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## **Retail landscape is in good shape and my forecast is... - by Andrew Levy**

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Andrew Levy

I hope everyone is enjoying these last few weeks of summer! From what I have been experiencing, the industry as a whole has been far busier than any of us expected. So much for those dog days of summer, right?

When you consider recently ever-increasing household costs (gas & utility prices, rent increases, food, interest rate hikes affecting both mortgages and car loans, mounting credit card debt, supply chain and labor shortage issues, etc.) it's no wonder consumers are stressed and anxiety is at an all-time high! That being said, it's remarkable there are so many real estate deals happening—development, construction, investment sales, life science, industrial, warehouse, single family and apartment housing, medical uses, etc.

I attended the ICSC New England Idea Exchange which was held at the convention center in the Boston Seaport on July 20th. This was the first ICSC New England since pre-COVID in 2019 and it was great to see colleagues and friends. There were several interesting presentations including “Keeping Pace with Change – The New Normal for Restaurants” and “MEDTAIL – When Retail and Health Care Converge”. The deal-making on day two, though certainly more intimate than previous years, was still quite active and robust. We were able to make some excellent connections with new and expanding retailers for many of our assignments.

After catching up with some friends and colleagues at ICSC, it seems that retail, appears to be doing well in spite of the state of things. Consumers are still shopping, both in person and online. While it's likely many of these purchases are necessity-based (groceries, health & hygiene products and obviously coffee), people are also spending their money on non-essentials. The same can be said for personal wellness services like physical therapy, chiropractor, massage and med-spas – many of these things could be considered either necessity or luxury.

In my NEREJ Spring Preview article back in April, I talked about a lot of activity both on the retail front and the new development front. Between that article and this one, however, there hasn't been as much activity. Should we be alarmed? Let's take an honest look at the reality of where we are at:

Banks have been flush with cash and have been putting a lot of money out on the street. Compressed cap rates have driven investment sales of shopping centers and NNN leased assets to unprecedented high prices. This seems to have been true of the multifamily arena as well.

Now, after several interest rate hikes and 8.5% inflation (as of the writing of this article), there is a sense that it may be time to rein in the horses a bit. This is frustrating for many because we are receiving mixed signals—gas prices were way up, N.H.'s unemployment is the second lowest in the country, the jobs report stated that nonfarm payrolls rose more than anticipated and the stock market is continuously bouncing around. ICSC reports retail sales in shopping centers, on average, were up 7.5% and Ford announced 3,000 layoffs – where is the consistency?

With all of this contrasting data, N.H. is faring well and its retail economy is steady. Overall occupancy rates for shopping centers (both grocery-anchored and neighborhood) exceed 90%. The

sporadic vacancies continue to be filled by a mix of new restaurants, boutique fitness and wellness concepts and other retailers. In major markets like Manchester, Nashua, Concord and the surrounding areas many of the same vacant units in older centers are still available, however.

There have been just a handful of smaller new tenants here and there popping up, but on Elm St. in Manchester there have been (or will soon be) several new restaurants opening. The State Liquor & Wine Outlet opened on Gold St., Jersey Mike's has renovated the former Friendly's on South Willow St. and Sketchers took over space from Modell's. Over 700 units of new residential development are planned for downtown Manchester and as we know—you need residential to support retail.

It's been a year since we completed the transformation of the former Rite Aid into 12 boutique retail spaces ranging from 650 s/f to 1,400 s/f. The plan has been a success having just about 75% of it leased up to date. The spaces are filled with local business owners providing unique services and products such as a European food market and café, gift store and spa services. The Manchester market continues to flourish with many new residential and mixed use projects in the works along with a strong commerce and will continue to prosper as we move ahead.

In Salem, the state's first Container Store is set to open at Tuscan Village along with the second N.H. location for Bennett's Sandwich Shop. Another first for the state, Kelly's Roast Beef, is about to open down the street from Tuscan Village in the former Burger King. Also the former K-Mart was recently approved to be repurposed into a casino.

According to Andrew and Julie Fleischer of NAI Norwood, there have been several retailers on the move on the seacoast. In Bedford, the next phase of Main & Marketplace has started and the steel is up for REI's new store. On August 2nd, the groundbreaking ceremony for the new Exit 4A project in Londonderry/Derry took place after "many years of design, delays and other challenges" said NHDOT commissioner Victoria Sheehan.

Overall, I believe that the N.H. retail landscape, while slow-moving as of late, is in good shape and my forecast is for a good fall.

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