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What trends are you seeing in the Nashua/Manchester submarkets? - by Robert Rohrer

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Robert Rohrer

Office leasing fundamentals continue to favor tenants, particularly in the Nashua submarket. The Manchester market is a bit more in balance. This differentiation has less to do with current market conditions (work from home initiatives, etc.) and more to do with strategic moves made, or not made, within the submarkets.

Nashua's smaller overall office market, when compared to the Manchester market, means that a smaller number of transactions can have a greater impact on its vacancy rate. So when one tenant, say, downsizes its Nashua footprint by 50%, dropping nearly 50,000 s/f, there will be a noticeable increase in the vacancy rate. The overall Nashua office vacancy rate is 12.7% to end the third quarter. We suspect this will continue to rise as more companies "right size." Nashua office rents, particularly for class B/C spaces, should continue to see a downward trend. This cycle may reach a plateau toward the end of 2024 as the post-pandemic rent cycle comes fully around.

150 Millyard Street - Manchester, NH

The Manchester submarket finds itself in a stronger position for several reasons. The first is that the Millyard, a growing office market for years, is consolidating. Several large mill buildings have been purchased by end-users, thus shrinking the space available for multi-tenancy. A recent example of this was the purchase of 150 Dow St. by a Dean Kamen entity. This purchase removed over 120,000 s/f of rentable space from the market. Multifamily conversions have also removed a large amount of space from the greater Manchester area. These moves have kept the vacancy rate in check at around 8.2%. So, while Manchester has been impacted by current market conditions, landlords are fortunate that the above stated activity has kept the leasing market on a more even keel than is found in other markets, such as Nashua. There is, however, still time for this balance to tilt toward the tenant as the post-pandemic cycle ends. It is still possible that as leases come to an end, we could see more space hit the market in the greater Manchester area. Time will tell.

Robert Rohrer is a managing director | principal of Colliers, Manchester, NH.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540