

# Real Estate Market Analysis

Town of Kittery, ME

Presented by: Dan Stevens, AICP

April 1, 2024





camoin  
associates

In business  
since

**1999**

**27**

full-time  
employees

We completed

**1,800+**

projects for our  
clients

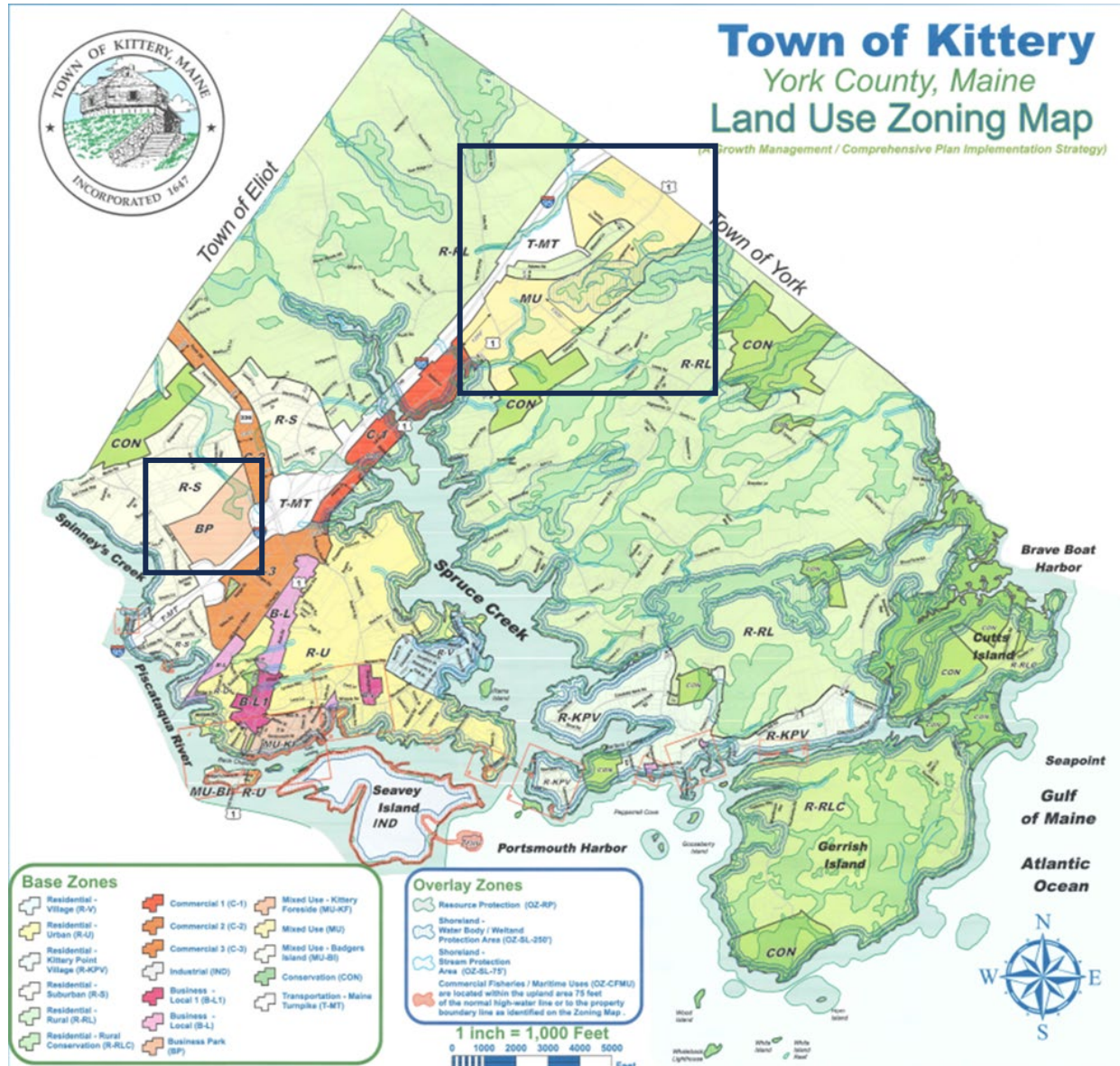
We have  
worked in

**46**

US states and  
territories

We are the only **full-service** economic development consulting firm in the country.

