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June 2025 NH CIBOR president's message: Know your numbers! - by Kathy DeMello

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Kathy DeMello

The mantra in every sales meeting I've ever attended was, "Know your numbers!" We've all had a robust first half of the year, and I thought it would be important for us to know our numbers for New Hampshire. Here's what my research showed:

OFFICE MARKET: Stabilization amid shifting demand

The statewide office vacancy rate increased slightly in 2024 to 13.8%, up from 13.6% in 2023. Liberty Mutual vacating their 600,000 s/f campus in Dover caused the Seacoast vacancy rate to jump to 19.8%. Removing that factor, the seacoast would fall in line at 13.2%.

Smaller, class A spaces in Concord, Manchester, and Nashua have shown stability, with rental rates increasing 3.1% year-over-year. Salem is showing the most significant growth with 8.1% rent rate increase.

INDUSTRIAL MARKET: Cooling after rapid expansion

After significant growth from 2021 – 2023, this sector is showing signs of cooling. Statewide vacancy had increased to 5.4% by the end of 2024, up from 3.6% in 2023. Nashua, the state's largest sub-market, had a vacancy rate of 9.4% at year end, with Portsmouth coming up the winner at 1.4%!

RETAIL MARKET: Repositioning & Adaptation

With large shopping malls continuing to face challenges due to e-commerce, there is a resurgence in demand for smaller retail spaces.

Developers are repurposing vacant big-box stores into alternative uses, such as medical clinics and entertainment venues (Nash Casino at Pheasant Lane Mall's vacant Sears space), to drive foot traffic and adapt to changing consumer behaviors.

Multifamily Market: Sustained Demand Amid Challenges

New Hampshire continues to experience a housing shortage, driving sustained demand for multifamily developments. Multifamily lending increased by 18.4% in 2024, indicating investor confidence. State legislative efforts to ease zoning restrictions and reduce parking requirements are expected to facilitate future multifamily projects. Of course, we are seeing this in the redevelopment of industrial sites into multifamily/mixed-use in our major towns and cities.

2025 OUTLOOK: Cautious Optimism

The commercial real estate market in New Hampshire is entering a phase of cautious optimism. While certain sectors face challenges, others demonstrate resilience and adaptability. Ongoing legislative efforts to support housing and the continued demand for smaller retail and industrial spaces provide a foundation for moderate growth in the coming years.

I hope this information helps you all in the challenges of comping and pricing properties as we move through 2025!

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