



CELEBRATING
55 YEARS

nerej

Mill space in Manchester continues to be one of our hottest market segments - by Mike Harrington

May 25, 2018 - Spotlights

Mike Harrington,
Harrington & Reeves
Norton Asset Mgmt.

One of the truisms of real estate is “they’re not making any more land” while another one is “they’re not making any more mills”, either. Thus, mill space in Manchester, New Hampshire continues to be one of our hottest market segments. Over the past 30 years, the Manchester mills located along the east bank of the vibrant Merrimack River have slowly transformed from industrial/textile uses into high-tech office, professional office, trendy apartments, restaurants and soon to be biotech uses. And there are more transformative changes on the horizon. In December of 2017, the Langer Place Mill, a 190,000 s/f mill was purchased by developer, Lansing Melbourne Group, for a reported purchase price of \$8 million or \$42.10 per s/f. The new owner has signed a long-term lease with Southern NH University (SNHU) that includes 100% renovation of the mill for SNHU who will occupy the entire building for their school of On-Line Learning and Continuing Education. The developer will also construct a new, 1,700 car parking garage located on the adjoining surface parking lot for their use. The parking garage will be six stories high and will have design elements that blend into the historic look of the mills. The west elevation facing the Merrimack River will have modern perforated aluminum panels that allow for an image to be displayed creating a unique opportunity to highlight Manchester and to attract the interest of travelers along I-293. This will be the single largest ground-up development to occur in the Mill Yard since 1915 estimated to cost \$100 million. Just north of Langer Mill re-development, inventor and champion of Manchester’s Mill Yard, Dean Kamen, has secured a contract with the Department of Defense and has formed the Advanced Regenerative Medical Institute known as (ARMI). As reported in the New York Times, this is a 5 year, \$80 million contract to establish an institute for the bio-fabrication of human tissue and organs. The success of this project will lead to hundreds of millions of dollars of additional investment coming from partners throughout the country. Recently, the State of NH legislature passed a bill exempting companies that devote 75% of their activities toward the growth of human organs from business profits tax and the business enterprise tax for 10 years. Thus, creating even more incentives for innovative companies working in the bio-sciences to relocate to New Hampshire and the Mill Yard. Also, the workforce of the future is being educated at the University of New Hampshire at Manchester located in the Pandora Mill. The University has invested and built new lab space and has expanded their bio-science curriculum to meet the anticipated need for educated workers in this

field.

Manchester's Mill Yard consists of 22 buildings along the river, with approximately 3.3 million s/f of space and a current vacancy of 211,000 s/f or 6%, asking rents range from \$7.50 per s/f to \$14.95 per s/f NNN with the triple nets that range from \$2.05 to \$4 per s/f for CAM and \$0.65 per s/f to \$1.75 per s/f for real estate taxes.

The state of the overall New Hampshire commercial real estate market continues to be strong across all major sectors. There continues to be historic low vacancies occurring in multi-family apartment buildings as well as high bay warehousing. In addition, we are beginning to see some strengthening in the office market and some weakening in the retail sector. Main drivers include the over building of retail space coupled with obsolete big box and mall space. The office market has stabilized thanks in large part to no new construction and re-purposing of space to other uses, such as conversions to apartments. And we continue to see strong demand for housing as millennials move out of the house and into the rental market.

As the great grandson of a cigar roller employed in the Sullivan Cigar Factory in the early 1900s and a grandson of textile workers employed at the Pandora Mill, the transformation of the Manchester Mills has been incredible to witness and in a small way I've been proud to be a part of helping tenants and owners locate their business into this section of our State.

Mike Harrington, principal at Harrington & Reeves/Norton Asset Management Services, Manchester, N.H.

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