

MARKET FUNDAMENTALS

	YOY Chg	Outlook
13.7% Vacancy Rate	▲	▼
-732.2K YTD Net Absorption, SF	▼	▼
\$22.18 Asking Rent, PSF <i>(Overall, All Property Classes)</i>	▼	▼

ECONOMIC INDICATORS

	YOY Chg	Outlook
417.0K Southern NH Employment	▲	▲
3.3% Southern NH Unemployment Rate	▲	▲
4.2% U.S. National Unemployment Rate <i>Source: BLS</i>	▲	▲

ECONOMY

Despite a 70-basis point (bp) increase in unemployment year-over-year (YOY) to 3.3%, Southern New Hampshire (SNH) unemployment remains well below the national average of 4.2%. SNH recorded net job gains of 1,200 YOY, with professional and business services driving the increase with 1,600 new jobs, while the information sector posted net losses.

SUPPLY

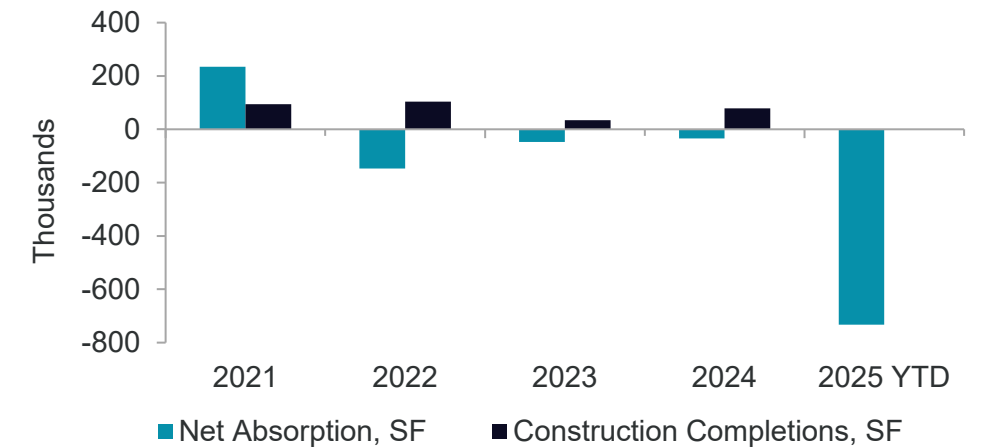
Following a first-quarter spike, vacancy increased by another 70-bps quarter-over-quarter (QOQ) to 13.7% by the end of Q2. Despite the elevated vacancy rate, three submarkets recorded vacancy below 10.0%, with Concord recording the market's lowest at 3.0%. Sublease availability surpassed the 2.0%-mark for the first time in five years with SNHU's sublease in the Manchester submarket comprising the bulk of sublease space.

DEMAND AND PRICING

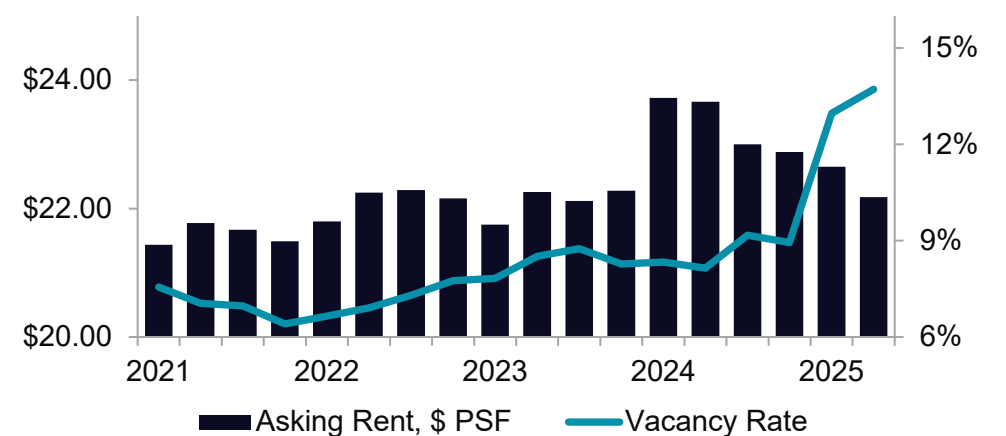
After a strong start to the year, new demand slowed during the second quarter, following a reoccurring pattern over the past two years. The market recorded just 50,000 square feet (sf) of new leasing activity, bringing the year-to-date (YTD) total to 170,000 sf. This marks a 30.2% decline from mid-point 2024 totals and the lowest mid-year new demand total since 2022. Demand was concentrated in three submarkets—Bedford, Portsmouth and Salem—all of which have surpassed the 35,000-sf mark for leasing activity YTD. Renewal activity increased 82.7% QOQ to 10,200 sf, boosting the market's mid-year total to 15,800 sf after recording only 2,000 sf of renewals at the same point in 2024.

Overall asking rents continued to soften, posting a 6.3% decline YOY to \$22.18 per square foot (psf), marking the largest YOY decrease over the past five years. After a significant drop in Portsmouth's average asking rent, Salem has emerged as the most expensive submarket, commanding a \$4.81-psf premium above the market average. This marked the first quarter Portsmouth has not led the market since mid-year 2021.

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	89,177	44,850	9.4%	20,643	-43	38,034	0	\$20.67	\$20.67
Concord	1,308,815	39,698	0	3.0%	-2,088	-2,088	1,730	0	\$20.30	\$20.74
Manchester	5,634,798	322,275	186,383	9.0%	-24,456	-22,147	24,251	0	\$21.50	\$24.19
Nashua	2,029,817	319,626	0	15.8%	-64,911	-57,448	10,849	0	\$18.80	\$19.23
Portsmouth	4,260,783	944,914	40,837	23.1%	-66,486	-685,615	47,468	0	\$23.26	\$22.89
Salem	664,535	114,809	0	17.3%	23,009	35,190	48,051	0	\$26.98	\$30.66
SNH TOTALS	15,329,639	1,830,499	271,800	13.7%	-114,289	-732,151	170,383	0	\$22.18	\$22.55

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
325 Corporate Drive	Portsmouth	E-Technologies Group	12,659	Sublease
34 Route 111	Salem	Agamatrix	11,732	New Lease
900 Elm Street	Manchester	Wells Fargo	9,352	Renewal*
18 Pelham Road	Salem	Markem	7,611	New Lease
2 Commerce Drive	Bedford	The Travelers Indemnity Company	5,850	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
11 Northeastern Blvd	Salem	ADP Inc. / Robert Hooke Holdings LLC	104,176	\$8.0M / \$76.79
20 Trafalgar Square	Nashua	Nash Forest Development Inc./ Whiting Building, LLC	100,000	\$11.0M / \$110.00

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