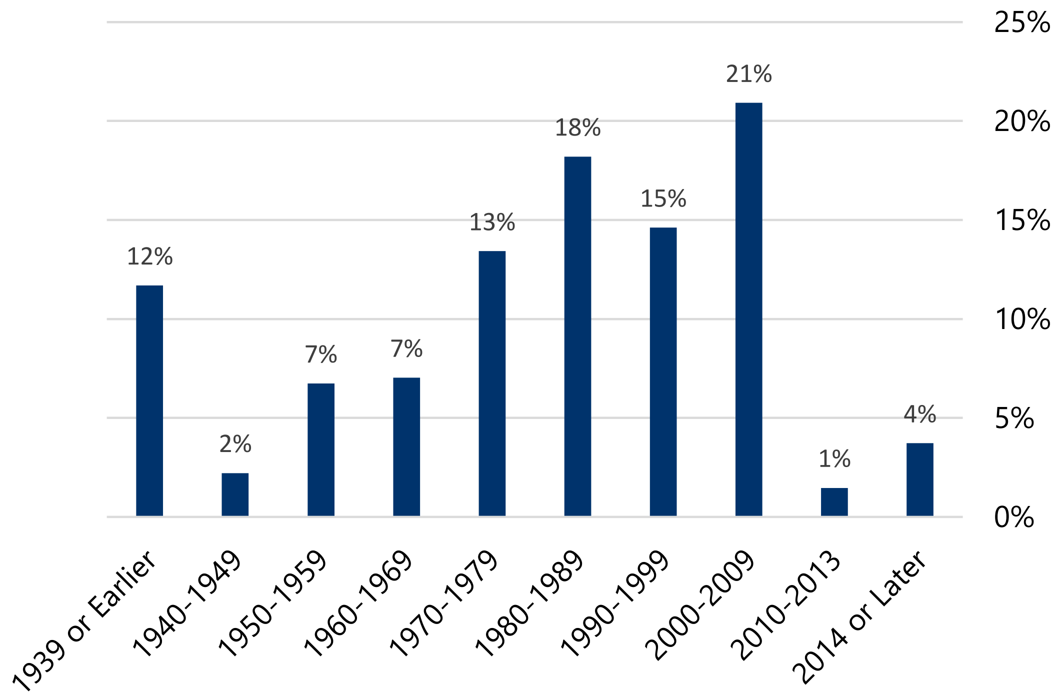
Source: Esri, Decennial Census Data

HOUSING INVENTORY: HOUSING UNITS BY YEAR BUILT

The following chart outlines existing housing units by the year they were built:

- The median year that homes were built in Topsham is 1985.
- Over a quarter of housing units have been built since 2000.

Total Housing Units by Year Built, Town of Topsham



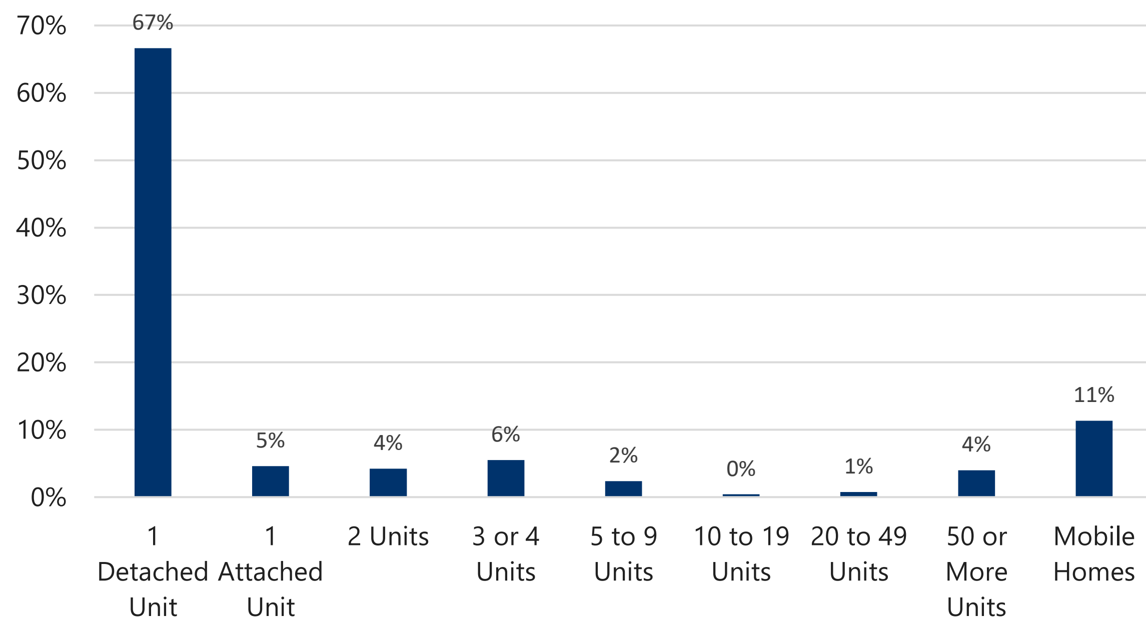
Source: Esri, American Community Survey 2019 5-Year Estimates

HOUSING INVENTORY: HOUSING UNITS BY UNITS IN STRUCTURE

The following chart outlines existing housing units by the number of units in structure:

- Topsham's housing stock has a large portion of 1-unit (single family) housing.
- About 17% of Topsham's housing stock is in multifamily structures (2+ units).

Total Housing Units by Units in Structure, Town of Topsham



Source: Esri, American Community Survey 2019 5-Year Estimates

HOUSING INVENTORY: BUILDING PERMITS

The following table outlines the number of residential building permits issued from 2010 to 2020, according to HUD:

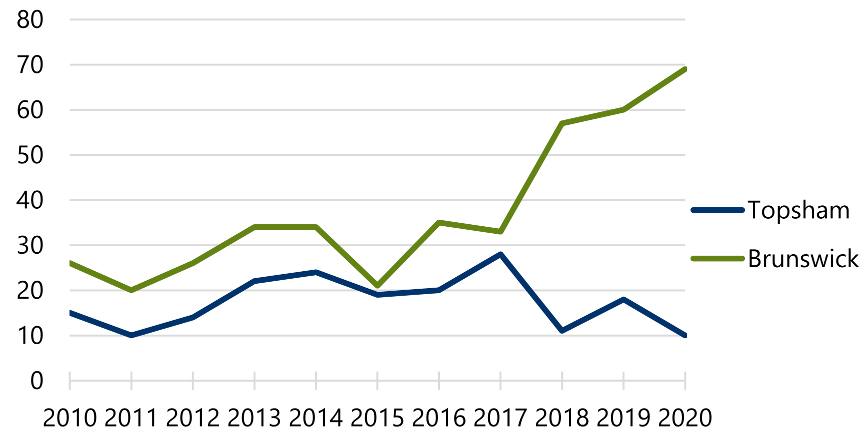
- Since 2010 there building permits have been issued for 191 single-family units and 8 multifamily units in Topsham. All multifamily unit permits were issued in 2020.
- The number of single-family permits issued has remained steady in Topsham while accelerating in Brunswick.

Residential Building Permits Issued, # of Units

	Topsham		Brunswick	
Year	Single Family	Multifamily	Single Family	Multifamily
2010	15	0	26	0
2011	10	0	20	2
2012	14	0	26	0
2013	22	0	34	0
2014	24	0	34	0
2015	19	0	21	2
2016	20	0	35	24
2017	28	0	33	2
2018	11	0	57	0
2019	18	0	60	0
2020	10	8	69	0
Total	**191**	**8**	**415**	**30**

Source: HUD

Single-Family Building Permits Issued



Source: HUD

HOUSING INVENTORY: UNITS IN PIPELINE

The following tables shows the estimated number of residential units in the development pipeline in the communities of Topsham, Brunswick, and Freeport:

- In the three towns combined there are 1,398 residential units in the pipeline, including 103 units in recently completed projects (within the last year) and 239 units under construction.
- Over 500 units have been approved but not yet built, and another 548 have been proposed but not yet approved.
- The vast majority of pipeline units are rentals (nearly 85%).
- Topsham accounts for 302 units, or about 22%.

Residential Development Pipeline - Units by Town and Status

Development Status	Brunswick	Topsham	Freeport	Total
Recently Completed	23		80	103
Under Construction	220	19		239
Approved	295	105	108	508
Proposed	370	178		548
Total	**908**	**302**	**188**	**1,398**

Source: Town Planning Departments; Camoin Associates

Residential Development Pipeline - Units by Type

Unit Type	Assisted Living	Owner	Rental	Total
Assisted Living	48	-	-	48
Duplex	-	-	6	6
Mobile Homes	-	-	100	100
Multi-Family	-	7	1,070	1,077
Single-Family	-	167	-	167
Total	**48**	**174**	**1,176**	**1,398**

Source: Town Planning Departments; Camoin Associates

Residential Development Pipeline - Projects Proposed, Approved, Under Construction, & Recently Completed - Topsham, Brunswick, Freeport

Project Name	Address	Town	Type	Unit Count	Rental/ Owner	Development Status	Status Detail	Estimated Completion
Eagle River Phase I	Blueberry Ln/Rt. 196	Topsham	Single-Family	6	Owner	Under Construction	Under Construction	2023-2024
Eagle River Phase II	Blueberry Ln/Rt. 196	Topsham	Single-Family	4	Owner	Approved	Approved March 2022	2023-2024
Highland Green Infill Units	Highland Green	Topsham	Single-Family	7	Owner	Approved	Approved May 2022	once units are sold
Highland Green Assisted Living	Highland Green	Topsham	Assisted Living	48	Asst. Living	Approved	Approved November 2021	on hold
Fairview Commons	25 Hackmatrack Rd	Topsham	Multi-Family	38	Rental	Approved	Approved February 2021, received extension January 2022	construction to begin
Mallett Woods Phase 3A	Forest Glen Ln	Topsham	Single-Family	7	Owner	Under Construction	Approved February 2021, under construction	2022-2023
715 Augusta Rd	715 Augusta Rd	Topsham	Single-Family	11	Owner	Proposed	Sketch plan proposed March 2022	unknown
122 Main St	122 Main St	Topsham	Multi-Family	8	Rental	Approved	Approved April 2022	unknown
Topsham Mobile Home Park Expansion	9 Agway Dr	Topsham	Mobile Homes	100	Rental	Proposed	Sketch plan proposed May 2021	unknown
Middlesex Road Duplexes	569 Middlesex Rd	Topsham	Duplex	6	Rental	Under Construction	Approved October 2021, under construction	2021-2022
Freeport Station Apartments	Depot St	Topsham	Multi-Family	67	Rental	Proposed	Proposed	unknown
Old Portland Road Apartments	Old Portland Rd	Brunswick	Multi-Family	222	Rental	Proposed	Staff Review Committee Review (Sketch)	2023-2024
Brunswick Landing Apartments (HOPCO)	Admiral Fitch Ave	Brunswick	Multi-Family	64	Rental	Proposed	Planning Board Review (Sketch)	2023-2024
Eliot Way Subdivision	Moody Rd	Brunswick	Single-Family	9	Owner	Proposed	Staff Review Committee Review (Sketch)	2023-2024
Towle Building Expansion	212 Maine St	Brunswick	Multi-Family	16	Rental	Proposed	Village Review Board / Planning Board Review (Sketch)	2023-2024
Admiral Fitch Apartments - Lot 29 (Holman)	93 Admiral Fitch	Brunswick	Multi-Family	59	Rental	Proposed	Completed Sketch Planning Board Review	2023-2024
Liberty Commons	Admiral Fitch Ave	Brunswick	Multi-Family	144	Rental	Under Construction	Under Construction	2023-2024
305 Bath Rd Apartments	305 Bath Rd	Brunswick	Multi-Family	202	Rental	Approved	Completed Entitlement Process - Awaiting Construction	2023-2024
BLV Phase II	Gurnet Rd	Brunswick	Single-Family	41	Owner	Approved	Completed Entitlement Process - Awaiting Construction	2023-2024
BLV Phase III	Neptune Dr	Brunswick	Multi-Family	60	Rental	Under Construction	Under Construction	2023-2024
Mill St Apartments	Mill St	Brunswick	Multi-Family	9	Rental	Approved	Completed Entitlement Process - Awaiting Construction	2023-2024
Backyard Quarry Subdivision	Coombs Rd	Brunswick	Single-Family	6	Owner	Under Construction	Under Construction	2022-2023
Jordan Crossing Subdivision	River Rd	Brunswick	Single-Family	5	Owner	Under Construction	Under Construction	2022-2023
Subdivision Infill	Various	Brunswick	Single-Family	43	Owner	Approved	Completed Entitlement Process - Awaiting Construction	2023
Tontine Apartments	149 Maine St	Brunswick	Multi-Family	16	Rental	Recently Completed	Recently completed	2022
Lemont Block Apartments	146 Maine St	Brunswick	Multi-Family	5	Rental	Under Construction	Under Construction	2022
The Citizen	Pleasant St	Brunswick	Multi-Family	7	Owner	Recently Completed	Recently completed	2022
The Residences at Crosstree Phase I	Desert Rd	Freeport	Multi-Family	80	Rental	Recently Completed	Recently completed	2022
The Residences at Crosstree Phase II	Desert Rd	Freeport	Multi-Family	80	Rental	Approved	Approved	unknown
Various Single-Family	Various	Freeport	Single-Family	28	Owner	Approved	Building permits issued within 12 months	unknown
Total				**1,398**				

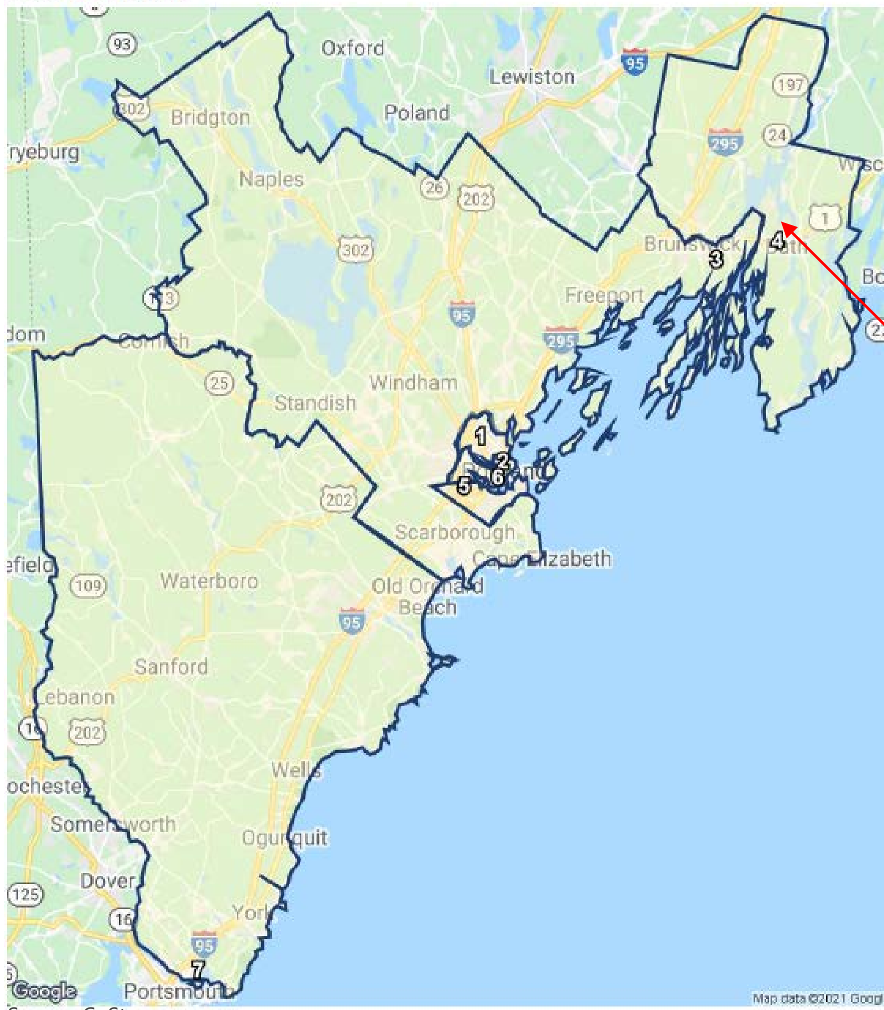
Note: This list excludes projects approved prior to 2021 that may not be built or fully built.

Source: Town Planning Departments; Camoin Associates

MULTIFAMILY MARKET: GEOGRAPHICAL CONTEXT

The Town of Topsham’s multifamily market falls in the Portland, ME market, as defined by CoStar (the entire yellow area in the map below). Within this market, Topsham falls in the Sagadahoc County submarket (#4 in below map), directly bordering the Outlying Cumberland County submarket (#3 in below map). Trends from the Portland, ME market and both submarkets are included in this analysis.

PORTLAND SUBMARKETS

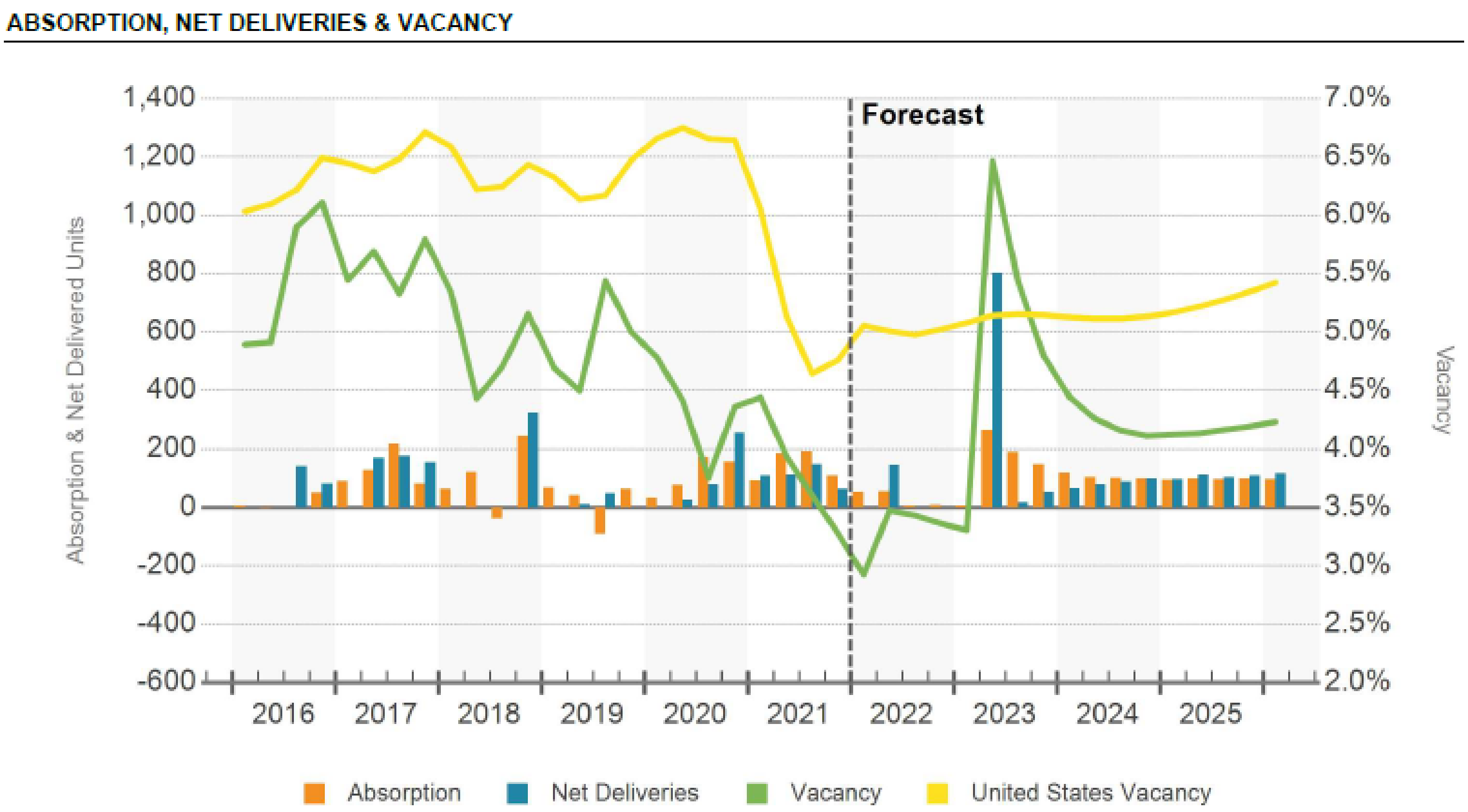


Sagadahoc County submarket, which includes Topsham.

Source: CoStar

MULTIFAMILY MARKET: REGIONAL CONTEXT (PORTLAND, ME MARKET)

According to CoStar, Portland is typically a slow-growth multifamily market, with an inventory of just over 15,000 units and just under 1,000 currently under construction. The homeownership rate is high, especially outside of Downtown Portland, keeping development to a minimum. This lack of new supply has supported tight vacancies and robust rent growth, and developers are now responding to the improved market demand. Under construction units represent about 6.2% of the existing inventory, and sustained deliveries are expected. Notable rent gains have been made in the luxury segment of the market, with units classified as 4 and 5 star increasing about 10.7% over the last 12 months.



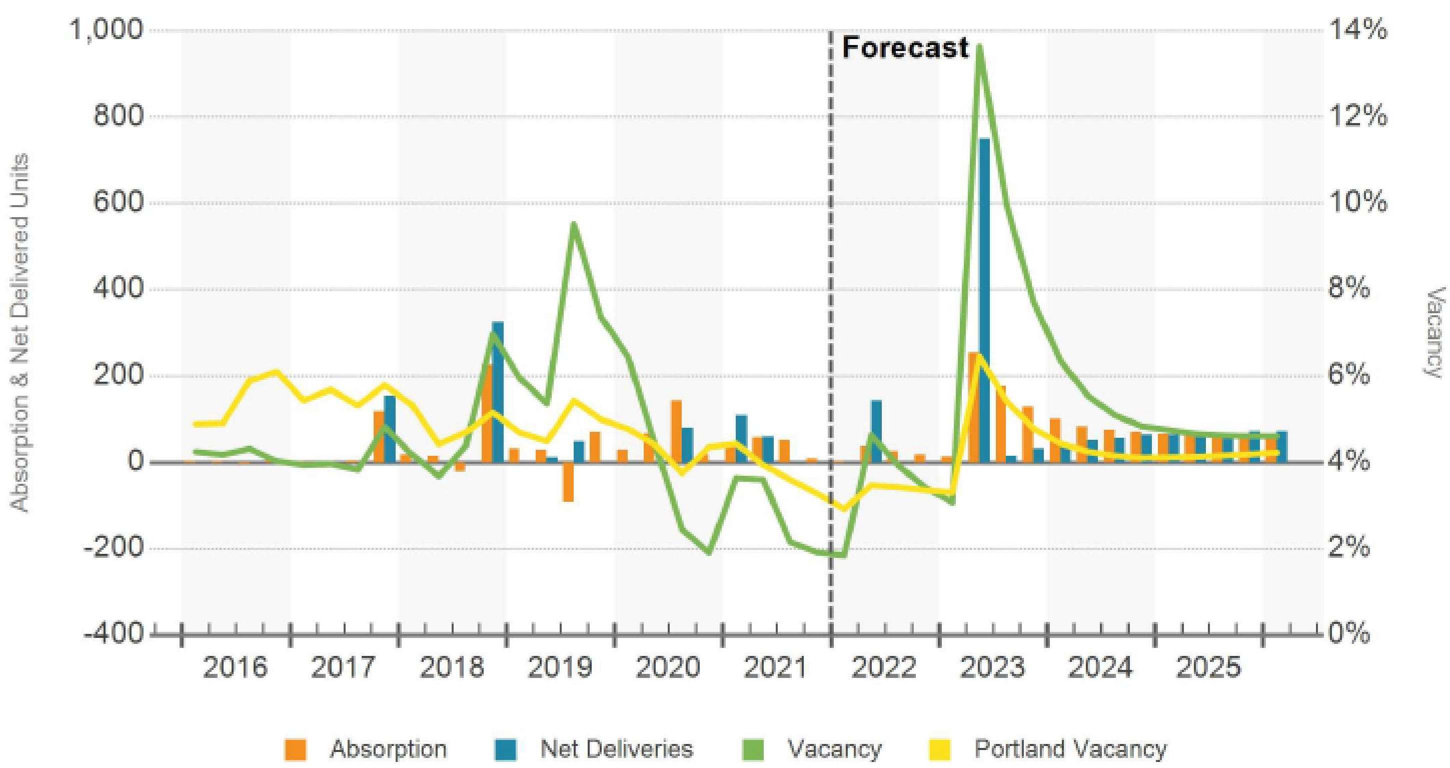
Source: CoStar, as of 1Q22

MULTIFAMILY MARKET: TOPSHAM AREA (OUTLYING CUMBERLAND COUNTY SUBMARKET)

In Outlying Cumberland County specifically:

- The vacancy rate has dropped over the past four quarters to 1.8%, below the long-term average.
- About 94 units have been delivered in the past 12 months, below the five-year average. Development of an additional 890 units is underway at Rock Row in Westbrook (750 units) and in Freeport (144 units).
- Rents have risen by 7.5% over the last year, the strongest annual increase in over 10 years.

