

**MEETING MINUTES OF THE PORTSMOUTH
ECONOMIC DEVELOPMENT COMMISSION
August 7, 2020**

Members Present: Bob Marchewka, Chairman; Philip Cohen, Vice Chairman; Sarah Lachance, Tom Watson, Alan Gold, City Councilor Cliff Lazenby; Assistant Mayor Jim Splaine; Dana Levenson; Ron Zolla; Everett Eaton; Katelyn Kwoka
City Staff: City Manager Karen Conard, Economic Development Program Manager Nancy Carmer

Zoom meeting statement

Chairman Marchewka began the meeting by reading the following statement:

“Per NH RSA 91-A:2, III (b) the Chair has declared COVID-19 outbreak an emergency and has waived the requirement that a quorum be physically present at the meeting pursuant to the Governor’s Executive Order 2020-04, Section 8 and Executive Order #12, Section 3. Members will be participating remotely and will identify their location and any person present with them at that location. All votes will be by roll call.

Minutes

Commissioner Lachance moved, and Commissioner Watson seconded a motion to approve the draft meeting minutes of July 10, 2020. Via roll call vote, the motion carried unanimously.

Update on Pease International Tradeport Update and Outlook

PDA Executive Director Paul Brean presented an overview of recent development at the Tradeport and the status of air service at the airport. Highlights included the following:

- 4.9 million square feet of commercial/industrial space has been developed at Pease since 1992.
- 250+ companies now employ over 10,500 direct hires with another 5,125 indirect hires employed by from vendors/contractors to Pease-based companies.
- Annual wages are estimated at \$700 million.
- Meals and rooms taxes are estimated at \$16 million.
- Municipal services feed paid to the City are \$6.6 million annually.
- Total new development underway totals 204,000 square feet
- Inventory of developable land is shrinking with 3 parcels under option totaling 19.5 acres and 2 un-optioned totally 5.6 acres currently available.
- On the airport side of the Tradeport there are 10 parcels totaling 143 acres available for aviation-related use.
- Current vacancy rate is 2.3%.

Mr. Brean reported that the impact of COVID 19 on Tradeport businesses has been both positive and negative. The sectors most negatively impacted include academia, transportation, childcare, fitness and hospitality. On the positive side, there been an increase in corporate hangar demand and an uptick in interest around aerospace industry. Private airlines are seeing an increase in demand as passengers seek alternative to commercial passenger carriers.

The success of Lonza in the biopharmaceutical sector and its work with Moderna on a COVID 19 have generated interest in the Tradeport from bio/pharma industries.

On the airport side, work on the runway is anticipated to be complete in December 2020 and the new terminal space is targeted for occupancy in January 2021. Strategic goals for the airport continue to include:

- Establishing a regional connection to a hub network for increased demand.
- Establishing an international low cost carrier route.
- Increasing corporate air activity and air cargo logistics distribution centers

Quarterly Real Estate Market Update

Executive VP David Choate, and Research Manager Kristie Kyzer of Colliers International presented the second quarter 2020 real estate conditions for the Portsmouth submarket. Average modified gross office market rents for the quarter were \$24/sq. ft. Class A rents registered \$28/sq. ft. and Class B rents brought \$22/sq. ft. The occupancy rate was 96.5% which is slightly up from Q2 2019. Going forward the vacancy rates are difficult to predict as companies grapple with an increase in remote workers and a need to reconfigure office space to provide more square footage per employee given the social distancing requirements.

The local industrial market is in high demand. Lease rates and sale prices for industrial are at historic highs due to lack of inventory and cost for new construction. Average market rents for the quarter were \$8.20/sq. ft. with warehousing/distribution and manufacturing properties slightly higher at \$8.28 /sq. ft. and \$8.46/sq. ft. respectively. At Pease Tradeport, occupancy numbers are promising with industrial and all office above 94%. In the downtown, occupancy levels are likewise high with retail and office space at 98% and 96% respectively.

Pandemic Economic Recovery Response

- COVID19 Citizen Response Task Force Update and Referral – Commissioners Gold and Lachance provided progress reports for the on-street dining, pop-up NH performance/food venue at Bridge Street and the health subcommittee. Reports from proprietors with on-street dining areas are that the restaurants are running well and helping to generate much needed revenue. The pop-up venue will debut this weekend at the Bridge Street surface lot with food service and a fashion show event. The health subcommittee is compiling additional research and letters of support for a local mask ordinance. Councilor Lazenby raised a question regarding the EDC response to the Citizen Response Task Force regarding the rent relief referral. Specifically he asked about quantifying the rent relief need noting that as winter approaches the need for rent relief will continue despite the expanded outdoor businesses opportunities created during the summer. The Chair agreed that it is difficult to quantify and, in the interest of time, suggested that this be brought back for further discussion at the September EDC meeting.
- Update: FEMA Needs Assessment for plan and federal assistance to support economic needs – this item was deferred
- Other EDC initiatives for economic recovery – this item was deferred

Council Representative Report on Upcoming Business that Warrants EDC Attention or Action

Approximately 2,700 of the McIntyre surveys drafted by the City Council McIntyre Subcommittee

have been returned and staff are inputting data. The City Manager has arranged a late August tour of the McIntyre property as some members of the new City Council have not yet toured the property. Assistant Mayor Splaine asked if non-resident business owners who will be impacted by the redevelopment can be included in the survey. City Manager Conard will bring the request to the next subcommittee meeting for consideration.

Commissioner Levenson asked if anyone else was concerned with the McIntyre Redevelopment survey. While he applauds the effort, he found it difficult to answer and felt the language leveraged may be biased toward specific responses. He was also concerned that it did not contain any questions regarding the economic impact and opportunity of the redevelopment such as the direct and indirect impact of losing a potential tenant like Hubspot. Chairman Marchewka suggested the EDC invite representatives from the McIntyre Subcommittee and Redgate Kane team to the September EDC meeting to discuss the concerns raised by Commissioner Levenson. City Manager Conard will bring this invitation to the subcommittee at their meeting next week.

Public Comment – There were no public commenters.

Confirm Next Regular Meeting: September 4, 2020 at 8:00 AM

Adjourn At 9:30 AM City Councilor Lazenby moved and Commissioner Gold seconded a motion to adjourn. Via roll call vote, the motion carried unanimously.

Respectfully submitted,
Nancy Carmer
Economic Development Program Manager