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## **Question of the Month: What skill sets and specialties are needed to work as a commercial real estate professional in New Hampshire?**

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Working as a commercial real estate professional in New Hampshire requires a number of skill sets and specialties. The New Hampshire market is thin with only 1.2 million population statewide, two-thirds in the southern part of the state. In larger markets (such as Boston), practitioners can specialize. Brokers focus on office, or retail, or hospitality as examples. But in New Hampshire, there are fewer deals, so to succeed you have to do several things. Our business model for the last 25 years has been to blend our advisory (counseling) work with development and transactional assignments. The consulting provides predictable income and the transactional (brokerage) provides some nice paydays, albeit on a random basis.

While there are five sectors of commercial real estate: office, industrial (basically high-bay buildings including warehouse/distribution), retail, commercial (mixed properties and hospitality) and lastly multifamily. Other than very rural remote tertiary markets, a practitioner cannot (or should not) tackle all five sectors. New Hampshire, with Manchester its largest city (population 113,000), is definitely a tertiary market. Boston, New York City and Chicago are the "A" or primary markets. Smaller metros like Baltimore, Jacksonville, and even Portland, Oregon are secondary markets. The rest are tertiary (at best). But there is a saying that all real estate is local (the same is said for politics). Regardless, in smaller markets to be successful a commercial real estate practitioner has to do more than one sector, but not as many as five.

After many years in construction, I migrated to banking, so office leasing was a segment learned early. Having come from a construction side, I morphed into development and eventually property management. With an engineering and construction background, I gravitated to more complex projects, and for the past 20 years we've done a considerable amount of medical office development, permitting and leasing. Along with office and medical we have always done industrial/high bay. At the same time, we have not done much retail or multi-family. In tertiary markets, everyone does "commercial"/mixed-use properties, simply because there are so many of them.

Today, we are seeing the ongoing impact of technology. The equipment gets more powerful and cheaper (Moore's Law) and easier to use, all while shrinking in size. When I worked at the bank, we had an IBM 360 mini-computer that took up half the floor. Today, we have the cloud and blade servers. I remember using a Kaypro 260 portable computer. It was the size of carry-on suitcase and weighed about 25 to 30 pounds. It had an 8 inch screen and was slow! Then there were the first desktop computers. They were big (by today's standards), used lots of power and were finicky. So, it is no surprise that smaller technology is driving trends for less office space per worker. This trend has been a real driver in the office sector, especially since the Great Recession began in 2008.

The Great Recession also burst the retail bubble, so former big-box stores are needing to be repurposed, and in a few communities, entire malls need to find a new life. Manufacturing properties can be the most challenging. Built for a special purpose and process, when that is no longer the property's function, then some or all of the buildings become functionally and economically obsolete. In a week, I will travel to Preston, Connecticut on a pro bono assignment with the Counselors of Real Estate to help that community of 5,000 try to figure out what to do with the remainder of a former state hospital. Now that is the penultimate counseling assignment!

One of the largest attractions to commercial real estate (from residential) is the variety and unique challenges larger properties bring. Selling single-family homes becomes pretty routine after a while. That is not to say that it is not hard work and a worthy career, but compared to the challenges of the commercial sector it doesn't hold a candle.

So, we at Norton Asset Management have plugged away in good cycles and bad. We focus on our clients more than specific properties. We have seen many, many changes and will undoubtedly see more in the coming years. So when daylight savings finally arrives and the days get longer, we look forward to the snowbirds returning and activity levels picking up. But technology is more than computers, I-phones and tablets. I drove by a bridge reconstruction project today. They were pouring special hardening concrete (it was 20°F) that was being pumped into forms. Back in the day (1980s), road construction would stop before Thanksgiving and start up again sometime in April. Even with all the new equipment and methods, we haven't managed to maintain our highway infrastructures - but that is a topic for another column.

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