ABSORPTION, NET DELIVERIES & VACANCY

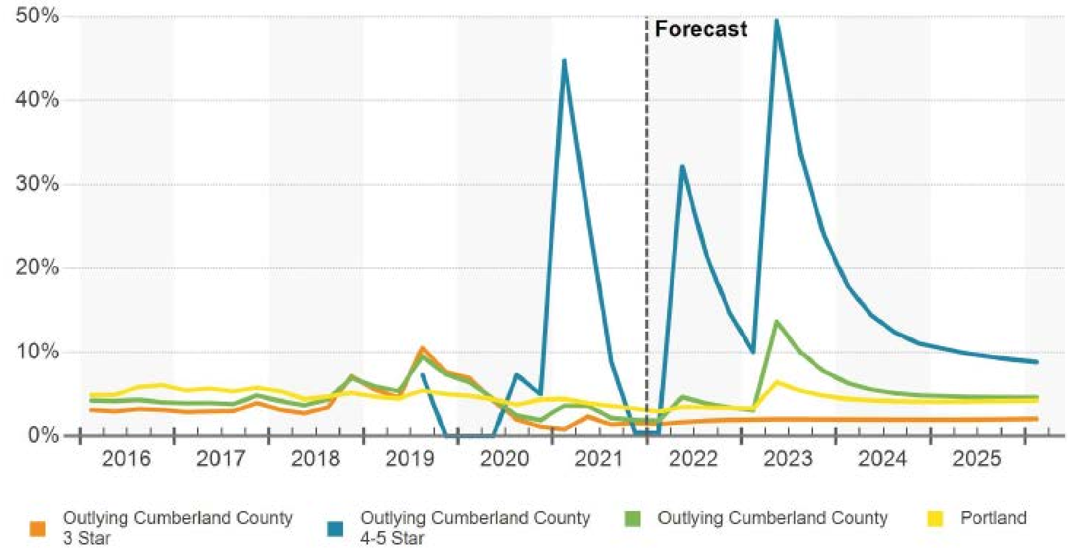


Source: CoStar, as of 1Q22

Within the submarket,

- Inventory is dominated by 3-star properties. 894 new 4- and 5-star units are under construction. Rock Row in Westbrook accounts for 750 of these units.
- Asking rents average more than $1,500 for all property classes. Rents on 4- and 5-star units are averaging approximately $2,000.
- Recent deliveries have been concentrated in close proximity to Portland, with the majority occurring in Scarborough and Westbrook. The Brunswick Landing Apartments, which brought 108 new units to Brunswick in early 2021, is the recent development closest to Topsham. Additionally, there are 144 new units currently under construction in Freeport.
- The vacancy rate is 1.8%, with 4 & 5-star units having the lowest vacancy rate (0.4%).

VACANCY RATE



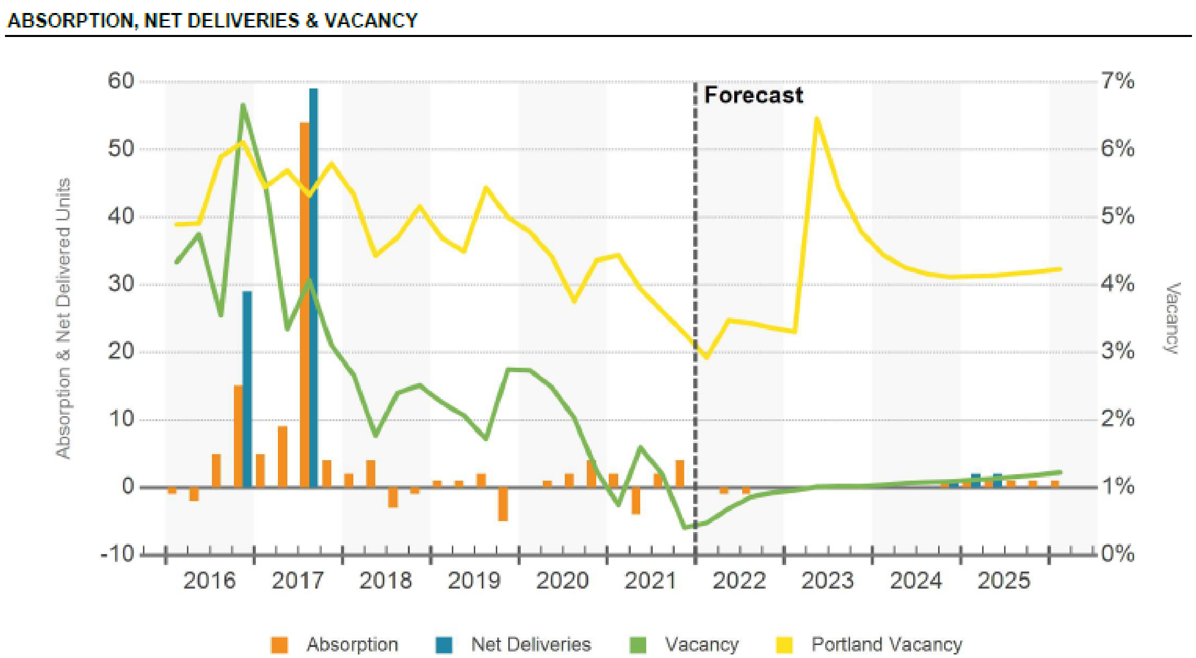
KEY INDICATORS

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	164	0.4%	$1,989	$1,985	0	0	894
3 Star	2,374	1.4%	$1,568	$1,566	4	0	0
1 & 2 Star	1,031	3.0%	$1,689	$1,685	1	0	0
Submarket	**3,569**	**1.8%**	**$1,634**	**$1,631**	**5**	**0**	**894**

MULTIFAMILY MARKET: TOPSHAM AREA (SAGADAHOC SUBMARKET)

In the Sagadahoc County submarket:

- There are about 480 apartment units – a small submarket.
- Vacancy is 0.4%, below the long-term average.
- No new units have been delivered in the past 12 months, with no new construction underway.
- In Topsham specifically, new residential is focused on single-family owned units, with approximately 120 units under development. In addition, 3 rental duplex units are under construction and 48 assisted living units.

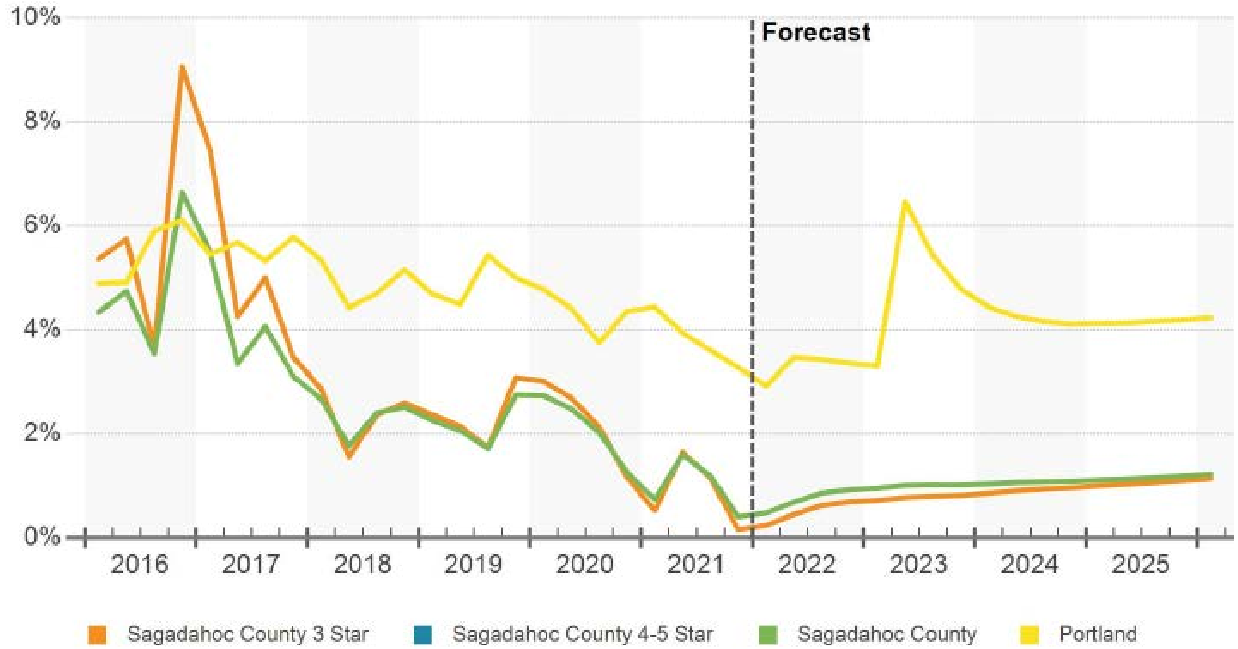


Source: CoStar, as of 1Q22

Within the Sagadahoc submarket,

- Most of the inventory is in 3-star units (316 units).
- Vacancy rates are lower than in the Portland Market, attributed to the small size of the market and relatively low inventory.

VACANCY RATE



KEY INDICATORS

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	0	-	-	-	0	0	0
3 Star	316	0.2%	$1,313	$1,309	0	12	0
1 & 2 Star	164	0.9%	$863	$859	0	0	0
Submarket	**480**	**0.4%**	**$1,239**	**$1,236**	**0**	**12**	**0**

Source: CoStar, as of 1Q22

FOR-SALE MARKET: MEDIAN SALE PRICE

The table outlines the median sale price of single family homes in Topsham and Brunswick from 2017 to 2021:

- The median sale price of a single-family home in Topsham in 2021 was $340,000.
- The average annual change in sale price has been similar between the two towns at 10% in Topsham and 9% in Brunswick.
- Over the five year period, the cumulative increase in sale prices has been 47% in Topsham and 39% in Brunswick. In line with national trends, home values experienced a large increase in 2020-2021. From 2020 to 2021, the median home price in Topsham increased by 18% and in Brunswick by 26%.

Median Single Family Home Sale Price

Year	Town of Topsham	Town of Brunswick
2017	$231,000	$295,000
2018	$238,000	$297,500
2019	$276,000	$341,300
2020	$289,000	$325,000
2021	$340,000	$410,000
2017-2021 Chg.	$109,000	$115,000
2017-2021 % Chg.	47%	39%
Avg. Annual % Chg.	10%	9%

Source: Redfin

HOUSING DEMAND IN TOPSHAM: HOUSEHOLDS BY INCOME AND AGE

The table below combines all households by income and age in Topsham in 2021.

- As of 2021 there are an estimated 4,017 households in Topsham.
- The largest household age cohorts in Topsham are 55-64 (23%), 65-74 (18%), and 45-54 (17%).
- Households over 55 collectively account for 56% of all households.

Households by Income and Age, Town of Topsham, 2021

	<25	25-34	35-44	45-54	55-64	65-74	75+	Total	% of Total
<$15,000	4	20	20	28	53	50	58	233	6%
$15,000-$24,999	7	21	16	21	34	59	81	239	6%
$25,000-$34,999	11	32	35	37	57	66	81	319	8%
$35,000-$49,999	12	54	55	65	74	80	124	464	12%
$50,000-$74,999	16	73	83	102	128	140	89	631	16%
$75,000-$99,999	8	94	130	204	288	155	65	944	24%
$100,000-$149,999	7	100	177	161	205	128	83	861	21%
$150,000-$199,999	-	20	27	58	51	45	27	228	6%
$200,000+	-	10	24	21	18	18	7	98	2%
Total	**65**	**424**	**567**	**697**	**908**	**741**	**615**	**4,017**	**100%**
% of Total	**2%**	**11%**	**14%**	**17%**	**23%**	**18%**	**15%**	**100%**	

Source: Esri

HOUSING DEMAND IN TOPSHAM: PROJECTED CHANGE IN HOUSEHOLDS

The table below shows the projected change in all Topsham households from 2021-2026, by income and age.

- Over the next five years (2021-2026) the number of households in Topsham is expected to grow by 132 (net). Among households earnings over $50,000, there will be 230 new households.
- Age cohorts driving growth will be those aged 65+ and 35–44-year-olds.
- Growth will be concentrated in higher-income households. Households with incomes greater than $100,000 will grow by the most, while households with incomes of $74,000 or less will decrease.

Projected Change in Households, Town of Topsham, 2021-2026

	<25	25-34	35-44	45-54	55-64	65-74	75+	Total
<$15,000	0	(4)	(2)	(7)	(17)	(8)	(1)	(39)
$15,000-$24,999	(2)	(3)	(2)	(5)	(8)	0	0	(20)
$25,000-$34,999	(1)	(1)	(4)	(8)	(10)	2	3	(19)
$35,000-$49,999	(1)	(4)	(5)	(14)	(15)	0	19	(20)
$50,000-$74,999	2	0	(6)	(12)	(16)	16	12	(4)
$75,000-$99,999	0	3	0	(12)	(20)	37	13	21
$100,000-$149,999	0	13	31	10	6	46	31	137
$150,000-$199,999	0	5	9	8	8	19	11	60
$200,000+	0	(2)	5	2	1	8	2	16
Total	**(2)**	**7**	**26**	**(38)**	**(71)**	**120**	**90**	**132**

Source: Esri

RENTAL DEMAND IN TOPSHAM: PROPENSITY TO RENT AND NEW UNITS

According to CoStar, market rents for units in the Outlying Cumberland County and Sagadahoc County submarkets are in the $1,200-$1,600 range. For this analysis we will use an average rent of $1,400 per month. To afford a rent of $1,400 per month, a household would need a minimum annual income of at least $50,000 to afford this (assuming annual spending on rent to be no more than 30% of income). To estimate future rental demand, we segmented the market to consider only households earning $50,000 and up (230 new households). We then considered the propensity to rent for each age cohort in this income group. Given changing consumer preferences, it is likely that the propensity to rent among Topsham area residents will increase. Therefore, we assume that the propensity to rent will more closely resemble that of the United States than the current propensity to rent among Cumberland, Sagadahoc, and Androscoggin County residents. Overall, 25% of U.S. households earning more than $50,000 rent their homes, compared to 15% of Cumberland, Sagadahoc, and Androscoggin County households. This varies greatly by age, with 75% of households under 25 renting and declining to just 9% of 65-74 households renting, nationally (see below table).

The chart below shows the composition of the renter target market for Topsham by age cohort. The largest renter demographic is 25-34-year-olds making up 25% of all renters, followed by 35-44-year-olds, representing just under a quarter of renters. The three senior cohorts (55-64, 65-74, and 75+) collectively make up 30% of the renter market.

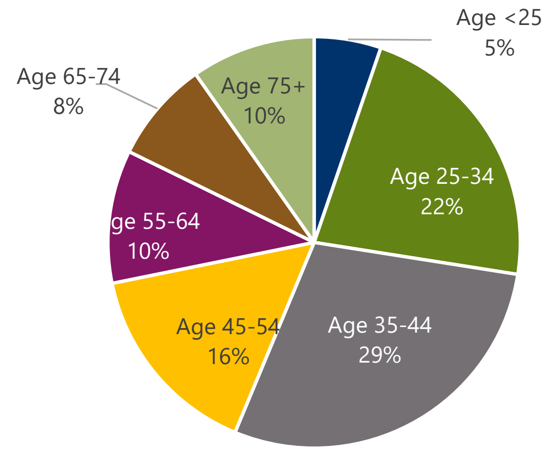
Based on projected growth in $50,000+ households, new rental housing demand for Topsham through 2026 is estimated at 48 units, or about 10 units per year. Therefore, it is estimated that up to 48 new rental units could be supported in Topsham over the next five years.

Propensity to Rent by Age, Households with Income Over $50,000

Age	<25	25-34	35-44	45-54	55-64	65-74	75+	Total
Cumberland, Sagadahoc, and Androscoggin Counties								
Rental Propensity	61%	27%	23%	11%	6%	5%	11%	15%
United States								
Rental Propensity	75%	50%	30%	21%	14%	9%	11%	25%

Source: Census ACS 1-year PUMS, 2019

Market-Rate Rental Unit Demand Through 2026, by Household Age Cohort

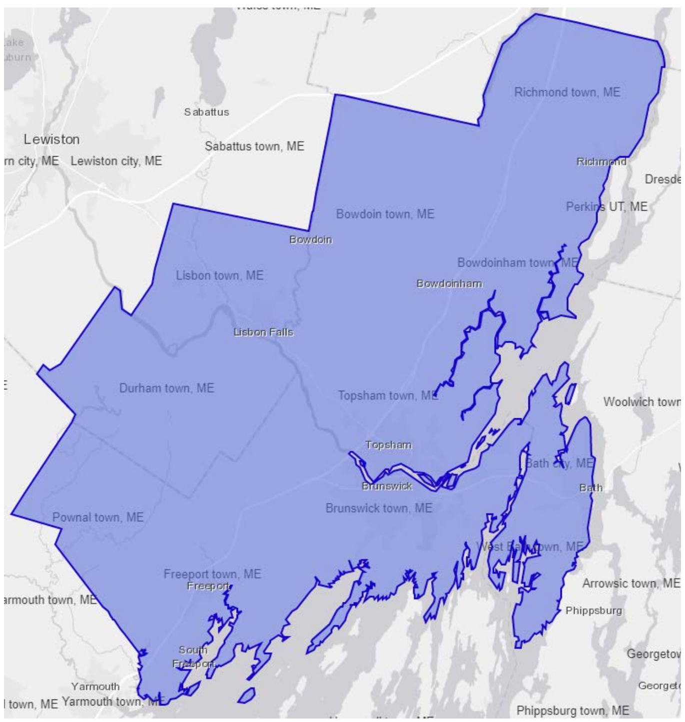


Source: Esri, Census ACS 1-year PUMS, 2019; Camoin Associates

RENTAL MARKET DEMAND

In addition to absorbing demand by Topsham residents, new multifamily development in the town could capture a portion of the demand from the surrounding area. To estimate the demand for units that could be absorbed from the larger region, a housing market region was used. This region extends from Freeport and Pownal in the south, to Richmond in the north, and bordered on the east and west by Bath and Lisbon. This represents a reasonable area from which Topsham could attract new residents, given the geographic location and demographic/housing characteristics of the selected communities. The region is highlighted in blue on the map below.

Using the same methodology as was used for Topsham (propensity to rent among $50,000+ households in the region) it is estimated that there will be demand for 384 new rental units in the region over the next five years, in addition to the 48 in Topsham. Topsham currently accounts for 10% of renter occupied units in this region and it is assumed that Topsham would continue to capture this portion of regional rental demand. Assuming that Topsham could capture 10% of this demand, this means that an additional 38 new units could be supported in Topsham over the next five years, or 86 total units (48 + 38). This equals approximately 17 new units per year, over the next five years.



Regional Multifamily Unit Demand through 2026

		Units
A	Topsham Demand	48
B	Region (excl. Topsham) Demand	384
C	Regional Capture %	10%
D	Regional Capture (B*C)	38
E	Total Demand for Topsham (A+D)	86
F	**Annual Demand (E/5)**	**17**

Source: Esri, Camoin Associates

FOR-SALE MARKET DEMAND

A methodology similar to that used to calculate rental demand was used to calculate demand for for-sale units. The median sale price for homes in Topsham was $340,000 in 2021. To afford a home of this price, it is estimated that households will need to have an annual income of at least $65,000 (assuming a 20% down payment on a 30-year mortgage and a 4.33% interest rate). To estimate future demand, we segmented the market to consider only households earning $65,000 and up. We then considered the propensity to own homes for each age cohort in this income group, again assuming that the region will begin to more closely resemble national trends. Overall, 78% of U.S. households earning over $65,000 own their homes, compared to 87% of Cumberland, Sagadahoc, and Androscoggin County households. This varies greatly by age, with just 27% of households under 25 owning and 92% of households age 65-74 owning, nationally (see below table).

Based on projected growth in $65,000+ households, new for-sale housing demand for Topsham through 2026 is estimated at 148 units. Like with rental units, Topsham will likely absorb a portion of regional demand for for-sale units. The same housing market region was used to estimate this capture.

It is estimated that there will be demand for 1,051 new for-sale units in the region over the next five years, in addition to the 148 in Topsham. Assuming that Topsham could capture 14% of this demand (Topsham's portion of current owner occupied units in the region), this means that an additional 147 new units could be supported in Topsham over the next five years, or 295 total units (148 + 147). This equals approximately 59 new units per year, over the next five years.

Propensity to Own by Age, Households with Income Over $65,000

Age	<25	25-34	35-44	45-54	55-64	65-74	75+	Total
Cumberland, Sagadahoc, and Androscoggin Counties								
Owner Propensity	26%	82%	82%	89%	97%	95%	88%	87%
United States								
Owner Propensity	27%	53%	73%	82%	88%	92%	90%	78%

Source: Census ACS 1-year PUMS, 2019

Regional For-Sale Home Demand through 2026

		Units
A	Topsham Demand	148
B	Region (excl. Topsham) Demand	1,051
C	Regional Capture %	14%
D	Regional Capture (B*C)	147
E	Total Demand for Topsham (A+D)	295
F	**Annual Demand (E/5)**	**59**

Source: Esri, Camoin Associates

4.2 RETAIL MARKET ANALYSIS

RETAIL MARKET ANALYSIS: KEY FINDINGS

- Within the Portland market retail vacancy rates (except for malls) are trending down. Pent up demand and government stimulus resulted in a strong 2021 for travel, recreational activities, and dining out. While the overall outlook is positive, challenges such as inflation, online retail, and labor shortages will continue to put strain on the market.

- The pipeline of new retail space in the market is limited, however Topsham has continued to have success attracting new businesses like Jersey Mikes and Sherman's Books to the Topsham Fair Mall. Market Basket is also a key pipeline project for the town.

- Based on the data that is available for current retail demand, retail industries with the largest gap (demand exceeds sales represent retail categories for which residents need to leave the area to meet their needs. These industries include:
  - **Town of Topsham**: Supermarkets and Other Grocery Stores, Warehouse Clubs and Supercenters, Other Building Material Dealers, Family Clothing Stores.
  - **Local Trade Area**: Warehouse Clubs and Supercenters, Supermarkets and Other Grocery Stores, Other Building Material Dealers, Family Clothing Stores.
  - **Regional Trade Area**: Warehouse Clubs and Supercenters, Food Service Contractors, Department Stores, and Women's Clothing Stores.

- Up to about 106,000 SF of retail space could be supported as a result of leakage recapture of regional trade area residents and household growth. To do so, businesses would need to have a regional draw (like a warehouse club). Locally, 16,555 SF of new retail space could be supported through leakage capture of Topsham residents only, as well as projected demand from new residents. Recapture of leakage from the local trade area and household growth could support nearly 35,000 SF of space. Local grocery stores, for which the trade area has leakage, could fit into this category.

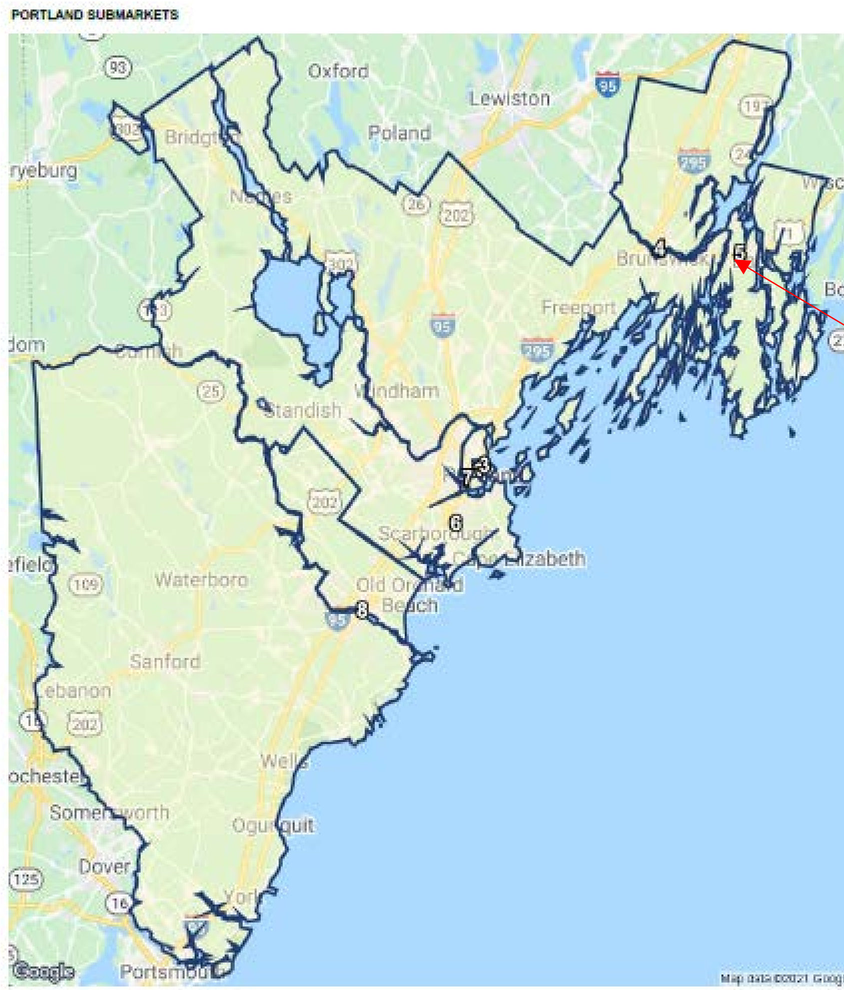
Supportable Demand for New Retail Space

Demand From	SF
Topsham Residents (current and new)	16,555
Local Trade Area	34,961
Regional Trade Area	106,203

Source: Camoin Associates

RETAIL MARKET: GEOGRAPHICAL CONTEXT

The Town of Topsham's retail market falls in the Portland, ME market (the entire yellow area on the map below). Within this market, Topsham falls in the Sagadahoc County submarket (#5 in below map), directly bordering the Northeast Cumberland County submarket (#4 in below map). Trends from the Portland, ME market and both submarkets are included in this analysis.

