

Industrial Q4 2023

YoY
Chg 12-Mo.
Forecast**5.4%**

Vacancy Rate

**58.6K**

Net Absorption, SF YTD

**\$12.56**

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS
Q4 2023YoY
Chg 12-Mo.
Forecast**703.2K**Southern New
Hampshire Employment**2.2%**Southern New
Hampshire
Unemployment Rate**3.7%**U.S.
Unemployment RateSource: BLS, Moody's Analytics
2023Q4 data are based on the latest available data

STRONG ECONOMIC CONDITIONS PERSIST

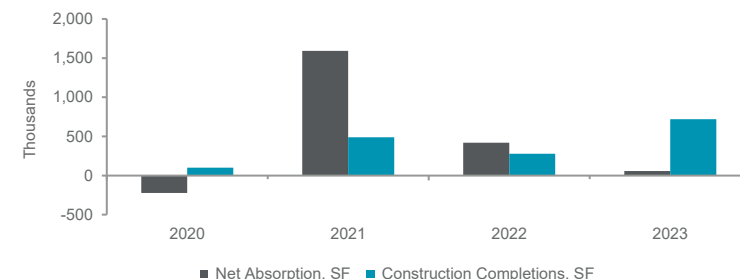
The unemployment rate in Southern New Hampshire remained one of the nation's lowest during the fourth quarter, concluding the year a robust 150-basis points (bps) below the U.S. average. As a hotbed for industrial talent, all industrial-focused sectors in the market recorded year-over-year (YOY) job growth. The construction sector posted the strongest annual gains, increasing 3.0% over the same point in 2022. The easing of inflationary pressure throughout 2024 is expected to provide an economic boost to the market over the coming year.

A HEALTHY CLOSE TO 2023

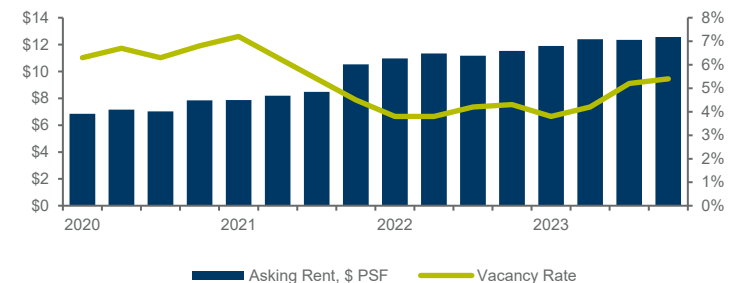
Southern New Hampshire recorded more than 181,000 square feet (sf) of new leasing activity during the fourth quarter, propelling 2023's annual leasing total to 956,000 sf. Three of the market's nine submarkets surpassed 100,000 sf of new demand, led by Portsmouth, which alone accounted for 45.1% of the overall market's annual leasing total. Fourteen users across the market inked leases for 20,000 sf or larger throughout 2023, while two renewed in place. Overall vacancy ticked up 110-bps YOY to 5.4%, though remained substantially lower than the recent high of 7.2% recorded during the first half of 2021. The increase in vacancy can be partially attributed to the 719,000 sf of new inventory delivering throughout the year, of which 54.2% has been leased. An additional 927,000 sf remains under construction across three developments. One notable project is 47 Hackett Hill Road, which is being developed by Port One Companies and will bring nearly 501,000 sf of new warehouse product to the market upon delivery in 2024.

