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The fall and New Year will bring new growth, tenant interest, and increased consumer demand

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Well summer is gone-seems like it rained for 8 weeks was hot (too hot) for 2 and now were gearing up for the fall. To those of us in the retail leasing business this is usually a good time -i.e. the last burst of activity that can get deals done (or into the pipeline) for the year. If a store isn't open by November chances are they will put off the entire decision to next spring, exactly what landlord's and brokers do not want to hear so there is real energy to put deals together NOW!

The sense from many people is that they just want to survive this year and get into 2010. There's a decent amount of optimists out there that believe we are about to turn the corner with a healthier economy beginning to emerge. Maybe some pent-up demand, and business start-ups waiting on the side-lines getting ready to jump into the game, and existing small businesses willing to consider additional locations? The prevailing understanding is that there are opportunities in the market today that were not available just a few years ago with respect to location, size, as well as lower rents, so doors that were previously shut in many markets are now possibilities to be taken advantage of. All parties to the transaction know it's a tenant's market and aggressive terms can be willingly negotiated, including landlord build-out, free rent and discounted coupon rent. Basically a great time to be a tenant rep-and harder representing landlord's.

In my Spring Forecast I noted that local smaller retailers are keeping N.H. centers alive and would continue to do so for the rest of the year. That being optimistic and not prophesying doom and gloom would push us along as we work ourselves out of this sluggish economy.

For the most part this has proved to be the case. I continue to receive calls from individuals contemplating opening up a business, as well as positive responses to companies I have solicited regarding an additional location in some of the shopping centers I represent. I have heard the same from many of my fellow NH CIBOR brokers as well as tenant reps and leasing professionals from some of the major Boston retail specialists leading me to believe that all-in-activity level has been OK and will continue into the New Year.

It still is taking much longer to work a deal from the first showing through a mutually acceptable executed lease. For every signed deal that is completed there were two or three others that died on the vine. This has become SOP (standard operating procedure).

Today's shopping center owners have come to understand that what they would like to achieve for rent and what business owners out there today that are ready, able, and willing to open a business or new store are willing to pay is going to be considerably less.

They are going to expect free rent and other considerations. Landlords are anxious to make the best deal possible and move on instead of waiting for a better deal down the road (that may never come). Cash flow, tenant retention, and high occupancy are what's important.

Unlike the residential market I still haven't noticed many commercial properties for sale especially

shopping centers. Perhaps lenders are working with owners on troubled assets instead of taking them back. Coupled with the realization by owners that sales prices in the 7 Cap range are no longer attainable so why put it on the market at this time.

With respect to leasing activity though we have had several good size boxes in prime locations become available, there are new players entering the market, and space is being leased. Have heard through the grapevine that new electronics & grocery players are looking for 30,000 s/f sites.

There seems to be no shortage of start-up restaurants. Personal services like hair & nails, massage, yoga, martial arts, continue to find spaces. Fitness is still a growing industry. Specialty butchers remain popular. Discount/thrift stores are thriving and seeking additional sites.

According to Roger Dieker at CBRE in Manchester, he has sold the Circuit City in Manchester and leased the Nashua location.

John Jackman of Jackman Commercial has sold the Firehall Bar & Grill in Derry.

According to Jeff Bruk of Boylston Realty Advisors, Aspen Dental has leased the 3,800 s/f end-cap at Webster Sq. in Nashua.

In Merrimack we leased Merrimack Village Center anchored by Shaw's Supermarket. We started with 12,000 s/f of vacancy in January 2009 and after going door to door, we have leased over 80% of that vacancy. The new retailers are the NH Liquor Store who has taken 6,392 s/f and 2,900 s/f to a ½ Off Cards Store.

Jeff claims that tenants are out there who are doing well despite the tough economic times people are facing and a little hard work and perseverance will yield net positive results in filling those vacancies.

There are also larger retailers actively looking for sites and like the smaller tenants, they will be executing on deals that are opportunistically driven. Landlords need to be prepared to be creative and economically motivate retailers to want to make deals and should listen to what their broker is saying and give that broker the tools to implement a lease up plan to assure success. We have passed on many requests by landlord to lease their space because their expectations are no longer market and would not take our advice. It's important in these economic times for one to be sure they can accomplish their lease up goals before taking on a leasing assignment.

According to Ed Gerwig of National Commercial Brokers: we just opened a T-Mobile Corp. location in Plaistow. They were pleased with the activity at the new Shaw's center and we took the end-cap of the out-parcel strip. T-M has an appetite for a couple of deals in southern NH.

I was successful completing an 8,000 s/f lease at the Raymond Shopping Center, 5 specialty leases at North Broadway Crossing (Postal Center USA, Edible Arrangements, CLIX Digital Photography with Jennifer Watson of the Baum Group, Wasabi Japanese Steakhouse with Kathleen Kelly, and Lady Grace in Salem, Great Clips at TJ Max Plaza on So. Willow St. in Manchester with Matt Curtin of The Dartmouth Company, Masello Salon Services at Northside Plaza, Manchester, and Family Dental at Eastside Plaza in Manchester.

In summary though there won't be an instant recovery I remain hopeful that the fall and New Year will bring new growth, tenant interest, and increased consumer demand. Those of us in the shopping center leasing and management business will hopefully see more activity to assist our clients in strengthening their shopping center portfolios.

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