

MARKETBEAT

SOUTHERN NEW HAMPSHIRE



Office Q4 2019

7.5%
Vacancy Rate

YoY
Chg

12-Mo.
Forecast



546.9K
Net Absorption, SF



\$17.75
Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2019

756K
New Hampshire
Employment

YoY
Chg

12-Mo.
Forecast



2.6%
New Hampshire
Unemployment Rate



3.6%
U.S.
Unemployment Rate



Source: BLS

TENANTS IN THE MARKET: SOUTHERN NEW HAMPSHIRE BENEFITS FROM BOSTON'S TECH INDUSTRY

Throughout 2019, the Southern New Hampshire office market remained an important benefactor of Boston's tech hub status. Office product just over the border remained a more affordable option for tech tenants looking to expand within the Northeast corridor. This was exemplified by the continued expansion of BAE Systems—which leased approximately 240,000 square feet (sf) of office space this year in Manchester and Nashua. Additionally, Pegasystems, a software company headquartered in Cambridge, MA, signed a 33,000-square-foot (sf) lease at 1 Northeastern Boulevard in Salem. The company promises to bring dozens of new job opportunities to the Salem market.

POSITIVE MARKET FUNDAMENTALS GOING INTO 2020: A STRONG QUARTER FOR NASHUA

Positive absorption, coupled with the 210-basis-points (bps) decline in vacancy year-over-year (yoy), means that the Southern New Hampshire office market is poised for a solid start to 2020.

In Nashua, the fourth quarter ended with strong positive absorption and overall availability falling 90 bps from the previous quarter. Positive market fundamentals were driven by the return of the Pennichuck Corporation. Early this quarter, the water company announced that it had signed a leased at the former Nashua District Courthouse. Prior to 2002, Pennichuck Water Works called Nashua home—operating at 4 Water Street. Company plans filed with the city show a renovation and expansion of the existing 20,000-sf building located at 25 Walnut Street. Pennichuck officials are aiming at an early 2020 occupancy.

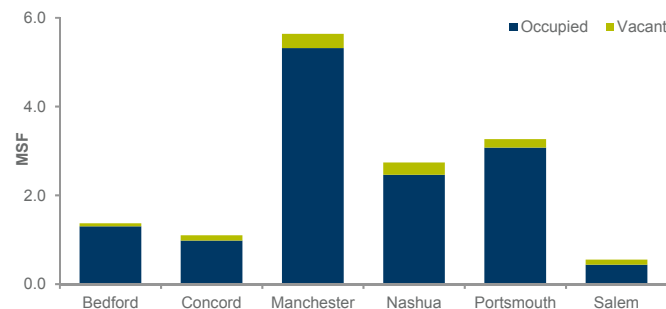
NEW MASS TIMBER CONSTRUCTION: FARLEY WHITE LEADS THE WAY IN SUSTAINABILITY AND EFFICIENCY

Close to downtown Portsmouth in Newington, Farley White Interests became a regional leader in sustainable construction. In mid-October the prominent landlord broke ground at 90 Arboretum—a 72,000-sf speculative office building with an expected delivery date of summer 2020. By using Mass Timber construction, this building construction method will emit approximately 30% less carbon dioxide than traditional steel or concrete construction. Additionally, Farley White prioritized energy efficiency and flexibility through a state-of-the-art variable refrigerant flow system. Farley White owns approximately 1.1 million square feet (msf) of office space in Southern New Hampshire—a portfolio that includes Bedford Farms Office Park, Bedford Executive Office Park, and 1155 Elm Street in Manchester.

SUBMARKET ASKING RENT



SUBMARKET COMPARISON





Office Q4 2019

MARKET STATISTICS

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	DIRECT AVAILABLE (SF)	DIRECT AVAILABILITY RATE	TOTAL AVAILABLE (SF)	TOTAL AVAILABILITY RATE	YTD NET ABSORPTION (SF)	YTD CNSTR DELIVERIES (SF)	AVG ASKING RENT (OFFICE)	OVERALL AVG ASKING RENT (CLASS A)*
Bedford	37	1,369,229	85,950	6.3%	92,498	6.8%	4,502	0	\$17.11	\$17.11
Concord	29	1,098,461	183,992	16.7%	185,067	16.8%	16,082	0	\$16.22	\$19.17
Manchester	71	5,639,554	335,228	5.9%	398,937	7.1%	398,943	0	\$20.30	\$20.92
Nashua	46	2,740,056	364,287	13.3%	405,951	14.8%	115,596	0	\$15.88	\$16.49
Portsmouth	67	3,267,180	115,987	3.6%	219,335	6.7%	36,411	66,606	\$16.00	\$16.00
Salem	20	551,703	143,029	25.9%	148,424	26.9%	-24,590	0	\$15.50	N/A
SOUTHERN NH TOTALS	270	14,666,183	1,228,473	8.4%	1,450,212	9.9%	546,944	66,606	\$17.75	\$18.77

*Rental rates reflect full service gross asking

KEY LEASE TRANSACTIONS YTD 2019

PROPERTY	SUBMARKET	TENANT	SF	TYPE
3000 Goffs Falls Road	Manchester	BAE Systems	210,900	New Lease
14 Central Park Drive	Hooksett	Merchants Fleet	55,000	New Lease
1 Northeastern Boulevard	Salem	Pegasystems	33,000	New Lease
25 Manchester Street	Nashua	BAE Systems	27,000	New Lease
One Sundial Avenue	Manchester	AmeriHealth Caritas New Hampshire	22,000	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS YTD 2019

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
300 Goffs Falls Road	Manchester	Brady Sullivan/New Hampshire Business Finance Authority	210,900	\$31.0M/\$147
6 Loudon Road	Concord	Manhattan Life Assurance Company of America/JP Irving LLC	65,520	\$5.6M/\$85
5 Chenell Drive	Concord	Sennen of Channell LLC/Fivekph LLC	59,800	\$5.5M/\$92
15 Trafalgar Square	Nashua	CrossHarbor Capital Partners LLC/Shri Nikanth LLC	36,700	\$4,185M/\$114
436 Amherst Street	Nashua	436 Amherst Co LLC/Denali-Morgan Realty Holdings	32,852	\$3.025M/\$92
111 Maplewood Avenue	Portsmouth	RJF Findlay Co./The Kane Company	15,000	\$9.065M/\$604

KEY CONSTRUCTION COMPLETIONS YTD 2019

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
75 Portsmouth Boulevard	Portsmouth	IRS	65,000	The Kane Company

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