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## **Multi-family development in Manchester, N.H. - by Michael Harrington**

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In past articles I've written for the New England Real Estate Journal my goal was to provide the reader with a macro view of the Southern New Hampshire commercial real estate market backed by statistical data to reinforce that macro view. I'm going to deviate from that approach to focus the spotlight specifically on new multi-family construction being developed within Greater Manchester. I believe there is a monumental shift occurring in Manchester relative to development and specifically to multi-family development. It's a shift in mindset by planners and city officials that encourages development. It's a shift away from conflict and towards cooperation, resulting in commitments from local, regional and national developers who feel confident investing capital in ground-up, new construction of multi-family apartment buildings at a dollar (\$) magnitude not seen in decades.

As a quick summary, Manchester is the state's largest city with a population of approximately 115,000 people. The city is experiencing positive population growth, has a vibrant regional airport, various entertainment and cultural venues and is geographically located in the heart of Southern N.H. thereby making it easily accessible from Massachusetts to the south, the Seacoast to the east, the White Mountains to the north and Vermont to the west.

In the past three to five years, Manchester has experienced a spike in residential development, some of which was spurred by the pandemic that caused some in-migration of people from other states. This fact, coupled with lower land costs, as compared to Massachusetts, some recently proposed zoning changes, an updated 10 year master plan and a desire by city planners and like-minded city officials to allow for higher density development within its urban core, creating a favorable environment for developers of multi-family housing. In addition, the city recently created an economic development office, headed up by Jodi Nazaka, director of economic development and Erik Lesniak, business liaison. Both of whom have been instrumental to the success of Manchester's growth by acting as a resource for developers, investors and businesses looking to establish a presence in Manchester, helping them navigate through the approval and permitting process. The Economic Development office is located at One City Hall Plaza, Manchester, N.H. and I encourage you to call or visit them if you're interested in developing a project in the city. Here is a link to their website: <https://www.manchesternh.gov/Departments/Economic-Development>

The city of Manchester currently has 1,400+ market-rate multi-family apartments under development with even more projects in the queue. Here is a link to a local Manchester news source, Manchester Ink Link which has chronicled the various stages of development of most of these projects. <https://manchesterinklink.com/housing-update/>

Projects of note currently under construction or recently completed include the following:

Developer and owner Ron Dupont of Red Oak Properties completed construction, this summer, of 90 market-rate apartments called Red Oak Apartments at 409 Elm St. Boston based Jones Street Investments is well under way in its construction of 250 market-rate units, with an underground parking garage located at 21 West Auburn St., Manchester based Brady Sullivan Properties started construction on 160 units called the Edge Apartments, due to its location along the east bank of the Merrimack River. Additionally, Brady Sullivan Properties is underway with its conversion of several floors of class A office space into 155 market-rate apartments at Brady Sullivan Tower located at

1000 Elm St. Grand Central Suites is also under construction with 84 units plus parking located at 21 & 31 Central St. The last project of note is the recent ground breaking ceremony held by the nationally based affordable housing company, Lincoln Avenue Capital who is creating 142 units of much needed affordable housing located on Chestnut St.

As positive as this news is for Manchester, most of which began in 2022, 2023 was a challenging year for real estate development due to a historic rise in interest rates, rising construction costs, supply chain issues and tighter lending requirements. As a result, we're seeing some blinking yellow lights for 2024 and we're hearing from multiple sources that approved projects, including multi-family are on hold. Developers who have lived through these economic cycles are taking a cautious approach, as one developer told us, "this is not the time to loosen the belt this is the time to tighten the belt" and I think that is resonating throughout the state. Developers in 2024 with the next group of 1,000+ approved housing units are anxiously waiting for the Federal Reserve to start cutting interest rates thereby signaling the time to "start loosening the belt". Cheers to 2024!

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