# Study Areas



## Mixed-Use Zone:

- 440 acres
- 46 parcels
- Recent developments include mixed residential and commercial space, townhomes, and other commercial uses

## Business Park Zone:

- 100 acres
- 4 parcels
- Majority of land undeveloped

A large green circle on the left side of the page, partially cut off by the edge.

# Economic and Market Analysis Overview

---

People

---

Economy

---

Housing

---

Retail

---

Office

---

Industrial

---

Tourism & Hospitality



# Methodology



# Key Demographic and Economic Trends

# Population & Age

## KEY FINDINGS

Approx. Population: **10,311 individuals** across **4,658 households**

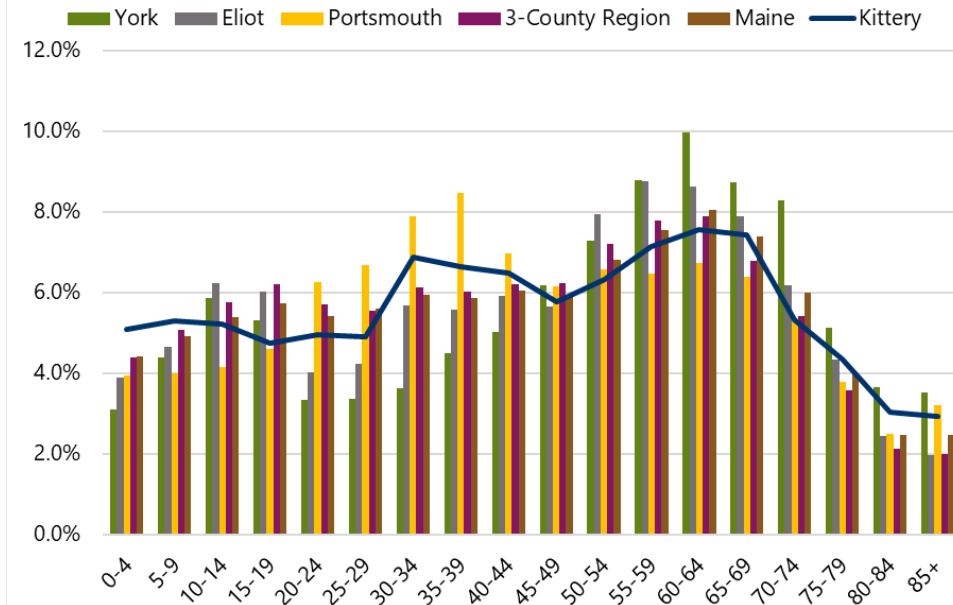
Median Age: **44.9** – younger than surrounding towns, but older than the wider region

### Population and Households Summary

	Town of Kittery	Town of York	Town of Eliot	City of Portsmouth	3-County Region	Maine
2010 Population	9,490	12,529	6,204	20,779	615,497	1,328,361
2020 Population	10,070	13,723	6,717	21,956	657,037	1,362,359
<b>Change, 2010-2020</b>	<b>6.1%</b>	<b>9.5%</b>	<b>8.3%</b>	<b>5.7%</b>	<b>6.7%</b>	<b>2.6%</b>
2023 Population	10,311	14,054	6,753	22,381	671,714	1,377,216
2028 Population	10,869	14,043	6,696	22,788	683,071	1,383,973
<b>Projected Change, 2023-2028</b>	<b>5.4%</b>	<b>-0.1%</b>	<b>-0.8%</b>	<b>1.8%</b>	<b>1.7%</b>	<b>0.5%</b>
2010 Households	4,302	5,440	2,509	10,014	243,142	557,219
2020 Households	4,511	5,906	2,792	10,478	266,165	582,437
<b>Change, 2010-2020</b>	<b>4.9%</b>	<b>8.6%</b>	<b>11.3%</b>	<b>4.6%</b>	<b>9.5%</b>	<b>4.5%</b>
2023 Households	4,658	6,032	2,848	10,774	274,137	594,882
2028 Households	4,961	6,109	2,879	11,051	281,889	607,159
<b>Projected Change, 2023-2028</b>	<b>6.5%</b>	<b>1.3%</b>	<b>1.1%</b>	<b>2.6%</b>	<b>2.8%</b>	<b>2.1%</b>
<b>2023 Average Household Size</b>	<b>2.14</b>	<b>2.31</b>	<b>2.37</b>	<b>2.04</b>	<b>2.40</b>	<b>2.25</b>

