

## By Andy Levy - Fall 2011 forecast: Southern New Hampshire retail market is hanging in there, I think

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Now as most of you know I'm usually a pretty upbeat guy, you know the glass a bit more full than empty, but I got to tell you I'm starting to wonder. Of course it doesn't help that just the other day Lowes announced it had closed its Manchester store (Hooksett and Claremont will close next month), as did Wings Your Way, a newly opened popular downtown restaurant at the corner of Elm and Bridge Sts.

Overall the sense I get speaking with other brokers, shopping center owners, developers and tenants is that now more than ever before it seems we are caught up in this great wave of uncertainty that has made everyone skittish, and deals harder (and longer) to put together. I, like others had hoped that after a rather upbeat New England Idea Exchange in Boston in July that we would catch a few months of expand activity to carry us through the winter. Not that there isn't activity. In fact I have never been so busy trying to make things happen. There are plenty of callers, showings, discussions, follow up calls, and even Letters of Intent, soliciting and brainstorming for new prospects like crazy. But for a variety of reasons at the end of the week/month there just isn't a deal to be had. Even the deals in the pipeline feel like they're just dragging on as if no one truly wants to see it signed and closed. Needless to say this has crippled any sense of normal account receivable /cash flow projections.

Compounding this is that some of these are small space, or short term deals that don't amount to a whole lot of revenue for Landlords and brokers alike. I have never seen such a large disconnect on value or shall we say perceived value between tenants and landlords, and buyers & sellers. It's very difficult to come to agreement on middle ground. As professionals in the industry we understand how writing a long term sub-market lease can have a drastic effect on a properties value. Tenants know it too but that's not their problem. The few that are out in the marketplace looking to open new locations are shopping for strong deals, i.e. long term-low rent deals. Many are getting TI Allowances and or free rent as well. Some landlord's are OK with this and understand that these deals may not get any better for years and don't want to have a dark shopping center or half full free standing building waiting for sunnier days, nor paying the NNN expenses and heating bills keeping it empty. Others just can't get their heads around it.

So what will 2012 have in store for us? In my spring report I said that I believe 2011 will start showing positive signs of growth with increased retail leasing, new tenants entering N.H. markets, existing tenants looking for new store locations, less store closings, and ground breaking on new development projects. It seemed like we were on the way then just like the last two previous years we took two steps backwards. Between the stock market daily roller coaster, the price of gold, European bank woes, quite the variety of natural disasters, political uncertainty, and the daily onslaught of media negativity it's really no wonder.

So we continue to jockey back and forth trying to get a handle on which way were headed, and in spite of all the uncertainty there are many retail leases getting done and new stores are opening, so I have no reason to think this will change dramatically for the fall and winter into next spring. Let's take a look at why.

Chipotle Mexican Grille has opened on South Willow St. in Manchester, and along with Starbucks will soon be opening on So. River Rd. in Bedford at the newly redeveloped Bedford Mall. McDonalds is remodeling their Rte. 3 Hooksett location, Moe's Italian Sandwiches has opened on Elm St. in Manchester and in Salem, Manchester has a new Italian Family restaurant on So. Willow St. and Vino Aromas on Elm St. It is reported that Portland Pie has found a Nashua location

Hobby Lobby has opened their first N.H. store at the former Burlington Coat Factory across from the Mall of New Hampshire. ALDI's will open its first N.H. store in Salem next to Lowes; Great Clips opened 4 locations including a new one in Bedford. Autozone has opened on DWH in Hooksett and on Rte. 102 in Hudson at the Hudson Mall in the former Blockbuster endcap. Dollar General will open soon in Nashua on West Hollis St. Goodwill Industries has opened on John Devine Dr. in Manchester, and Brady Sullivan Properties is the new owner of Manchester Commons (Shaw's) on So. Willow St.

Judy Tinkham leased space to the California Room and Snap Fitness at the Hudson Village Shoppes. There's a new Gas station-C-store and car wash in Candia at exit 3 off Rte. 101. Dunkin Donuts is under construction at the corner of Hanover and Page Sts. in Manchester. Tractor Supply broke ground on Rte. 125 in Brentwood. Maurices opened in the Steeplegate Mall in Concord, and ULTA opened at the Mall of New Hampshire.

There has been activity in the seacoast such as Batteries Plus and Wireless Link, in Newington by The Norwood Group and Options for Women and Credible Wireless in Dover by the Kane Co. Santerre Stone and Edward Jones are the newest tenants at Epping Commons on Rte. 125, now down to the last two units.

Rte. 28 in Derry is a hotbed of retail development. After many years the new Super Wal Mart has received planning board approval. Next door the former Allen Motors site has 49,000 s/f of retail space under construction. According to Chris Norwood of NAI Norwood, leases have already been signed by Goodwill Industries for 16,000 s/f, and Bow Wow Family Pet Center. A restaurant pad was also approved. A prime 10 acre retail development site that has just seen a major price reduction is still available in front of the new Wal Mart.

Projects that I mentioned last spring are moving forward and or open, including the Mini Cooper on Rte. 3 in Bedford. Lexus is building a new showroom in Bedford at the former site owned by CR Sparks. Nashua has a new 20,000 s/f NH Liquor & Wine Outlet on Coliseum Ave. across from the Nashua Mall. Laconia Savings Bank received ZBA approval for a new branch on DWH in Manchester and is under construction. Bellwether Credit Union and the Copper Kettle have broken ground in Bedford off of Rte. 101 in a mixed use project which will include assisted living units, and an Elliot Hospital medical facility.

There are plenty of larger deals as well. McKinnon's Super Butcher & Marketplace is now open on Route 1 in Portsmouth in the former Shaw's. After years of planning The Bedford Mall is finishing up a total renovation and expansion with the addition of Kohl's.

Dicks Sporting Goods has opened at the Pheasant Lane Mall in Nashua along with Burtons Grille and the states first Red Robin Gourmet Burgers. Next spring Lord & Taylor will open at Mall at Rockingham Park in Salem. Saks will open its first NH store at the 450,000 s/f Merrimack Premium

Outlets under construction in Merrimack. Market Basket has emerged as the single most dominant grocery retailer with expansion fever. Stores already open include Epping, Londonderry, Salem, and Hooksett. Others under construction include downtown Elm St. in Manchester, and Bedford will begin in 2012 off of Rte. 114.

Phase II of Waterstone Retail Development's Brickyard Sq. project in Epping at the intersection of Rtes. 125 and 101 will soon bring Marshalls and Petsmart and others. CVS has opened on a separate parcel in front of the plaza, and a new CVS will open in Windham on Rte. 111. Walgreens open on Bridge St. in Pelham

Two major movie theatres that were planned in Epping and Greenland have decided not to move forwards. For the most part there has been a general infill in many centers, but there are still vacancies in others. Lack of financing is still an obstacle to new business development hardest felt in mom and pop start up ventures.

In summary though we may be just as uncertain (or more?) looking ahead to 2012 than we were last year we remain hopeful that even though the economy is in tough shape there will be enough activity to keep us all going.

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