

MARKETBEAT

SOUTHERN NEW HAMPSHIRE



CUSHMAN &
WAKEFIELD

Office Q3 2023

10.9%

Vacancy Rate

YoY
Chg



12-Mo.
Forecast



-175.0 K

Net Absorption, SF YTD



\$22.57

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2023

698.8K

Southern New
Hampshire Employment

YoY
Chg



12-Mo.
Forecast



1.8%

Southern New
Hampshire
Unemployment Rate



3.7%

U.S.
Unemployment Rate



Source: BLS, Moody's Analytics

2023Q3 data are based on the latest available data

ECONOMY: UNEMPLOYMENT RATE AMONG NATION'S BEST

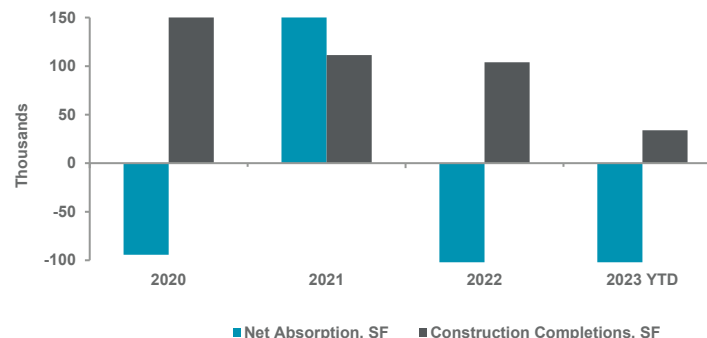
After falling throughout 2023, Southern New Hampshire's unemployment rate finally dipped below the 2.0% mark to 1.8%, one of only three markets in the country to boast sub 2.0% unemployment. While some office-using economic sectors posted job losses year-over-year (YOY), including information and financial activities, professional and business services recorded the largest yearly gains of all sectors tracked, growing by 5.8%. The market's unemployment rate is predicted to increase over the next twelve months as labor constraints, exacerbated by an aging population, could hamper economic growth in Southern New Hampshire..

DEMAND: OFFICE SECTOR FACING MULTIPLE CHALLENGES

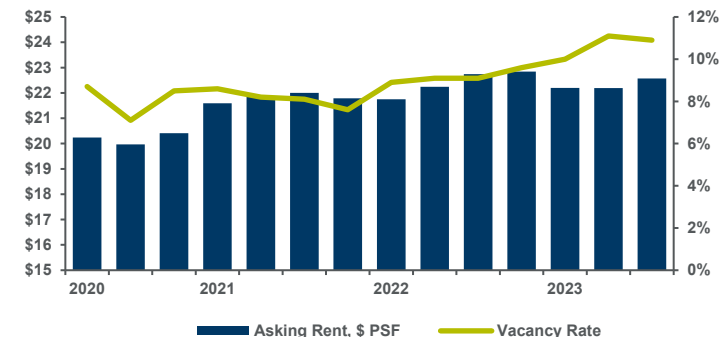
It was a quiet quarter for new demand with no new deals exceeding 10,000 square-foot (sf). However, Southern New Hampshire's largest deal year-to-date was signed during Q3 at Pease International Tradeport in Portsmouth where FedPoint renewed its lease for 53,660 sf. After posting overall net absorption losses during the first and second quarters, the market recorded 41,152 sf of net occupancy gains during the third quarter, which fueled a 20-basis-point improvement in overall vacancy. Two submarkets – Concord and Manchester – boast vacancy rates below 5.0%, with Concord the market's tightest with just 4.8% of its 1.3 million-square-foot of office product presently unoccupied. Southern New Hampshire's construction pipeline counts just one office building presently under construction – a 160,000 sf building at the Tuscan Village mixed use development in Salem – which bodes well for market fundamentals throughout the coming quarters amidst softening tenant demand.

After declining for three consecutive quarters, Southern New Hampshire's overall average asking rent climbed to \$22.57 per-square-foot (psf) as all but one of the market's six submarkets recorded a quarter-over-quarter jump in asking rents. Rents for Class A product rose in tandem, increasing nearly \$0.30 throughout the third quarter. Portsmouth and Salem claim the highest rents in Southern New Hampshire with overall asking rents 25.6% and 12.4% higher than the market average, respectively.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT





MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET 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	144,619	5,690	10.5%	7,014	9,263	7,014	0	\$21.18	\$21.18
Concord	1,308,814	62,898	0	4.8%	-5,121	-7,275	12,203	0	\$18.36	\$17.95
Manchester	5,634,798	388,267	83,383	8.4%	-10,000	-96,401	46,566	0	\$18.61	\$21.00
Nashua	2,029,817	272,226	6,114	13.7%	22,524	-12,939	59,256	0	\$18.45	\$18.73
Portsmouth	3,624,093	392,546	112,119	13.9%	-6,875	-75,095	53,336	0	\$29.02	\$29.06
Salem	586,515	127,970	0	21.8%	34,000	7,457	44,912	160,000	\$25.56	\$25.56
SNH TOTALS	14,614,928	1,388,526	207,306	10.9%	41,542	-174,990	223,287	160,000	\$22.57	\$23.86

*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
100 Arboretum Drive	Portsmouth	FedPoint	53,860	Renewal
186 Granite Street	Manchester	Lamont, Hanley & Associates Inc.	17,250	New
1155 Elm Street	Manchester	Morgan Stanley	12,428	New
22 Cotton Rd	Nashua	Greater Nashua Mental Health	11,426	New
100 Arboretum Drive	Portsmouth	Cambridge Trust Corp.	8,200	New

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