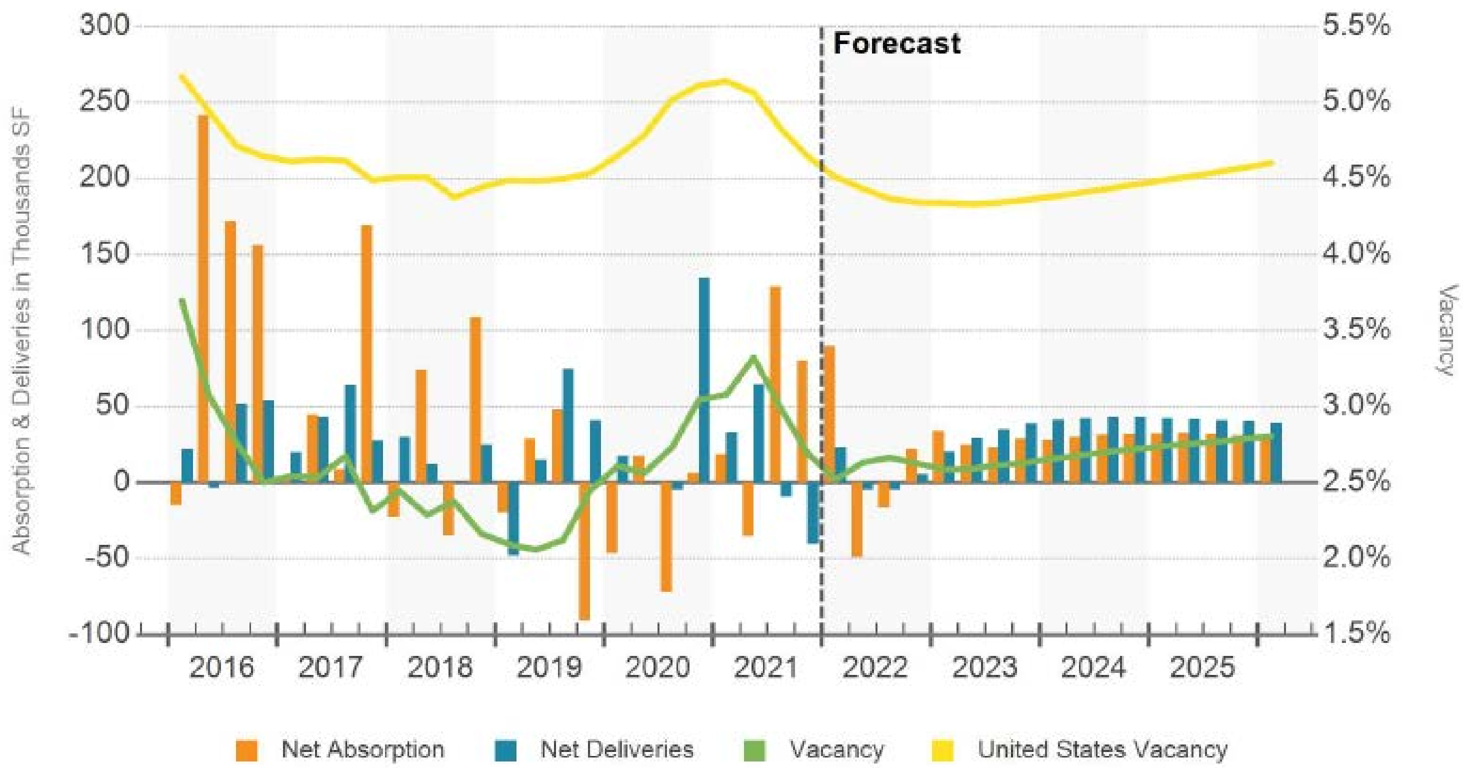


Sagadahoc County submarket, where Topsham is found.

Source: CoStar

RETAIL MARKET: REGIONAL CONTEXT (PORTLAND, ME MARKET)

Nationally, retail vacancy rates (except for malls) continue to trend down. Pent up demand from 2020 and government stimulus resulted in stronger travel, recreational activities, and dining out in 2021. Home gym equipment, athleisure wear, and experiential retail remain strong retail categories. According to CoStar, vacancies in the Portland retail market have remained steady over the last four quarters and are in line with the 10-year average. 330,000 SF of space has delivered over the past three years. The Rock Row mixed use development in Westbrook also has 300,000 SF of retail, restaurant, and service space in the pipeline – a substantial addition to the market. In Topsham specifically, the addition of a Market Basket grocery store to the Topsham Fair Mall is a key pipeline project. While the overall retail outlook for the Portland region is positive, challenges will likely continue to be inflation, online retail, and labor shortages.



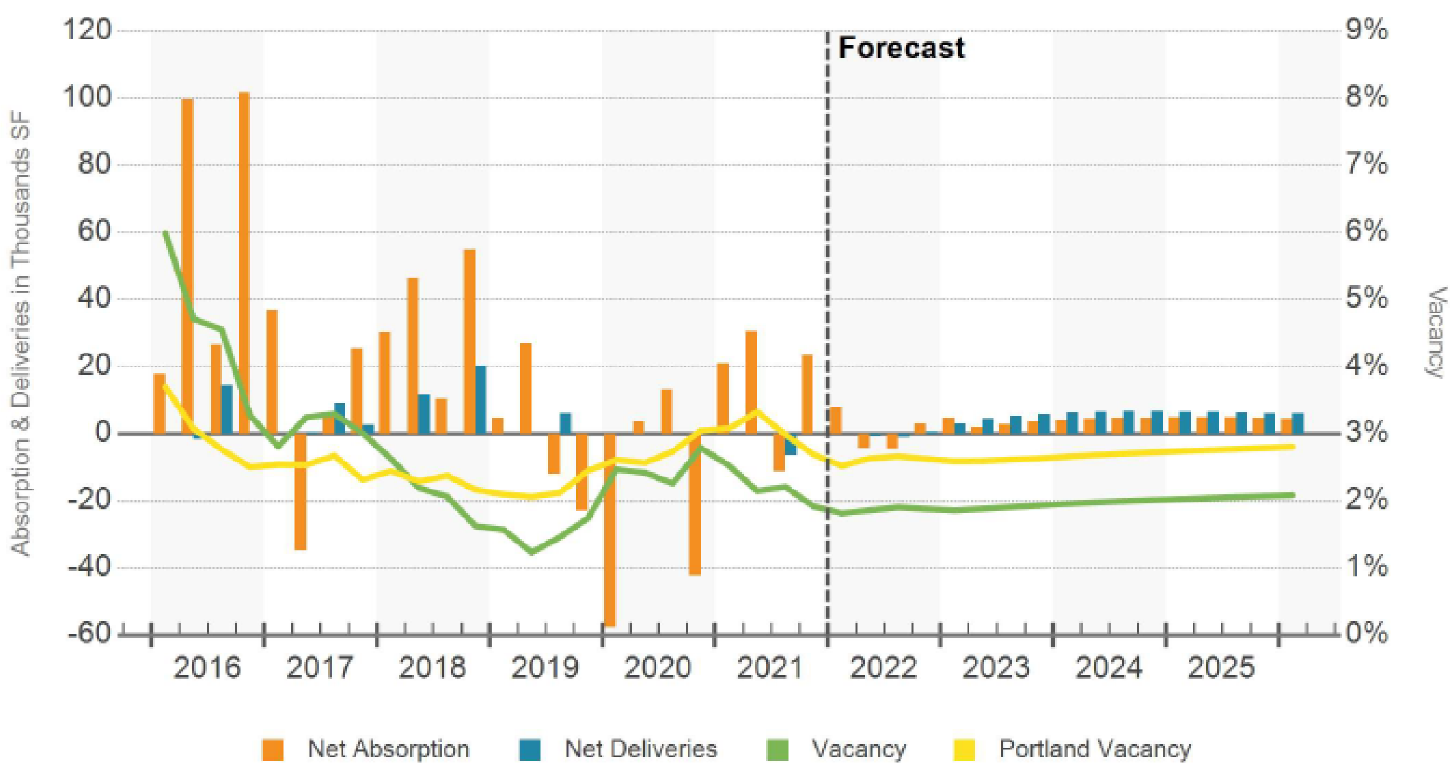
Source: CoStar, as of 1Q22

RETAIL MARKET: TOPSHAM AREA (NE CUMBERLAND SUBMARKET)

In NE Cumberland County specifically:

- Retail vacancies are below the Portland region's average and remain in line with the submarket's five-year average.
- Of properties tracked by CoStar, no new retail space is under construction.
- Rents have risen by 0.7% over the last year.

NET ABSORPTION, NET DELIVERIES & VACANCY

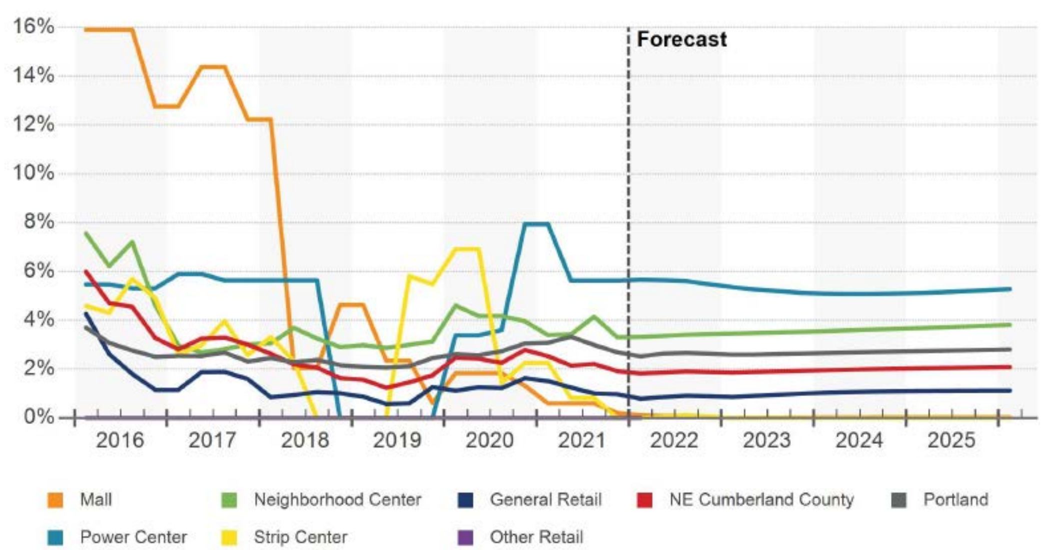


Source: CoStar, as of 1Q22

Within the submarket,

- The current retail vacancy rate is low at 1.8%. Though there was a slight increase due to COVID-19, vacancy rates have been trending downward overall since 2016.
- Malls and strip centers have the lowest vacancy rate while power centers have the highest.

VACANCY RATE



KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Malls	493,344	0.2%	$17.85	0.2%	0	0	0
Power Center	678,715	5.6%	$19.32	5.6%	0	0	0
Neighborhood Center	2,148,647	3.3%	$15.77	3.4%	0	0	0
Strip Center	244,523	0%	$14.89	0%	0	0	0
General Retail	4,440,093	0.8%	$15.42	1.5%	8,589	0	0
Other	0	-	-	-	0	0	0
Submarket	**8,005,322**	**1.8%**	**$15.98**	**2.3%**	**8,589**	**0**	**0**

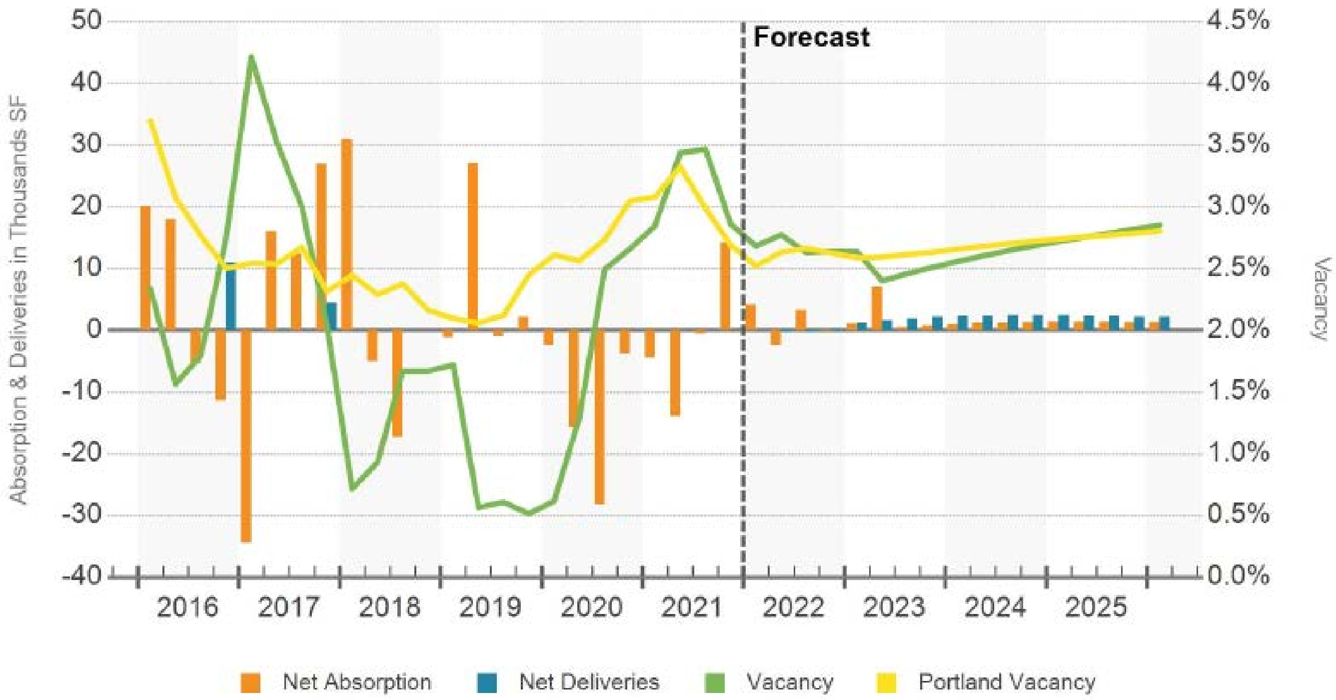
Source: CoStar, as of 1Q22

RETAIL MARKET: TOPSHAM AREA (SAGADAHOC SUBMARKET)

In the Sagadahoc County submarket:

- Retail vacancies are above the Portland region's average and are higher than the submarket's five-year average.
- Rents have risen by 2.9% over the last year.
- Retail projects that have been permitted in Topsham in the last two years include Shammy's Car Wash, Jersey Mikes, Sherman's Books, and a music center – all in the Topsham Fair Mall area.

NET ABSORPTION, NET DELIVERIES & VACANCY

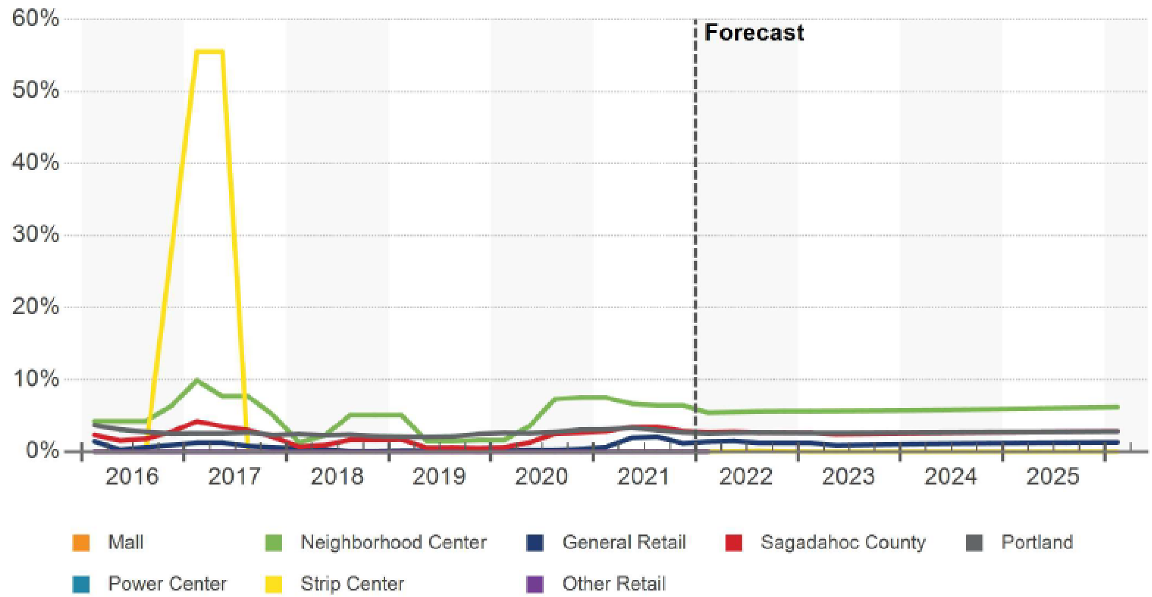


Source: CoStar, as of 1Q22

Within the submarket,

- Inventory in the submarket falls is dominated by general retail and neighborhood centers, with a small presence of strip centers.
- The retail market in the county is not dynamic. There is little movement or turnover in the market, with rents pricing lower than the Portland market average.

VACANCY RATE



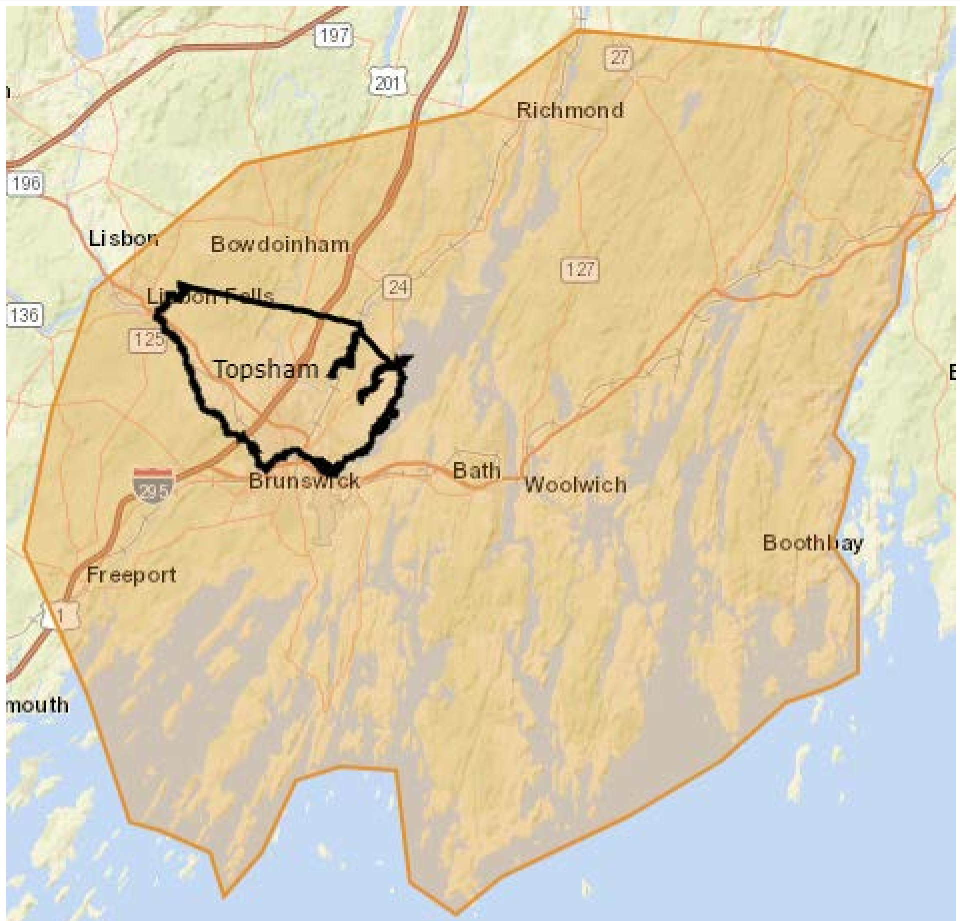
KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Malls	0	-	-	-	0	0	0
Power Center	0	-	-	-	0	0	0
Neighborhood Center	747,113	6.6%	$15.74	6.6%	(1,200)	0	0
Strip Center	8,224	0%	$14.22	0%	0	0	0
General Retail	1,589,042	1.4%	$15.61	0.8%	(3,302)	0	0
Other	0	-	-	-	0	0	0
Submarket	**2,344,379**	**3.1%**	**$15.64**	**2.6%**	**(4,502)**	**0**	**0**

Source: CoStar, as of 1Q22

REGIONAL RETAIL TRADE AREA

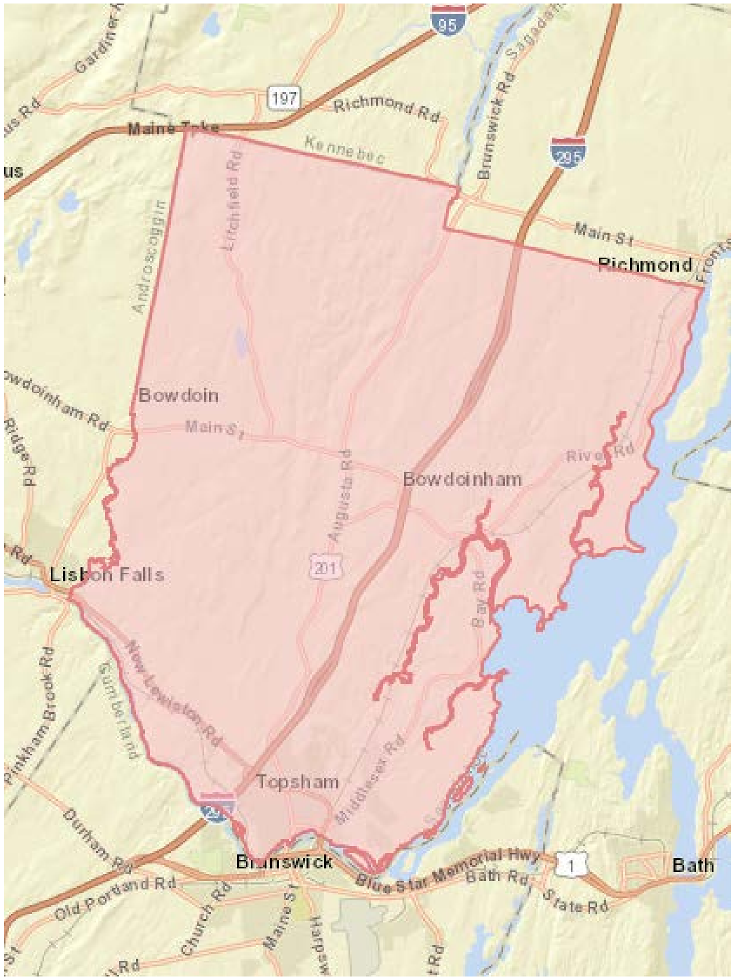
- The regional retail trade area (orange shading on map) delineates the draw area for the majority of Topsham's retail customers.
- The regional retail trade area applies to stores that attract customers from greater distances for specialized or less frequent purchases and is a 20 to 40-minute drive time.
- Customers outside this area live closer to, and typically shop at, competing locations in the broader region: Falmouth, Auburn, Augusta, Thomaston/Rockland.
- Retail offerings in Topsham compete directly with Cook's Corner in Brunswick while Freeport outlet retail complements Brunswick/Topsham big-box offerings.



Source: Esri

LOCAL RETAIL TRADE AREA

- The local retail trade area (red shading on map) delineates the draw area for "everyday" needs: grocery, pharmacy, personal care services, bank, fitness, quick meals, etc.
- The local retail trade serves a smaller geographic area than the regional retail trade area and is a 5 to 15-minute drive time that covers Topsham, Bowdoin, and Bowdoinham.
- Customers outside this area typically shop for daily needs in surrounding communities: Brunswick, Freeport, Bath, and Lisbon.



Source: Esri

MARKET DEMAND: TAPESTRY SEGMENTATION

TAPESTRY SEGMENTATION

A tool used by retail site selectors in determining the characteristics of a particular trade area is market segmentation, which is the classification of consumers according to demographic, socioeconomic, housing, and lifestyle characteristics. It is how retailers and site selectors compare consumer trends across trade areas when considering many site locations.

Market segmentation is based on the concept that people with similar demographic characteristics, purchasing habits, and media preferences naturally gravitate toward each other and into the same communities. Businesses utilize segmentation to understand their customers' lifestyle choices, purchasing preferences, and how they spend their free time.

Market segmentation data for the regional trade area were obtained from Esri's Tapestry segmentation model. Additional information about Esri's model can be found here: http://www.esri.com/landing-pages/tapestry. We will focus on the characteristics of consumers living in the broader regional trade area since the retail categories with the best potential for success in the area tend to have a regional reach.