Source: Esri

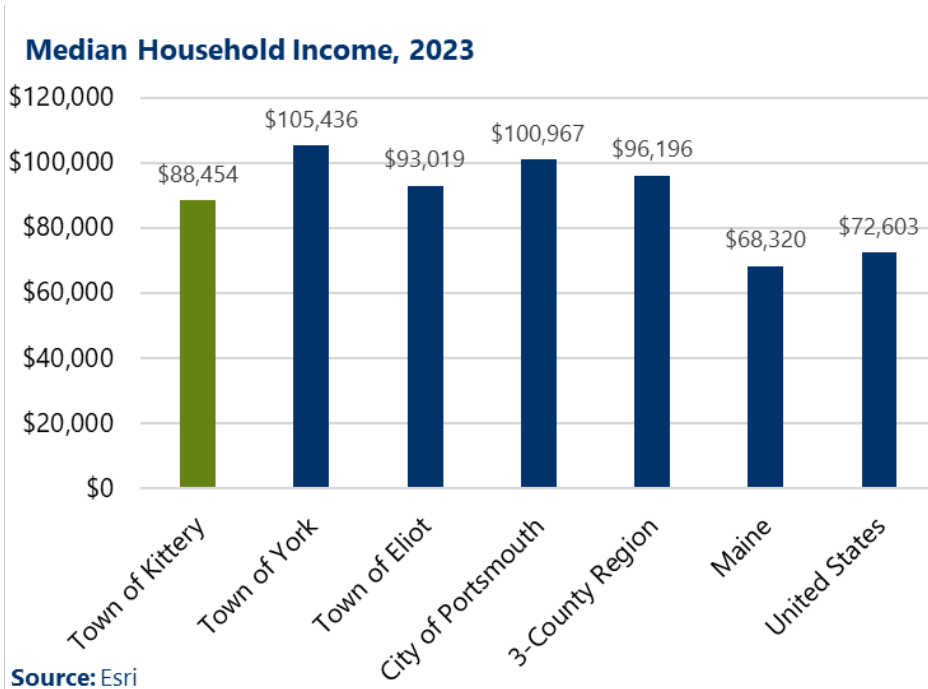
Age Distribution in Kittery and Surrounding Geographies, 2023



Source: Esri

# Economic Characteristics

## KEY FINDINGS



Kittery's median household income is about **\$88,500 in 2023**.

Kittery's **median household income is high for the state**, about \$20,000 higher than Maine's median.

Kittery has a **lower median household income than surrounding towns** and the wider region.



# Economic Characteristics

## KEY FINDINGS

### Jobs by Sector, 2022

NAICS	Description	Count	Share
11	Agriculture, Forestry, Fishing and Hunting	25	0%
21	Mining, Quarrying, and Oil and Gas Extraction	0	0%
22	Utilities	12	0%
23	Construction	245	2%
31	Manufacturing	228	2%
42	Wholesale Trade	80	1%
44	Retail Trade	1,256	10%
48	Transportation and Warehousing	22	0%
51	Information	22	0%
52	Finance and Insurance	50	0%
53	Real Estate and Rental and Leasing	89	1%
54	Professional, Scientific, and Technical Services	496	4%
55	Management of Companies and Enterprises	17	0%
56	Administrative and Support and Waste Management and Remediation Services	161	1%
61	Educational Services	25	0%
62	Health Care and Social Assistance	399	3%
71	Arts, Entertainment, and Recreation	119	1%
72	Accommodation and Food Services	960	7%
81	Other Services (except Public Administration)	187	1%
90	Government	8,717	66%
99	Unclassified Industry	0	0%
<b>Total, excluding Government</b>		<b>4,392</b>	<b>34%</b>
<b>Total, all sectors</b>		<b>13,109</b>	<b>100%</b>

**Source:** Lightcast, Southern Maine Planning & Development Commission

**Note:** Government employment figures for Kittery have been adjusted to reflect more accurate data for the Portsmouth Naval Shipyard as of Q1 2023.

