



# nerej

## Entrepreneurs age 50+ trend is good news for Northern New England job market/economy

October 25, 2012 - Spotlights

Fall is definitely here. I re-seeded a large portion of our lawn on September 17 (kind of late) but the daily rain, moderately warm days and cool nights, with no frost yet, has yielded fresh green grass. So, please pray for no frost for another three weeks!

After Labor Day, our phones are ringing more frequently. But things are still plodding and tenuous. Recently, New Hampshire Commercial Investment Board of Realtors (CIBOR) heard from Lawrence Yun, chief economist for National Assn. of Realtors (NAR). He spoke to the residential brokers in the morning and CIBOR at lunch. He sees positive (but mild) momentum on all fronts for the residential side. For commercial, it is spotty. The big-city "A" markets are robust while the secondary and tertiary markets, like Manchester are much less so. He stated that commercial real estate lags the general economy by 12 to 18 months, so we should see an upward trend, albeit Q-1-12 was flat to negative. Simply, we need 250,000 new jobs per month for the next 6 to 7 years to re-plate the economy!

One significant headwind in front of us (where else would headwind be?) Is Basil III, an international banking accord impacting capital requirements and reserves for all banks. Basil I and II exempted Community Banks, but Basil III includes them. Yun feels this will further restrict credit in secondary and tertiary markets where commercial real estate lending is predominantly local and community banks.

So, returning to the new jobs metric, where are they going to come from? Well, one potential source was discussed at the New Hampshire Institute of Politics at St. Anselm College. The topic was "New Hampshire Entrepreneurs Age 50+ -- By Choice or No Choice". The theme was that those 50+ are starting enterprises because no one will hire them (forced), they always wanted to (latent), or they are last chancers/ true believers willing to "bet the farm" to do, or create, something they are super passionate about. One statistic of interest is that given their age, experience and maturity, their success rate is higher than those under 45, because they have developed networks, kids in college with tuition bills (a big motivation), lots of often diverse job experience, and they are calculated risk takers. Examples were a new daycare provider/preschool in Nashua, a CAD system software company and a venture capital fund looking for experienced CEOs to advance good business plans.

Demographically, if this trend continues it is good news for Northern New England because the 50+ age cohort is growing daily. Alas, most of these endeavors will be small enterprises of 3 - 10 employees. But 100 of these add up and, frankly, that has been the key job generator in the U.S. economy for 15+ years.

Sequestration, the fiscal cliff and mounting debt, along with underfunding of entitlement programs just as the Baby Boomers are lining up to collect (including yours truly) are massive bumps in the

road. Even so, folks need space to conduct their businesses. Some folks want to sell their properties and go to the beach and some want to buy low -- hoping to sell high someday in the future. And those bankers, with or without Basil III, need to lend, so we are busy, keeping our nose to the grindstone and quietly increasing our savings for the inevitable rainy day.

Bill Norton, CRE, FMA, is president of Norton Asset Management, Manchester, N.H.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540