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Survival of the fittest: How retail strip centers are adapting to change - by Bryan Wright

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New Hampshire has seen its fair share of ups and downs in the retail real estate world over the years. Overall, 2017 has been a fairly strong year for retail real estate in the state. We have seen some significant sales, a plethora of leases, continued growth in retail development, and some interesting trends.

One of the most intriguing trends that we are seeing is that internet resistant products and services are thriving, such as medical, health and fitness, and restaurants.

Medical uses are becoming more and more common in retail strip centers. Seacoast Children's Dentistry recently opened at the March Farm Way Center in Greenland, which is also home to Ka Lani Massage, Soulfire Power Yoga, and MaxCharles Salon & Spa, demonstrating an intention to group medical and wellness practices in one location. A new 5,100 s/f multi-unit strip center has been built at 2305 Brown Ave. in Manchester and Manchester Advanced Dental is fitting up its space now with plans to open in the coming months. The same appears to be true with Joint Chiropractic leasing space in Salem at North Broadway Crossing, which is its second location in a retail center.

We've also noticed it's been a busy year for health and fitness users. 9Round opened in Hooksett and Merrimack, and a third store will be opening soon at The North End Shops at Livingston Plaza in Manchester. Orange Theory Fitness is in the process of opening two locations – one also at Livingston Plaza and the other at the Whole Foods Plaza in Bedford. Planet Fitness has signed a lease to take space at Merrimack 360 in Merrimack. Fit Body Transformation has moved out of Brentwood and leased space at Carriage Town Plaza in Kingston and LA Beatz Dance Studio has opened at Heritage Commons on Lafayette Rd. in Portsmouth.

Several new restaurants and fast casual dining users continue to pop up in strip centers as well. Crazy Noodle has leased space at Londonderry Commons in Londonderry. B.Good, another fast casual restaurant, has moved into the former Boloco's space in Concord. Daw Kun Thai opened at Pine Island Plaza in Manchester. This space was formerly home to an international food market and,

prior to that, Bank of America. The owners of Puerto Vallarta Mexican Restaurant on Second St. in Manchester have renovated the former Matty's Restaurant space, which is also on Second St. The second location, Nuevo Vallarta, is now open. The local franchisee of Willie Jewells BBQ has opened its very first location in New England on Amherst St., behind ConvenientMD, in Nashua. Another barbecue restaurant, Smokeshow BBQ, has leased space at Merrimack Center in Concord. Wing It On just finalized a lease at 1875 South Willow St. in Manchester, which is anchored by Bob's Discount Furniture. This will also be its first restaurant in New England.

As online shopping becomes increasingly popular, we are seeing big box stores close and be replaced by smaller or nontraditional users. The Sports Authority on South Willow St. in Manchester has been demised into three new spaces, with one occupied by Party City and another soon to be Guitar Center. The former Hannaford at Bedford Grove in Bedford has been demised and renovated for multi-tenancy with Boston Interiors signed on as a new tenant. We see the same happening at the newly rebranded Merrimack 360, which is undergoing a facelift.

But even as we see big box stores close, it is important to note new retail strip centers are being built. In Nashua, the former Charmin's Restaurant on Amherst St. was torn down and is now home to a NTB Tire & Service Center. Land remains available for another user. Additionally, on Cotton Rd. in Nashua, a new strip center was completed and is now home Pearl Nails & Spa, with one unit remaining for lease. The new strip center on Brown Ave., where Manchester Advanced Dental is opening soon, has less than 50% of the space still available for lease. A similar center at 88-90 West River Rd. in Hooksett has 8,000 s/f of retail space available for lease and features a freestanding Dunkin Donuts on the pad site.

We also think it's important to note that several strip centers in New Hampshire have changed ownership so far this year. The Salem Broadway Plaza in Salem was sold to Clover Rte. 28 Realty, LLC, a Mass.-based investor, for \$2 million. This 29,790 s/f building has both retail and office tenants and is located in the heart of the Rte. 28 retail strip. Linear Retail Properties acquired what is now called The North End Shops at Livingston Park, formerly Maple Tree Mall, for \$4 million. The 51,000 s/f center is being upgraded with a new façade. Webb Place Shopping Center at Weeks Crossing in Dover sold for \$7.1 million to a Conn.-based investor. This 18,635 s/f strip center is occupied by Starbucks, Five Guys, Sprint, Convenient MD, and Access Sports Medicine and is located at a signalized intersection. In North Hampton, the 10,606 s/f Jiffy Lube/Midas on Lafayette Rd. was bought by a Mass.-based investor for \$2.65 million. Another Mass.-based investor recently purchased 37 Plaistow Rd. in Plaistow for \$3.3 million.

The biggest trend we see is that although the internet has made it difficult for some of the big box stores to stay profitable with large brick and mortar locations in this changing market, the smaller strip centers are able to remain competitive when they are focused on products and services that cannot be bought online. The empty big boxes are finding new life through multiple, smaller tenants. And even with this evolving landscape, there have been transfers in ownership of several strip centers in the state. Fortunately, with that usually comes remodeling and upgrading of facilities and façades, which will attract new users and keep these centers competitive.

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