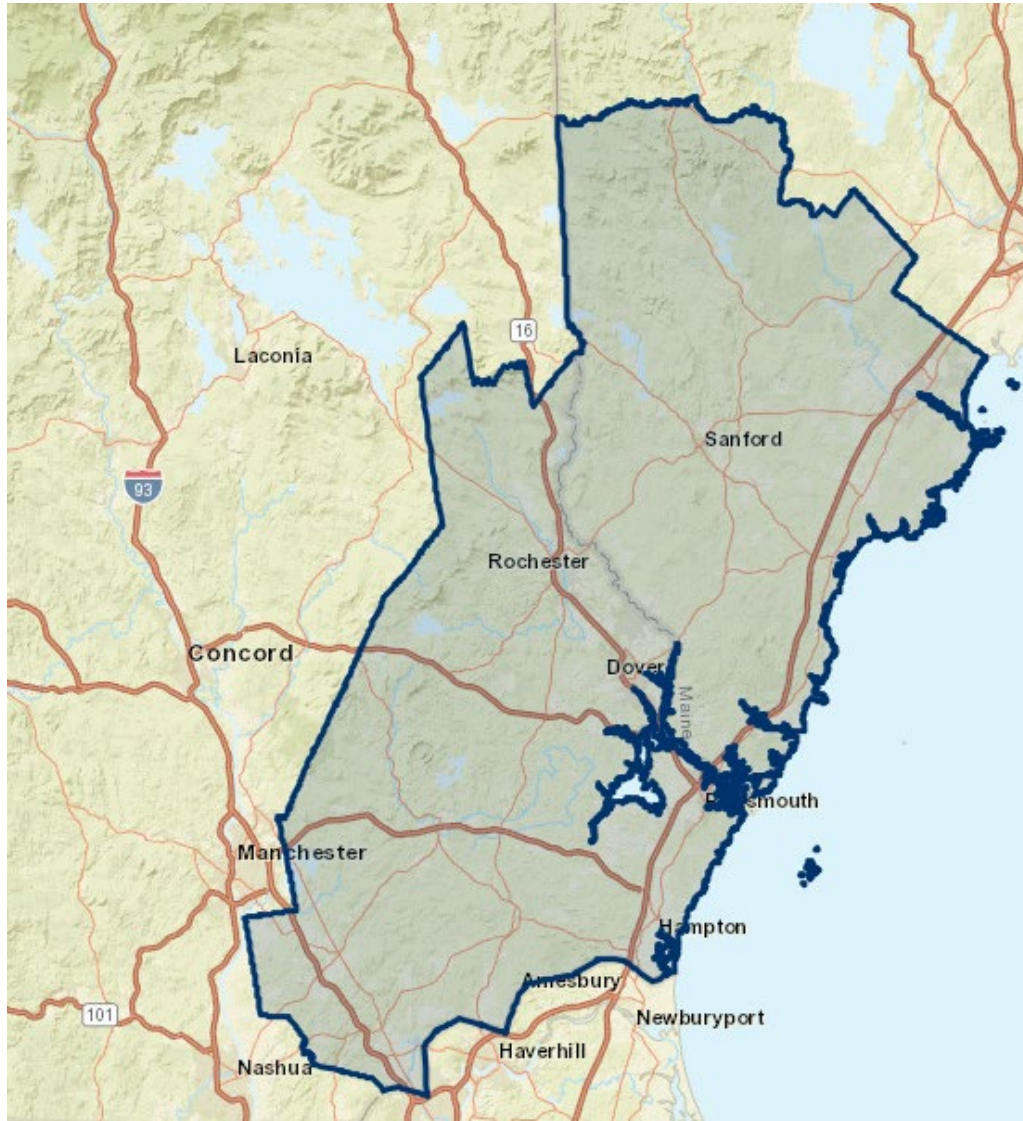
Government, including the Portsmouth Naval Shipyard, **accounts for almost 65% of employment in Kittery**

