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New Hampshire investment real estate 2020 review and a look forward - by Robert Rohrer

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The commercial real estate market was not immune to the inconsistencies the pandemic unloaded on all aspects of the economy. Far from it. However, 2020 proved to be an active year on the commercial real estate investment front, albeit with a shift as to which asset class interest was favored.

Although long sought-after classes like self-storage, multifamily, medical office, and retail continued to be active, the spotlight was really on industrial – particularly assets focused on getting online purchases and deliveries in the hands of consumers.

Nationally, the industrial investment market actually saw an increase in asset value. According to Real Capital Analytics, average pricing increased to \$101.40 per s/f, only the second time average square foot pricing has exceeded \$100. Warehouse/ distribution facilities accounted for nearly 75% of all industrial investment activity, primarily for the reason stated above. The protracted pandemic will likely continue to impact the industrial sector, manufacturing employment, and disruptions to supply chains. It appears likely that data centers, cold storage facilities, and warehouse/distribution centers will continue to outperform in the industrial sector as a whole in 2021.

In New Hampshire, the industrial asset class was a highlight as well. Colliers tracking showed that average sale prices of industrial property increased to the \$80-\$90 per s/f range for well-positioned and maintained properties. The strong manufacturing base in New Hampshire contributed to the fact that R&D/flex facilities played a bigger role in-state than on a national level. R&D/flex and warehouse/distribution sales volumes were nearly equal, per our internal research and that of CoStar Group's. Current activity level suggests that industrial investments will remain in demand in 2021, with single-tenant (including sale-leaseback transactions) and larger multi-tenant assets drawing the most interest.

Turning to other asset classes, selfstorage, multifamily, medical office buildings, and well-located retail sectors were also active in 2020. Retail, in particular, remained one of the most active asset classes in New Hampshire. This seems surprising, given the current stressors on this asset class, but New Hampshire's large amount of retail properties likely contributed to the amount of activity in 2020.

We believe that the majority of the capital market activity in 2021 will continue the trends seen in the second half of 2020. Industrial property will see increased interest, while well-positioned assets in the other commercial real estate classes will also garner significant interest

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