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Southern New Hampshire retail market: Lots of new activity and my forecast is an optimistic one - by Andrew Levy

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Andrew Levy,
MEG Companies

After a beautiful spring and summer it is time to face the reality that fall is here and winter won't be too far off.

Business activity seems OK just taking longer to get deals done, and less new inquiries over all. The reality is there are fewer retailers looking for space and more options to choose from so those looking can be more picky. The "A" locations and newer properties will get the attention.

Sweeping changes are impacting brick and mortar stores, primarily shifting shopping habits to on-line purchasing by millennials and generation X & Y as compared to the (us) aging Baby Boomers.

Technology advances, smartphones and apps have changed the way we make purchases even as simple as ordering a pizza.

Large department store anchors such as Macy's, Sears, K-Mart, and JC Penny are fighting for survival, along with many name brand apparel stores and others. This is affecting shopping centers and malls of all sizes across the country including New Hampshire. Hundreds of stores have been shuttered. Traditional department stores are losing favor to off price and deep discount stores like TJ Maxx, OSJL, Big Lots, Dollar General and Dollar Tree. Contrary to countless headlines that malls are dead that is not the case. However, companies need to change the way they attract and keep customers, expanding their on line presence and integrating both, making the in store experience more meaningful.

New Hampshire supermarkets are facing increased competition not only from each other, but from warehouse clubs, Wal-Mart superstores, consolidation, dollar stores, convenience stores, and new players including Wegman's and Aldi's all vying for a slice of that market share. Time will tell how soon NH attracts a Lidl store?

The two key take a ways from this year's keynote speaker at the Boston ICSC is that:

1. Traditional tenant mix as we know it is done, and you'd better get with the program to keep your neighborhood strip center viable.
2. If you own a B or C grade center that looks tired, dated, and in need of repainting, etc. you better upgrade it now to keep it attractive or it will soon become obsolete.

Successful centers need to appeal to multi-generations where families will have a pleasant shopping 'experience'. Today's consumers want a mix of best in class personal services, restaurants, and entertainment. There could be multiple fitness choices in a center from a 20,000 s/f Planet Fitness or a 4,000 s/f Orangetheory Fitness to smaller specialty users such as Yoga, martial arts, spinning, or Pure Barre (unless your leases exclusivity clauses prohibit doing so).

There are so many restaurant types and new "health" concepts emerging such as bgood, you can easily have pizza, Asian, Mexican, Indian or gourmet burgers with a ice cream or frozen yogurt for desert all in one convenient location. On line shopping may be convenient but you can't get your hair cut, a manicure, or massage. These service businesses will always be needed.

Overall New Hampshire's retail picture is healthy and growing. Occupancy rates remain high, though the centers that had empty big boxes (Shaw's and Bldg. 19) for example in Manchester and Nashua are still vacant.

In Bedford, Hannaford and Whole Foods are open along with Red Wing Shoes, Orangetheory Fitness and Provident Bank. Encore Retails 300,000 s/f Market and Main mixed use project on the former Macy's site is under way. Boston Interiors will open its first N.H. store, 21,000 s/f in the Bedford Grove Shopping Center after a dramatic construction upgrade.

In Manchester Chunky's Cinema & Pub opened in a portion of the former Lowe's adjacent to the Mall of New Hampshire. Cowabungas the indoor children's play center is finishing up their build-out.

Construction has begun at Brady Sullivan and Anagnost Companies redevelopment of the Sylvania site into a 300,000 s/f mixed use retail development. Though Sports Authority closed it has already been renovated into three tenant spaces, and Party City has opened. Plato's Closet has opened next to Burlington.

Downtown Elm St. continues to thrive with residents moving in to the newly renovated Citizens Bank apartments and ground was broken for the new Marriot hotel. Several new restaurants have opened including: Penuche's Music Hall, Bonfire Restaurant and Country Bar, Torched Pizza and Kisasi Japanese Cuisine. On Second St. two new Mexican restaurants Nuevo Vallarta and Puerto Vallarta have opened.

In Londonderry the Woodmont development is taking shape with Market Basket, T.J. Maxx, Home Goods, NH Liquor & Wine Outlet, Olympia Sports, and Annie's Hallmark Baldoria already open.

The \$1 billion walkable, mixed-use project is intended as an embodiment of the "live, work, play"

maxim for attracting and retaining young people. Appletree Mall was sold at auction but no sign of construction or new stores yet. Tupelo Music Hall is now open in Derry in new bigger & better digs.

In Concord there is continued infill of the few remaining land parcels near Steeplegate Mall. In Rochester Waterstone Retail's Granite Ridge on Rte.111 is fully built out and open. ZOO fitness will open shortly on Rte. 125 in Epping. NH Liquor & Wine Outlet opened its newest store in Warner. Aroma Joes Coffee is still expanding looking for affordable high traffic sites where they can build their double drive through kiosk. A new site in Salem will open soon. In Portsmouth, Tuscon Kitchen just opened their third restaurant on Rte. 1 at the former cinema site.

In Salem Tuscan Village a planned 368,000 s/f mixed-use development on the former Rockingham Park racetrack property is under way by restaurateur Joseph Faro and Howard Grossman.

The ICSC's Next Generation held a networking event at the Tuscon Kitchen last week and those in attendance were treated to an incredible visual presentation of the site plans, architectural renderings, and aerials of the property.

The first phase calls for a 150-room hotel, 128 units of multifamily housing, 80 townhouse units and at least 168,000 s/f of retail space. On the adjacent property a major movie cinema and four restaurant PADS are planned to be built on the parking lot behind Sears at the Mall at Rockingham Park.

There is a lot of new activity in Merrimack including a Wood Spring Suites at Exit 11 and Franklin Savings Bank. The planning board recently approved a new multi use project in front of the entrance to the Premium Outlet Mall that will include a five story hotel, apartments, office space, and a retail building.

Finally after years of sitting idle I am thrilled to say a major redevelopment "Merrimack 360" is being built at the old Shaw's Plaza site. The new center anchored by Altitude Trampoline Park, Planet Fitness, and Dollar General will be transformed into a modern attractive totally new shopping center. There will be specialty retail space, restaurants, Lavish Nails & Spa, Aroma Joes, an upscale Asian Steakhouse, and hair salon. The right endcap and a free standing pad at the light perfect for a bank, credit union or restaurant are available.

In summary my fall forecast is once again an optimistic one.

Andrew Levy, CCIM, is vice president of retail leasing for the MEG Companies, Londonderry, N.H.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540