Kittery's other top industries include **Retail Trade, Accommodation and Food Services, and Professional, Scientific, and Technical Services**

Employment declined by about one percent from 2017-2022, but is **projected to grow 2.3% through 2027**

# Housing Market Analysis

Map: Kittery Housing Market Area



# Kittery Housing Market Area (study area)

- Assume a majority of new residents will come from this area
- This area covers a population of approximately 670,000 across around 275,000 households

# Residential Market Opportunities

## KEY FINDINGS



**There is market potential** for the development of up to 652 rental units and 909 homes (**1,562 Total housing units**) over the next five years or 312 total housing units a year, assuming a mix of housing types and price points aligned with demand.

### Average 130

Rental units per year can be absorbed into the market over a 5-year period

#### HMA Rental Demand Capture Potential

Income Category (Annual Income)	Affordable Rent Level	5-YR Development Potential
Less than \$25,000	Under \$624	94
\$25,000 to \$49,999	\$625 to \$1,249	98
\$50,000 to \$74,999	\$1,250 to \$1,874	117
\$75,000 to \$99,999	\$1,875 to \$2,499	99
\$100,000 to \$150,0000	\$2,500 to \$3,749	147
\$150,000 or more	\$3,750+	97
<b>Total</b>		<b>652</b>

Source: Camoin Associates

### Average 182

Owner-occupied units per year can be absorbed into the market over a 5-year period

#### HMA Owner Demand Capture Potential

Income Category (Annual Income)	Affordable Home Value	5-YR Development Potential
Less than \$25,000	Under \$89,285	28
\$25,000 to \$49,999	\$89,286 to \$178,571	27
\$50,000 to \$74,999	\$178,572 to \$267,857	55
\$75,000 to \$99,999	\$267,858 to \$357,142	83
\$100,000 to \$150,0000	\$357,143 to \$535,714	281
\$150,000 or more	\$535,715 or more	434
<b>Total</b>		<b>909</b>

Source: Camoin Associates

# Residential Market Opportunities

## KEY FINDINGS



Housing across a variety of housing product types is **the most substantial opportunity of Kittery** given strong market capture potential, growing demand, and strong demand among higher-income households for market-rate housing. Housing is feasible in both the Business Park and Mixed-Use Zones.

