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## **Northern New England migration and market update - Bill Norton**

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Bill Norton

Well, we survived the eclipse. It was a nice infusion of \$ for the North Country during Mud season. I just finished a book, "On the Move" by Abraham Lustgarten, focused on human migrations in North America due to climate change, extreme weather events, drought and wildfires. 30 years ago, Howard Kunstler wrote a book – "The Long Emergency" positing that all these climate and environmental stressors were going to prompt people to relocate. He said the best place to be would be northern New England and the Adirondacks – high elevations, running water, lakes, hydro power, conserved farmlands that could be put back into agriculture to grow food, forests to cut firewood...It seemed far-fetched in 1990, but not so much today.

We saw some of this "migration" during COVID and certainly the work from home/ remote working movement supports some rural growth. But overall, the younger (X, Y, and Z) generations like the dense urban centers. My son (35) is in Denver and my daughter (38) is in D.C. Nonetheless, I have a hunch they may come back one day. The quality of life, well not perfect, is special, alas at a high cost. In fact, fellow Counselor of Real Estate (CRE), K.C. Conway, CRE, argues that the migration to the sunbelt is due to its affordability and lower costs. He states, "urban areas with density and lack of affordability are seeing outflows, and that is not likely to reverse."

So, for NH, VT, and Maine is the tide coming in? Or going out? The answer is "yes." With high costs, those who can afford to stay do. Albeit many winter in the sunbelt. For younger and middle-income households, it is becoming prohibitive. A young couple moved into my neighborhood recently. They reluctantly stretched to buy a home for \$620,000 (after losing out on a half dozen). Now they have a monthly nut of \$4,000 not the \$2,800 they were paying for rent. They are now wondering if they made the right decision (and whether they can sustain it).

For commercial real estate, while interest rates are high (well, higher than we had become used to) and construction costs are also high (ditto) the overall health of the economy is unclear. Folks in Washington were patting themselves on the back for reigning in inflation and securing a "soft landing." Oops, not so fast. Last month inflation jumped up again (3rd month in a row) is this temporary? No one seems to know.

While the presidential election is simply bizarre, it does overshadow economic events (if Trump gets in then we should...but if Biden gets in then we should not...) the debt, supporting Ukraine, the war in Gaza, total disharmony in Washington (and many/most state capitols) all add up to stress and confusion which muddies the waters and dampens the volume and velocity of commercial transactions. We are seeing deals getting done, most somewhat reluctantly, but if a mortgage or lease is up, it forces one's hand. Only time will tell.

Bill Norton, CRE, FMA, Hon NHAIA, is president of Norton Asset Management, Inc., Manchester, NH.