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## **Southern N.H. commercial market: Even with all this snow, activity suggests a great 2015**

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From what I am experiencing and talking to other commercial brokers there seems to be a cautiously optimistic feeling that we are finally on a true rebound with all indicators pointing to an economy that is finally gaining momentum. For the first time in years an article said that N.H. saw positive population growth. It's been a long time since more residents have come into the state than left. Perhaps once again, people and businesses alike, realize there are economic advantages of having a business here, and our quality of life (well maybe not our winters) is second to none. Could the N.H. advantage be back!? Let's hope so.

I specialize in retail leasing which is a good barometer of the economy as it is usually the last sector to come back. Because it's so visible folks talk about it and use it as a gauge. Everyone knows a center where stores have been closed "forever." Office and industrial complexes, though they contain thousands of s/f, it is hard to get a sense as to how full they are. An empty store front however is one that everyone notices and talks about. There are still a lot of older "B" properties with significant vacancies. Though some chains are adding units, others are closing. The latest being Radio Shack.

Last year saw several significant new developments completed in Seabrook and Nashua. Former Stop & Shop supermarkets have provided opportunities for Burlington Coat, Michael's, Hannaford Supermarkets, and Ocean State Job Lots. N.H.'s first Whole Foods supermarket has opened in Nashua and another under way at the former Wayfarer Inn on So. River Rd. in Bedford in a new mixed use development. ALDI's is open in Plaistow and coming to Nashua & Derry soon. There have been numerous new restaurants, banks & credit unions, Dunkin Donuts, Aroma Joes, and N.H. Liquor & Wine Outlets. I expect spring will start a trend of steady absorption of space in the older vacant centers as pent up demand finally breaks through.

According to CBRE's 2015 Market Outlook, the I-93/Rte. 3 corridor office market has an overall vacancy rate of 12.5% a bit higher than 2014 partially because of downsizing of larger firms such as Anthem Health & Citizens Bank. Brady Sullivan remained bullish acquiring 3,000 Goff's Falls Road and City Hall Plaza, both in Manchester representing 430,000 s/f of office space! The Seacoast market and in particular Portsmouth continues to see positive absorption with vacancy rates declining. Their forecast calls for steady growth throughout Southern New Hampshire as office employment stabilizes.

According to Ralph Valentine of the VG Group in Derry, the 5,000 s/f and under industrial market is currently showing a limited supply. There is talk of new industrial construction projects on the drawing board. The office market for Derry and Windham is also showing a limited supply, though Londonderry has a higher vacancy. Windham will be seeing new construction office space coming on line as there are several projects in conceptual stage, perhaps in early 2016.

A broker in Concord noted after a quiet first few weeks of the New Year, activity in all categories has begun to pick up. There have been numerous office and retail leases executed throughout the greater Concord market area. The average lease size seems to be 2,800 s/f.

Office vacancy in Concord continues to hover around 15% and industrial is fairly stagnant with little activity.

I recently ran a search for a warehouse/industrial prospect. I included Nashua, Manchester, Hudson, Derry, and Salem. There is four million s/f available. CBRE noted high demand for newly constructed modern high bay warehouse facilities of which there are very few. This should drive up demand for existing stock. Londonderry which borders the airport and has good highway access has emerged as a major area of new industrial development with UPS and Fed Ex's facilities under construction representing almost one million s/f! This year should see continued absorption of the industrial warehouse stock throughout the Manchester, Nashua & Salem markets.

In summary my spring forecast is one of growth in all commercial real estate sectors, slowly but steadily absorbing the office, industrial and retail properties that are available.

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