



CELEBRATING
56 YEARS

nerej

Investors drive the competitive New Hampshire commercial real estate market - by Andrew Robbins

September 05, 2025 - Northern New England



Andrew Robbins

The New Hampshire commercial real estate market is experiencing heightened competition across multiple sectors, with investors recognizing the state's tax advantages, continued job growth, and business-friendly environment as key differentiators in today's challenging market. This competitive environment is creating some bidding wars across industrial, multifamily, and development.

Industrial Assets Command Premium Pricing

The industrial sector exemplifies this investment trend, with recent transactions demonstrating strong investor appetite for stabilized multi-tenant properties. The sale of 14 Garabedian Dr., a 108,000 s/f multi-tenant facility acquired by a Mass.-based investor as part of a sale-leaseback transaction, reflects the continued popularity of this investment strategy among institutional buyers seeking immediate cash flow with established tenant bases.

Industrial fundamentals across New Hampshire remain robust, with 5.3% vacancy rates and \$11.67 NNN average lease rate. Owner-occupants continue driving significant activity, particularly manufacturing companies and specialty contractors capitalizing on New Hampshire's absence of inventory tax – an operational advantage over neighboring states.

Communities that have prioritized streamlined permitting processes are reaping the economic benefits, with towns like Salem, Londonderry, Manchester, and Merrimack seeing the most development activity and investment interest. These growth-focused municipalities have created efficient approval processes that can save developers months compared to more restrictive regional markets, directly translating into increased tax revenue and job creation within their borders.

Multifamily Investment Defies Regional Headwinds

Despite elevated interest rates and tightened lending standards impacting multifamily investments regionally, New Hampshire markets demonstrate exceptional resilience. Average rental rates in Greater Manchester, Nashua, and the Seacoast region continue to climb, supported by a .5% net population growth and strong employment fundamentals.

The state's lack of income tax creates particularly compelling value for high-earning professionals relocating from higher-tax states, sustaining rental demand across multiple price points. Institutional investors are increasingly targeting stabilized assets in communities with proven rental growth.

Municipal leaders have responded proactively to housing demand challenges, creating opportunities for developers willing to address the housing crisis. Manchester has seen significant development activity leveraging the 79-E tax relief program, which provides substantial property tax reductions for qualifying residential projects. Meanwhile, communities like Nashua have embraced comprehensive redevelopment through public-private partnerships, enabling ground-up construction that transforms underutilized areas into vibrant mixed-use developments.

Strategically Positioned Land Commands Premiums

Land development represents perhaps the most competitive segment. One example of this was the

sale of a 17.9-acre site in Windham for \$4.5 million in August, approved for 50 non-age restricted duplex condominium units, reflecting investor confidence in New Hampshire's continued residential growth trajectory.

Premium pricing targets parcels offering high density potential and highway access, particularly sites with existing infrastructure and utilities. Mixed-use developments integrating residential, retail, medical, and professional services are designed to serve the state's expanding business community and generate the strongest investor interest.

Investment Outlook: Sustainable Competitive Advantages

New Hampshire's investment appeal stems from measurable competitive advantages that create a self-reinforcing growth cycle. The state's tax structure – eliminating income, sales, and inventory taxes – generates operational savings that sophisticated investors can model into their underwriting.

Corporate relocations and expansions continue supporting commercial real estate demand across multiple sectors. Recent examples include Analogic Corp., which moved its headquarters from Peabody, Mass., to Salem, N.H., bringing 500 employees/jobs to the state. Lilly's Fresh Pasta is set to open its new 50,000 s/f facility in Manchester in fall 2025, relocating from Mass. and expected to create significant new employment opportunities. Can One USA, an industrial manufacturing company, opened its renovated state-of-the-art manufacturing facility in Nashua in 2024, and expanded after leasing a large facility in Merrimack in the second quarter of 2025.

This corporate expansion activity directly supports investment fundamentals by creating sustained tenant demand across property types, whether through direct purchases like Lilly's facility acquisition or lease commitments that strengthen property cash flows for investors.

New Hampshire offers several distinct advantages over regional alternatives, including more available developable land than northern Mass. (especially within the I-495 belt), lower regulatory barriers than Vermont or Connecticut, and a business tax environment that attracts quality tenants willing to pay premium rents.

Market Trajectory

The sustainability of current investment activity depends on New Hampshire maintaining its competitive positioning, particularly its favorable tax treatment and efficient regulatory environment. The current development pipeline demonstrates sustained investor confidence, ranging from 10,000 s/f contractor facilities to major projects like the 1.4 million s/f Target Distribution Center in Hudson and a proposed 751,600 s/f multi-building industrial park in Londonderry.

Out-of-state capital flows show no signs of abating, supported by the state's proven track record of business growth and quality-of-life advantages. For both institutional investors and private developers, New Hampshire represents a market with compelling fundamentals, backed by policy advantages that create lasting competitive differentiation.

Andrew Robbins is a senior associate with Colliers, Manchester, N.H.

