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## **Bill Norton - First half of 2011 has been strong for us, but we are having to work smarter, longer and harder**

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As I sit to write the column two weeks before the end of June, while the weather continues to be chilly, damp and rainy, business has been good. Our monthly billings are up and we concluded two lease transactions and one property sale this month. The first and second quarters 2011 have been strong for us.

Of course we are working harder (and longer) to make this happen. We are traveling more and taking on assignments we likely would have passed on in 2006 and 2007. But today, if it is a paying customer and we can complete the assignment quickly, we grab the opportunity. Last week I had 43 active files on my desk! I believe that will be down to 38 next week. In a "normal" period, 20 to 25 projects is more the norm. But today our assignments tend to be smaller in scope, as well as in fee. None are routine or easy. Thus, people seek us out due to our in-depth market knowledge and longevity wherein we have seen boom and bust markets over 25+ years.

No two booms or busts are the same. They will share some components but this one is more complex. The busting of the residential housing bubble was seen to be the trigger of this now three year-old Great Recession. Commercial real estate is said to lag residential downturns by 6 to 12 months. In this instance, we seem to be on that path.

But unlike 2000 or 2002, the first being the "tech wreck" and the latter chaos in the finance sector and the stock market, this Great Recession was a major upheaval and continues with slow employment gains and retail sales lagging current anemic economic growth. Some pundits are calling this economic ambivalence. It is certainly an uneven recovery. In short, investors are still on the sidelines and will stay there until job growth takes off. In fact, the job growth must come from a wider band of sectors, not just healthcare and education.

One of the outcomes of this slowdown is our working for a not-for-profit client based in New York City, but expanding into the outer boroughs, New Jersey and south toward Washington, DC. We are working on three projects, all of which are driven by smaller agencies and not for profits merging with larger, stronger entities. The ongoing recession is squeezing smaller entities who simply do not have the deep pockets to outlast this downturn.

Add in the fiscal chaos in Washington and state capitals and it is a very stressful time for these not for profits. We are working with one in New Hampshire that must cut expenses, does not know which programs will be funded at what levels, and thus cannot extend their current lease until the state budget is passed at the end of June. While they have been paying a below market rent, under current circumstances they have too much space. They need to tighten up significantly to get their occupancy costs in line with the new economic realities.

In another instance, we had a tenant sign a 10 year lease, locking in a very favorable rate. They take the risk of potentially outgrowing the space but this global engineering firm is willing to manage

that risk, as they can farm out work to other offices and they feel continuing technology upgrades will continue to improve productivity. "Cloud computing" and a new cohort of younger, tech savvy employees suggest that continuing productivity gains are very likely.

From our perspective on "Main St." we feel the government fiscal mess needs to settle out in the state capitals and then in Washington. This will not happen overnight but even a few steps in the right direction would boost confidence and, perhaps, provide the spark to ignite both business and consumer confidence.

Of course the next big step is the presidential election. Who will run? On what platform issues? And can our representatives and senators put their overblown egos back in their pockets, get off their high horses, spend more time in their districts, listen to their constituents and begin to work collaboratively? (I know that is too much to ask for!). Regardless, we need some LEADERSHIP and it is sadly missing on all fronts. Here in New Hampshire we will get a close look at the 2012 presidential candidates.

To quote from one, "If we Americans remain civil to each other, we can deal with our problems, including the debt crisis that hangs over all of us." Jon Huntsman, former Utah governor (R). Amen. Bill Norton, CRE, FMA, is president of Norton Asset Management, Inc., Manchester, N.H.

Editorial note, on June 21, Jon Huntsman declared his candidacy for President of the United States.

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