It is important to recognize that the classifications and labels that ESRI uses for defining market segments are generalizations. The descriptions of each segment are based on comparisons with the U.S. as a whole and reflect the propensity of households within that segment to exhibit certain demographic, lifestyle, and consumer characteristics relative to the overall population. The purpose of this exercise is to compare local consumer trends to those of consumers across the U.S. so businesses and developers not familiar with the region understand consumer demand in this area.

The top Esri Tapestry segments for the local and regional trade areas are listed in the table below, with profiles of each segment, including household composition, housing type, income, age, education, and consumer habits listed in Attachment B.

Top Tapestry Segments of Local Retail Trade Area

Rank	Tapestry Segment	Percent
1	The Great Outdoors	33.9%
2	Green Acres	25.3%
3	Parks and Rec	17.8%
4	Midlife Constants	16.1%
5	Southern Satellites	6.9%

Source: Esri

Top Tapestry Segments of Regional Retail Trade Area

Rank	Tapestry Segment	Percent
1	The Great Outdoors	17.4%
2	Rural Resort Dwellers	15.3%
3	Green Acres	9.4%
4	Rustbelt Traditions	8.7%
5	Midlife Constants	7.4%

Source: Esri

MARKET DEMAND: LEAKAGE ANALYSIS

RETAIL GAP ANALYSIS

In a retail gap analysis, the existing retail sales ("supply") of trade area businesses are compared to the estimated retail spending of trade area residents ("demand"). The difference between demand and supply is referred to as the "retail gap."[1] The retail gap can be positive or negative.

When the demand (spending by trade area residents) for goods and services is greater than sales at trade area businesses, sales are said to "leak out" of the trade area, creating a positive retail gap (i.e., sales leakage).

Conversely, if the supply of goods sold (local trade area sales) exceeds trade area demand (spending by trade area residents), it is assumed that non-residents are coming into the trade area and spending money, creating a negative retail gap (i.e. sales surplus).

Sales leakage and sales surplus carry different implications. In many cases, sales leakage presents an opportunity to capture unmet demand in a trade area since a percentage of residential spending occurs outside the trade area. This demand can be met within the trade area by opening new businesses or expanding existing businesses within retail sectors that show sales leakage. However, not all retail categories that exhibit sales leakage within a particular trade area are a good fit for the region. Rapidly changing retail norms mean long term consequences for potential build out of retail space. It is important to consider that while there may be leakage indicated for a certain industry, that leakage could be due to ecommerce and therefore is not a retail category that would be as productive as a brick-and-mortar space. What were once retail locations may have more economic potential as flex space, office or redevelopment in housing. This data should be used as a starting point to determine if what categories have leakage and whether they are viable for brick-and-mortar locations.

A sales surplus might exist for several reasons. For example, the region might be a popular shopping destination for tourists and other out-of-towners, or a cluster of competing businesses offering a similar product or service may be located within the trade area, creating a specialty cluster that draws in spending by households from outside the trade area. Alternatively, a sales surplus could be an indicator of market saturation.

The following Retail Gap Analysis table contains a list of industries by 6-digit NAICS codes and includes figures for sales demand (estimated purchases by local trade area residents both in and out of the trade area, and purchases by non-trade-area residents), sales supply (existing sales within the trade area), and retail gap (demand minus supply). Retail categories with the greatest sales leakage are displayed. Retail industries with the largest gap (demand exceeds sales) are similar between the Town of Topsham and the local trade are and include:

- **Town of Topsham**: Supermarkets and Other Grocery Stores, Warehouse Clubs and Supercenters, Other Building Material Dealers, Family Clothing Stores.
- **Local Trade Area**: Warehouse Clubs and Supercenters, Supermarkets and Other Grocery Stores, Other Building Material Dealers, Family Clothing Stores.
- **Regional Trade Area**: Warehouse Clubs and Supercenters, Food Service Contractors, Department Stores, and Women's Clothing Stores.

Retail Gap 6-Digit NAICS, Town of Topsham, ME (2021)

NAICS	Description	Total Demand	Total Sales	Retail Gap (Demand - Sales)
445110	Supermarkets and Other Grocery (except Convenience) Stores	$6,250,430	$1,732,493	$4,517,937
452311	Warehouse Clubs and Supercenters	$4,391,448	$0	$4,391,448
444190	Other Building Material Dealers	$2,585,802	$1,185,922	$1,399,880
448140	Family Clothing Stores	$1,046,656	$0	$1,046,656
452319	All Other General Merchandise Stores	$1,027,570	$0	$1,027,570
453998	All Other Miscellaneous Store Retailers (except Tobacco Stores)	$926,121	$0	$926,121
442110	Furniture Stores	$856,814	$0	$856,814
448120	Women's Clothing Stores	$592,481	$79,384	$513,097
312130	Wineries	$526,368	$76,723	$449,645
448190	Other Clothing Stores	$386,195	$0	$386,195
445120	Convenience Stores	$361,451	$0	$361,451
442210	Floor Covering Stores	$333,571	$0	$333,571
442299	All Other Home Furnishings Stores	$319,572	$0	$319,572
446199	All Other Health and Personal Care Stores	$304,295	$0	$304,295
453991	Tobacco Stores	$270,536	$0	$270,536
453210	Office Supplies and Stationery Stores	$267,729	$0	$267,729
444130	Hardware Stores	$969,075	$709,133	$259,943
311811	Retail Bakeries	$236,426	$0	$236,426
448150	Clothing Accessories Stores	$225,464	$2,522	$222,941
444210	Outdoor Power Equipment Stores	$263,171	$40,947	$222,225
446130	Optical Goods Stores	$186,350	$0	$186,350
812113	Nail Salons	$425,065	$250,198	$174,867
453110	Florists	$168,977	$0	$168,977
441222	Boat Dealers	$155,860	$0	$155,860
812111	Barber Shops	$154,980	$0	$154,980
448110	Men's Clothing Stores	$143,815	$0	$143,815
454210	Vending Machine Operators	$196,773	$56,902	$139,871
446191	Food (Health) Supplement Stores	$132,388	$0	$132,388
446120	Cosmetics, Beauty Supplies, and Perfume Stores	$393,441	$267,125	$126,317
812320	Drycleaning and Laundry Services (except Coin-Operated)	$121,496	$0	$121,496
445230	Fruit and Vegetable Markets	$104,859	$0	$104,859
451211	Book Stores	$107,272	$3,539	$103,734

Source: Emsi

Note: Includes industries for which the gap is greater than $100,000.

Retail Gap 6-Digit NAICS, Local Trade Area (2021)

NAICS	Description	Total Demand	Total Sales	Retail Gap (Demand - Sales)
452311	Warehouse Clubs and Supercenters	$7,249,718	$0	$7,249,718
445110	Supermarkets and Other Grocery (except Convenience) Stores	$10,376,503	$3,331,493	$7,045,009
444190	Other Building Material Dealers	$3,335,630	$1,185,922	$2,149,708
448140	Family Clothing Stores	$1,746,830	$0	$1,746,830
452319	All Other General Merchandise Stores	$1,697,095	$0	$1,697,095
453998	All Other Miscellaneous Store Retailers (except Tobacco Stores)	$1,495,764	$0	$1,495,764
442110	Furniture Stores	$1,382,819	$0	$1,382,819
452210	Department Stores	$3,360,099	$2,439,413	$920,686
448120	Women's Clothing Stores	$989,015	$79,384	$909,631
722511	Full-Service Restaurants	$12,775,453	$11,879,745	$895,708
312130	Wineries	$833,532	$76,723	$756,809
448190	Other Clothing Stores	$644,788	$0	$644,788
443142	Electronics Stores	$2,772,459	$2,147,974	$624,485
445120	Convenience Stores	$600,187	$0	$600,187
444130	Hardware Stores	$1,250,514	$709,133	$541,381
442210	Floor Covering Stores	$538,170	$0	$538,170
442299	All Other Home Furnishings Stores	$515,615	$0	$515,615
446199	All Other Health and Personal Care Stores	$508,305	$0	$508,305
812113	Nail Salons	$708,176	$250,198	$457,978
453991	Tobacco Stores	$436,725	$0	$436,725
453210	Office Supplies and Stationery Stores	$432,456	$0	$432,456
448210	Shoe Stores	$835,607	$425,516	$410,092
446120	Cosmetics, Beauty Supplies, and Perfume Stores	$657,198	$267,125	$390,073
448150	Clothing Accessories Stores	$376,494	$2,522	$373,972
446130	Optical Goods Stores	$311,113	$0	$311,113
444210	Outdoor Power Equipment Stores	$339,930	$40,947	$298,984
713940	Fitness and Recreational Sports Centers	$1,212,079	$924,530	$287,549
441120	Used Car Dealers	$1,612,546	$1,341,149	$271,397
454210	Vending Machine Operators	$320,189	$56,902	$263,288
812111	Barber Shops	$258,187	$0	$258,187
441222	Boat Dealers	$255,116	$0	$255,116
448110	Men's Clothing Stores	$240,146	$0	$240,146
441210	Recreational Vehicle Dealers	$424,639	$189,390	$235,250
446191	Food (Health) Supplement Stores	$221,406	$0	$221,406
311811	Retail Bakeries	$388,672	$192,008	$196,663
445230	Fruit and Vegetable Markets	$174,193	$0	$174,193
451211	Book Stores	$173,319	$3,539	$169,781
812320	Drycleaning and Laundry Services (except Coin-Operated)	$160,326	$0	$160,326
448130	Children's and Infants' Clothing Stores	$157,600	$0	$157,600
451140	Musical Instrument and Supplies Stores	$130,822	$0	$130,822
451130	Sewing, Needlework, and Piece Goods Stores	$130,180	$0	$130,180
445291	Baked Goods Stores	$102,945	$0	$102,945
451120	Hobby, Toy, and Game Stores	$370,691	$270,398	$100,293

Source: Emsi

Note: Includes industries for which the gap is greater than $100,000.

Retail Gap 6-Digit NAICS, Regional Trade Area (2021)

NAICS	Description	Total Demand	Total Sales	Retail Gap (Demand - Sales)
452311	Warehouse Clubs and Supercenters	$43,086,488	$4,348,262	$38,738,226
722310	Food Service Contractors	$7,290,595	$1,612,560	$5,678,035
452210	Department Stores	$19,965,685	$14,522,777	$5,442,908
448120	Women's Clothing Stores	$5,921,540	$2,074,105	$3,847,435
713940	Fitness and Recreational Sports Centers	$7,533,061	$4,310,705	$3,222,357
312130	Wineries	$5,248,077	$2,119,841	$3,128,236
445310	Beer, Wine, and Liquor Stores	$4,006,012	$1,012,636	$2,993,376
446120	Cosmetics, Beauty Supplies, and Perfume Stores	$3,914,193	$968,670	$2,945,523
442210	Floor Covering Stores	$3,295,421	$757,295	$2,538,126
812113	Nail Salons	$4,206,581	$2,319,625	$1,886,957
722320	Caterers	$2,175,144	$538,728	$1,636,416
454210	Vending Machine Operators	$1,935,657	$422,618	$1,513,039
448110	Men's Clothing Stores	$1,430,128	$0	$1,430,128
441210	Recreational Vehicle Dealers	$2,654,310	$1,482,025	$1,172,285
441228	Motorcycle, ATV, and All Other Motor Vehicle Dealers	$3,024,379	$1,928,161	$1,096,218
445230	Fruit and Vegetable Markets	$1,041,895	$0	$1,041,895
451120	Hobby, Toy, and Game Stores	$2,304,262	$1,262,600	$1,041,662
812111	Barber Shops	$1,533,902	$522,567	$1,011,335
444120	Paint and Wallpaper Stores	$1,972,844	$1,022,164	$950,680
443141	Household Appliance Stores	$1,788,340	$889,968	$898,372
453910	Pet and Pet Supplies Stores	$2,941,425	$2,112,869	$828,556
812320	Drycleaning and Laundry Services (except Coin-Operated)	$1,419,347	$597,899	$821,448
448190	Other Clothing Stores	$3,843,072	$3,118,834	$724,238
445291	Baked Goods Stores	$617,626	$29,670	$587,956
443142	Electronics Stores	$16,752,191	$16,203,320	$548,871
441310	Automotive Parts and Accessories Stores	$10,662,473	$10,136,560	$525,913
448320	Luggage and Leather Goods Stores	$548,441	$128,881	$419,560
812191	Diet and Weight Reducing Centers	$373,957	$0	$373,957
722514	Cafeterias, Grill Buffets, and Buffets	$369,106	$0	$369,106
445299	All Other Specialty Food Stores	$1,852,615	$1,572,350	$280,265
446130	Optical Goods Stores	$1,851,542	$1,750,507	$101,035

Source: Emsi

Note: Includes industries for which the gap is greater than $100,000.

MARKET DEMAND: RETAIL POTENTIAL ANALYSIS – EXISTING RESIDENTS

RETAIL POTENTIAL ANALYSIS

In the following analysis, we compare the retail gaps within the retail categories that have sales leakage to the average sales of similar businesses in the town, local, and regional trade areas. This allows us to identify which of the industries with sales leakage may have enough unmet demand to warrant opening a new store or expanding existing stores.

The tables below identify the number of new businesses that, theoretically, could be supported in the geographies, assuming:

1. 25% of the sales leakage is recaptured and
2. New businesses have sales comparable to the average sales of all market area businesses in the same retail category (in this case, average sales per business in the Portland CSA).

Only the top businesses, those with 0.1 or more potential new businesses, are included in the tables.

While no industries could support a new business on their own, businesses that cater to multiple retail needs could potentially be supported, or existing businesses could be expanded. For each geography:

- **Town of Topsham**: Approximately $3.9 million in sales could be recaptured, the equivalent of about 3 total businesses.
- **Local Trade Area**: Nearly $8.7 million in sales could be recaptured, the equivalent of between 5 and 6 new businesses.
- **Regional Trade Area**: Over $12.9 million in sales could be recaptured, the equivalent of nearly 15 new businesses.

In total, approximately $3.9 million in sales could potentially be recaptured. Assuming an average sales per SF of $400, this means that approximately 12,500 SF of retail could be supported.

Spending Demand Analysis, Town of Topsham

NAICS	Description	Retail Sales Gap	Leakage Recapture (25%)	Avg. Sales per Business (Portland CSA)	Potential Businesses
445110	Supermarkets and Other Grocery (except Convenience) Stores	$4,517,937	$1,129,484	$5,387,402	0.2
444190	Other Building Material Dealers	$1,399,880	$349,970	$2,239,796	0.2
448140	Family Clothing Stores	$1,046,656	$261,664	$1,489,398	0.2
452319	All Other General Merchandise Stores	$1,027,570	$256,892	$852,220	0.3
453998	All Other Miscellaneous Store Retailers (except Tobacco Stores)	$926,121	$231,530	$860,728	0.3
442110	Furniture Stores	$856,814	$214,204	$1,331,191	0.2
448120	Women's Clothing Stores	$513,097	$128,274	$648,781	0.2
312130	Wineries	$449,645	$112,411	$794,719	0.1
448190	Other Clothing Stores	$386,195	$96,549	$1,179,188	0.1
445120	Convenience Stores	$361,451	$90,363	$948,223	0.1
442210	Floor Covering Stores	$333,571	$83,393	$818,291	0.1
442299	All Other Home Furnishings Stores	$319,572	$79,893	$696,515	0.1
446199	All Other Health and Personal Care Stores	$304,295	$76,074	$1,215,661	0.1
453991	Tobacco Stores	$270,536	$67,634	$688,773	0.1
444130	Hardware Stores	$259,943	$64,986	$1,170,314	0.1
311811	Retail Bakeries	$236,426	$59,106	$1,098,252	0.1
448150	Clothing Accessories Stores	$222,941	$55,735	$743,530	0.1
446130	Optical Goods Stores	$186,350	$46,587	$597,593	0.1
812113	Nail Salons	$174,867	$43,717	$472,631	0.1
453110	Florists	$168,977	$42,244	$483,908	0.1
812320	Drycleaning and Laundry Services (except Coin-Operated)	$121,496	$30,374	$333,313	0.1
Additional Activity			$3,909,029		3.0

Source: Emsi, Camoin Associates

Spending Demand Analysis, Local Trade Area

NAICS	Description	Retail Sales Gap	Leakage Recapture (25%)	Avg. Sales per Business (Portland CSA)	Potential Businesses
452311	Warehouse Clubs and Supercenters	$7,249,718	$1,812,430	$27,124,181	0.1
445110	Supermarkets and Other Grocery (except Convenience) Stores	$7,045,009	$1,761,252	$5,387,402	0.3
444190	Other Building Material Dealers	$2,149,708	$537,427	$2,239,796	0.2
448140	Family Clothing Stores	$1,746,830	$436,708	$1,489,398	0.3
452319	All Other General Merchandise Stores	$1,697,095	$424,274	$852,220	0.5
453998	All Other Miscellaneous Store Retailers (except Tobacco Stores)	$1,495,764	$373,941	$860,728	0.4
442110	Furniture Stores	$1,382,819	$345,705	$1,331,191	0.3
452210	Department Stores	$920,686	$230,171	$4,589,236	0.1
448120	Women's Clothing Stores	$909,631	$227,408	$648,781	0.4
722511	Full-Service Restaurants	$895,708	$223,927	$1,329,530	0.2
312130	Wineries	$756,809	$189,202	$794,719	0.2
448190	Other Clothing Stores	$644,788	$161,197	$1,179,188	0.1
443142	Electronics Stores	$624,485	$156,121	$1,646,308	0.1
445120	Convenience Stores	$600,187	$150,047	$948,223	0.2
444130	Hardware Stores	$541,381	$135,345	$1,170,314	0.1
442210	Floor Covering Stores	$538,170	$134,543	$818,291	0.2
442299	All Other Home Furnishings Stores	$515,615	$128,904	$696,515	0.2
446199	All Other Health and Personal Care Stores	$508,305	$127,076	$1,215,661	0.1
812113	Nail Salons	$457,978	$114,494	$472,631	0.2
453991	Tobacco Stores	$436,725	$109,181	$688,773	0.2
448210	Shoe Stores	$410,092	$102,523	$1,102,294	0.1
446120	Cosmetics, Beauty Supplies, and Perfume Stores	$390,073	$97,518	$693,207	0.1
448150	Clothing Accessories Stores	$373,972	$93,493	$743,530	0.1
446130	Optical Goods Stores	$311,113	$77,778	$597,593	0.1
713940	Fitness and Recreational Sports Centers	$287,549	$71,887	$461,919	0.2
441120	Used Car Dealers	$271,397	$67,849	$991,052	0.1
812111	Barber Shops	$258,187	$64,547	$852,255	0.1
448110	Men's Clothing Stores	$240,146	$60,037	$838,773	0.1
446191	Food (Health) Supplement Stores	$221,406	$55,351	$970,966	0.1
445230	Fruit and Vegetable Markets	$174,193	$43,548	$778,285	0.1
451211	Book Stores	$169,781	$42,445	$673,236	0.1
812320	Drycleaning and Laundry Services (except Coin-Operated)	$160,326	$40,081	$333,313	0.1
448130	Children's and Infants' Clothing Stores	$157,600	$39,400	$744,030	0.1
451130	Sewing, Needlework, and Piece Goods Stores	$130,180	$32,545	$628,802	0.1
Additional Activity			$8,668,357		5.5

Source: Emsi, Camoin Associates

Spending Demand Analysis, Regional Trade Area

NAICS	Description	Retail Sales Gap	Leakage Recapture (25%)	Avg. Sales per Business (Portland CSA)	Potential Businesses
452311	Warehouse Clubs and Supercenters	$38,738,226	$9,684,557	$27,124,181	0.4
722310	Food Service Contractors	$5,678,035	$1,419,509	$1,649,253	0.9
452210	Department Stores	$5,442,908	$1,360,727	$4,589,236	0.3
448120	Women's Clothing Stores	$3,847,435	$961,859	$648,781	1.5
713940	Fitness and Recreational Sports Centers	$3,222,357	$805,589	$461,919	1.7
312130	Wineries	$3,128,236	$782,059	$794,719	1.0
445310	Beer, Wine, and Liquor Stores	$2,993,376	$748,344	$897,604	0.8
446120	Cosmetics, Beauty Supplies, and Perfume Stores	$2,945,523	$736,381	$693,207	1.1
442210	Floor Covering Stores	$2,538,126	$634,531	$818,291	0.8
812113	Nail Salons	$1,886,957	$471,739	$472,631	1.0
722320	Caterers	$1,636,416	$409,104	$641,032	0.6
454210	Vending Machine Operators	$1,513,039	$378,260	$3,047,534	0.1
448110	Men's Clothing Stores	$1,430,128	$357,532	$838,773	0.4
441210	Recreational Vehicle Dealers	$1,172,285	$293,071	$3,041,656	0.1
441228	Motorcycle, ATV, and All Other Motor Vehicle Dealers	$1,096,218	$274,054	$2,028,733	0.1
445230	Fruit and Vegetable Markets	$1,041,895	$260,474	$778,285	0.3
451120	Hobby, Toy, and Game Stores	$1,041,662	$260,415	$565,631	0.5
812111	Barber Shops	$1,011,335	$252,834	$852,255	0.3
444120	Paint and Wallpaper Stores	$950,680	$237,670	$917,457	0.3
443141	Household Appliance Stores	$898,372	$224,593	$1,967,082	0.1
453910	Pet and Pet Supplies Stores	$828,556	$207,139	$716,633	0.3
812320	Drycleaning and Laundry Services (except Coin-Operated)	$821,448	$205,362	$333,313	0.6
448190	Other Clothing Stores	$724,238	$181,059	$1,179,188	0.2
445291	Baked Goods Stores	$587,956	$146,989	$616,824	0.2
443142	Electronics Stores	$548,871	$137,218	$1,646,308	0.1
441310	Automotive Parts and Accessories Stores	$525,913	$131,478	$973,702	0.1
448320	Luggage and Leather Goods Stores	$419,560	$104,890	$314,546	0.3
812191	Diet and Weight Reducing Centers	$373,957	$93,489	$686,570	0.1
722514	Cafeterias, Grill Buffets, and Buffets	$369,106	$92,277	$196,958	0.5
445299	All Other Specialty Food Stores	$280,265	$70,066	$815,168	0.1
Additional Activity			$21,923,270		14.8

Source: Emsi, Camoin Associates

MARKET DEMAND: RETAIL POTENTIAL ANALYSIS – EXISTING RESIDENTS

The total square footage of new retail that could be supported is estimated using an assumption of $300 sales per SF, a national average across all categories of retail (source: ICSC, as of 2021). This means that approximately 13,000 SF of retail could be supported by demand from Topsham residents, nearly 29,000 SF from demand by local trade area residents, and over 73,000 SF from demand by regional trade area residents.

Supportable Retail from Existing Demand

Geography	Recaptured Sales	Sales per SF	SF Supported
Topsham	$3,909,029	$300	13,030
Local Trade Area	$8,668,357	$300	28,895
Regional Trade Area	$21,923,270	$300	73,078

Source: Camoin Associates, ICSC

MARKET DEMAND: RETAIL POTENTIAL ANALYSIS – NEW RESIDENTS

RETAIL POTENTIAL ANALYSIS

By 2026 it is projected that the number of new households in Topsham will increase by 132, in the local trade area by 251, and in the regional trade area by 39,041. These new households will make purchases within the geographies, increasing the amount of supportable retail within the town.

Based on the current retail spending per household in each of the geographies, the total new purchases for projected new households were calculated. This spending translates to approximately 3,525 SF in new retail space that could be supported in the town, 6,067 in the local trade area, and 33,126 in the regional trade area.

Additional Retail Supportable from New Residents

	Topsham	Local Trade Area	Regional Trade Area
Purchases by Residents in Region	$32,185,246	$47,414,270	$306,944,398
Current Households	4,017	6,539	39,041
Current Retail Purchases in Region per Household	$8,012	$7,251	$7,862
New Households (2026)	132	251	1,264
New Purchases	$1,057,618	$1,820,000	$9,937,699
Average Retail Sales per SF	$300	$300	$300
Additional Retail SF Supportable	**3,525**	**6,067**	**33,126**

Source: Emsi, Esri, Camoin Associates

4.3 INDUSTRIAL/FLEX MARKET ANALYSIS

INDUSTRIAL/FLEX MARKET: KEY FINDINGS

- The Portland industrial market has approximately 32.6 million SF of space, over half of which is categorized as logistics space, with the rest being split between specialized industrial and flex space.
- In general, the Portland industrial market is extremely tight, with low vacancy and high demand. Demand for convenient location of space is high, and smaller flex spaces of about 5,000 SF or less are being absorbed at a rapid pace. Recent demographic trends in and around the Portland market have made it an increasingly attractive location for final mile distribution centers and warehouse space. The Portland market could serve as a key location in helping to address national supply chain and bottleneck issues due to an overall lack of supply of industrial space to warehouse products and distribute to consumers.
- In the NE Cumberland County (1.7% vacancy) and Sagadahoc County (0% vacancy) submarkets, the overwhelming majority of stock is occupied. 18,000 SF of space is under construction in Sagadahoc County – the most industrial space to be developed in the submarket in over a decade.
- The industrial outlook remains positive for the region, with steady demand and limited disruptions from macroeconomic challenges expected. The expansion of industrial-zoned land is anticipated, to keep pace with new demand for industrial space.
- Regional demand could support approximately 210,569 SF of new industrial space. Approximately half of this demand is for logistics space.

