



## REGIONAL COVID-19 ECONOMIC DEVELOPMENT RECOVERY PLAN

### MEETING MINUTES 11/09/21

Steering Committee Meeting #5

Meeting Attendees: Dan Scanlon, Kristi Russell, George Reagan, Allen Smith, Andrea O'Brien, Brian Groth, David Hennessy, Dean Shankle, Jennifer Kimball, Karon Walker, Lincoln Daley, Paul Shea, Theresa Pinto, Stephen Michon, Tim Thompson, Tim Cummings, Theresa Walker, Wendy Hunt, Jay Minkarah, Camille Pattison, and Caleb Cheng.

#### **1. State of Housing in NH George Reagan, NH Housing Finance (See NH Housing Finance slide deck)**

Vacancy rate is under 1% for rentals.

2-bedroom apartments rents for about \$1655/month.

Seller's market – 2.8 months to turn over properties.

New homes are quite a bit more than existing housing stock.

Interest rates are very low, so people are much more likely to renovate than sell their homes.

NH building permits are lagging.

Impediments to housing

Lumber costs

Limited labor force

Land is finite – intense of use if variable

Loans finance

Laws – regulatory practices

#### **Summary**

Strong demand for housing

Renter incomes – have not kept pace with housing prices

What do you see in the future?

Labor participation rate is low

#### **What can towns do?**

Nashua – has prioritized multi-family development

Investment inspired more investment – A few developments were successful and proved that it worked.

Residential development increasing all over Nashua. Why? Nashua allows multi-family development on small lots with water and sewer. Merrimack made modifications after the ADU law went into place and allows attached ADUs by right. Approve about 30-45 per year. Karon Walker – 2 ADU exceptions in Wilton. The maximum building size is very low in Wilton and the impact fee have limited these options. Manchester does not allow detached ADU.

#### **What would move the needle in our region?**

Permitting process can stifle development as the cost rises too high.

Dave Hennessey – how are ADU's helping the marketplace? Who is building them? Tend to be homeowners and it seems to be a slow market. Maybe we need more marketing, so people understand this option.

**2. Case Studies - Camille Pattison will highlight three business success stories in the region. (see Case Study Presentation slide deck)**

Camille highlighted success stories of three new businesses established during the Covid pandemic:

- Bright Ideas Preschool and Learning Center
- Tropical Flavors Restaurant
- OakCraft Pizza

**3. Commercial Real Estate Market in NH – Dan Scanlon and Kristie Russell, Colliers (see Colliers Commercial Real Estate slide deck)**

Class A have a vacancy rate of about 10%

Rates are an average of \$18.50 per square foot for class A, B

Sale Price – very limited office sales since the last half of 2019.

Never seen the inventory be so low and the demand so high – this is a landlord market not a tenant market.

Industrial rates \$5-\$6 per square foot for the last 30 years. Since COVID – industrial rates have risen into the \$7 range, and some are creeping over \$10. There is not much construction, so they do not see this coming down. Sales prices have not changed much since the pandemic. They started going up before the pandemic. The mindset on what to offer has changed from simply comparing comps to also looking at what it will cost to build something similar. Building new is not a desirable option, so now they look at both comps and the price of building new.

Tim C – What will you need to see consistently in lease rates to make new construction more desirable. Tenants are starting to realize they need to pay more to get what they want. Cost and wages for new development is challenging.

Industrial includes the following: manufacturing (Light and heavy), RD and Flex – life science, warehouse and distribution.

What can we do to make our region more desirable for development?

Hudson has a major company in Texas who has expressed interest in locating a facility in this area. The region can highlight its best features, such as infrastructure, highway access and quality of life, however companies looking to come here are doing their own research. Internet has helped as well.

Tim Thompson – A few years ago he investigated creating a new economic development site for the Merrimack and determined it was not worth it. Tim Cummings – Companies often use their own proprietary data. Better to focus on infrastructure and quality of life improvements. This is applicable to larger scale companies.

People in other parts of the country do not understand our proximity to Boston. This is something to market to our advantage



**4. Survey, Focus Group and Website Update**

*100 survey responses have been received, focus group input is underway and we have secured a consultant for website development.*

**5. Next Steps**

*Wrap up targeted input, develop the Economic Recovery Micro-Site, compile survey data.*

**6. Next Meeting Date – December 14<sup>th</sup> 1pm**

Survey Results Presentation

**Feel free to reach out with comments and concerns:**

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