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Restaurants have become the new traffic generators, and one of the reasons people go shopping - by Andrew Levy

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Andrew Levy

Finally winter seems to be coming to an end. Bring on the sun and spring! Even though the winter season is supposed to be “slow” in the real estate world, that hasn’t been the case with most of the CIBOR brokers I speak with, and here at Verani Realty it has been no different. Through the cold winter months we were able to negotiate several leases for our clients’ shopping centers in Manchester, Nashua, Londonderry, Epping, and a sale in Merrimack.

Overall New Hampshire’s economy is very strong and retail seems to remain healthy. However, the state is not immune to the industry changes happening all around us (e.g. stores closing, retailers rightsizing, brick & mortar sales being lost to online shopping, changing consumer habits, shrinking retail sales and one apparently widespread problem - restaurants fighting for survival because they can’t find help). This last issue is prevalent and serious, as it has put the brakes on planned expansions not to mention that it comes at a bad time. Restaurants have become essential components of shopping centers, both existing and new centers in planning and development. In many instances they have become the new traffic generators, and one of the reasons people go shopping.

Southern New Hampshire markets like Nashua, Merrimack, Bedford, Salem, Seabrook, and Dover continue to experience significant growth. According to NAR, the vacancy rate in New Hampshire’s retail market was down to 7.3% from 11% in 2019 Q4. Despite this, most centers still have a few vacant units. Smaller spaces are seeing a decent amount of general in-fill from a variety of tenants like boutique fitness outfits, restaurants and many non-traditional uses like urgent care centers, CBD stores, dog grooming & boarding and new entertainment concepts such as axe throwing.

Many currently vacant units are either too big for small tenants or too small for larger ones. In today’s competitive environment businesses are trying to keep their overhead down by rightsizing their operations. The problem with this from a landlord’s perspective is that the cost to subdivide is expensive, sometimes prohibitively, and may drive the rent above what some tenants can afford.

Even with the changing economy and retail market, there have been plenty of noteworthy deals since last fall all across southern New Hampshire: California Burrito, Sherwin Williams & Golden Corral have all signed on at The Shoppes at South Willow in Manchester; Primary Bank and Renew MediSpa opened in Derry and Ace Hardware is opening at Eastside Plaza; Cinemark Theatres opened their first New Hampshire cinema at the Mall at Rockingham Park in Salem; Lucciano's Ristorante relocated their operations to Appletree Shopping Center in Londonderry and new restaurant/bar concept Game Changer Sports Bar & Grill will open in the same center later this year; Concord has seen some new additions including Aldi on Loudon Rd. and ZOO Fitness at the Steeplegate Mall.

Banks continue to expand into and across the state, including some new ones to New Hampshire like The Millyard Bank in Nashua and Century Bank in Salem. New urgent care centers have opened or are under construction including ConvenientMD and ClearChoiceMD in Hooksett and Belmont and St. Josephs in Milford. Amazon has leased the former BJ's in Hooksett and is rumored to be looking at a site in Kingston as well. Harbor Freight has committed to half of the space at the former Philbrick's Fresh Market on Rte.1 in Portsmouth.

Planet Fitness is relocating and/or opening new fitness centers in NH including the move in Manchester across the street to 713 Huse Rd. next to the new Chunky's Cinema and in Salem on So. Broadway. An expansion at Hood Commons in Derry is also underway and I'm thrilled to say they will also open a 20,000 s/f fitness center at the Apple Tree Shopping Center in Londonderry later this year.

Adding to the current big box vacancies like the former Shaw's on South Willow St., the Babies R' Us in the Nashua Mall Plaza and the former Building 19 locations, are new ones like the Kmart stores in Salem, Hooksett and Rochester. Though K-Mart at the Lilac Mall in Rochester closed, Ocean State Job Lot has moved into half of the space. The other half would lend itself well to a 25,000 s/f fitness center, trampoline park, or cinema. With Pier 1 Imports' announcement that they are closing nearly half of their stores, New Hampshire came out with minimal consequences. Only the location in Keene will close. The stores in Nashua, Manchester, West Lebanon and Salem will remain open.

Development in Merrimack continues including a 280 unit multi-family project at Exit 11, Merrimack Park Place, a 372,000 s/f mixed use development at the entrance to the Premium Outlet Mall and M-360 (the redeveloped Shaw's Plaza) has added Triangle Credit Union in a freestanding pad to the roster of tenants. A new two-building development has started on Lowell Rd. in Hudson by Rich Lannon that will include a DCU Credit Union and a Starbucks Cafe. Big box retailers are still pursuing opportunities in Seabrook.

There are three major mixed-use development projects in the works including Market & Main on South River Rd. in Bedford, Woodmont Commons on Rte. 102 at exit 4 in Londonderry, and Tuscan Village in Salem at the former Rockingham Park. Tenants like Market Basket, Ford, L.L. Bean, Old Navy, Ulta Beauty and JP Morgan Chase Bank are reportedly opening new retail locations at Tuscan Village. Partners Healthcare will open an outpatient facility featuring services from Mass.

General Hospital in a 4-story 112,000 s/f building and Orangetheory Fitness opened at Woodmont Commons last month.

A strong demand for housing across New Hampshire, a dwindling number of retailers and restaurants ready to commit, the costs associated with land and permitting on prime multi-use sites, along with the rising cost of construction materials and labor have caused some issues for the Market & Main development project. Some previously announced retailers have not fully committed and the developer has approached the town of Bedford requesting to build 200 apartment rental units as a necessity to keep the project financially feasible.

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