Supportable Demand for New Industrial Space

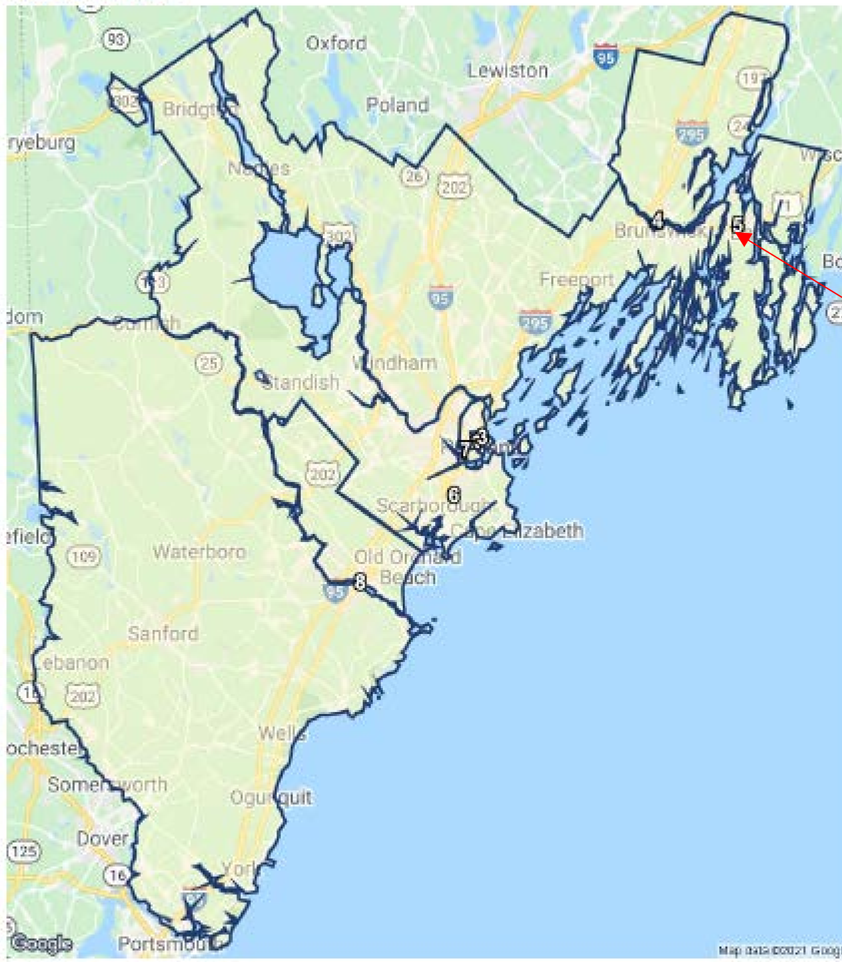
Type	SF
Logistics	105,033
Specialized Industrial	47,509
Flex	58,027
Total	**210,569**

Source: Camoin Associates

INDUSTRIAL/FLEX MARKET: GEOGRAPHICAL CONTEXT

The Town of Topsham's industrial/flex market falls in the Portland, ME market (the entire yellow area on the map below). Within this market, Topsham falls in the Sagadahoc County submarket (#5 in below map), directly bordering the Northeast Cumberland County submarket (#4 in below map). Trends from the Portland, ME market and both submarkets are included in this analysis.

PORTLAND SUBMARKETS



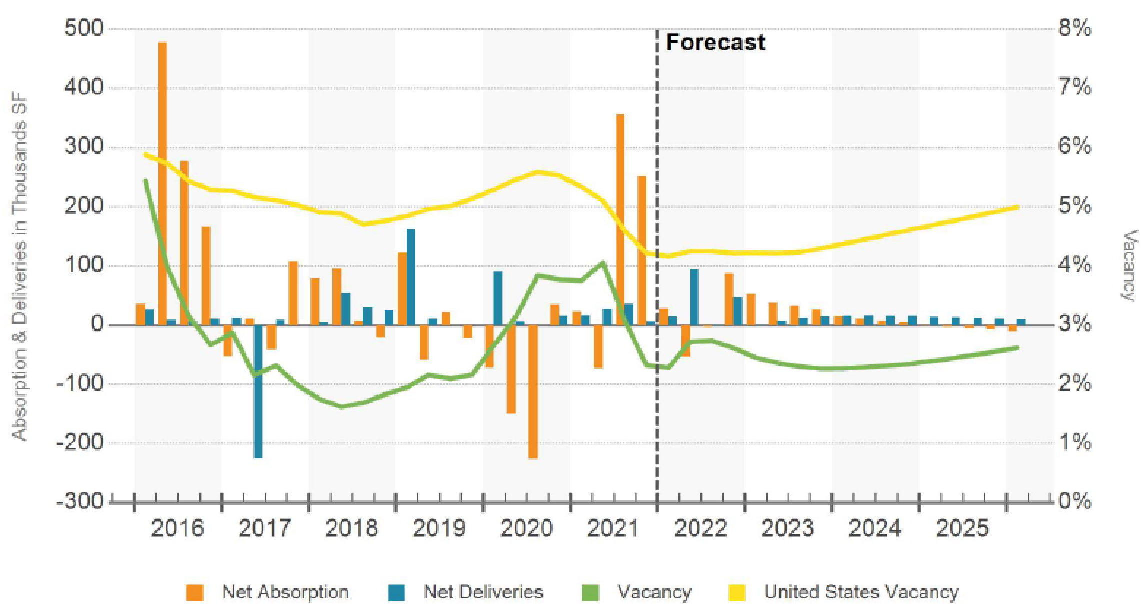
Topsham falls in the Sagadahoc County submarket.

Source: CoStar

INDUSTRIAL/FLEX MARKET: REGIONAL CONTEXT (PORTLAND, ME MARKET)

According to CoStar, the Portland industrial market has approximately 32.6 million square feet of space, approximately over half of which is categorized as logistics space with the rest being split between specialized industrial and flex space. Industrial rents in the Portland Market were rising at a 7.1% annual rate during the first quarter of 2022 and have posted an average annual gain of 5.7% over the past three years. In addition to 280,000 SF that has delivered over the past three years (a cumulative inventory expansion of 0.9%), there is 180,000 SF currently underway. Vacancies in the metro were somewhat below the 10-year average as of 2022Q4, and trended down over the past four quarters.

NET ABSORPTION, NET DELIVERIES & VACANCY



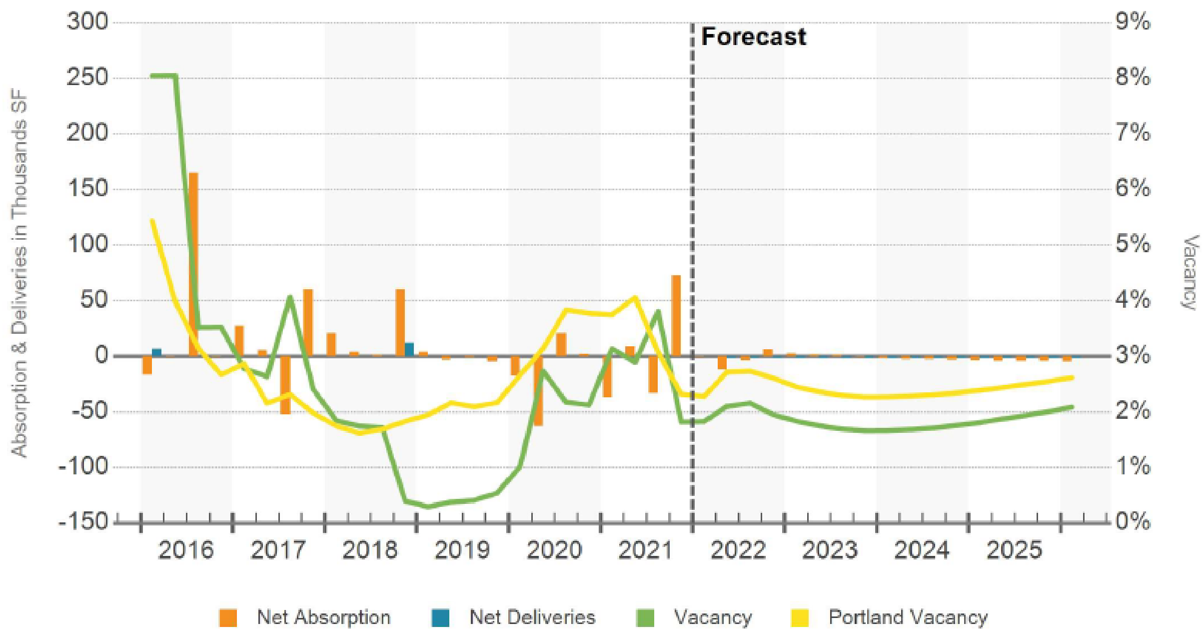
Source: CoStar, as of 1Q22

INDUSTRIAL/FLEX MARKET: TOPSHAM AREA (NE CUMBERLAND COUNTY SUBMARKET)

The NE Cumberland County submarket is a midsized submarket that contains around 3.7 million SF of industrial space. In the submarket:

- The overwhelming majority of stock is occupied. Vacancies have decreased over the last year and the current rate of 1.7% remains low with little room for further tightening.
- Net absorption of 42,000 SF over the last year is above the five year average.
- Rents have risen by 3.2% annually, on average over the last 10-years, and by 5.7% over the 12 months.
- Within Topsham, permits have been granted for industrial businesses at 6 and 12 Center Park (contractor building) and for the expansion of Wicked Joes at 47 Canam Drive. An industrial building at 120 Old Lisbon Rd. is under review, and four solar projects totaling 150 acres are in the pipeline.
- In nearby Brunswick Landing there are 15 industrial zoned lots totaling over 50 acres for sale. Additionally, there is an 8,000 SF industrial building suited for light manufacturing available for lease.

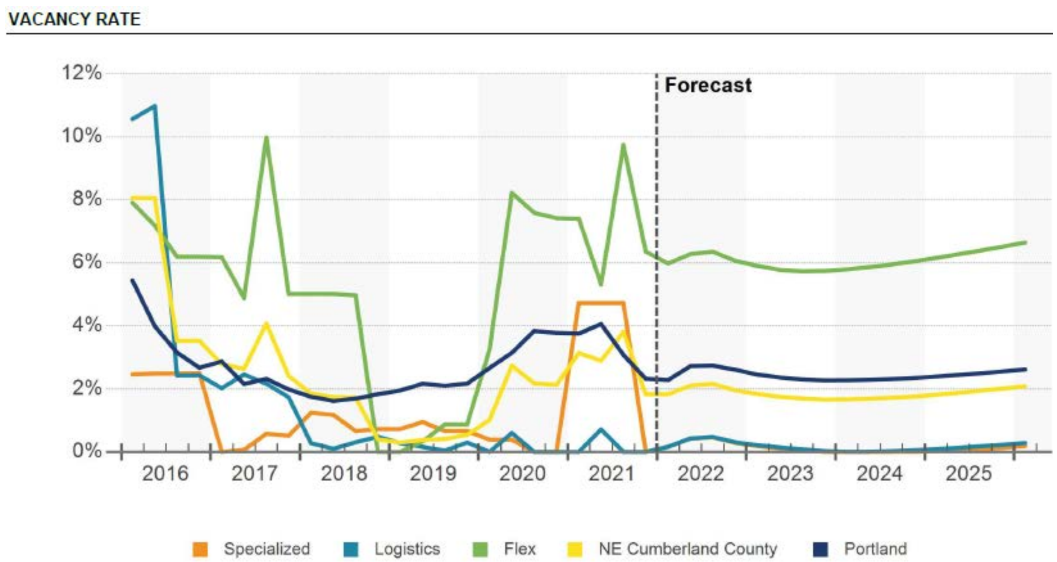
NET ABSORPTION, NET DELIVERIES & VACANCY



Source: CoStar, as of 1Q22

Within the submarket,

- Most of the inventory is logistics space (1.8 million SF). The submarket also has a sizable flex presence (1.0 million SF).
- The vacancy rate for logistics and specialized industrial space is extremely low with little inventory available. At 5.8% flex space has the highest vacancy rate among the industrial subtypes.



Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	1,822,105	0%	$7.65	0.7%	0	0	0
Specialized Industrial	786,543	0%	$9.17	0.6%	0	0	0
Flex	1,047,338	5.8%	$10.75	5.8%	5,830	0	0
Submarket	**3,655,986**	**1.7%**	**$8.86**	**2.1%**	**5,830**	**0**	**0**

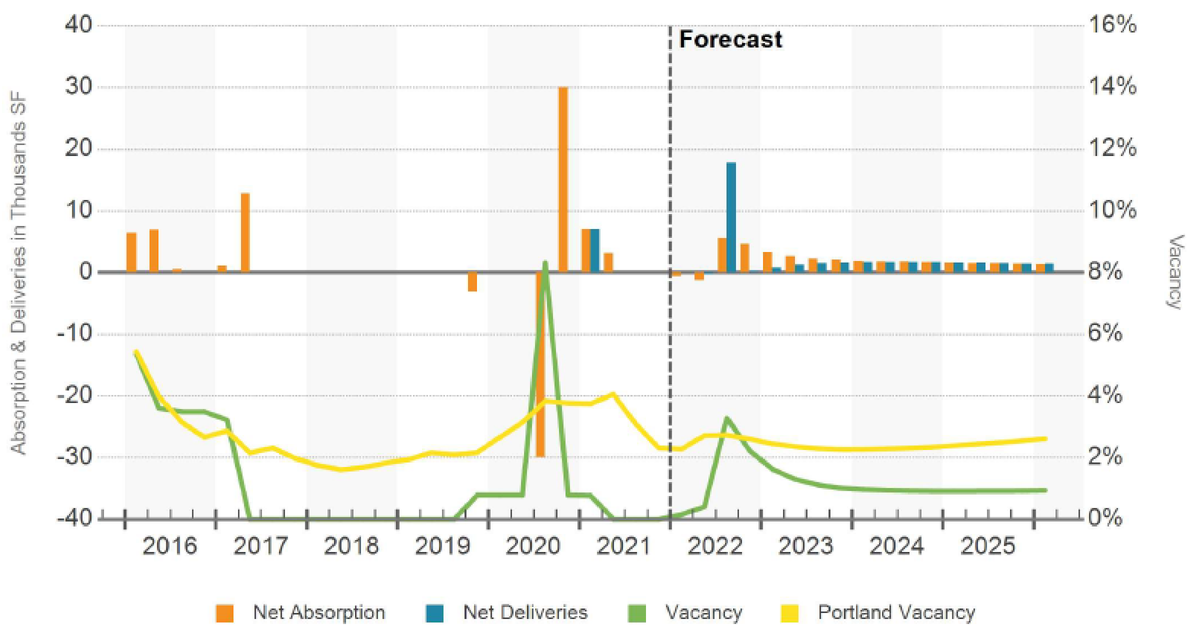
Source: CoStar, as of 1Q22

INDUSTRIAL/FLEX MARKET: TOPSHAM AREA (SAGADAHOC COUNTY SUBMARKET)

The Sagadahoc County submarket is a very small submarket that contains around 410,000 SF of industrial space. In the submarket:

- While not a major industrial area, the submarket does include a small amount of space of each industrial subtype (logistics, specialized industrial, and flex).
- Net absorption has been positive over the last year at 5,500 SF and the inventory is full (0% vacancy).
- Rents grew by 5.4% over the last year, exceeding the submarket's decade-long annual average of 3.3%.
- There is 18,000 SF under construction, which is the most space under construction in over a decade. This continues the trend of new development in the submarket which saw about 7,000 SF has been delivered over the past three years.

NET ABSORPTION, NET DELIVERIES & VACANCY

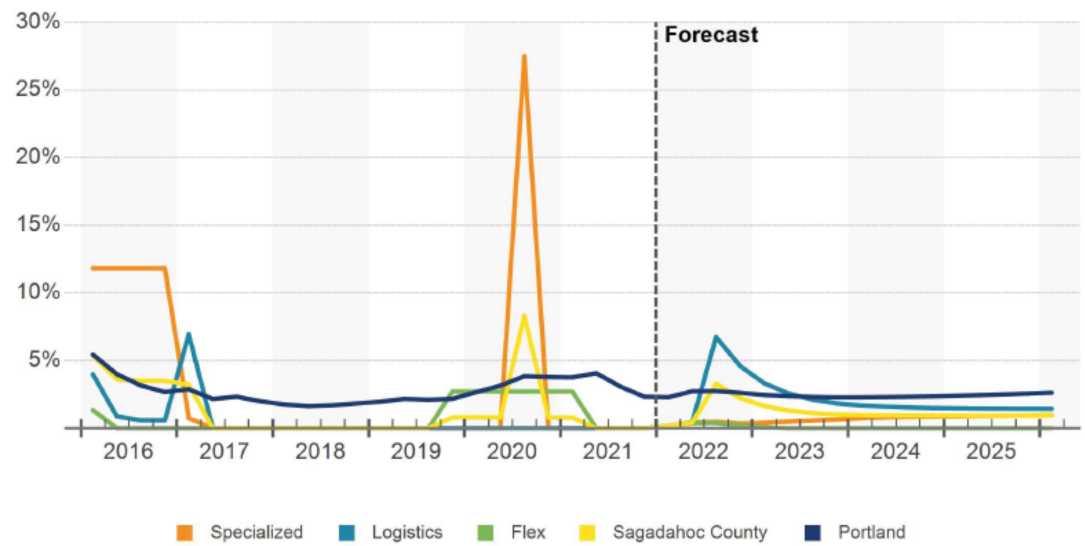


Source: CoStar, as of 1Q22

Within the submarket,

- The most represented industrial subtype is logistics, which amounts to 170,000 SF. The local inventory is rounded out by 116,000 SF of flex space and 116,000 SF of specialized space.
- The vacancy rate of industrial space has trended lower than the Portland market since 2017, which can partially be attributed to the relatively low inventory in the submarket.

VACANCY RATE



KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	173,520	0%	$9.17	9.4%	0	0	18,000
Specialized Industrial	116,133	0%	$9.02	54.2%	0	0	0
Flex	115,881	0%	$7.76	0%	0	0	0
Submarket	**405,534**	**0%**	**$8.74**	**19.1%**	**0**	**0**	**18,000**

Source: CoStar, as of 1Q22

INDUSTRIAL MARKET EMPLOYMENT

Employment in industrial utilizing industries is one way to estimate the future demand for industrial space. Compared to the Portland CSA, the LMA and Topsham have experienced stronger rates of growth in industrial utilizing industries over the last five years. This trend is projected to continue over the next five years, with growth in Topsham being driven by Manufacturing and Construction employment. Note that the LMA data excludes Bath Iron Works.

Topsham Industrial Utilizing Industries

		Historic		Projected	
NAICS	Description	2016 - 2021 Change	2016 - 2021 % Change	2021 - 2026 Change	2021 - 2026 % Change
21	Mining, Quarrying, and Oil and Gas Extraction	0	0%	0	0%
22	Utilities	Insf. Data	Insf. Data	Insf. Data	Insf. Data
23	Construction	97	14%	45	6%
31	Manufacturing	90	68%	33	15%
42	Wholesale Trade	(4)	(12%)	4	14%
48	Transportation and Warehousing	7	58%	3	16%
Total		**190**	**22%**	**84**	**8%**

Source: Emsi

Brunswick LMA Industrial Utilizing Industries

		Historic		Projected	
NAICS	Description	2016 - 2021 Change	2016 - 2021 % Change	2021 - 2026 Change	2021 - 2026 % Change
21	Mining, Quarrying, and Oil and Gas Extraction	0	0%	0	0%
22	Utilities	(2)	(2%)	(3)	(4%)
23	Construction	317	14%	58	2%
31	Manufacturing	456	59%	149	12%
42	Wholesale Trade	(22)	(4%)	9	2%
48	Transportation and Warehousing	(27)	(11%)	14	6%
Total		**722**	**40%**	**227**	**11%**

Source: Emsi

Portland CSA Industrial Utilizing Industries

		Historic		Projected	
NAICS	Description	2016 - 2021 Change	2016 - 2021 % Change	2021 - 2026 Change	2021 - 2026 % Change
21	Mining, Quarrying, and Oil and Gas Extraction	(10)	(7%)	11	8%
22	Utilities	(7)	(1%)	(32)	(5%)
23	Construction	3,267	16%	626	3%
31	Manufacturing	1,922	6%	56	0%
42	Wholesale Trade	(759)	(7%)	(265)	(3%)
48	Transportation and Warehousing	(540)	(5%)	(296)	(3%)
Total		**3,876**	**5%**	**100**	**0%**

Source: Emsi

INDUSTRIAL MARKET DEMAND

In 2021 the regional industrial market was characterized by increasing prices in sales and leasing and record setting transactional values. Low industrial inventory has been met with steady demand, with demand for cannabis and craft-brewing space continuing to impact the market. According to NAI The Dunham Group, new inventory in the market is quickly absorbed, with landlords having the ability to be selective. In particular, small to medium sized industrial spaces are highly competitive. Over the next year macroeconomic uncertainty is expected to have limited negative impact on the industrial sector, with expanded industrial-zoned land expected to meet the growing regional demand.

Future demand for industrial and flex space can be estimated using inventory and vacancy data by industrial subtype. In this case, data from the submarkets surrounding and bordering Topsham were used (the NE Cumberland County and Sagadahoc County Submarkets) as this represents the most likely market for space for Topsham. A target vacancy rate of 5% was used in conjunction with current rental building area and vacancy data from CoStar to calculate the amount of new industrial space that could be supported. In other words, how much space can be added so that the vacancy rate does not exceed 5%? Across both submarkets, 210,569 SF of new industrial space could be supported. Approximately half of this space is attributed to logistics space (105,033 SF), while the remainder is split between specialized industrial and flex space.

Regional Industrial Space Demand

	Current Space (2022 YTD)				Potential Space		
Subtype	**Rentable Building Area (SF)**	**Vacant Space (SF)**	**Vacancy Rate**	**Target Vacancy Rate**	**Rentable Building Area (SF)**	**Vacant Space (SF)**	**SF that Can be Added**
NE Cumberland County Submarket							
Logistics	1,822,105	-	0.0%	5%	1,918,005	95,900	95,900
Specialized Industrial	786,543	-	0.0%	5%	827,940	41,397	41,397
Flex	1,047,338	60,715	5.8%	5%	1,038,551	51,928	(8,787)
Total Submarket	**3,655,986**	**60,715**	**1.7%**	**5%**	**3,784,496**	**189,225**	**128,510**
Sagadahoc County Submarket							
Logistics	173,520	0	0%	5%	182,653	9,133	9,133
Specialized Industrial	116,133	0	0%	5%	122,245	6,112	6,112
Flex	115,881	0	0%	5%	121,980	6,099	6,099
Total Submarket	**405,534**	**0**	**0%**	**5%**	**426,878**	**21,344**	**21,344**
Total New Space to be Supported (SF)							
Logistics							**105,033**
Specialized Industrial							**47,509**
Flex							**58,027**
Total							**210,569**

Source: CoStar, Camoin Associates

Note: YTD as of March 1, 2022

4.4 OFFICE MARKET ANALYSIS

OFFICE MARKET: KEY FINDINGS

- Portland is a midsize secondary market with roughly 26 million SF of office space. Relatively little supply has kept vacancies low in the market. Vacancy rates in downtown areas are expected to remain low, while suburban vacancy rates are expected to increase.

- In the NE Cumberland County submarket, construction of 24,000 SF of office space is underway, representing a 0.6% expansion of existing inventory which has already expanded by 29,000 SF over the last three years. Where demand for office space exists, it is for high quality and new space.

- Locally and regionally, demand for medical office space is expected to be stronger than that for general office space. Over the next five years, demand from Topsham could support over 13,000 SF of new medical office space, compared to minimal new traditional office space (approximately 1,000 SF). Topsham could also capture a portion of demand from the larger region. Within the CSA it is estimated that there will be demand for nearly 241,000 SF of new medical office space and over 118,000 SF of traditional office space in the next five years.

