

MARKET FUNDAMENTALS

	YOY Chg	Outlook
10.5% Vacancy Rate	▲	▲
-137K YTD Net Absorption, SF	▼	▼
\$23.58 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▲	▬

ECONOMIC INDICATORS

	YOY Chg	Outlook
715.6K Southern NH Employment	▲	▲
2.5% Southern NH Unemployment Rate	▼	▲
4.2% U.S. National Unemployment Rate	▲	▲

Source: BLS

ECONOMY

The unemployment rate in Southern New Hampshire (SNH) fell to 2.5%, a 10-basis-point (bp) decline year-over-year (YOY), remaining well below the U.S. average of 4.2%. SNH's office-using sectors recorded 1,500 net job increases YOY. Professional and business services and financial activities posted job gains of 1,600 and 100 jobs, respectively, while information activities posted 200 job losses.

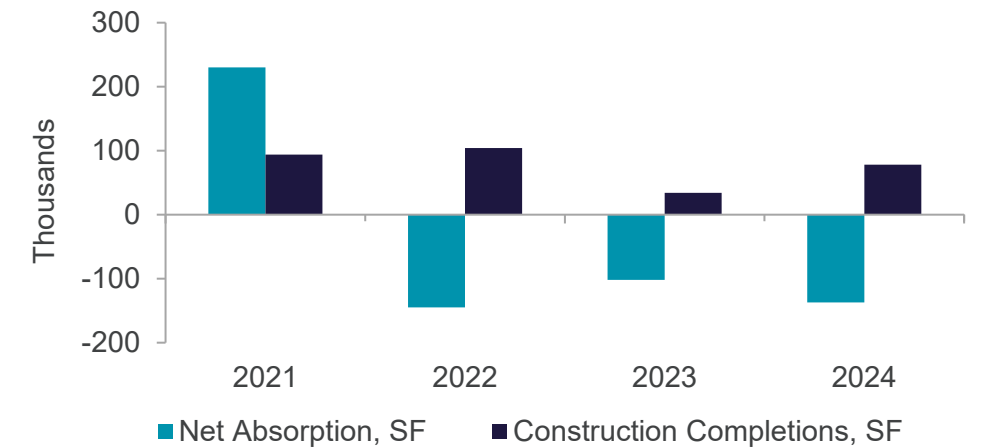
DEMAND

New leasing ramped up in the fourth quarter after a substantial dip in activity during Q3, totaling 114,000 square feet (sf), nearly five-times the third quarter's activity. The market's annual leasing total fell just 15,000 sf short compared with the prior year, though remained above the totals posted each year 2020-2022. The Portsmouth submarket accounted for just under a third of all new demand recorded in 2024. Class A space remained highly sought after, comprising 85.5% of all leases signed. Renewal activity slowed substantially during 2024, totaling just 33,000 sf, a 64.0% decline compared to year-end 2023 totals. Smaller deals drove the market, with 10,000-sf and under deals accounting for 86.7% of all leases signed. The average deal size for the market was 5,327 sf, as many smaller tenants remained active and larger users stagnant.

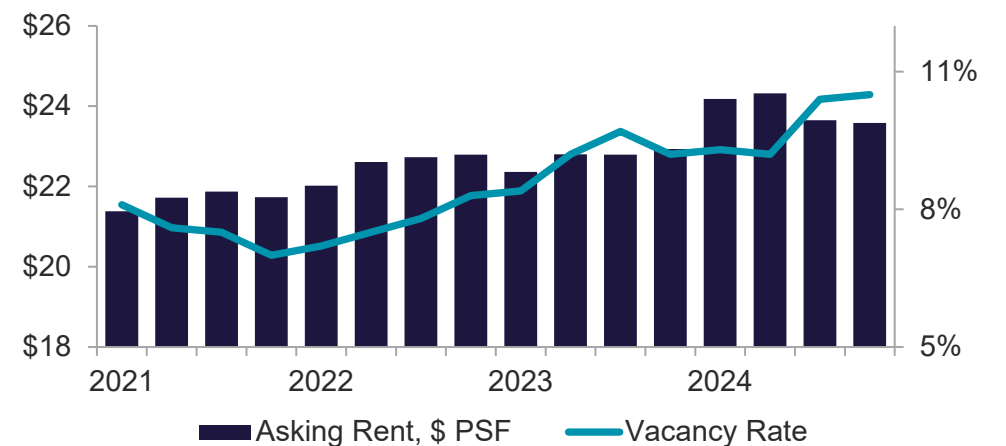
SUPPLY AND PRICING

Overall vacancy continued to increase, reaching a new five-year high of 10.5% during the fourth quarter, a 130-bps increase YOY. Concord was the only submarket to post a drop in vacancy YOY, falling by 30 bps to 2.8%. Direct vacancy also jumped YOY, albeit more modestly, increasing 30 bps to 8.0%. Overall asking rents increased 2.9% YOY to \$23.58 per square foot (psf) but posted a 0.3% decline quarter-over-quarter. Office space in Portsmouth remains the priciest in the market, commanding a \$4.77 psf premium over the overall market average.

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 (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Bedford	1,430,891	99,915	49,573	10.5%	-2,233	-4,529	46,685	0	\$21.37	\$21.37
Concord	1,308,815	36,550	0	2.8%	0	3,690	4,510	0	\$20.93	\$21.99
Manchester	5,634,798	354,453	169,433	9.3%	-9,873	-132,707	60,571	0	\$21.76	\$24.20
Nashua	2,029,817	274,809	0	13.5%	4,216	-6,541	63,496	0	\$18.83	\$19.34
Portsmouth	4,258,326	313,061	157,567	11.1%	-1,895	-47,654	115,487	0	\$28.35	\$28.43
Salem	664,535	154,869	0	23.3%	-9,864	50,478	77,535	0	\$25.95	\$29.77
SNH TOTALS	15,327,182	1,233,657	376,573	10.5%	-19,649	-137,263	368,284	0	\$23.58	\$25.05

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
16 Via Toscana	Salem	AutoStore	40,000	New Lease
325 Corporate Drive	Portsmouth	Albany International	29,482	Sublease
1 Hampton Road	Portsmouth	Seacoast Partners	17,120	New Lease
1 Northeastern Boulevard	Salem	ECCO	16,500	New Lease
183 International Drive	Portsmouth	High Liner Foods	15,407	Renewal*

KEY SALES TRANSACTIONS 2024

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
57 Regional Drive	Concord	Gerald P Mccarthy Trust/ Jaime Conteras	49,680	\$4.2M / \$85
100 Borthwick Avenue	Portsmouth	Lighthouse Credit Union / 100 Borthwick Avenue LLC	47,745	\$8.9M / \$186
5 Commerce Park North	Bedford	Bank of NH / Silver Technologies	41,813	\$3.5M / \$83
547 Amherst Street	Nashua	Autumn Leaf 218 LLC / 1A Auto	35,684	\$3.5M / \$98
1138 Elm Street	Manchester	1138 Elm Street Inc. / North Elm Rentals	20,000	\$1.2M / \$60

KEY CONSTRUCTION COMPLETIONS 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
16 Via Toscana	Salem	AutoStore	78,020	Tuscan Brands

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