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## **President's message: Forecasting the N.H. market**

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We are in a numbers business. Cap rates, IRR, PSF, NNN.... Ok, maybe we are in an acronym business; however the point I am making is that for this month, we are going to get away from acronyms and numbers, we are going to get to the fundamentals of real estate. Not location, but people. New Hampshire CIBOR has some great people. Not just the Realtors who you work with but the people who are also on the front line of our industry: our affiliates. They have spoken and their forecast for New Hampshire is sunny with patch clouds.

For those of us in real estate sales, we can accurately say that the last five years have represented a slow time, with a slight understatement. Perhaps the hardest hit class of product was land. Due to development cost of green field construction the development of land took a tremendous hit. Bill Jean, director of business development for Fulcrum Associates, Inc. weighed in on new construction by saying it is a user driven market. While pre-recession development was ripe with users overbuilding and becoming speculative landlords, the new market is "cautiously optimistic and still has caution." There is light out there says Jean, whose company recently built out a half dozen projects for Southern New Hampshire Medical Center, "2013 looks to be similar to 2012, which is busier than in the past."

Jim Pereira of Martini Northern would agree that the green field development is user driven and often times based on unique scenarios. He also noted that existing owners are investing in current buildings. A trend many of our panel noticed. Retail and office users are investing in their space to create a more attractive experience for their customers or more functional space for their employees. Their recent completion of Liberty Mutual's office expansion on the seacoast is a prime example of this unique user driven market. At some point all construction is user based, however in cases in 2012, it seems that always the ownership had very specific goals that were unable to be reached in the open market.

Looking forward to 2013 we must start with the planning side. Dylan Cruess of TF Moran, looking at their civil engineering work for 2012 and noted that "there is fresh work on the books." 2011 saw work that had been pushed back from 2010, but it seems this year is ripe with fresh work. He feels that that trend will be the same in 2013, but echo's the cautiously optimistic tale of the rest of the panel. An interesting note was the speed of delivery on engineering and surveying work. "Time is of the essence" was normally a phase regulated to P&S agreements, but now has lent itself to the design world, where it seems investors who have a plan are needing to react quickly to deliver for their tenants or lender. There is some light speculative construction that Cruess sees, but it is mostly around larger retail sectors where a strong anchor has taken hold and there is minimal infill needed, such as their recent civil and planning work with the rejuvenated Bedford Mall, a 350,000 s/f retail development, anchored by Kohls and Fresh Market.

Medial office may also be an area where minimal speculation is acceptable on the design side. Chris

Nadeau, senior project manager for Nobis Engineering Inc saw office renovation and user driven design work, with some modest speculation on the medical side, where the construction industry has seen tremendous growth. Outside this and Nobis' work in the public sector, such as their three elementary school redesigns in Concord, N.H., they are also seeing some similar trends to what was noted by the construction side. Nadeau notes, "we are seeing retail re-imaging in the food and automotive sectors." Again it seems that customer experience is driving these redesigns.

2013 design and construction will be driven by users and customers. Ok, nothing revolutionary here, but let's place that in context. 2010 and 2011 were driven by fear. 2012 has been driven by caution. It seems that the climate is getting better. We may not be there yet but development, both redesign and green field has been picking up all year long. Also, I have been president of NH CIBOR all year long.... coincidence.... I think not! "I am Chris Norwood, and I approve this message"

Chris Norwood, CCIM, is the 2012 president of the NH CIBOR chapter and is a director of NAI Norwood Group, Bedford, N.H.

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