Despite elevated interest rates, sixteen industrial buildings traded hands throughout 2023, many of which achieved significant per-square-foot pricing, including 12 Innovation Way in Londonderry. The 248,000-sf manufacturing building was purchased by R.J. Kelly Co. for \$165.42 per-square-foot (\$4.5M total). Overall average asking rates for industrial product continued to climb during the fourth quarter, ending the year at \$12.56 – more than \$1.00 higher than at the same point in 2022. With market fundamentals expected to remain healthy over the coming quarters, Southern New Hampshire's industrial market enters 2024 with strong momentum for future growth.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q4 2023

MARKET STATISTICS

| SUBMARKET | INVENTORY (SF) | OVERALL VACANT (SF) | OVERALL VACANCY RATE | CURRENT QTR OVERALL NET ABSORPTION (SF) | YTD OVERALL NET ABSORPTION (SF) | UNDER CNSTR (SF) | CONSTR COMPLETIONS (SF) | OVERALL WEIGHTED AVG NET RENT (HT) | OVERALL WEIGHTED AVG NET RENT (MF) | OVERALL WEIGHTED AVG NET RENT (W/D) |
|-------------------|-------------------|---------------------|----------------------|---|---------------------------------|------------------|-------------------------|------------------------------------|------------------------------------|-------------------------------------|
| Bedford | 951,711 | 4,500 | 0.5% | 0 | 20,209 | 0 | 0 | \$15.36 | N/A | N/A |
| Concord | 2,618,516 | 210,693 | 8.1% | -8,000 | -64,226 | 0 | 0 | N/A | \$7.45 | \$8.71 |
| Keene | 1,807,144 | 0 | 0 | 0 | 21,000 | 0 | 0 | N/A | N/A | N/A |
| Manchester | 13,460,585 | 333,705 | 2.5% | 35,450 | 291,456 | 603,258 | 0 | \$13.75 | \$9.00 | \$14.00 |
| Nashua | 16,807,624 | 1,074,713 | 6.4% | 31,994 | -261,917 | 323,750 | 552,165 | \$14.02 | \$15.47 | N/A |
| Portsmouth | 10,802,345 | 751,484 | 7.0% | -32,759 | 416,524 | 0 | 12,060 | \$15.80 | \$15.73 | \$12.68 |
| Salem | 5,192,898 | 548,086 | 10.6% | -72,387 | -364,486 | 0 | 155,000 | \$9.62 | N/A | \$11.00 |
| The Lakes Region | 931,685 | 0 | 0 | 0 | 0 | 0 | 0 | N/A | N/A | N/A |
| Upper Valley | 1,510,640 | 0 | 0 | 0 | 0 | 0 | 0 | N/A | N/A | N/A |
| SNH TOTALS | 54,083,148 | 2,923,181 | 5.4% | -45,702 | 58,560 | 927,008 | 719,225 | \$13.51 | \$12.62 | \$11.91 |

HT = High-Tech, MF = Manufacturing, W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS 2023

| PROPERTY | SUBMARKET | TENANT | SF | TYPE | PROPERTY TYPE |
|-----------------------------------|--------------|-----------------|---------|-----------|---------------|
| 200 Domain Dr., Stratham | Portsmouth | Timberland | 150,000 | New | Flex |
| 121 Technology Dr., Durham | Portsmouth | Sig Sauer, Inc. | 139,549 | Renewal | Mfg/Warehouse |
| 100 NH Ave., Portsmouth | Portsmouth | Fidelitone | 101,568 | New Lease | Mfg/Warehouse |
| 59 Daniel Webster Hwy., Merrimack | Nashua | Law Logistics | 81,462 | New | Mfg/Warehouse |
| 13 Page Rd., Londonderry | Manchester | Beacon Roofing | 75,000 | New Lease | Mfg/Warehouse |
| 144 Lexington Dr., Laconia | Lakes Region | Smith's Tubular | 56,000 | Renewal | Mfg/Warehouse |

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KEY SALE TRANSACTIONS 2023

| PROPERTY, SUBMARKET | SELLER BUYER | SF | PRICE \$ PSF |
|--------------------------------|-------------------------------------|---------|--------------------|
| 12 Innovation Way, Londonderry | EFI RJ Kelly Co. Inc. | 248,000 | \$37.0M \$165.42 |
| 350 Gay St, Manchester | K4e Co. 350 Gay St Owner LLC | 88,250 | \$11.0M \$124.65 |
| 12 Tallwood Ave, Concord | Fieldhouse Sports 12 Tallwood LLC | 70,416 | \$6.1M \$86.63 |

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