### Mid- to Upper-Scale Market Rate Apartments



### Owner-Occupied Condominium/Townhouse Units



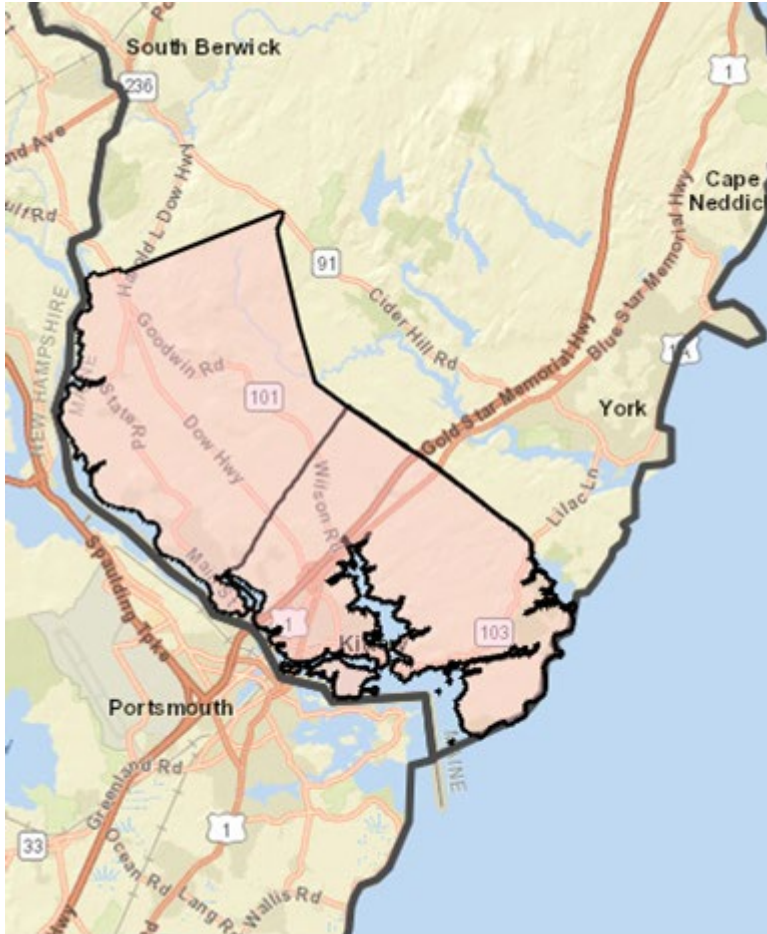
### Workforce Housing



# Retail Market Analysis

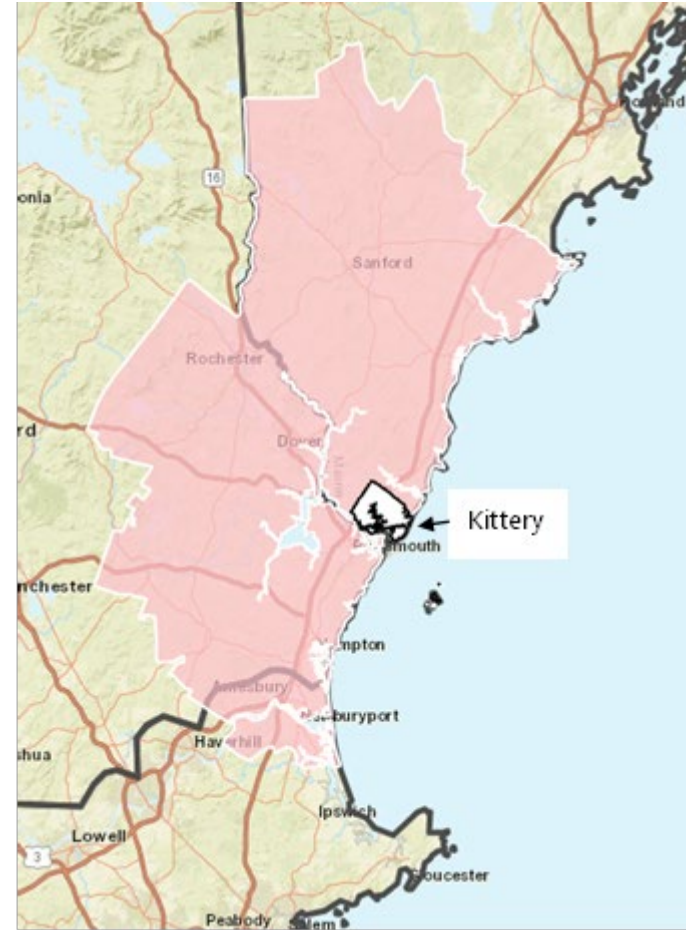
# Residential Market Opportunities

## Local Trade Area



- “Everyday” local needs (grocery, pharmacy, personal care, banks, etc.)

## Regional Trade Area



- Wider region that Kittery draws from as a retail destination

# Retail Market Opportunities

## KEY FINDINGS



Nearly all retail potential will be driven by tourists and consumers in the Regional Trade Area, rather than by local demand

