

# MARKETBEAT

## SOUTHERN NEW HAMPSHIRE



Office Q4 2021

	YoY Chg	12-Mo. Forecast
<b>10.0%</b> Vacancy Rate	▼	▼
<b>81K</b> Net Absorption, SF	▲	▲
<b>\$21.34</b> Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

### ECONOMIC INDICATORS Q4 2021

	YoY Chg	12-Mo. Forecast
<b>665.4K</b> Southern New Hampshire Employment	▲	▲
<b>2.8%</b> Southern New Hampshire Unemployment Rate	▼	▲
<b>4.2%</b> U.S. Unemployment Rate	▼	▼

Source: BLS, Moody's Analytics  
2021Q4 data are based on the latest available data

### REAL ESTATE ACTIVITY BACK BY STRONG ECONOMIC FUNDAMENTALS

Southern New Hampshire's economy remains among the best in the country with an unemployment rate at 2.8% as of November. Year-over-year, the unemployment rate has decreased 14 basis points, among the nation's lowest. Non-farm employment has rebounded year-over-year (YOY) at an increase of 3.6% and is projected to carry momentum into 2022.

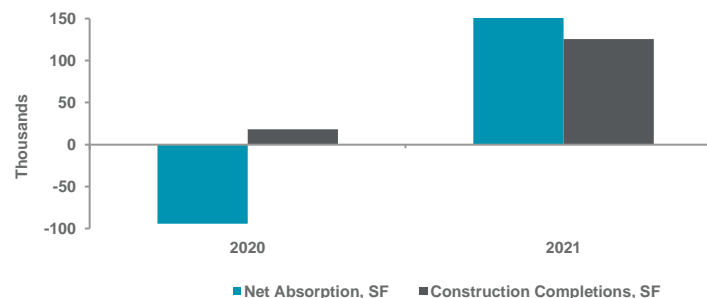
### SOUTHERN NEW HAMPSHIRE OFFICE MARKET ROUNDS OUT 2021 WITH SWIFT RECOVERY

The Southern New Hampshire office market demonstrated improving general fundamentals in a way that progressed throughout all of 2021. Leasing activity of 284,000 square feet (sf) through Q4 2021 reflected an increase from the 175,518 sf of leasing through all quarters of 2020, a time heavily impacted by uncertainty relating to the onset of the global COVID-19 pandemic. Activity has been most dominant in the Portsmouth, Manchester, and Nashua submarkets, together accounting for 227.5K sf. With rising in-office workforce levels and when considering higher levels of touring and inquiry activity, observers expect market conditions to continue to improve into the new year but with extreme caution.

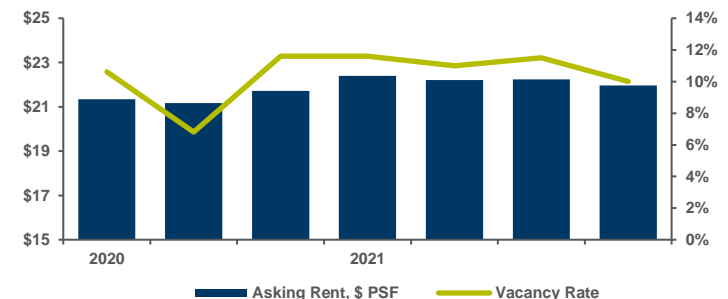
Variable rates of absorption throughout the year has led to a moderate level of fluctuation in vacancy, which is now at 10.0%. Vacancy has decreased from 11.6% over the past two quarters as moderately improving demand conditions and a lack of new deliveries has allowed the balance to shift slightly in the landlord's favor. Sublease availability, a major bane to landlords in many markets throughout the country, remains very low throughout the market presently accounting well under 1% of the total market. Portsmouth, the market's most active submarket saw tenants absorbing 96,000 sf in 2021, the only submarket to record more than 50,000 sf within the market.

With the increased leasing activity and absorption, asking rents have become reflective of the trend rounding off at \$21.34 per square foot (psf). It's expected that the rising rents may follow landlord-favorable balance in the coming quarters. Portsmouth rents are the highest within the market with average Class A rents above \$27 psf. Rents continue to remain steady since Q1 2021 due to increased demand for prime office space within the submarket as tenants return to the office.

### SPACE DEMAND / DELIVERIES



### CLASS A OVERALL VACANCY & ASKING RENT





## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CONSTRUCTION (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Nashua	3,104,726	10,284	703,361	23.0%	-37,748	-21,681	90,024	0	\$20.03	\$20.24
Manchester	5,576,364	10,465	241,763	4.5%	33,761	46,302	41,704	0	\$19.53	\$21.92
Bedford	1,473,629	1,170	117,779	8.1%	22,000	18,144	34,911	0	\$19.90	\$19.90
Portsmouth	3,500,562	21,465	244,213	7.6%	60,395	96,261	95,777	44,000	\$26.78	\$27.14
Concord	1,098,461	0	67,166	6.1%	0	-863	8,578	0	\$18.29	\$19.98
Salem	585,555	0	108,515	18.5%	2,735	41,439	11,995	110,000	\$25.96	\$26.48
<b>SNH TOTALS</b>	<b>15,339,297</b>	<b>43,384</b>	<b>1,482,797</b>	<b>10.0%</b>	<b>81,143</b>	<b>179,602</b>	<b>283,989</b>	<b>154,000</b>	<b>\$21.34</b>	<b>\$21.96</b>

\*Rental rate data reported on a full-service gross basis and is based on published asking lease rates of available space

## KEY LEASE TRANSACTIONS 2021

PROPERTY	CITY	TENANT	RSF	TYPE
100 Domain Dr	Exeter	FH Cann	56,822	New
11 Trafalgar Sq	Nashua	DCS Corporation	15,481	New
145 Maplewood Ave	Portsmouth	Sentient Decision Sciences	13,580	New
11 Continental Blvd	Merrimack	Bellwether Community CU	12,990	Renewal
135 Folly Mill Rd	Seabrook	LP Superior Controls	12,750	Renewal

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