

MARKETBEAT

SOUTHERN NEW HAMPSHIRE



CUSHMAN &
WAKEFIELD

Office Q1 2023

10.7%

Vacancy Rate

YoY
Chg



12-Mo.
Forecast



-47.2K

Net Absorption, SF YTD



\$21.73

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2023

698.5K

Southern New
Hampshire Employment

YoY
Chg



12-Mo.
Forecast



2.8%

Southern New
Hampshire
Unemployment Rate



3.5%

U.S.
Unemployment Rate



Source: BLS, Moody's Analytics

2023Q1 data are based on the latest available data

ECONOMY: UNEMPLOYMENT RATE STILL AMONG NATION'S LOWEST

At 2.8%, Southern New Hampshire's unemployment rate increased 30-basis points (bps) during the first quarter as the US economy faced continued headwinds from the second half of 2022. This marked a 60-bps year-over-year (YOY) uptick but remained one of the lowest in the country. As a result of the slowing economy, the Financial Activities sector was down -1.4% YOY. However, the Professional & Services and Government sectors recorded YOY increases of 7.6% and 0.5%. It is projected that the unemployment rate outlook in Southern New Hampshire will remain stable in the coming months.

DEMAND: ECONOMIC UNCERTAINTY REMAINED PREVALENT

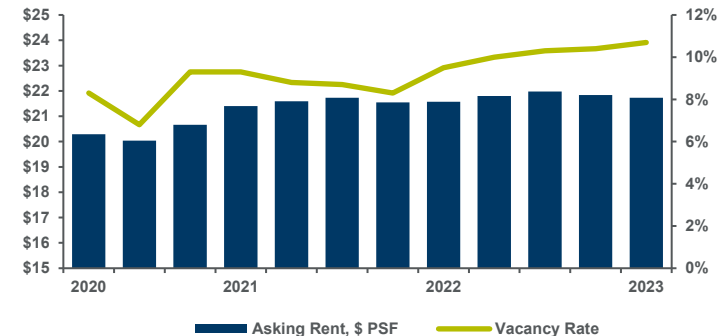
Southern New Hampshire's office market kicked off 2023 with nearly 79,000 square feet (sf) of new demand recorded, exceeding Q1 2022's total by more than 20,000 sf. Demand in premium, Class-A assets remained high with tenants looking to take advantage of the market by upgrading their space as the flight to quality continued. Five of the market's six submarkets recorded more than 10,000 sf of new demand, though Manchester and Portsmouth accounted for 51.9% of the market's total. Southern New Hampshire recorded modest negative net absorption of 47,270 sf as Salem and Concord were the only submarkets to post gains on the quarter. Continuing a recurring trend since early 2022, the market's vacancy rate increased a minimal 30 bps quarter-over-quarter to 10.7%. Though the market did not record any construction deliveries during the first quarter, more than 300,000 sf is currently underway and scheduled to deliver throughout the remainder of 2023. One notable project is Tuscan Village in Salem, which will bring office space to the vibrant, mixed-use development.

The market's overall average asking rent fell for the second consecutive quarter, ending Q1 at \$21.73 per square foot (psf). In total, overall asking rents have decreased 1.1% over the past two quarters as the market continues to shift toward tenants' favor. Class A rents decreased in tandem, now averaging \$22.49 psf. Three submarkets commanded average asking rates above \$20.00 psf with Bedford joining Portsmouth and Salem as the market's priciest. Despite continued macroeconomic headwinds, Southern New Hampshire remained well positioned as a strong secondary market and is poised for continued growth throughout the remainder of the year.

SPACE DEMAND / DELIVERIES



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)*
Bedford	1,430,891	43,133	99,277	10.0%	-7,474	-7,474	3,026	120,000	\$21.09	\$21.09
Concord	1,308,814	0	44,887	3.4%	9,171	9,171	11,203	0	\$18.72	\$18.08
Manchester	5,634,798	48,383	386,489	7.7%	-21,518	-21,518	23,434	0	\$18.40	\$20.14
Nashua	3,144,512	6,114	554,993	17.8%	-19,327	-19,327	10,429	0	\$19.82	\$19.97
Portsmouth	3,576,543	132,670	278,901	11.5%	-20,019	-20,019	17,393	0	\$26.61	\$26.81
Salem	551,555	0	76,121	13.8%	11,897	11,897	13,391	194,000	\$27.06	\$27.24
SNH TOTALS	15,647,113	230,300	1,440,668	10.7%	-47,270	-47,420	78,696	314,000	\$21.73	\$22.49

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

** Figure not reflective of U.S. MarketBeat

KEY LEASE TRANSACTIONS 2023

PROPERTY	CITY	TENANT	RSF	TYPE
1155 Elm St	Manchester	Morgan Stanley	12,428	New
175 Canal	Manchester	MAS Medical Staffing	8,000	New
1155 Elm St	Manchester	UBS Financial Services	6,550	Renewal/Downsize
61 Spit Brook Road	Nashua	Grattan Line Construction	5,370	New
10 Corporate Dr	Bedford	Geosyntec Consultants	3,026	New

Riley McMullan

Senior Research Manager, Boston

Tel: +1 617 219 6430

Riley.McMullan@cushwake.com

Matthew Giordano

Research Analyst, Boston

Tel: +1 617 204 5945

Matthew.Giordano@cushwake.com

William Mitchell

Research Analyst, Boston

Tel: +1 617 204 5945

Will.Mitchell@cushwake.com

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