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The multi-family sector in New Hampshire appears very strong - by Michael Charron

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The multi-family sector in New Hampshire, despite the national trend of challenges triggered by rising interest rates and falling property values, appears to be very strong nonetheless. In the Granite State, there is a notable resilience, with robust demand and sales persisting, particularly among select investors boasting strong balance sheets and proven track records in multi-family property ownership.

In the New Hampshire multi-family real estate market, the dynamics are shaped by both the broader economic factors and the unique attributes of the regional landscape. The relationship between rising interest rates and the value of multi-family properties, as well as its impact on sales, follows a nuanced pattern.

Cost of Borrowing in NH: Like the national trend, rising interest rates elevate the cost of borrowing for property owners and investors in the New Hampshire multi-family sector. As of the writing of this article, the current mortgage interest rate for a 30-year fixed mortgage was 7.52% in New Hampshire, as compared to the national average of 7.45% according to Bankrate. However, the resilience observed in the market suggests that certain local conditions may be mitigating the negative impacts. Prior to the shift, many seasoned investors had secured low interest rate loans, with extended maturity dates.

Regional Demand and Investor Behavior: Despite the challenges posed by increased borrowing costs, the demand for multi-family properties in New Hampshire remains strong. The average days on market for 5+ units in New Hampshire was 29.2 for the month of November according to PrimeMLS statistics. Investors with solid financial foundations and a history of successful multi-family ventures appear to be navigating the challenges more adeptly, sustaining demand and sales in the region.

Local Economic Factors: New Hampshire's economic conditions, distinct from the national landscape, could be influencing the multi-family market's resilience. Factors such as job growth, regional economic stability, and demographic trends may contribute to the sustained interest in multi-family properties despite rising interest rates.

Regional Financing Landscape: The response of local financial institutions and banks to the challenges faced by property owners in New Hampshire could also be a contributing factor. Flexible loan restructuring and supportive financial measures may be playing a role in mitigating the impact of rising interest rates on property values and sales.

In short, while the national multi-family sector grapples with challenges arising from rising interest rates and falling property values, New Hampshire stands out as a region with a unique and resilient market. The ability of select investors to weather the storm, coupled with low inventory and potentially supportive financial measures, contributes to the continued strength in demand and sales in the multi-family sector within the state.

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