

Southern N.H. retail market: We can look for continued growth this fall and into the New Year

September 05, 2008 - Northern New England

Steady as she goes-or down but not out might summarize where we are at and where we are headed. By now we have all read countless articles and headlines as to the demise of the retail industry, the numerous store closings, etc. I am choosing not to go there and recap those. At first I was a little pessimistic as to our current state of affairs never mind a forecast for the future. It would be unfair to say the phones were ringing off the hook these past 6 months, when in fact they have been very quiet. Overall interest appears down, however as I researched the market and spoke to other professionals I realized that actually there has been quite a bit of leasing activity and no reason to think that there wouldn't be more in the near future.

In general it's taking a lot longer to get to a signed lease than ever before. This just makes the job tougher for both developer and brokers alike and has raised the frustration/anxiety level. Most of us who could have easily negotiated multiple leases in eight weeks are finding it not uncommon to take six months to accomplish the same task on just a single deal. If you take an honest look at the economy this should come as no surprise. It's hard enough for National & Regional chains to commit to new locations in this economy let alone expecting small business entrepreneurs to take the plunge and open either their first store or second or third locations. Yet the American dream lives on and there have been numerous openings by these brave individuals. Typically many new small stores are franchises but it seems that many of the well-known ones we have been accustomed to have quieted down-such as Quizno's & Subway. Saturation seems to have settled in many markets. Now for the real question-what is the forecast for the Fall? Which retailers are actively pursuing new locations? Are new centers being built-or in the planning stages? If so in what cities and Towns? Will we see more expansion of the drugstores, supermarkets, cell phone stores, and big box retailers or have they finally reached saturation? Is there a market for more cinemas, health clubs, or specialty retailers?

New Hampshire is still the last stop for most restaurant chains in New England. Are any of the name brand chains looking for locations with the casual dining market being devastated by the lack of discretionary dollars families previously spent on dining out? Have we maxed out fast food coffee, and gas station/C-stores?

Here's my take. Growth will be slower, and more selective. Only the "A" sites will get the attention. Many proposed developments will get pushed back a year or two as the country digs itself out of this credit mess. Some may be shelved all together. Overall retail growth will continue, albeit at a different pace we were used to. Long term, New Hampshire only has one million people, is considered under-retailed and a there's a whole lot of room to grow.

Here are some examples: The proposed Super Wal Mart store planned for Derry on Rte. 28 has been shelved, but the 10 acre site in front of that proposed site is still being negotiated for a 85,000

s/f retail center. The Hooksett Wal-Mart survived. Starbucks has decided not to build in Merrimack & Hooksett, but will soon open on Rte. 125 in Plaistow and on Rte. 102 in Londonderry next to a Verizon store and a KFC/Taco Bell. They have decided to close Rochester.

Gas station C-store activity is not as busy as in years past, though Hess has opened at Shutte's Corner, in Derry next to Rite Aid. I haven't noticed as much activity in the cellular phone companies segment. Sleepy's the Mattress Professionals has become a dominant player and according to their broker Rich Kornblatt will open more stores.

Health/fitness concerns remain one of the fastest growing market segments as our population ages. We will continue to see more health club openings and possibly new players/franchises. Planet Fitness continues their dominance as the leading fitness chain throughout NH, New England, and the country for that matter. We will likely see more of their new smaller World Gym 24-hour Express model as they did at Eastside Plaza, in Manchester. Workout Club/Wellness Center is building large facilities in Salem at exit 2 and in Bedford on Rte.114.

Dollar Tree continues to expand and is looking for additional locations says Jonathan Rausch of the Federated Companies who has built several locations for them. And according to Dan Connelly of Lerner Realty Group, Family Dollar is also aggressively pursuing new opportunities. Both stores require at least 10,000 s/f.

With respect to restaurants, Texas Roadhouse Grill is looking for NH sites for their 7,100 s/f building according to Andrew Bonica of Paramount Partners, and Five Guys Burgers is seeking sites in NH-1,800-2,400 s/f in strong retail trade areas according to Adam Conviser of Conviser Realty Group. In the fast food sector McDonalds, Burger King and Taco Bell continue to look for expansion opportunities.

In summary we can look for continued growth this fall and into the New Year.

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