Supportable Demand for New Office Space, 5-year Estimates

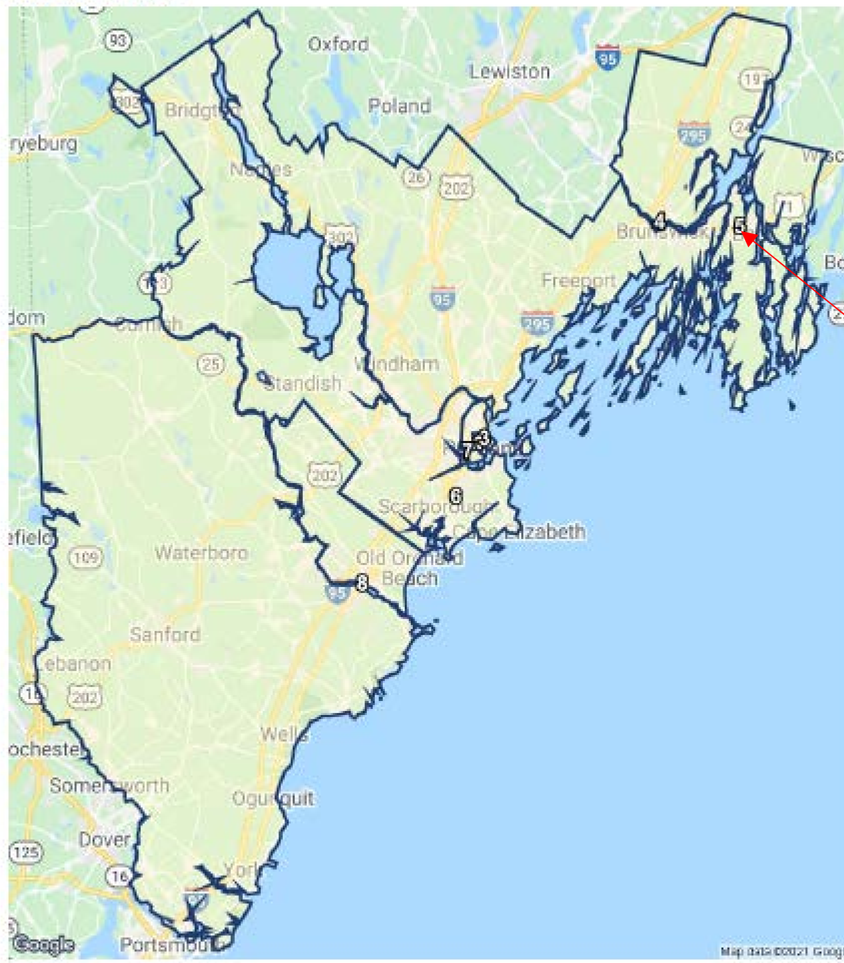
Demand From	SF
General Office	
Topsham	1,129
Brunswick LMA	8,853
Portland CSA	118,002
Medical Office	
Topsham	13,455
Brunswick LMA	32,292
Portland CSA	240,534

Source: Camoin Associates

OFFICE MARKET: GEOGRAPHICAL CONTEXT

The Town of Topsham's office market falls in the Portland, ME market (the entire yellow area on the map below). Within this market, Topsham falls in the Sagadahoc County submarket (#5 in below map), directly bordering the Northeast Cumberland County submarket (#4 in below map). Trends from the Portland, ME market and both submarkets are included in this analysis.

PORTLAND SUBMARKETS



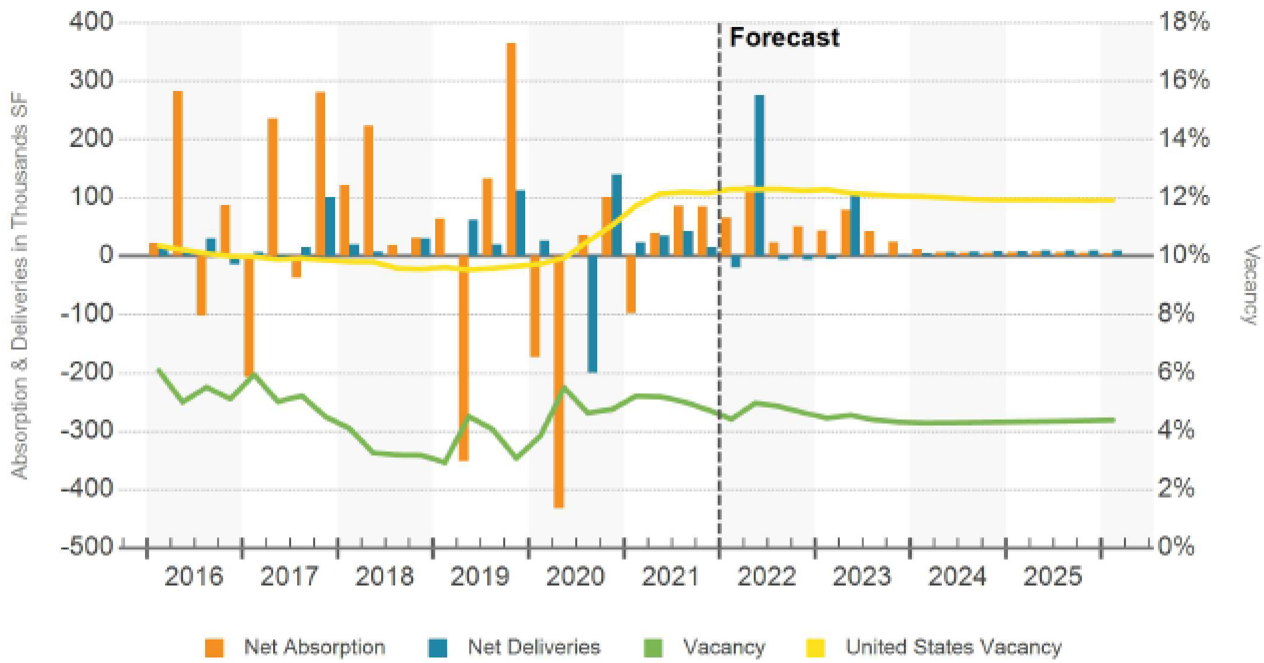
Topsham falls in the Sagadahoc County submarket.

Source: CoStar

OFFICE MARKET: REGIONAL CONTEXT (PORTLAND, ME MARKET)

According to CoStar, Portland is a midsize secondary market with roughly 26 million SF of office space. Over the past three years, inventory has expanded by 1.0%, or 250,000 SF. There is currently 390,000 SF currently under construction, representing the largest under construction pipeline in over three years. Vacancies are trending somewhat below the 10-year average and trended slightly down over the past four quarters (currently at 4.3%). Recent job growth in the market is a welcome sign for office space.

NET ABSORPTION, NET DELIVERIES & VACANCY



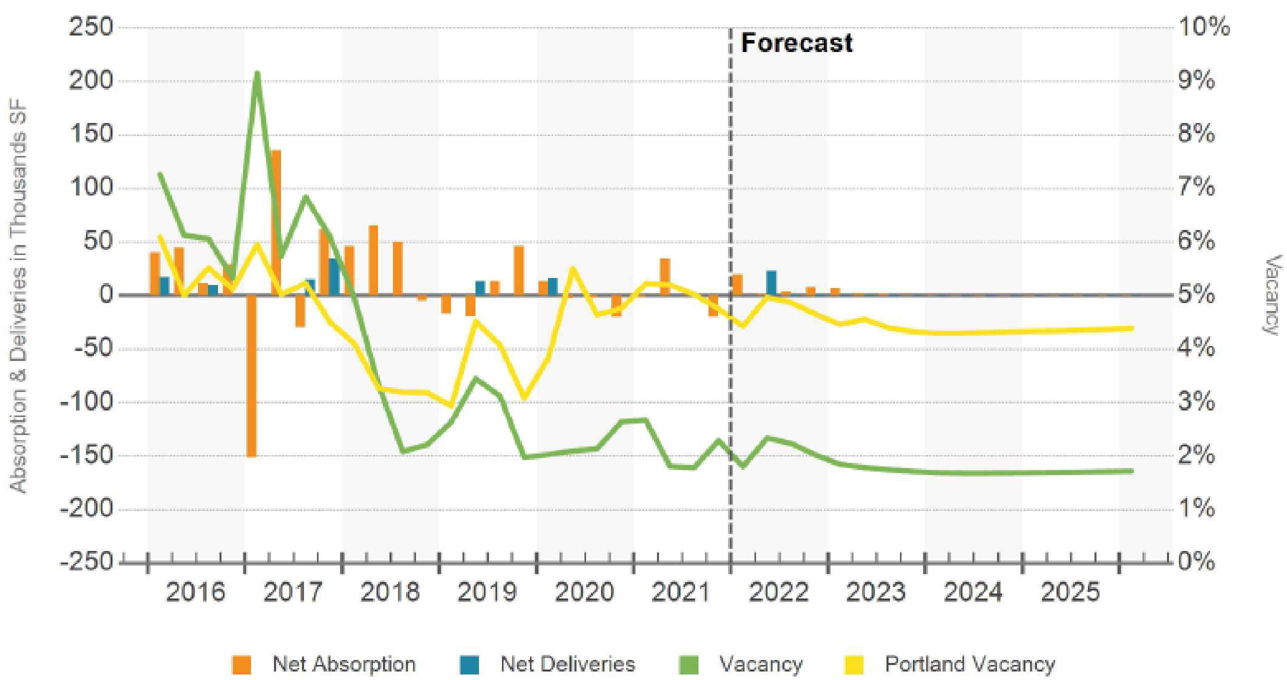
Source: CoStar, as of 1Q22

OFFICE MARKET: TOPSHAM AREA (NE CUMBERLAND COUNTY SUBMARKET)

NE Cumberland County submarket is a midsized submarket that contains around 4.0 million SF of office space. In the submarket:

- The vacancy rate fallen slightly over the last year. At 1.7% this is well below the 10-year average for the submarket.
- Net absorption over the past year has been positive, but well below the five-year average.
- Rents have risen by 1.3% over the last year, below the 2.4% average annual change over the last ten years.
- Construction of 24,000 SF of office space is underway, representing a 0.6% expansion of existing inventory which has already expanded by 29,000 SF over the last three years.

NET ABSORPTION, NET DELIVERIES & VACANCY

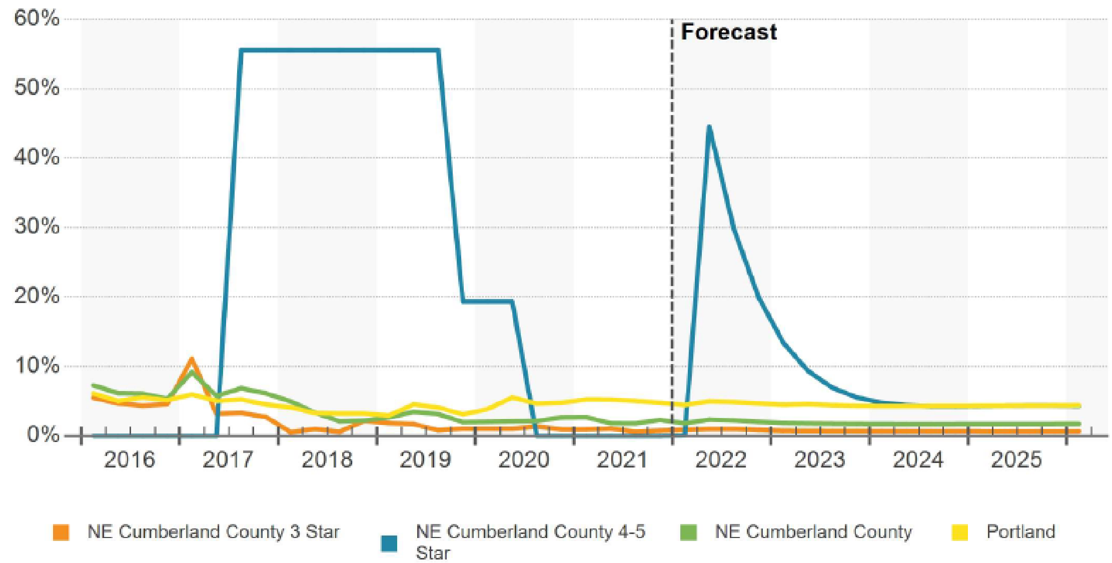


Source: CoStar, as of 1Q22

Within the submarket,

- Most of the office space inventory is 1- and 2-star space. Offices in this category have a vacancy rate of 2.5%.
- There is minimal availability of 4- and 5-star space within the submarket. 24,000 SF of space is currently under construction, however this is just outside of Portland and not in the immediate Topsham area.

VACANCY RATE



KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	12,150	0%	$26.36	0%	0	0	24,000
3 Star	1,796,658	0.8%	$19.58	1.0%	0	0	0
1 & 2 Star	2,232,625	2.5%	$16.87	4.2%	23,608	0	0
Submarket	**4,041,433**	**1.7%**	**$18.15**	**2.8%**	**23,608**	**0**	**24,000**

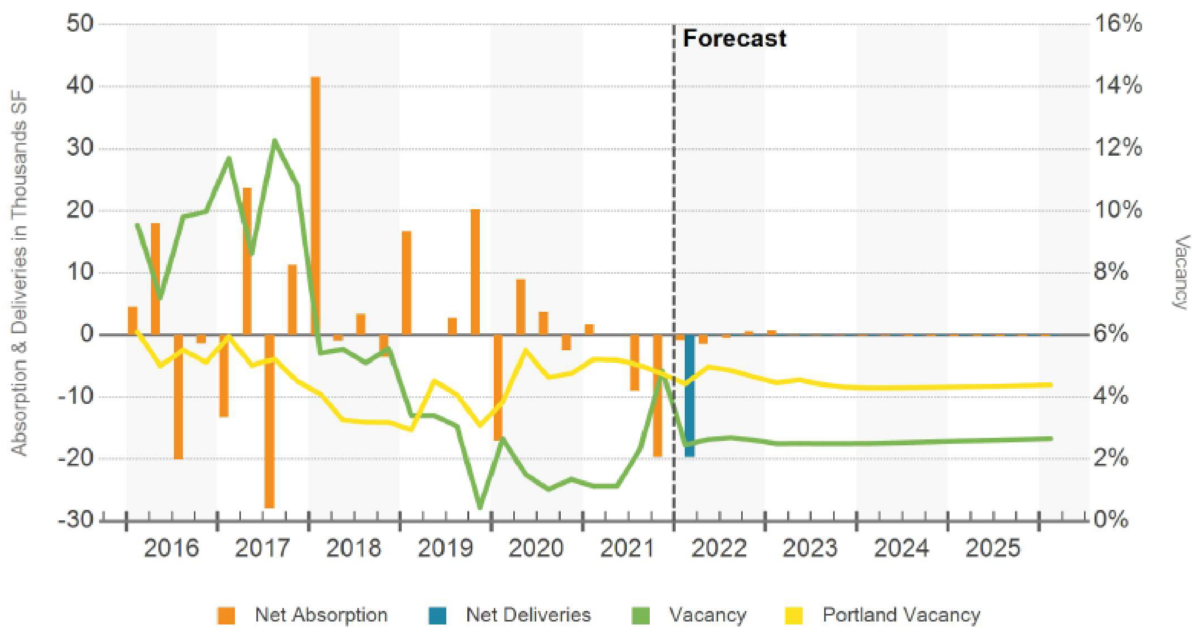
Source: CoStar, as of 1Q22

OFFICE MARKET: TOPSHAM AREA (SAGADAHOC COUNTY SUBMARKET)

The Sagadahoc County submarket is a small submarket that contains around 750,000 SF of office space. In the submarket:

- The vacancy rate of 2.4% has risen somewhat over the last 12 months, but is well below the submarket's 10-year average.
- Net absorption has been negative over the last year (-28,000 SF) and was well below the five-year annual average of 8,600 SF.
- Rents grew by 2.6% over the last year, which is in line with the 10-year annual average.
- Inventory has contracted over the last ten years, with demolition activity outpacing construction.

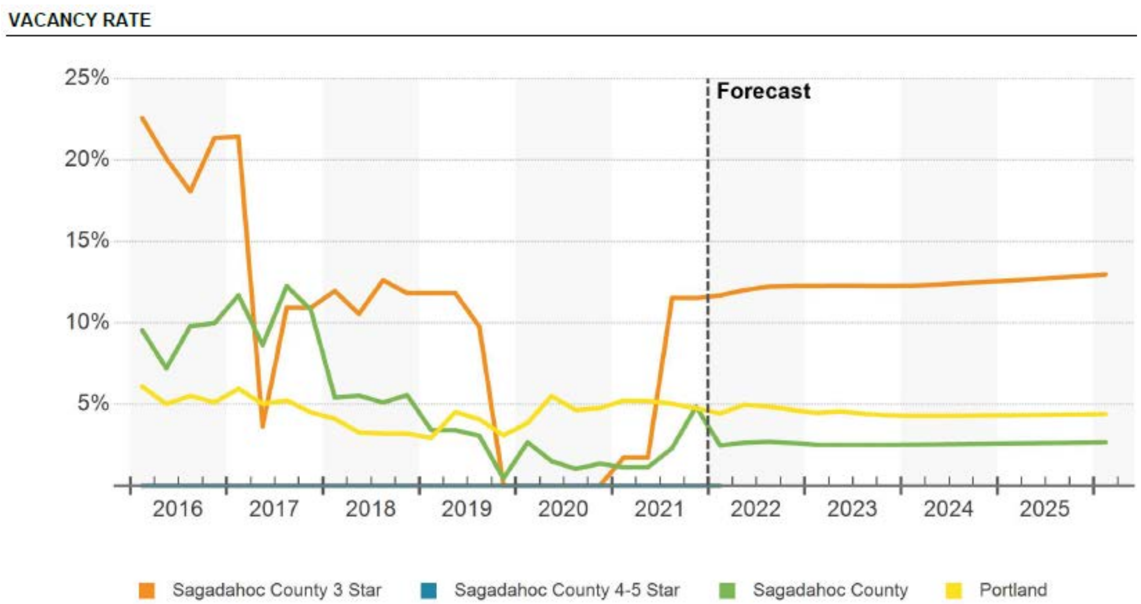
NET ABSORPTION, NET DELIVERIES & VACANCY



Source: CoStar, as of 1Q22

Within the submarket,

- Given the lack of recent deliveries, there is a lack of 4- and 5-star office space. Most existing space is 1- and 2-star.
- The vacancy rate of office space has trended lower than the Portland market since 2019.



KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	0	-	-	-	0	0	0
3 Star	132,728	11.5%	$23.39	11.5%	0	0	0
1 & 2 Star	619,281	0.4%	$18.14	0.4%	0	0	0
Submarket	**752,009**	**2.4%**	**$19.07**	**2.4%**	**0**	**0**	**0**

Source: CoStar, as of 1Q22

OFFICE MARKET DEMAND

Throughout 2022 it is expected that demand for office space will stay relatively low. Downtown Portland vacancy rates are expected to drop while suburban vacancy rates may experience an increase. Demand that does occur will likely be for high quality space.

The demand outlook for office space depends on growth in the types of industries and jobs that utilize office space in the region. The following tables show the categories of office utilizing industries and the historical change in the number of jobs in those industries in the three years leading up to COVID-19. From 2016-2019 the estimated number of office jobs in Topsham remained flat while there was a small increase of 2% in the Brunswick LMA and an increase of 6% in the Portland CSA.

Topsham Office Utilizing Industries

		Pre-COVID-19	
NAICS	Description	2016 - 2019 Change	2016 - 2019 % Change
51	Information	41	136%
52	Finance and Insurance	(4)	(4%)
54	Professional, Scientific, and Technical Services	(2)	(0%)
55	Management of Companies and Enterprises	(10)	(47%)
561	Administrative and Support Services	(15)	(8%)
81	Other Services (except Public Administration)	(16)	(7%)
90119	Federal Government, Civilian, Excluding Postal Service	3	6%
9029	State Government, Excluding Education and Hospitals	Insf. Data	Insf. Data
9039	Local Government, Excluding Education and Hospitals	2	3%
Total		**(1)**	**0%**

Source: Emsi

Brunswick LMA Office Utilizing Industries

		Pre-COVID-19	
NAICS	Description	2016 - 2019 Change	2016 - 2019 % Change
51	Information	(6)	(1%)
52	Finance and Insurance	35	3%
54	Professional, Scientific, and Technical Services	79	5%
55	Management of Companies and Enterprises	(25)	(46%)
561	Administrative and Support Services	48	3%
81	Other Services (except Public Administration)	50	2%
90119	Federal Government, Civilian, Excluding Postal Service	23	6%
9029	State Government, Excluding Education and Hospitals	(11)	(6%)
9039	Local Government, Excluding Education and Hospitals	8	1%
Total		**202**	**2%**

Source: Emsi

Portland CSA Office Utilizing Industries

		Pre-COVID-19	
NAICS	Description	2016 - 2019 Change	2016 - 2019 % Change
51	Information	(212)	(4%)
52	Finance and Insurance	1,296	8%
54	Professional, Scientific, and Technical Services	2,524	13%
55	Management of Companies and Enterprises	672	10%
561	Administrative and Support Services	298	2%
81	Other Services (except Public Administration)	216	1%
901199	Federal Government, Civilian, Excluding Postal Service	979	13%
9029	State Government, Excluding Education and Hospitals	(147)	(6%)
9039	Local Government, Excluding Education and Hospitals	141	1%
Total		**5,768**	**6%**

Source: Emsi

OFFICE MARKET DEMAND

According to job forecasts provided by CoStar, the number of jobs in office utilizing industries in the Portland market are expected to grow by 0.57% over the next five years. This growth factor is applied to the number of current office utilizing jobs in each geography. It is estimated that there will be approximately 6 new office utilizing jobs in Topsham, 59 in the Brunswick LMA and 748 in the Portland CSA in the next five years.

According to surveys conducted by JLL Research, the average square foot per office employee was 196 in 2020. This is up from JLL's estimates of 120 to 150 square feet per employee (depending on the industry) pre-COVID-19. Using 196 SF per employee, along with the projected number of new jobs, it is estimated that minimal new office space could be supported by demand from Topsham alone (1,129 SF). Only a small amount of demand for new space is projected to come from the LMA (8,853 SF) however there may be an opportunity to capture some of the demand expected from the larger CSA (118,002 SF).

Demand for Future Office Space

	Topsham	Brunswick LMA	Portland CSA
Office Utilizing Industry Jobs (2021)	1,009	7,913	105,474
5-Year Forecast	0.57%	0.57%	0.57%
Projected New Jobs (5-Year)	6	45	602
SF per Employee	196	196	196
New SF to be Supported	**1,129**	**8,853**	**118,002**

Source: Emsi, CoStar, JLL, Camoin Associates

MEDICAL OFFICE MARKET DEMAND

Aside from traditional office space, Medical Office Buildings (MOBs) are another type of commercial office space that could be explored. MOBs have unique characteristics and a different market than traditional office space.

According to Colliers International's 2021 Healthcare Marketplace report, national medical office vacancy rates were up in 2020 compared to 2019, at 8.6% compared to 7.8%. This is still lower however than the overall national office vacancy rate of 13.2%.

Other significant trends in the field of MOBs include: the necessity for flexibility space and multi-specialty offices, which has resulted in the overall increasing size of MOBs. Due to technology advances and the growing amount of technological equipment being used in procedures and follow-ups, space must allow for the technology to be used efficiently. Flexible space opens the possibility for adaptability when technology changes or the needs of the patient change. Additionally, the overall size of MOBs is increasing due to a variety of specialties being housed together under one roof. This can increase cost and operating efficiency, as overhead costs are lower per physician with a larger group, and if a patient needs to see multiple specialists they do not have to drive to different locations. As a result, whereas average MOB used to be 30,000 to 60,000 SF, newer construction has been closer to 100,000 SF.

To estimate the future demand of MOB in Topsham and the market area, projections for ambulatory care services were examined. This includes various types of doctor's offices, dentist offices, laboratories, and health care services. Over the next five years Topsham is projected to add 65 jobs, the LMA is projected to add 156 jobs, while the CSA is projected to grow by 1,162. An assumption of an average of 207 square feet per employee was used to calculate demand for medical office space (source: Institute of Transportation Engineers).

Over the next five years it is estimated that there will be:

- Demand for 13,455 SF of new office space in Topsham;
- Demand for 32,292 SF of new medical office space in the Brunswick LMA; and
- Demand for 240,534 SF of new medical office space in the Portland CSA.

The tables on the following page illustrate the projected change in employment and associated demand for space.

Topsham Medical Office Utilizing Industries

NAICS	Description	Historic 2016 - 2021 Change	Historic 2016 - 2021 % Change	Projected 2021 - 2026 Change	Projected 2021 - 2026 % Change	New Demand (SF)
6211	Offices of Physicians	11	34%	4	9%	828
6212	Offices of Dentists	(0)	(1%)	3	5%	621
6213	Offices of Other Health Practitioners	19	20%	28	26%	5,796
6214	Outpatient Care Centers	46	169%	26	35%	5,382
6215	Medical and Diagnostic Laboratories	Insf. Data	Insf. Data	Insf. Data	Insf. Data	0
6219	Other Ambulatory Health Care Services	Insf. Data	Insf. Data	Insf. Data	Insf. Data	0
Total		**72**	**32%**	**65**	**22%**	**13,455**

Source: Emsi

Brunswick LMA Medical Office Utilizing Industries

NAICS	Description	Historic 2016 - 2021 Change	Historic 2016 - 2021 % Change	Projected 2021 - 2026 Change	Projected 2021 - 2026 % Change	New Demand (SF)
6211	Offices of Physicians	52	11%	43	8%	8,866
6212	Offices of Dentists	8	4%	10	4%	2,049
6213	Offices of Other Health Practitioners	21	7%	45	13%	9,321
6214	Outpatient Care Centers	67	116%	40	32%	8,282
6215	Medical and Diagnostic Laboratories	12	41%	7	16%	1,393
6219	Other Ambulatory Health Care Services	(17)	(31%)	11	30%	2,325
Total		**143**	**12%**	**156**	**12%**	**32,292**

Source: Emsi

Portland CSA Medical Office Utilizing Industries

NAICS	Description	Historic 2016 - 2021 Change	Historic 2016 - 2021 % Change	Projected 2021 - 2026 Change	Projected 2021 - 2026 % Change	New Demand (SF)
6211	Offices of Physicians	256	4%	343	5%	70,970
6212	Offices of Dentists	180	8%	91	4%	18,741
6213	Offices of Other Health Practitioners	51	2%	232	7%	48,001
6214	Outpatient Care Centers	1,075	70%	546	21%	112,974
6215	Medical and Diagnostic Laboratories	(5)	(1%)	38	5%	7,969
6219	Other Ambulatory Health Care Services	(186)	(21%)	(87)	(12%)	(18,083)
Total		**1,371**	**9%**	**1,162**	**7%**	**240,534**

Source: Emsi

4.5 HOSPITALITY MARKET ANALYSIS

HOSPITALITY MARKET: KEY FINDINGS

- Portland is one of the smallest U.S. hotel markets tracked, with around 7,900 rooms across 102 properties. On average, hotels in the Portland market are smaller here than in the typical U.S. market. Higher end hotels are common, with over 20% of the market's rooms being either Luxury or Upper Upscale. Hotels in the Maine Midcoast submarket are even smaller than the Portland market and national averages. Hotels in this submarket average 41 rooms, compared to an average of 77 rooms in the Portland market and 90 rooms nationally.

