

MARKETBEAT

SOUTHERN NEW HAMPSHIRE



CUSHMAN &
WAKEFIELD

Office Q2 2023

11.1%

Vacancy Rate

YoY
Chg



12-Mo.
Forecast



-221.5K

Net Absorption, SF YTD



\$22.19

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2023

700.4K

Southern New
Hampshire Employment

YoY
Chg



12-Mo.
Forecast



2.0%

Southern New
Hampshire
Unemployment Rate



3.5%

U.S.
Unemployment Rate



Source: BLS, Moody's Analytics
2023Q2 data are based on the latest available data

ECONOMY: UNEMPLOYMENT RATE AMONG NATION'S BEST

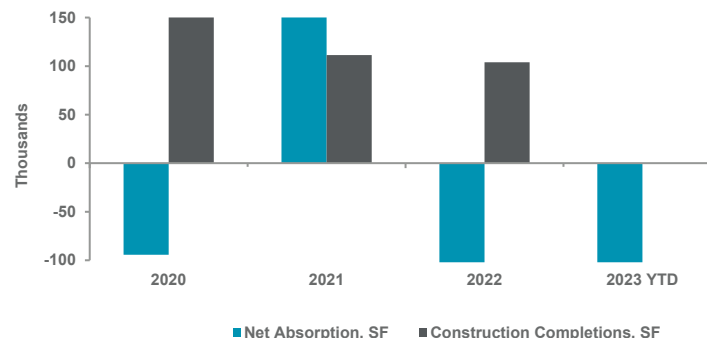
Southern New Hampshire's unemployment rate decreased 40 basis points (bps) during the second quarter and remains one of the lowest in the country. Most major office-using economic sectors recorded quarterly gains with the financial activities sector up 1.2% year-over-year (YOY). In addition, the professional, scientific, and business services as well as government sectors recorded YOY increases of 8.6% and 0.9%, respectively. It is projected that the unemployment rate outlook in Southern New Hampshire will slightly increase throughout the final half of 2023.

DEMAND: OFFICE SECTOR FACING MULTIPLE CHALLENGES

Southern New Hampshire's office market faced continued challenges during the second quarter. Of the six submarkets, only Bedford posted quarterly net absorption gains. The remaining five submarkets collectively recorded nearly 141,000 square feet (sf) of negative net absorption, with Manchester posting the most substantial loss at -55,475 sf. Year-to-date (YTD) absorption totaled -221,496 sf, already surpassing all of 2022's combined -203,325 sf. As a result, the vacancy rate increased 110 bps quarter-over quarter to 11.1%. However, it is not all doom and gloom as prospective tenants have adjusted for a smaller footprint than in previous years thus increasing activity in smaller, cost-effective product. Therefore, leasing activity remains a silver lining as more than 201,000 sf of new demand has been posted YTD. Four of the market's six submarkets each recorded more than 40,000 sf of leasing activity during the first half of 2023, with Portsmouth leading the market at 48,043 sf. Despite the office sector headwinds, more than 280,000 sf of new construction is currently underway. Notable projects include Tuscan Village in Salem, bringing Class A office space to the brand new, vibrant development.

The market's overall average asking rent fell for the third consecutive quarter, ending the second quarter at \$22.19 per square foot (psf). In total, overall asking rents decreased 2.8% over the last three quarters in the tenants' favor. As the flight to quality continued, average asking rents for Class A space increased during the second quarter to \$23.57 psf, a \$0.20 increase over the first quarter. Despite the difficulties facing the office sector nationwide, Southern New Hampshire remains a well-performing secondary market.

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	48,823	107,801	11.0%	21,130	2,948	7,014	120,000	\$21.18	\$21.18
Concord	1,308,814	0	64,371	4.9%	-21,043	-8,748	11,203	0	\$17.44	\$16.74
Manchester	5,634,798	73,383	396,702	8.3%	-55,475	-90,512	41,884	0	\$18.57	\$21.00
Nashua	2,029,817	6,114	299,144	15.0%	-18,161	-40,858	47,998	0	\$17.90	\$18.45
Portsmouth	3,624,093	124,735	373,897	13.8%	-49,691	-57,783	48,043	0	\$28.69	\$28.91
Salem	586,515	0	127,970	21.8%	-38,440	-26,543	44,912	160,000	\$25.51	\$25.51
SNH TOTALS	14,614,928	253,055	1,369,885	11.1%	-161,680	-221,496	201,054	280,000	\$22.19	\$23.57

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

KEY LEASE TRANSACTIONS 2023

PROPERTY	CITY	TENANT	RSF	TYPE
1155 Elm St	Manchester	Morgan Stanley	12,428	New
22 Cotton Rd	Nashua	Greater Nashua Mental Health	11,426	New
100 Arboretum Dr	Portsmouth	Cambridge Trust Co.	8,200	New
135 Folly Mill Rd	Seabrook	E-Technologies Corp	8,000	Renewal
1155 Elm St	Manchester	UBS Financial Services	6,550	Renewal

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