CELEBRATING 55 YEARS
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Spring activity levels are up and looking ahead we see the glass as half full, not half empty

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It was a long, long winter, but being hardy New Englanders we got through it. We are all glad that it is over! I went for a hike this Mother's Day and experienced black flies galore. If it is not one thing, it is another!

Spring activity levels are up here in New Hampshire. We have experienced this firsthand and anecdotally from other brokers. We have four properties under contract for sale, but the leasing activity is less robust. Overall, the market is re-balancing. Older properties exposed to the market for considerable periods demand realistic pricing. Longtime vacancies are expensive and after a period of time, properties do not show well. There is an old banker's adage - your first loss is your best loss. Similarly, holding out for the best price or the ideal tenant can come back to bite you. The global and domestic economies are both relatively tepid (anemic?). Tepid means they are lukewarm but could heat up, while anemic suggests that they need Geritol or a similar stimulant to recover!

While the Great Recession is over, it has been far from a robust recovery and the consensus is that what we have been seeing is what we will continue to see. So owners are getting more grounded, agreeing to terms that are less than optimum (but better than nothing)!

There are generally fewer tenants than we saw prior to 2008. Most tenants are not growing, many are shrieking or at least tightening up. Occupancy and space are seen as overhead. With rising utility costs and real estate taxes, tenants' rental costs increase, but the landlords are seeing very little of that. Here in New England, both electric and natural gas costs have risen dramatically and this is a serious short-term and long-term concern. There are significant political winds as well - Northern Pass (bringing cheap Canadian hydropower) and natural gas pipelines to increase the winter peak availability. We want cheap energy, but not with visual and property impacts.

Like the cobbler's son with no shoes, we were offered a buyout of our office lease by our landlord of seven years as they needed our space for their own operations. We were reluctant to move but understood their need. We were surprised (hence the cobbler analogy) in how difficult it was to find a small office suite (1,200 to 1,600 s/f) with parking and reasonable operating costs. After all, we are preeminent commercial brokers in the market. If it is hard for us to find space, what about the average firm or company? We looked at more than a dozen options. We finally landed at 155 Dow St. in Manchester's Mill Yard. The move, after 7+ years, was a bit of a struggle, but we are in, connected and (mostly) unpacked. Like some of our clients, we were looking to manage costs closely, so we are sharing our suite with another firm - Harrington & Reeves - such that we each achieve some economies by shared office equipment, conference space, etc. which neither of us use extensively.

Looking ahead, we see the glass as half full not half empty. While the economy is still not booming, it is not flat either. A recent article focused on rising construction costs as many contractors and subcontractors have left the business since 2009. Those that remain are strong, survivors who are hunkered down for the coming years. Enjoy your summer.

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