

Camden Rotarians Explore Midcoast Housing Challenges

CAMDEN – April 16, 2021 – Camden Rotary Club focused on the local housing crunch during a recent meeting, as Cates Realty Founder Martin Cates explained the current housing shortage and the need for attainable workforce housing. His talk was the seventh in a [monthly series](#) the club hosts to foster understanding and seek solutions to local economic and workforce development challenges.

The talk focused on changes in the market during the past year, some due to the influx of city dwellers concerned about the COVID pandemic. Cates asserted that the lack of housing is an ongoing challenge for the region.

“A lot of people think the market is driven solely by COVID,” said Cates. “It is, in large part, but there has also been a cultural shift that will continue to bring people here. And nationally, and in the Northeast specifically, we’re short of what we need for listings and inventory by over 3 million homes. Generally, home prices nationwide are projected in excess of 7%, though regionally in the Northeast and specifically in Maine; last year, we increased at 15.8%. People can’t buy because we don’t have the inventory.”

Escalating prices and a shortage of inventory make it harder for first-time buyers to enter the property market. Cates presented statistics from the Maine Association of Realtors showing that in 2020, home sales increased by 9.82 percent, with a 13.78% increase in the median price to \$256,000 statewide.

During December alone, sales across the state were up 31.5 percent, with a net price increase of 15.3 percent. Cates noted that the average sale price, at \$319,000, is pushing many people out of the market. Closer to home, Camden’s median sales price increased over 56 percent from February 2020 to February 2021, with an average sale price of \$465,000. Even excluding Camden, Rockport, and the islands, the MSP in Knox County is well above workforce housing prices.

“The entry-level millennial buyer is often saddled with a lot of college debt,” Cates said. “Even if they make a good income, they don’t have much money to put down. A couple, both working and striving to reach the income level of maybe \$125,000 to \$140,000, could possibly afford roughly the \$300,000 purchase range. Anything much beyond that would be out of their reach.”

Why the crunch?

“We have over 40 percent fewer properties on the market today than we had one and two years ago, which means we have a ton of buyers who are looking to buy,” said Cates. “We can’t make up for that quickly, at a time when building costs are extremely high. We are looking at somewhere between \$350 to \$425 per square foot to build a house.”

That would bring the cost of a new 1,500-square-foot home to about \$600,000, way beyond the realm of possibility for many people who would like to live here.

Cates noted that first-time buyers who cannot afford to live in this region are likely to gravitate to other parts of the state. Their primary concern, apart from affordability, is internet access.

“The number one question we get is, ‘Do you have good internet? If you have good internet, I’m interested in looking in your community.’ Five years ago, the big question was about schools. Schools

are still important, but that issue is not driving the ship as much as it has in past years. What people are looking for now is community. What is going on in the community, and how I get involved? Will I be welcomed here? Who am I going to associate with? And what about recreation? It's a variety of different things, mostly driven by community."

Asked how far people are willing to commute for work, Cates said, "I find the tolerance level is 30 to 45 minutes, although people from the medical community want to live within 25 or 30 minutes of their work. The lack of housing influences those kinds of professions moving in because we have no inventory. Also, we have very few rentals, and those we have are too expensive for many people. Professionals are paying \$1,500 to \$2,200 a month for an average apartment if they can even find one.

These shortages have many causes, Cates said.

"At this point, materials are affecting a huge part of the market. Lumber prices in a lot of regions have gone up over 70%. There's also a lot of federal and state bureaucracy that discourages contractors from getting into workforce housing. But there's also the fact that contractors and developers are working flat out on other projects."

Changes in the homebuilding process also account for the lack of new housing:

"Pre-recession, it was not uncommon for a builder to tell a broker about a speculative home not yet built: a certain type of house with a particular footprint at a desired price, with changes and upgrades to be negotiated. That rarely happens now because costs have risen so dramatically. Materials suppliers will only guarantee price points for up to three days. And then you negotiate any changes and upgrades and so forth from there. What might cost \$300,000 today might cost \$320,000 in two weeks."

What does Cates regard as the way forward?

"We need to do a lot of introspection about how we can provide opportunities for people of different backgrounds and income levels. If we're going to be more than one dimensional, and if we're going to be diverse, we will have to really think about how we can provide affordable housing and attainable workforce housing. We need a community discussion -- an honest, open dialogue that involves community members, developers, contractors, and town and state government."

Cates, who founded Rockland-based Cates Real Estate, is deeply concerned about viable community growth through home attainment and ownership, especially for new and younger community members who make up much of the workforce. He has been active as a leader within the realtor trade association and the town of Camden. He currently serves on the Knox County board of assessment.

A complete recording of Cates's talk and handouts that provide detailed Maine realty statistics are available from the club's library of recorded presentations at <https://www.camdenrotary.org>. Recordings of previous talks and announcements of future speakers can also be found on the website.

The club welcomes visitors at its weekly meetings, which take place Tuesdays at noon on Zoom. Anyone who would like to attend can obtain connection details from Stephanie Griffin: steph.griffinsg00@gmail.com

###

Photo: Martin Cates

###

Press contact: Joan Phaup / 207-557-1181 / joan@phaup.net