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Fall 2023 forecast NH retail market - Andrew Levy

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Summer is unfortunately coming to an end, and many people are asking “Did we even have a summer?” With many rainy days, it wasn’t a typical sunny summer that we all look forward to. In addition to the rain, the west coast, south, and midwest dealt with many weeks of 110-degree heat, and Canada has lived through wildfires-turning our New England skies dark. I’m hoping for a fall filled with apple-picking and comfortable weather!

Recently, we’ve been barraged with negative political news a year ahead of the election. The rise of inflation today has impacted the costs for food, gas, utility prices, rent, interest rates, car loans, credit card debt and more. Rising costs have affected all households, but especially for the lower and middle class families. With less disposable income, there is now less for retail spending, restaurant dining, new cars, and big ticket items. Costco, Walmart, Target, and Home Depot are thriving, as many need basic commodities at inexpensive prices.

New Hampshire is suffering from a severe housing shortage which has withered inventory and thrown off the real estate market. Lack of housing has affected our labor pool with shortages of workers needed for service industries like restaurants, medical offices, retail stores, warehouses, etc. making running businesses more difficult.

The good news is that our median home price is now \$450,000 and our unemployment rate of 1.7 % is the lowest in the country! New buildings are being built, predominantly industrial and multi-family. New Balance will start construction on a 150,000 s/f building in Londonderry near the airport. Retail stores are opening in vacant inline shopping centers, and mall vacancies are down. Retail sales have posted approximately a 7% gain on average across the country.

The new development at Merchants at Exit 17, I-93 in Penacook anchored by Market Basket, State of NH Liquor & Wine Outlet, Home Goods, and Wendy’s, continues to add new tenants. A phase II will include a Jersey Mikes, a Service Credit Union, and an Urgent Care Center. The Concord Monitor development will feature 650 houses, as well as shops and self storage. Tuscan Village in Salem will add apartments, specialty retail and restaurants. Torrington Properties recently acquired the Shoppes at Newington Mall, adding to their portfolio of last year’s purchase Ft. Eddy Plaza in Concord.

In Bedford, the next phase of Main & Marketplace is under way, and REI is set to open in a few months. Other stores and restaurants reportedly have signed leases and their units are under construction.

Overall, occupancy rates for shopping centers (both grocery-anchored and neighborhood) exceed 90%, and we are now seeing asking rents climbing - the most prime locations exceeding \$30 per s/f NNN. The few available vacancies continue to be filled by a mix of new restaurants and retail concepts, fitness centers, and wellness & med spas.

I have been busy leasing space at my Shaw’s Belknap Marketplace on DWH in Belmont. Latest signed leases include a dance studio, gymnastics, and Ava Chocolate will open soon. My last two

units in Salem, NH at North Broadway Crossing are under contract. Prime IV is under construction in the former Elizabeth Grady unit. Pat Gallagher and I are finishing up an LOI for a specialty fitness concept he represents. There are big changes under way at 166 DWH in Nashua. For the first time in 15+/- years, the former Weathervane Seafood unit has been completely gutted. There is now 8,000 s/f of prime open space.

The new Exit 4A project in Londonderry/Derry is under construction and when completed in a few years, it will open up many opportunities. Woodmont Commons off Rte.102 at exit 4 in Londonderry just added a new medical building, already completely leased, and they have more acreage to offer.

All of these factors make me confident to say my forecast for NH's fall 2023 NH retail market, is that we are on track to have a strong fall with Halloween just around the corner, and looking forward to a robust Christmas season!

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