## Top Opportunities:

**Supportable Square Feet of Retail, Regional Trade Area**

NAICS	Description	2022 Total Demand	2022 Total Sales	Retail Leakage (Surplus)	5% Recapture	Average Sales per SF	Supportable SF in Kittery
722513	Limited-Service Restaurants	\$918,653,941	\$659,907,712	\$258,746,229	\$12,937,311	\$725	17,845
458110	Clothing and Clothing Accessories Retailers	\$281,982,857	\$205,899,936	\$76,082,921	\$3,804,146	\$300	12,680
722410	Drinking Places (Alcoholic Beverages)	\$40,971,443	\$13,221,836	\$27,749,607	\$1,387,480	\$200	6,937
456110	Pharmacies and Drug Retailers	\$242,195,167	\$189,660,010	\$52,535,157	\$2,626,758	\$525	5,003
449110	Furniture Retailers	\$79,901,854	\$51,323,399	\$28,578,456	\$1,428,923	\$325	4,397
455219	All Other General Merchandise Retailers	\$126,594,347	\$81,567,873	\$45,026,473	\$2,251,324	\$525	4,288
312130	Wineries	\$40,930,723	\$11,486,504	\$29,444,219	\$1,472,211	\$575	2,560
445320	Beer, Wine, and Liquor Retailers	\$37,986,886	\$12,674,667	\$25,312,219	\$1,265,611	\$575	2,201
458310	Jewelry Retailers	\$68,809,458	\$47,872,324	\$20,937,135	\$1,046,857	\$525	1,994
456120	Cosmetics, Beauty Supplies, and Perfume Retailers	\$44,453,147	\$17,627,488	\$26,825,658	\$1,341,283	\$675	1,987
812113	Nail Salons	\$37,506,842	\$24,272,427	\$13,234,415	\$661,721	\$425	1,557
456130	Optical Goods Retailers	\$21,088,577	\$8,444,720	\$12,643,858	\$632,193	\$525	1,204
<b>Total, Top Supportable Businesses</b>							<b>62,654</b>

Source: CoStar, Lightcast, Camoir Associates



# Retail Market Opportunities

## KEY FINDINGS



Kittery is suitable for some retail uses. However, the market analysis found limited development opportunity for retail and entertainment offerings due to little new development, lower local demand, and little retail “leakage” in the local area. Kittery has approximately 62,000 SF of new retail potential over the next 5-10 years

Highest Potential

Limited-Service Restaurants

Clothing & Accessories

Drinking Places, Wineries, and Beverage Retailers

Pharmacies

Furniture Retailers

Office and Medical Office

# Office Market Opportunities

## KEY FINDINGS



There is nominal market potential for new office development in Kittery. Both traditional office and medical office are expected to see marginal growth in the next 5 years, while significant vacant space in the region overshadows any new demand.

Overall, Kittery is expected to have demand to support between about **4,900-9,750 SF of office space** in the next five years, while there is **little to no market opportunity for medical office space**.

Supportable Office Demand, 2022-2027			
	Kittery	3-County Region	Kittery Share of 3-County Region
Office-Utilizing Jobs, 2022	1,322	68,521	2%
5-Year Growth Forecast	4%	3%	
Projected New Jobs	49	2,174	2%
<b>New Demand (SF)</b>			
High WFH Scenario	4,876	217,394	2%
Hybrid Scenario	7,314	326,091	2%
Fully In-Office Scenario	9,752	434,788	2%
<b>Available Supply (SF)</b>			
Occupied Space	181,115	22,908,777	1%
Vacant Space	0	1,109,282	0%
Development Pipeline	0	1,007,850	0%
<b>Net Supportable Space (SF)</b>			
High WFH Scenario	4,876	-1,899,738	0%
Hybrid Scenario	7,314	-1,791,041	0%
Fully In-Office Scenario	9,752	-1,682,344	-1%

**Source:** Camoin Associates, Lightcast, CoStar

Industrial/Flex

# Industrial/Flex Market Opportunities

## KEY FINDINGS



Kittery has little supportable demand for Industrial space. **Kittery’s industrial opportunities are likely smaller-scale and local-serving** rather than a larger regional-scale industrial facility. Market analysis shows that **industrial development is not the highest and best use of real estate in Kittery**, as there are more competitive locations elsewhere in the region and local demand is minimal.

**Industrial Industry Growth, Town of Kittery**

NAICS	Description	2023 Jobs	2033 Jobs	2023 - 2033 Change	2023 - 2033 % Change
22	Utilities	<10	11	Insf. Data	Insf. Data
23	Construction	252	257	4	2%
31	Manufacturing	213	215	3	1%
48	Transportation and Warehousing	22	24	2	9%
<b>Total</b>		<b>493</b>	<b>507</b>	<b>15</b>	<b>3%</b>

Source: Lightcast

**Projected Industrial Demand in Kittery, 2023-2033**

Projected growth in Industrial Using Jobs	15
Average SF per Worker in Industrial Jobs	3,703
<b>Total Projected SF of Industrial Space</b>	<b>54,562</b>

Source: Lightcast, US Energy Information Administration, Camoin Associates

Note: Average SF per worker for New England

# Tourism & Hospitality

# Lodging Market Opportunities

## KEY FINDINGS



Analysis indicates that Kittery can support approximately **300-600 new rooms over the next five years**. A significant number of new rooms already in the pipeline will likely fully absorb existing market potential in the near term.