- While a rebound in leisure travel has helped the hospitality market in 2021, minimal business travel is continuing to impact the market. Essential meetings, small and medium size events, and regional business travel are only just starting to pick back up. Labor shortages have posed an additional challenge to the hospitality industry as well.

- Total five-year demand for the Maine Midcoast and Portland Surrounding ME regions ranges from a conservative estimate of 65 new rooms to 348 new rooms. Any demand that Topsham could capture is likely to be towards the lower end of this range, as a portion of the demand from both submarkets will not be Topsham's target traveler.

Supportable Demand for New Hotel Rooms, 5-year Estimates

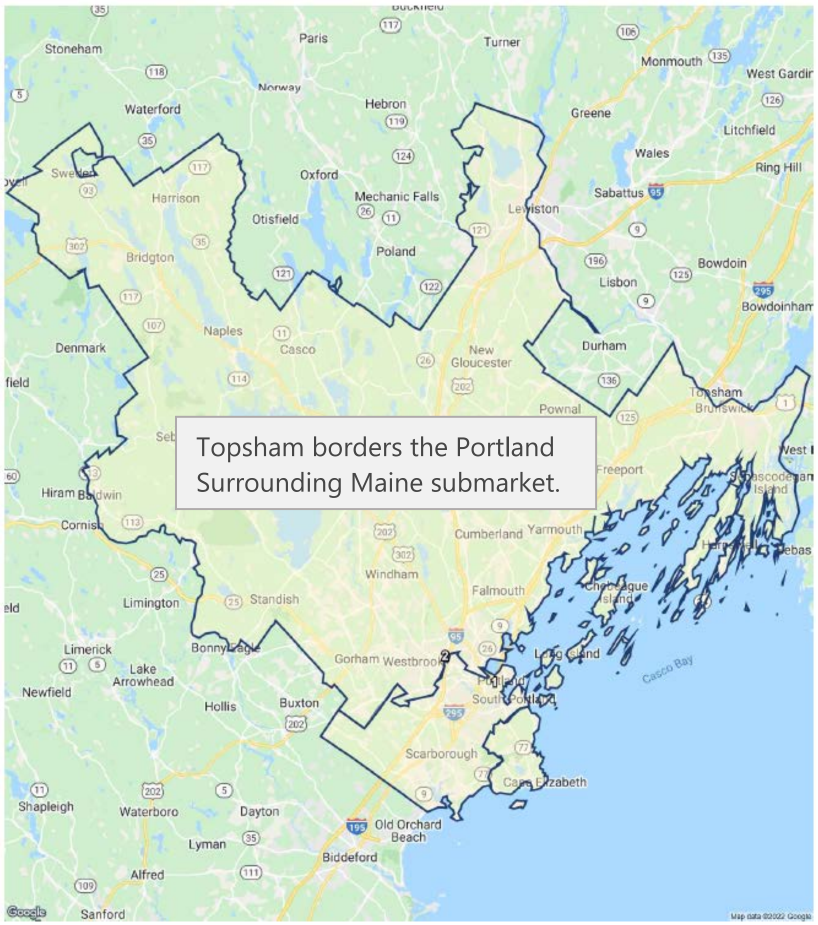
Demand From	Rooms
Maine Midcoast	12-136
Portland Surrounding ME	53-212
Total	**65-348**

Source: Camoin Associates

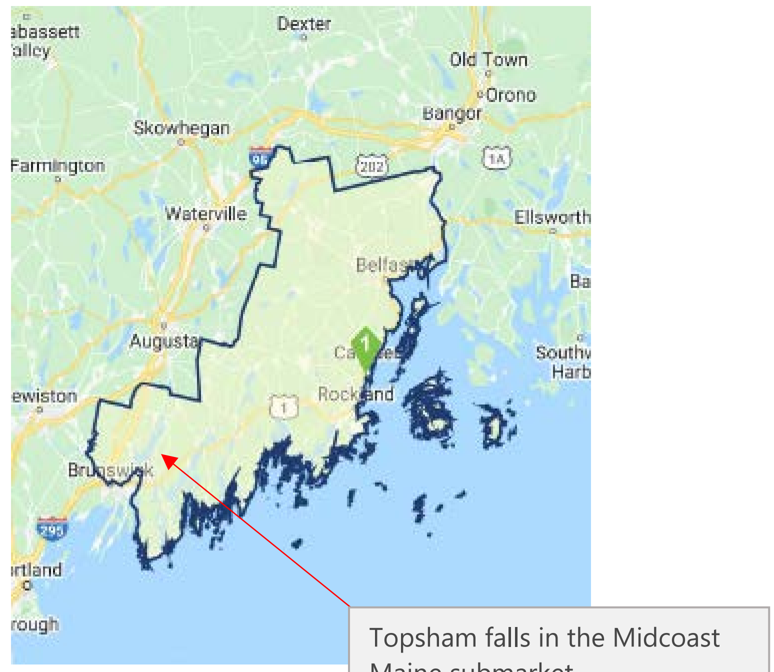
HOSPITALITY MARKET: GEOGRAPHICAL CONTEXT

The Town of Topsham's hospitality market falls just outside of the in the Portland, ME market (the entire yellow area on the map below). Within this market, Topsham directly borders the Portland Surrounding Maine submarket. Topsham falls within the Midcoast Maine submarket, which borders the Portland market. Trends from the Portland, ME market and both submarkets are included in this analysis.

PORTLAND - ME SUBMARKETS



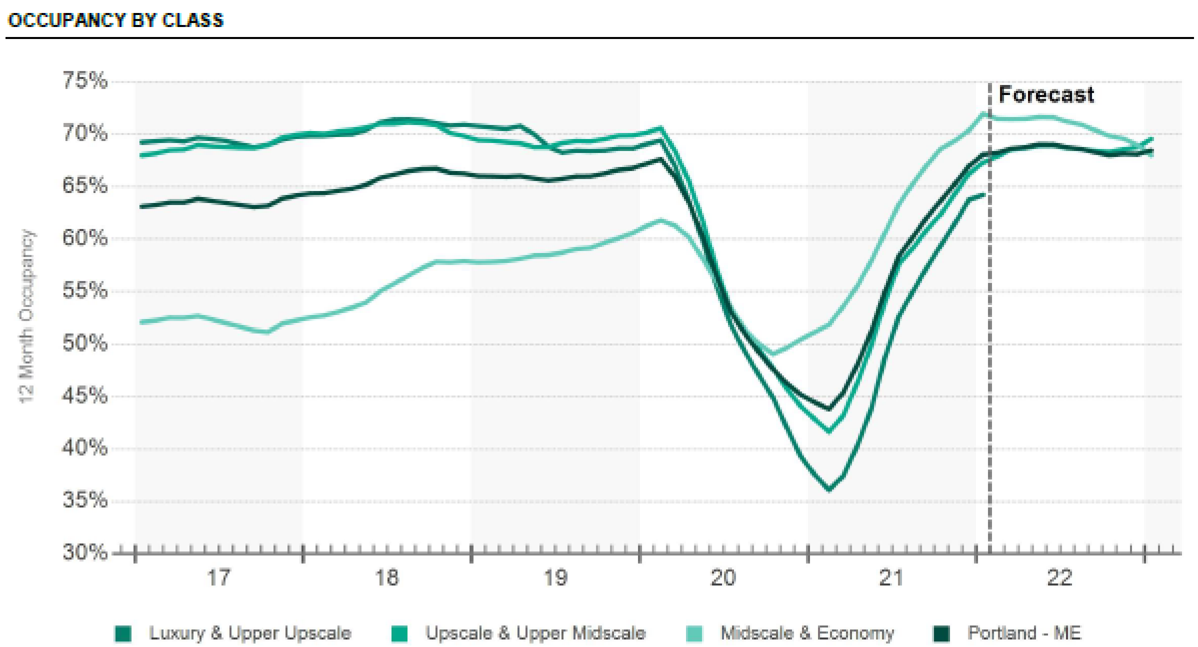
Source: CoStar



Source: CoStar

HOSPITALITY MARKET: REGIONAL CONTEXT (PORTLAND, ME MARKET)

According to CoStar, Portland is one of the smallest U.S. hotel markets tracked, with around 7,900 rooms across 102 properties. On average, hotels in the Portland market are smaller here than in the typical U.S. market. Higher end hotels are common, with over 20% of the market's rooms being either Luxury or Upper Upscale. Occupancy has recovered since 2020's downturn and 220 rooms are currently under construction – a 2.8% inventory expansion.

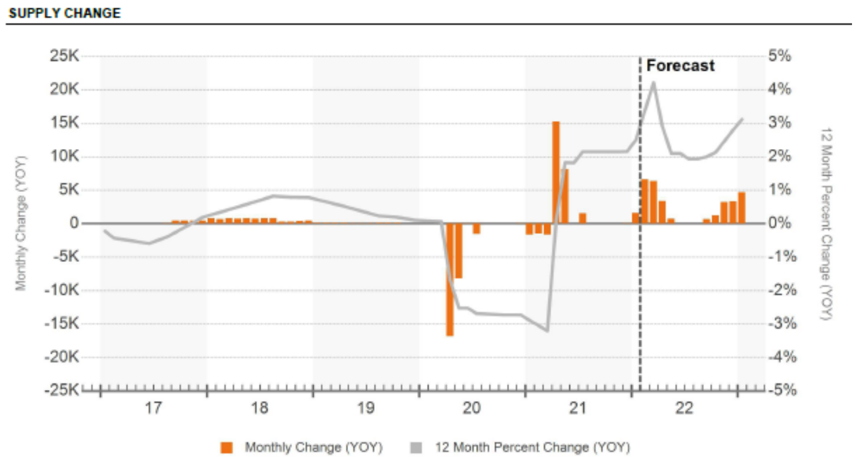


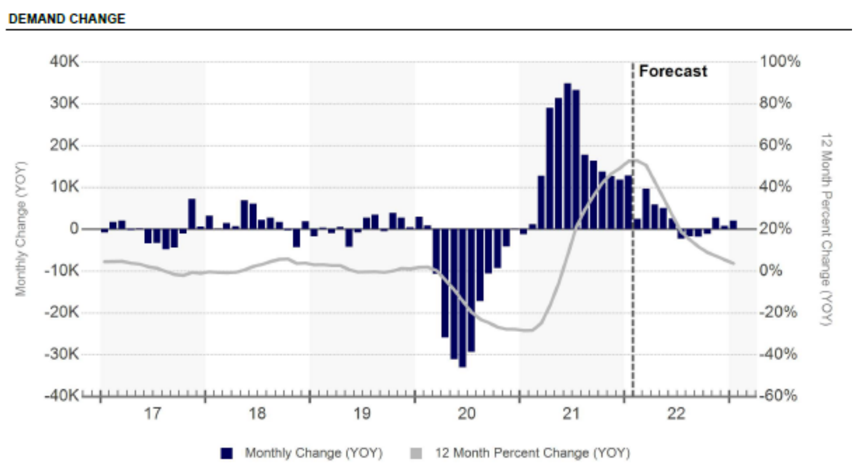
Source: CoStar, as of 1Q22

HOSPITALITY MARKET: TOPSHAM AREA (PORTLAND SURROUNDING MAINE SUBMARKET)

The Portland Surrounding ME submarket is a fairly small submarket that contains around 2,700 rooms across 51 properties. In the submarket:

- Hotels are smaller than the market and national averages. Hotels in the submarket average 54 rooms compared to an average of 77 rooms in the market and 90 rooms nationally.
- Twelve-month RevPAR (revenue per available room) has increased over 120% year over year, as of January 2022.
- The development pipeline includes construction of a 117-room hotel in Westbrook as part of Rock Row.



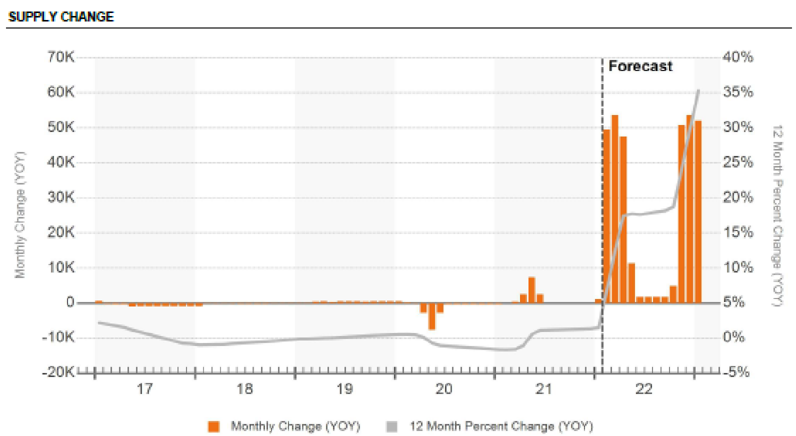


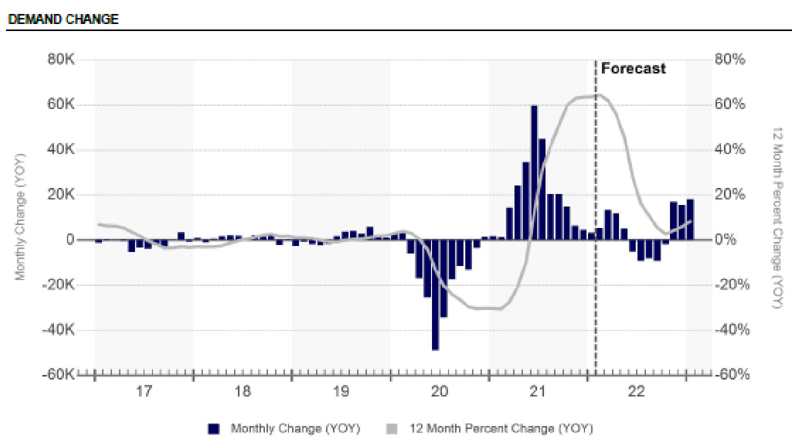
Source: CoStar, as of 1Q22

HOSPITALITY MARKET: TOPSHAM AREA (MAINE MIDCOAST SUBMARKET)

The Maine Midcoast submarket is a small submarket that contains around 3,400 rooms across 83 properties. In the submarket:

- Hotels are smaller than the market and national averages. Hotels in the submarket average 41 rooms compared to an average of 77 rooms in the Portland market and 90 rooms nationally.
- Twelve-month RevPAR (revenue per available room) of $127.11 has increased over 104% year over year, as of January 2022.
- The 12-month ADR (average daily rates) has averaged $163 over the last three years
- The development pipeline includes construction of a 20-room hotel in Rockport – the first construction activity in the submarket in over five years.





HOSPITALITY MARKET: NEW HOTEL DEMAND

The Maine Midcoast and Portland Surrounding ME submarkets are used as the market area to calculate the potential demand for hotel rooms in Topsham. To estimate the number of new hotel rooms the market will be able to support, projections were made for both the future demand for hotel rooms in the submarkets and the future supply of hotel rooms. Demand was estimated by examining the trend over the past 6 years, which showed that demand has been increasing at compounded rate of about 5% in the Maine Midcoast submarket and about 3% in the Portland Surrounding ME Submarket. Given market fluctuations over the time period due to COVID-19, we have estimated a range of future annual demand scenarios. Scenarios for the Maine Midcoast submarket are: low (2% growth), medium (5% growth), and high (8% growth). Scenarios for the Portland Surrounding ME submarket are: low (1% growth), medium (3% growth), and high (5% growth). Future supply projections were obtained from CoStar.

The projections show the hotel room-night demand in 2025 will be between approximately 338,000 and 425,000 in the Maine Midcoast submarket and between 674,000 and 788,000 in the Portland Surrounding ME submarket. The availability (supply) of hotel room nights is expected to reach over 550,000 in the Maine Midcoast submarket and over 1.0 million in the Portland Surrounding ME submarket, by 2025.

Maine Midcoast Hotel Room-Night Supply and Demand Projections

Projected Demand (Occupied Hotel Room Nights)					
Growth Scenario	**2021**	**2022**	**2023**	**2024**	**2025**
Low (2%)	312,547	318,798	325,174	331,677	338,311
Medium (5%)	312,547	328,174	344,583	361,812	379,903
High (8%)	312,547	337,551	364,555	393,719	425,217
Projected Supply (Occupied Hotel Room Nights)					
	2021	**2022**	**2023**	**2024**	**2025**
Current	452,453	533,713	550,477	550,477	550,477

Source: CoStar and Camoin Associates

Portland Surrounding ME Hotel Room-Night Supply and Demand Projections

Projected Demand (Occupied Hotel Room Nights)					
Growth Scenario	**2021**	**2022**	**2023**	**2024**	**2025**
Low (1%)	647,945	654,424	660,969	667,578	674,254
Medium (3%)	647,945	667,383	687,405	708,027	729,268
High (5%)	647,945	680,342	714,359	750,077	787,581
Projected Supply (Occupied Hotel Room Nights)					
	2021	**2022**	**2023**	**2024**	**2025**
Current	965,195	992,266	996,978	1,034,363	1,037,756

Source: CoStar and Camoin Associates

HOSPITALITY MARKET: NEW HOTEL DEMAND

Based on the supply and demand projections, the projected occupancy rate for hotels in the submarket would be between 61% and 77% in the Maine Midcoast submarket and between 65% and 76% in the Portland Surrounding ME submarket. At the occupancy levels for the medium and high scenarios, new hotel development would be feasible in both submarkets. To estimate how many additional available room-nights (supply) would be feasibly, it is assumed that the current occupancy rate of the submarkets (68%, according to CoStar) would be achievable in the future. That is, the market would be expected to continue to add hotel rooms to the supply until the occupancy rate hit 68%.

As shown below, this means that there is the potential for an additional supply of 6,565 to 73,008 room nights in the Maine Midcoast submarket and 28,425 to 113,678 room nights in the Portland Surrounding ME submarket.

Maine Midcoast Hotel Room-Night Potential (2025)

Growth Scenario	Room-Night Demand (2025)	Room-Night Supply (2025)	Projected Area Occupancy (%)	Annual Room-Night Supply Potential
Low (2%)	338,311	550,477	61%	(54,420)
Medium (5%)	379,903	550,477	69%	6,565
High (8%)	425,217	550,477	77%	73,008

Source: Camoin Associates

Portland Surrounding ME Hotel Room-Night Potential (2025)

Growth Scenario	Room-Night Demand (2025)	Room-Night Supply (2025)	Projected Area Occupancy (%)	Annual Room-Night Supply Potential
Low (1%)	674,254	1,037,756	65%	(52,004)
Medium (3%)	729,268	1,037,756	70%	28,425
High (5%)	787,581	1,037,756	76%	113,678

Source: Camoin Associates

HOSPITALITY MARKET: NEW HOTEL DEMAND

Based on an average occupancy rate of 68%, the potential room-nights translate to between 65 and 348 new hotel rooms in the region (the combined Maine Midcoast and Portland Surrounding ME submarkets). While post-COVID-19 travel trends and the region's popularity among visitors are promising signs for the market, it is important to note that it is unlikely that Topsham would be able to capture all of this regional demand. Topsham's location on the border of the two submarkets means that there will be travelers to other Maine Midcoast or Portland area locations for which Topsham is not a realistic place to choose to stay.

Total Regional Hotel Room Potential (2025)

Maine Midcoast

	Low	Medium	High
Room-Night Potential (Annual)	(54,420)	6,565	73,008
Rooms Per Night Average (Daily)	-	18	200
New Rooms Supported (68% occupancy)	-	12	136

Portland Surrounding ME

	Low	Medium	High
Room-Night Potential (Annual)	(52,004)	28,425	113,678
Rooms Per Night Average (Daily)	-	78	311
New Rooms Supported (68% occupancy)	-	53	212
Total New Rooms Supported	**-**	**65**	**348**

Source: Camoin Associates

5. DEVELOPMENT FEASIBILITY ANALYSIS

OVERVIEW

A return on investment (ROI) feasibility analysis was completed to gain insights into the development potential of multiple property types within Topsham. The purpose of the ROI analysis is to determine the general financial feasibility of developing these property types within the town. This analysis follows previous market analysis work that assessed the market demand potential for various use types. While some uses may show market demand potential, it is also important to demonstrate whether new development of these uses is financially feasible given construction costs, lease rates, operating expenses, and financing options. The analysis provides a high-level understanding of the types of uses that are likely to be built in Topsham in the future given these considerations. It also identifies uses that may be desirable but are not currently financially feasible and would thus require some level of public subsidy to make happen.

For each building type, we calculated the minimum required lot size based on parking and zoning requirements. This lot size assumption will factor into the financial feasibility model, as it dictates the amount and cost of land required to support each building type. The table below shows the calculations performed to arrive at the ultimate assumed lot size (column N).

For building types 1-4, physical space needs, rather than zoning density requirements, drive the assumed lot size. In other words, after accounting for the building footprint (column G), required parking of 400 SF per space including drive aisles (column H), truck loading and parking in the case of building type 2 (column I), and an assumption of 20% open space (column L), the physical amount of space needed (column M) exceeds the minimum lot size required by zoning. For simplicity, we rounded the calculation performed in column M up to the nearest acre or half acre to arrive at the ultimate assumption in column N.

For building type 5 (townhouses), the physical amount of space needed (approximately 1 acre) is less than the minimum parcel size as required by current zoning, which ranges from 3 to 5.7 acres, depending on the zoning district. It should be noted that if a proposed

Building Types for Financial Feasibility Analysis

A	B	E	F	G	C	D	H	I	J	K	L	M	N
Building Type	Description	Total Building Area (SF)	Building Stories	Building Footprint (SF) =E/F	Parking Spaces Required	Parking Spaces Proposed	Parking Area (Spaces + Aisles) (SF) =D*400	Loading & Truck Parking (SF)	Total Impervious (SF) =G+H+I	Total Impervious (acres) =J/43,560	Minimum Lot Area (SF) - Physical Constraints =J/0.8	Minimum Lot Area (acres) - Physical Constraints =L/43,560	Assumed Lot Size (acres)
1	**Medical Office Building** – 12,000 SF divided into suites; 2 stories	12,000	2	6,000	36	36	14,400	-	20,400	0.5	25,500	0.6	1.0
2	**Distribution Center** – 200,000 SF (single large tenant)	200,000	1	200,000	17	17	6,800	200,000	406,800	9.3	508,500	11.7	12.0
3	**Hotel** – 80 rooms; upper midscale; 3-story	40,000	3	13,333	80	80	32,000	-	45,333	1.0	56,667	1.3	2.0
4	**Mixed-Use Rental Apartments over Retail/Restaurant** – 3-story building with 5,000 SF commercial space on ground floor + 10 apartment units on second and third floor (5 units per floor); 5 one beds/5 two beds; total building square footage = 15,000 SF	15,000	3	5,000	20	20	8,000	-	13,000	0.3	16,250	0.4	0.5
5	**For-Sale Townhouses** – 24-unit complex of 1,200 SF units; each unit 2 stories with 2BR/2BA, no garage	28,800	2	14,400	24	48	19,200	-	33,600	0.8	42,000	1.0	3.0

zoning amendment passes Town Meeting, the minimum lot size would fall to 1.3 acres. We assume 3 acres for this analysis, since the larger lot size would have a higher land acquisition cost (a more conservative assumption). Please also note that while zoning requires only 24 parking spaces, we have assumed 48 spaces (2 for each two-bedroom unit) to increase the marketability of the project.

KEY FINDINGS

A summary of the results of the financial feasibility analysis are presented in the following table and combined with the results of the market analysis.

Summary of Development Scenarios
Market Demand and Financial Feasibility

Development Scenario	Market Demand	Financial Feasibility
Medical Office	Strong	High
Distribution Center	Moderate	Medium
Hotel	Moderate	High
Mixed Use - Apartments/Retail	Strong	Low
Townhouses	Strong	High

The following provides context for interpreting the table:

- **Market Demand** – Provides an assessment of demand for each development scenario given local market conditions and trends. "Strong" indicates that there is generally substantial demand for the use type in the Topsham market. "Moderate" indicates there is some level of demand, but market conditions (pandemic-related or otherwise) indicate that only certain sub-uses may be viable. "Weak" indicates that there is little need for additional space of this type in the market due to low demand and/or excess supply.

