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As economy improves southern NH retail market expects increased leasing and store openings, and then development

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Since it appears that spring has come early this year (barring any late snowstorms!) I suppose it's time to reflect and project about NH's retail market. A year ago I forecasted that better days were coming, and we would start showing some real positive signs of growth, in increased retail leasing, new tenants entering NH markets, existing tenants looking for new store locations, decreased store closings and ground breaking on new development projects. In October for the 2011 Fall Forecast I reported that it seems we were caught up in this great wave of uncertainty that has made everyone skittish between the stock market's daily roller coaster, the price of gold, European bank woes, and defaulting countries. Deals were harder took longer to put together. Basically it was hard to gauge any real positive traction as it always seemed to be one step forward and then two steps back, over and over. After making a list of new activity that surprised me, and proved contrary to my comments.

The good news included new store openings throughout Southern NH consisting of: Moe's Italian Sandwiches in Manchester and Salem, Hobby Lobby across from the Mall of New Hampshire, ALDI's first NH store in Salem, Great Clips in four locations, Autozone in Hooksett and Hudson, Dollar General in Nashua, Goodwill in Manchester, Dicks Sporting Goods at the Pheasant Lane Mall in Nashua along with Burtons Grille and the states first Red Robin Gourmet Burgers, Maurices in the Steeplegate Mall in Concord, ULTA at the Mall of New Hampshire, a new NH Liquor & Wine Outlet on Coliseum Ave across from the Nashua Mall, McKinnon's Super Butcher & Marketplace on Rte. 1 in Portsmouth in the former Shaw's, Market Basket has already opened new or remodeled stores in Epping, Londonderry, Salem, and Hooksett. CVS did the same in Epping & Windham, and Walgreens in Pelham

Overall (so far) it appears we are still nudging along, and that increased retail growth is just coming back a whole lot slower than hoped for. Today we can add Middle East conflicts, rising gas prices again, the upcoming elections and daily political bantering to the reasons for uncertainty list above. There are a few but not a whole lot of new tenants out there looking for space. Reality has finally set in with landlords that are eager to make deals, and are adjusted to the "new world" lower market rents and necessary concessions in order to make a deal.

The eternal optimist in me sees the bright side that spring 2012 is going to show some real muscle and here's why. The familiar nationals such as Dollar Tree, Dollar General, Family Dollar, Autozone, Advanced Auto continue their expansion plans. Several quality franchises have opened new units and locations such as Great Clips, Chipotle, Dunkin Donuts, and Subway and will continue to do so. Sports Clips has enlisted Joel Reichman to help them enter the NH market. Portland Pie has just opened their second location in downtown Nashua. Laconia Savings Bank recently opened on DW Highway in Manchester Bellwether Credit Union and the Copper Door restaurant are now open in

Bedford at the corner of Rte. 101 and Rte. 114 in a mixed use project which will include assisted living units and an Elliot Hospital medical facility.

Market Basket is wrapping up construction on Elm St. in downtown Manchester, and their Bedford location off of Rte. 114 at the former Golf Land site will begin later this year. We anxiously await the opening of Kohl's, Fresh Market and Pet Supplies Plus on So. River Rd in Bedford at the newly redeveloped Bedford Mall, and hope the rumors of a Chipotle Mexican Grille and Starbucks come to fruition as well. According to Ben Star at Atlantic Retail there are other national deal leases being negotiated. At Webster Square on south DWH in Nashua, Ulta Cosmetics and Trader Joe's will be splitting the former DSW space. They are in the final stages of a lease for the former Bed Bath & Beyond with a national on a relocation. At Borders across the way, the buyer just went hard and is scheduled to close shortly. He is redeveloping for two national tenants but a few weeks away from naming. There is not a box to be had on that street north of the state line.

The new Super WalMart in Derry is on a fast track construction schedule. Out front on Rte. 28, according to Chris Norwood of NAI Norwood, Goodwill Industries will open soon in 16,000 s/f. Panera Bread, with its first area drive through, is almost complete, and Woof Meow Family Pet Center has opened. A prime 10 acre retail development site in front of the new WalMart is still available, and perhaps when WalMart opens might go under contract.

According to Chris Norwood, Perry Snow and I have done three small lease deals at 550 Amherst St. (Walgreens Plaza), with franchise names such as Huntington Learning Center, Weight Watchers and Charles Schwab. National names are back. Joe Mendola has placed Massage Heights at Bedford Grove. Judy Niles and Perry Snow have three deals pending in the Amherst/Merrimack/Nashua market. Broadly speaking activity is up since the beginning of the year. Through the last half of 2011, activity was there, but mostly it was unqualified activity. Since the winter (if we can call it that) we have seen more activity from qualified individuals.

Tractor Supply Company will open soon on Rte. 125 in Brentwood, and a Heavenly Donut. Northway Bank is seeking approvals for a new facility on South Willow St., Manchester. Phase II of Waterstone Retail Development's Brickyard Sq. project in Epping at the intersection of Rtes. 25 and 101 will soon bring Marshalls, Petsmart, Michaels, Dress Barn, Famous Footwear, and others.

Probably the most significant retail developments in New Hampshire's history will occur in June with the opening of the Merrimack Premium Outlets. The who's who in retail including Saks Fifth Ave. Off 5th first NH store and 135 other fashion designers and name brand manufacturers will open 100% leased in 450,000 s/f. The project concept is similar to the Wrentham Village Premium Outlets in Wrentham, Mass. The outlets are expected to generate \$140 million annually!

This coincides with another major accomplishment for NH, the opening of the Airport Access Rd. from Rte. 3 to the Manchester Airport. In addition to lessening the travel time to the airport the new road and it's new on ad off and ramps will open up access to the adjoining communities and will invite additional spin off developments.

In summary we are hoping to see increased consumer spending and confidence that will come with new job creation as the economy improves. As that happens we can continue to expect a more robust retail environment for leasing, new store openings, and eventually new retail development.

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