### Town of Kittery Lodging Market Potential

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Projected Demand (room nights)	2,879,508	2,907,651	2,936,069	2,964,765	2,993,742	3,023,001
Fair Share Capture	1.9%	55,084	55,622	56,166	56,714	57,269
Expected Capture	4.0%	116,306	117,443	118,591	119,750	120,920
Max Capture	6.0%	174,459	176,164	177,886	179,625	181,380
<b>Minimum Occupancy Threshold</b>	55%					
<b>Expected Case</b>						
Supportable Room Nights		211,466	213,532	215,619	217,727	219,855
Total Supportable Rooms		579	585	591	597	602
New Supportable Room Potential (less existing)		289	295	301	307	312
<b>5-Year Average (Expected Case)</b>						<b>301</b>
<b>High Case</b>						
Supportable Room Nights		317,198	320,298	323,429	326,590	329,782
Total Supportable Rooms		869	878	886	895	904
New Supportable Room Potential (less existing)		579	588	596	605	614
<b>5-Year Average (Low Case)</b>						<b>596</b>

Source: CoStar, Camoin Associates

# Mixed-Use and Business Park Zone Opportunities



# Business Park Zone

## KEY FINDINGS



### **Residential has the strongest market potential & feasibility**

- Higher-density housing fits surrounding land uses
- Attractive location near I-95
- Recent development suggests market interest and potential



### **Nominal potential for retail on the site**

- Lack of existing retail in the area, farther from existing retail
- Overall low volume of retail demand in Kittery



### **Some potential for mixed-use office space**

- Desirable location near I-95
- Opportunity for targeted developments around 4,900-9,750 SF
- High regional vacancy indicates little appetite for new office space



### **Not competitive for industrial development**

- No development in the last decade despite regional demand
- Some potential for small-scale, local-serving industrial

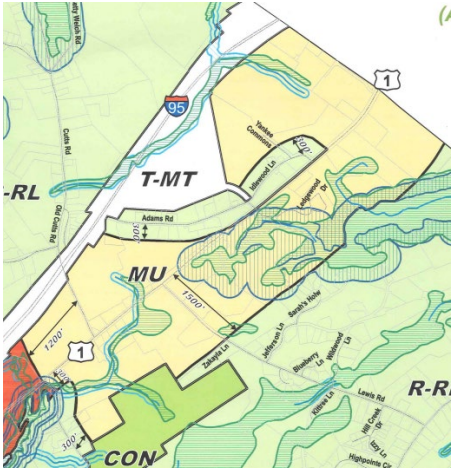


### **Demand insufficient to support new lodging development on-site**

- Location suggests the zone could be attractive for new lodging
- However, the current pipeline of hotel development is expected to satisfy any existing demand for new lodging

# Mixed-Use Zone

## KEY FINDINGS



Current Requirements:  
*The zone's required performance standards may inhibit development.*



### **Residential has the strongest market potential & feasibility**

- Location near I-95 makes site attractive for higher-density housing
- Current zoning allows multifamily housing on upper floors of mixed-use



### **Retail development is limited**

- Mixed-use retail development positioned to capture consumer base
- Demand is limited, but could represent minor portion of future development



### **Limited potential for mixed-use office space**

- Estimated demand for office space is minimal
- Space built as part of mixed-use is more feasible, may capture demand from existing users looking for higher-quality space



### **Not competitive for industrial development**

- Little demand for new industrial space in Kittery
- Industrial users likely to find more competitive locations elsewhere



### **Not feasible for lodging development**

- Current zoning does not allow lodging, however, some entertainment is permitted
- If it were permitted, the current pipeline is expected to satisfy any existing demand

# Q&A