- **Financial Feasibility** – Summarizes the results of the return-on-investment analysis detailed in this section of the report. The analysis examines the financial feasibility of building new space for lease (or for sale in the case of residential townhouse condos). "High" indicates that new-build project "pencils out" from the perspective of a developer/investor. "Medium" indicates that the minimum return requirement was not reached but that modest changes in input assumptions could result in a viable new-build project. "Low" indicates that the return calculated was well below the level needed for a new-build project to be considered feasible. Other potential development scenarios, such as redeveloping, repurposing, or re-tenanting existing space, are not directly considered in this analysis and may or may not be viable depending on the specifics of a given property.

METHODOLOGY

To analyze the return on investment (ROI) of various new construction projects and their ultimate viability, estimated local construction and land acquisition costs were determined along with estimated annual revenues and expenses. Revenues include lease income while expenses primarily include annual operating expenses, real estate taxes, and debt service payments. Revenues and expenses were then compared to determine the feasibility of new construction based on standard real estate evaluation metrics including the annual return (equity dividend rate) and overall project ROI. These metrics are defined in the following section.

A development type is deemed feasible if the return on cost is equal to or above 20%, which is a reasonable minimum requirement for developers to pursue new construction projects. It should be noted that this threshold can vary considerably among developers/investors. In some cases, an investor might accept a lower return on cost if the property generates substantial annual income and/or is expected to appreciate considerably in value over time. For each development type a sensitivity analysis was also conducted to determine the minimum rental rate needed and the maximum development cost that could be used to achieve a 20% ROI.

DEFINITIONS AND TERMINOLOGY

Key terms relevant for interpreting the analysis are defined below.

Capitalization Rate: Indicates the rate of return that is expected to be generated on a real estate investment property, expressed as a percentage. Mathematically, the capitalization rate is the ratio of a property's net operating income to its purchase price. The Development Cap Rate is defined as NOI divided by the *development cost*. The Market Cap Rate reflects the cap rate of similar properties recently sold in the market, and is the minimum threshold cap rate a developer will be looking to achieve. The market cap rate is equal to a property's NOI divided by its market value (actual or likely sale price). If a potential project's development cap rate is less than the market cap rate that an investor could achieve by purchasing an existing property in the market, it would not make financial sense to develop a new project.

Return on Cost (Margin on Cost): This metric measures the profit margin of a development by comparing the development cap rate and the market cap rate. The margin on cost is calculated as: (Going-in Cape Rate / Market Cap Rate) -1. Equivalently, margin on cost can be calculated as (Market Value / Development Cost) - 1. Developers typically seek a 15%+ margin, although many banks look for a 20% margin.

Net Operating Income (NOI): The income a property owner receives after revenues and expenses are considered but does not reflect debt service costs.

Debt Service Coverage Ratio (DSCR): Debt service is the cash that is required to cover the repayment of interest and principal on a debt (e.g., mortgage or construction loan) for a particular period. DSCR is calculated as (NOI / Debt Service).

Equity Contribution: The amount of cash or cash equivalent dedicated to a particular project.

Equity Dividend Rate: Measures cash flow (after debt service) for a given year as a percent of initial equity investment. In other words, it measures the cash flow a property makes annually. For example, if a developer puts $100,000 into the development of a project (the equity) and generates a positive cash flow of $5,000 each year, it would have an equity dividend rate of 5%.

Annual Cash Flow After Financing: The amount of cash/income generated in a given year after all annual expenses and debt service obligations are paid. In other words, this metric is net operating Income minus the annual debt service payment.

Mill Rate: The amount of property tax payable per one-thousand dollars of the assessed value of a property.

FACTORS IMPACTING FINANCIAL FEASIBILITY

Numerous factors impact the financial feasibility of a new development project. Assumptions for each of these factors are detailed as follows.

Market demand: A financially feasible development project needs qualified tenants to lease space and generate income. Demand for new space is determined by the price and supply of existing available space and market conditions that are specific to each use type, which have been heavily impacted by the pandemic.

Allowable buildout potential: The allowable buildout per acre of land impacts the amount of rentable space that can be developed and therefore the income generation potential of a property. Higher density allows for higher income potential and lower development cost per acre, since the cost of land can be spread across more building square footage. Buildout determined by the zoning constraints and the parking requirements of current zoning.

Achievable market rents: Lease rates can vary significantly among use types based on availability and quality of space in the market or submarket. Lease rates must typically reach a certain threshold to make new development viable. For each use type, we used lease rates at the high end of the current range for the Topsham submarket reflecting recently built, comparable properties.

Operating expenses: Recurring expenses to operate the property, including real estate taxes, insurance, utilities, maintenance, and management, impact the property's net operating income (NOI). Depending on the lease type, the tenant may be responsible for some or all operating expenses. Real estate taxes were calculated based on Topsham's current mill rate of 15.87, its assessment ratio of 100%, and the estimated as-built fair market value of each property type analyzed.

Land costs: The price of land impacts the overall development cost of the project. The average cost of land was estimated at $250,000 per acre, based on land assessed values for the district and recent land sales in the Topsham submarket. Sites are assumed to require minimal sitework.

Construction costs: Construction costs have spiked through the course of the pandemic as a result of supply chain challenges. Average construction costs per square foot for each use type, as well as site costs, were developed using RSMeans cost data, adjusted for the Topsham region.[2]

Access to capital: A project is typically financed through a mix of debt and equity. Prevailing interest rates impact the cost of financing through loans, while investor return expectations impact the ability to attract equity to a given project. All scenarios were assumed to be financed with 70% debt and 30% equity, a 5% interest rate, and a 30-year loan term.[3]

Assumptions, calculations, and results of the financial feasibility analysis for each of the use types are presented in the following pages.

[2] Square Foot Costs with RSMeans data, 2022

[3] Per national averages from RealtyRates 2022 Q2 Investor Survey

MEDICAL OFFICE

Project: A two-story, 12,000 SF medical office building divided into suites. The building would be set on 1.0 acres with a building footprint of 6,000 SF along with 36 parking spaces.

Assumptions

Project Information	
Use Type:	Medical Office
Total Rentable Square Feet	10,800
Total Gross Square Feet	12,000
Construction Cost per SF	$235
Parking Spaces	36
Construction Cost per Parking Space	$1,288
Land Acquisition Cost	$250,000
Total Development Cost	$3,116,361

Revenue and Performance	
Rate (per SF/Year) Gross	
Medical Office	$30.00
Vacancy and Credit Loss	5.0%

Annual Expenses	
Property Tax Rate	1.5870%
OpEx (Excl Prop Tax)	10%

Financing	
Equity Contribution (%)	30%
Equity Contribution ($)	$934,908
Max Loan to Value	60%
Max Loan Amount	$1,924,304
Loan Interest Rate	5.00%
Annual Debt Service	$125,179
Capitalization Rate	7.0%

Notes:

1 Assumes 90% of gross SF is rentable.

2 NNN lease assumed, real estate taxes, building insurance, and maintenance paid by tenant.

3 Assumes 1.0 acre lot.

Feasibility Assessment: Medical Office

Pro-Forma (first stabilized year)	Total	Per Rentable SF
Revenue		
Revenue Potential	$324,000	$30.00
Vacancy and Credit Loss	($16,200)	($1.50)
Net Rental Income	**$307,800**	**$28.50**
Expenses		
Real Estate Taxes	$0	$0.00
Other Operating Expenses	($30,780)	($2.85)
Total Expenses	**($30,780)**	**($2.85)**
A. Net Operating Income (NOI)	**$277,020**	**$25.65**
Debt Service Payment	($153,559)	($14.22)
B. Annual Cash Flow After Financing	**$123,461**	**$11.43**
Full Market Value When Complete	$3,934,286	$364.29
Total Construction Cost	$3,116,361	$288.55
C. Appraisal Gap	**($817,925)**	**($75.73)**

Return on Investment (ROI) Analysis	Total	Per Rentable SF
Annual ROI		
Equity Investment	$934,908	$86.57
Annual Cash Flow After Financing	$123,461	$11.43
D. (Annual) Equity Dividend Rate	**13.2%**	**13.2%**
Overall ROI		
Full Market Value When Complete	$3,934,286	$364.29
Total Construction Cost	$3,116,361	$288.55
E. Return on Investment	**26.2%**	**26.2%**
Feasibility Assessment		
Return on Investment Threshold	20.0%	20.0%
Is Project a Viable Investment?	**Yes**	
F. Gap Funding/Subsidy Needed	**-$162,211**	**-$15.02**
Debt Service Coverage Ratio Threshold	1.25	1.25
G. Actual Debt Service Coverage Ratio	**1.80**	**1.80**
Is Underwriting Threshold Met?	**Yes**	

Sensitivity Analysis

	Scenario Assumption	Feasibility Threshold	Gap
Rent per SF	$ 30.00	$ 28.60	-5%
Development Cost per SF	$ 260	$ 273	5%

Source: Camoin Associates

DISTRIBUTION CENTER

Project: A one-story, 200,000 SF distribution center for a single large tenant. The building would be set on 12.0 acres with 17 parking spaces.

Assumptions

Project Information	
Use Type:	Distribution Center
Total Rentable Square Feet	170,000
Total Gross Square Feet	200,000
Construction Cost per SF	$103
Parking Spaces	17
Construction Cost per Parking Space	$1,288
Land Acquisition Cost	$3,000,000
Total Development Cost	$23,701,893

Revenue and Performance	
Rate (per SF/Year) Gross	
Distribution Center	$13.00
Vacancy and Credit Loss	5.0%

Annual Expenses	
Property Tax Rate	1.5870%
OpEx (Excl Prop Tax)	5%

Financing	
Equity Contribution (%)	30%
Equity Contribution ($)	$7,110,568
Max Loan to Value	70%
Max Loan Amount	$16,214,044
Loan Interest Rate	5.00%
Annual Debt Service	$1,054,747
Capitalization Rate	7.0%

Notes:

1 Assumes 85% of gross SF is rentable.

2 NNN lease assumed, real estate taxes, building insurance, and maintenance paid by tenant.

3 Assumes 12.0 acre lot.

Feasibility Assessment: Distribution Center

Pro-Forma (first stabilized year)	Total	Per Rentable SF
Revenue		
Revenue Potential	$2,210,000	$13.00
Vacancy and Credit Loss	($110,500)	($0.65)
Net Rental Income	**$2,099,500**	**$12.35**
Expenses		
Real Estate Taxes	$0	$0.00
Other Operating Expenses	($104,975)	($0.62)
Total Expenses	**($104,975)**	**($0.62)**
A. Net Operating Income (NOI)	**$1,994,525**	**$11.73**
Debt Service Payment	($1,293,873)	($7.61)
B. Annual Cash Flow After Financing	**$700,652**	**$4.12**
Full Market Value When Complete	$28,414,286	$167.14
Total Construction Cost	$23,701,893	$139.42
C. Appraisal Gap	**($4,712,393)**	**($27.72)**

Return on Investment (ROI) Analysis	Total	Per Rentable SF
Annual ROI		
Equity Investment	$7,110,568	$41.83
Annual Cash Flow After Financing	$700,652	$4.12
D. (Annual) Equity Dividend Rate	**9.9%**	**9.9%**
Overall ROI		
Full Market Value When Complete	$28,414,286	$167.14
Total Construction Cost	$23,701,893	$139.42
E. Return on Investment	**19.9%**	**19.9%**
Feasibility Assessment		
Return on Investment Threshold	20.0%	20.0%
Is Project a Viable Investment?	**No**	
F. Gap Funding/Subsidy Needed	**$23,321**	**$0.14**
Debt Service Coverage Ratio Threshold	1.25	1.25
G. Actual Debt Service Coverage Ratio	**1.54**	**1.54**
Is Underwriting Threshold Met?	**Yes**	

Sensitivity Analysis

	Scenario Assumption	Feasibility Threshold	Gap
Rent per SF	$ 13.00	$ 13.10	1%
Development Cost per SF	$ 119	$ 118	0%

Source: Camoin Associates

HOTEL

Project: A three-story, 80 room, upper midscale hotel. The building would be set on 2.0 acres with a footprint of 13,333 SF and 80 parking spaces.

Assumptions

Project Information	
Use Type	Hotel
Total Rentable Square Feet	36,000
Total Gross Square Feet	40,000
Construction Cost per SF	$207
Parking Spaces	80
Construction Cost per Parking Space	$1,288
Land Acquisition Cost	$500,000
Total Development Cost	$8,875,024

Revenue and Performance	
ADR and Occupancy	
ADR	$130.00
Occupancy Rate	68.0%

Annual Expenses	
Property Tax Rate	1.5870%
OpEx (Excl Prop Tax)	60%

Financing	
Equity Contribution (%)	30%
Equity Contribution ($)	$2,662,507
Max Loan to Value	70%
Max Loan Amount	$7,538,942
Loan Interest Rate	5.00%
Annual Debt Service	$490,419
Capitalization Rate	8.0%

Notes:

1 Assumes 90% of gross SF is rentable.

2 Gross lease assumed.

3 Assumes 3.0 acre lot and 80 room hotel.

Feasibility Assessment: Hotel

Pro-Forma (first stabilized year)	Total	Per Rentable SF	Per Room Night
Revenue			
Revenue Potential	$3,796,000	$105.44	$130.00
Vacancy and Credit Loss	($1,214,720)	($33.74)	($41.60)
Net Rental Income	**$2,581,280**	**$71.70**	**$88.40**
Expenses			
Real Estate Taxes	($170,919)	($4.75)	($5.85)
Other Operating Expenses	($1,548,768)	($43.02)	($53.04)
Total Expenses	**($1,719,687)**	**($47.77)**	**($58.89)**
A. Net Operating Income (NOI)	**$861,593**	**$23.93**	**$29.51**
Debt Service Payment	($490,419)	($13.62)	($16.80)
B. Annual Cash Flow After Financing	**$371,174**	**$10.31**	**$12.71**
Full Market Value When Complete	$10,769,918	$299.16	$368.83
Total Construction Cost	$8,875,024	$246.53	$303.94
C. Appraisal Gap	**($1,894,894)**	**($52.64)**	**($64.89)**

Return on Investment (ROI) Analysis	Total	Per Rentable SF	Per Room Night
Annual ROI			
Equity Investment	$2,662,507	$73.96	$91.18
Annual Cash Flow After Financing	$371,174	$10.31	$12.71
D. (Annual) Equity Dividend Rate	**13.9%**	**13.9%**	**13.9%**
Overall ROI			
Full Market Value When Complete	$10,769,918	$299.16	$368.83
Total Construction Cost	$8,875,024	$246.53	$303.94
E. Return on Investment	**21.4%**	**21.4%**	**21.4%**
Feasibility Assessment			
Return on Investment Threshold	20.0%	20.0%	20.0%
Is Project a Viable Investment?	Yes		
F. Gap Funding/Subsidy Needed	**-$99,907**	**-$2.78**	**-$3.42**
Debt Service Coverage Ratio Threshold	1.25	1.25	1.25
G. Actual Debt Service Coverage Ratio	**1.76**	**1.76**	**1.76**
Is Underwriting Threshold Met?	Yes		

Sensitivity Analysis

	Scenario Assumption	Feasibility Threshold	Gap
Nightly Rate per Room	$ 130	$ 129	-1%
Occupancy Rate	68.0%	67.3%	-1%
Development Cost per SF	$ 222	$ 224	1%

Source: Camoin Associates

MIXED USE RENTAL APARTMENT OVER RETAIL/RESTAURANT

Project: A three-story building with 5,000 SF of commercial space on the ground floor and 10 apartment units on the second and third floor (5 units per floor, 5 one-bedroom units and 5 two-bedroom units). The building would be set on 0.5 acres with a footprint of 5,000 SF and 20 parking spaces.

Assumptions

Project Information

Use Type 1:	Retail
Use Type 1 Rentable SF:	4,250
Use Type 2:	Residential
Use Type 2 Rentable SF:	8,500
Total Rentable Square Feet	12,750
Total Gross Square Feet	15,000
Construction Cost per SF	$207
Parking Spaces	$20
Construction Cost per Parking Space	$1,288
Land Acquisition Cost	$125,000
Total Development Cost	$3,252,756

Annual Expenses

Property Tax Rate	1.5870%
OpEx (Excl Prop Tax)	25%

Financing

Equity Contribution (%)	30%
Equity Contribution ($)	$975,827
Max Loan to Value	70%
Max Loan Amount	$1,823,791
Loan Interest Rate	5.00%
Annual Debt Service	$118,640
Capitalization Rate	6.5%

Revenue and Performance

Rate (per SF/Year) Gross	
Retail	$20.00
Residential	$25.41
Monthly Rent per Unit	$1,800.00
Unit Size (SF)	850
Vacancy and Credit Loss	5.0%

Notes:

1 Assumes 85% of gross SF is rentable.

2 Gross lease assumed.

3 Assumes 0.5 acre lot and 10 apartment units.

Feasibility Assessment: Mixed Use

Pro-Forma (first stabilized year)	Total	Per Rentable SF
Revenue		
Revenue Potential	$301,000	$23.61
Vacancy and Credit Loss	($15,050)	($1.18)
Net Rental Income	**$285,950**	**$22.43**
Expenses		
Real Estate Taxes	($41,348)	($3.24)
Other Operating Expenses	($71,488)	($5.61)
Total Expenses	**($112,835)**	**($8.85)**
A. Net Operating Income (NOI)	**$173,115**	**$13.58**
Debt Service Payment	($118,640)	($9.31)
B. Annual Cash Flow After Financing	**$54,474**	**$4.27**
Full Market Value When Complete	$2,605,416	$204.35
Total Construction Cost	$3,252,756	$255.12
C. Appraisal Gap	$647,340	$50.77

Return on Investment (ROI) Analysis	Total	Per Rentable SF
Annual ROI		
Equity Investment	$975,827	$76.54
Annual Cash Flow After Financing	$54,474	$4.27
D. (Annual) Equity Dividend Rate	**5.6%**	**5.6%**
Overall ROI		
Full Market Value When Complete	$2,605,416	$204.35
Total Construction Cost	$3,252,756	$255.12
E. Return on Investment	**-19.9%**	**-19.9%**

Feasibility Assessment		
Return on Investment Threshold	20.0%	20.0%
Is Project a Viable Investment?	**No**	
F. Gap Funding/Subsidy Needed	**$1,081,576**	**$84.83**
Debt Service Coverage Ratio Threshold	1.25	1.25
G. Actual Debt Service Coverage Ratio	**1.46**	**1.46**
Is Underwriting Threshold Met?	**Yes**	

Sensitivity Analysis

	Scenario Assumption	Feasibility Threshold	Gap
Retail Rent per SF	$ 15	$ 56	273%
Residential Monthly Lease Rate	$ 1,800	$ 3,230	79%
Development Cost per SF	$ 217	$ 135	-38%

Source: Camoin Associates

FOR-SALE TOWNHOUSES

Project: A 24-unit complex of 1,200 SF units, each 2 stories high with 2-bedrooms and 2-baths (no garage). The building would be set on 3.0 acres with a footprint of 14,400 SF and 48 parking spaces.

Assumptions

Total Gross SF	28,800
Lot Size (acres)	3.0
SF per Unit	1,200
Vertical Construction Costs per SF	$185
Vertical Construction Cost	$5,328,000
Land Acquisition Cost	$750,000
Total Project cost	$6,078,000
Development Cost per SF	$211

Source: Camoin Associates

Pro Forma (First Stabilized Year)

	Per SF	Per Unit
Sale Price	$275.00	$330,000
Development Cost	$211.04	$253,250
Gross Profit Margin	**$63.96**	**$76,750**

Source: Camoin Associates

Return on Investment Analysis

Return on Cost	
Return on Cost Threshold	20%
Return on Cost (Margin on Cost)	30%
Overall Financial Feasibility	Viable

Sensitivity Analysis

	Scenario Assumption	Feasibility Threshold	Gap
Unit Sale Price	$330,000	$305,000	-8%
Development Cost per SF	$211	$230	9%

Source: Camoin Associates

ATTACHMENT A: DATA SOURCES

ECONOMIC MODELING SPECIALISTS INTERNATIONAL (EMSI)

To analyze the industrial makeup of a study area, industry data organized by the North American Industrial Classification System (NAICS) is assessed. Camoin 310 subscribes to Economic Modeling Specialists Intl. (Emsi), a proprietary data provider that aggregates economic data from approximately 90 sources. Emsi industry data, in our experience, is more complete than most or perhaps all local data sources (for more information on Emsi, please see www.economicmodeling.com). This is because local data sources typically miss significant employment counts by industry because data on sole proprietorships and contractual employment (i.e., 1099 contractor positions) is not included and because certain employment counts are suppressed from BLS/BEA figures for confidentiality reasons when too few establishments exist within a single NAICS code.

ESRI BUSINESS ANALYST ONLINE (BAO)

Esri is the leading provider of location-driven market insights. It combines demographic, lifestyle, and spending data with map-based analytics to provide market intelligence for strategic decision-making. Esri uses proprietary statistical models and data from the U.S. Census Bureau, the U.S. Postal Service, and various other sources to present current conditions and project future trends. Esri data are used by developers to maximize their portfolio, retailers to understand growth opportunities, and by economic developers to attract business that fit their community. For more information, visit www.esri.com.

COSTAR

CoStar is the leading source of commercial real estate intelligence in the U.S. It provides a full market inventory of properties and spaces—available as well as fully leased—by market and submarket. Details on vacancy, absorption, lease rates, inventory, and other real estate market data are provided, as well as property-specific information including photos and floor plans. CoStar covers office, retail, industrial, and multifamily markets. CoStar data is researched and verified by the industry's largest professional research team. With 1,200 researchers and 130 field research vehicles, CoStar's team makes calls to property managers; reviews court filings, tax assessor records and deeds; visits construction sites; and scans the web to uncover nearly real-time market changes. More at www.costar.com.

ATTACHMENT B: TAPESTRY SEGMENTS

RURAL RESORT DWELLERS

- Average Household Size: 2.22
- Median Age: 54.1
- Median Household Income: $50,400

Although the Great Recession forced many owners of second homes to sell, Rural Resort Dwellers residents remain an active market, just a bit smaller. These communities are centered in resort areas, many in the Midwest, where the change in seasons supports a variety of outdoor activities. Retirement looms for many of these blue collar, older householders, but workers are postponing retirement or returning to work to maintain their current lifestyles. Workers are traveling further to maintain employment. They are passionate about their hobbies, like freshwater fishing and hunting.

RUSTBELT TRADITIONS

- Average Household Size: 2.47
- Median Age: 39.0
- Median Household Income: $51,800

The backbone of older industrial cities in states surrounding the Great Lakes, Rustbelt Traditions residents are a mix of married-couple families and singles living in older developments of single-family homes. While varied, the work force is primarily white collar, with a higher concentration of skilled workers in manufacturing, retail trade, and health care. Rustbelt Traditions represents a large market of stable, hard-working consumers with modest incomes but an average net worth of nearly $400,000. Family oriented, they value time spent at home. Most have lived, worked, and played in the same area for years.

MIDLIFE CONSTANTS

- Average Household Size: 2.31
- Median Age: 47.0
- Median Household Income: $53,200

Midlife Constants residents are seniors, at or approaching retirement, with below average labor force participation and above average net worth. Although located in predominantly metropolitan areas, they live outside the central cities in smaller communities. Their lifestyle is more country than urban. They are generous, but not spendthrifts.

THE GREAT OUTDOORS

- Average Household Size: 2.44
- Median Age: 47.4
- Median Household Income: $56,400

These neighborhoods are found in pastoral settings throughout the United States. Consumers are educated empty nesters living an active but modest lifestyle. Their focus is land. They are more likely to invest in real estate or a vacation home than stocks. They are active gardeners and partial to homegrown and home-cooked meals. Although retirement beckons, most of these residents still work, with incomes slightly above the U.S. level.

GREEN ACRES

- Average Household Size: 2.70
- Median Age: 43.9
- Median Household Income: $76,800

The Green Acres lifestyle features country living and self-reliance. Avid do-it-yourselfers, they maintain and remodel their homes, with all the necessary power tools to accomplish the jobs. Gardening, especially growing vegetables, is a priority, again with the right tools, tillers, tractors, and riding mowers. Outdoor living features a variety of sports: hunting and fishing, motorcycling, hiking and camping, and even golf.

PARKS AND REC

- Average Household Size: 2.51
- Median Age: 40.9
- Median Household Income: $60,000

These suburbanites have achieved the dream of home ownership. They have purchased homes that are within their means. Their homes are older, and town homes and duplexes are not uncommon. Many of these families are two-income married couples approaching retirement age; they are comfortable in their jobs and their homes, budget wisely, but do not plan on retiring anytime soon or moving. Neighborhoods are well established, as are the amenities and programs that supported their now independent children through school and college. The appeal of these kid-friendly neighborhoods is now attracting a new generation of young couples.

SOUTHERN SATELLITES

- Average Household Size: 2.67
- Median Age: 40.3
- Median Household Income: $47,800

Southern Satellites is the second largest market found in rural settlements but within metropolitan areas located primarily in the South. This market is typically slightly older, settled married-couple families, who own their homes. Two-thirds of the homes are single-family structures; almost a third are mobile homes. Median household income and home value are below average. Workers are employed in a variety of industries, such as manufacturing, health care, retail trade, and construction, with higher proportions in mining and agriculture than the US. Residents enjoy country living, preferring outdoor activities and DIY home projects.

Leading action to
grow your economy

Camoin Associates
PO Box 3547
Saratoga Springs, NY 12866
518.899.2608
www.camoinassociates.com
@camoinassociate

camoin associates