Southern New Hampshire market spotlight - Industrial and broader real estate trends - by Michael Harrington

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I remain cautiously optimistic that signs of a new cycle are emerging for the industrial market in Southern New Hampshire. As of August 2025, Southern New Hampshire's real estate market is showing signs of a potentially transformative phase, blending industrial recovery with broader residential and commercial growth.

Reflecting on my August 2023 and 2024 NEREJ articles, I update the industrial market's trajectory including some insights from the region's evolving landscape and a notable industrial sale, to help forecast future trends. The industrial sector, once at a late market cycle peak in 2022–2023, faced challenges by 2024 with vacancy rising, rents leveling and negative absorption due to macroeconomic pressures and speculative construction. By August 2025, vacancy has edged up to 6.1%, but absorption turned positive in the first half, driven by leases like the 25,000 s/f deal with Foundation Armor in Amherst (March 2025) and the 200,000 s/f Analogic lease at 9 Northeastern Blvd., Salem (May 2025) and a rumored lease of 105,000 s/f at the newly built 50 Robert Milligan Pkwy. in Merrimack. Asking rents have stabilized, favoring tenants, while CAP rates rose to 8.5% from 8.36% in 2024, reflecting cautious investment. Speculative construction remains paused, with projects like Granite Woods Commerce Center (500,000 s/f, Hooksett) and 60 Pettengill Rd. (173,000 s/f) among other approved land sites remaining stalled, limiting supply growth.

As mentioned earlier, I'm highlighting an industrial sale that closed in January, it's the sale of a 337,391 s/f industrial building at 80 Northwest Blvd., Nashua, for $67 million ($198.58 per s/f), that could underscore this potential shift to a new market cycle. Reportedly sold by Stag Industrial Holdings LLC to NF North America, a subsidiary of China's Nongfu Spring, this 23-acre vacant property, reportedly unused for 11 years sold for four times its $15.6 million assessed value. Nongfu Spring, intends to use the property for water bottling and beverage manufacturing, pending permits. Not only is the sale price raising some eyebrows, its proximity to defense contractors and the FAA control center, however, raises potential security concerns, especially as the sale predates a new NH law banning foreign adversary land ownership near military sites. There is also controversy surrounding the company's plans for water extraction versus the revenue potential for the water company. I'm hearing similar rumors of international water companies exploring operations drawing from Manchester's water district. Time will tell if the Nashua sale is a one-off or if it's the start of increased activity from multinational corporations willing to "pay-up" for industrial properties in order to gain access into this market.

Complimenting the increased activity in the industrial market, Southern NH's broader market thrives. The region leads the nation in home price growth and a 76.4% median price surge over five years, this is driving the new construction of homes and multi-family units. Concord has 570 units under construction or completed, alongside Tuscan Village's 299-unit phase in Salem, reflect a housing boom addressing a housing shortage. Commercial projects like Woodmont Commons (Londonderry), Market & Main (Bedford), and Brady Sullivan's proposed 500-unit Liberty Mutual Campus redevelopment in Dover signal mixed-use growth. The Ridge in Rochester, with 292 units across two phases, and the 44,000 s/f medical office highlight diverse demand. (Think, Live, Work, Shop)

In summary, the current market forecasts suggest a short-term tenant advantage in industrial through late 2025, with stabilized rents and concessions as demand recovers. Limited supply could tighten the market, pushing rents higher by 2026–2027 if e-commerce rebounds, with industrial vacancy stabilizing at 5–5.5%. Long-term (2028–2030), strategic locations near I-93 and the FE Everett Tpke. should sustain industrial demand, though stalled project revivals may temporarily increase vacancy. A Federal Reserve rate cut could spur construction, while e-commerce trends, specialized manufacturing and positive population growth remain key factors for sustaining the regions industrial base. The Nashua sale may influence foreign investment, pending regulatory outcomes. Residentially, growth continues, and the increase in recent industrial leasing reflects economic resilience. However, affordability challenges and security debates, amplified by the Nashua deal, prompt scrutiny which could slow growth. That being said, the overall, economic conditions for the Southern NH Industrial Market remains solid and positions 2025 as a new cycle's start, blending industrial stabilization with robust residential and commercial expansion. Minimal industrial construction and rising demand should drive positive absorption, favoring strategic acquisitions. The Nashua sale's impact – whether it spurs similar deals or triggers tighter regulations – will shape trends. I'll revisit these dynamics in next year's spotlight to track the cycle's progression. Stay tuned.

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