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Secondary or tertiary markets: New Hampshire - by Michael Charron

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Headlines published about the slowing sales volume in the multi-family sector across the country are increasing. According to Real Capital Analytics data, sales volume in the sector has dropped, both in institutional sales and in individual sales. However, the data obtained to support such claims is from primary, major markets and doesn't analyze the impact on secondary or tertiary markets. Here in our local New Hampshire market we continue to see pent up demand by investors to purchase quality assets. We anticipate seeing the trickle down effects eventually, but currently our markets appear strong and active, with off market transactions common. Days on market for listed properties are short.

Although the uncertainty associated with the anticipated policy changes by the government, combined with rising interest rates is causing investors to be more cautious in primary markets, we continue to experience high demand and active sales volume statewide. We have not seen a lag in demand or experienced the negative impact from rising rates on local sales volume. Community banks continue to be active in funding deals, local to their mission. Due to yield pursuits, in a low rate environment is expected to continue.

We continue to meet active investors seeking yields. They come in all forms including entry level investors, those with mid to large size holdings and institutional size investors, both foreign and domestic. We recently listed several 100+unit portfolios, (off market) in Concord and Nashua. We have received very strong reactions and multiple offers by investors for these types of deals. The lack of supply in our market continues to be our greatest challenge.

Although we do anticipate the slowdown in sales volume that's happening in primary markets nationwide, thus far New Hampshire markets appear active. Due to the strong job growth and drivers typical in Manchester, Nashua and Portsmouth, we expect income growth to continue and anticipate modest increases in rent growth.

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