

**MEETING MINUTES OF THE PORTSMOUTH
ECONOMIC DEVELOPMENT COMMISSION**

March 5, 2021

Members Present: Bob Marchewka, Chairman; Philip Cohen, Vice Chairman; Sarah Lachance, Tom Watson, Dana Levenson, Alan Gold, City Councilor Cliff Lazenby; Ron Zolla, Assistant Mayor Jim Splaine, Katelyn Kwoka

Excused: Everett Eaton

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 the 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, as extended by Executive Order 2021-01, and Emergency 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.

All members present identified themselves, their location and persons present with them.

Approval of draft meeting minutes of February 5, 2021

Commissioner Gold moved, and Commissioner Cohen seconded a motion to approve the draft meeting minutes of February 5, 2021. Via roll call vote, the motion carried unanimously.

Colliers Real Estate Market Analysis

Executive Vice-President David Choate & Research Manager Kristie Russell presented on the commercial and industrial real estate market for properties over 10,000 square feet in the greater Portsmouth submarket. For the 4th quarter of 2020, data showed that the COVID 19 pandemic has significantly impacted the office market and many uncertainties exist in the vacancy rates and the future of leases. 2021 office vacancy rates and beyond are the biggest unknown as companies continue to let employees work remotely and “right size” to reflect a diminished need for office space. It is still unclear what will happen with office leases/subleases and if expiring office leases will be renewed. Also unknown is what modified office market demands will do to absorption rates. Average modified gross office rents are \$25 per square foot. Class A rents have dropped more than Class B rents compared to the 4th quarter of 2019.

The status and outlook for the industrial market is somewhat better than the office market. However, Mr. Choate reported that the ongoing lack of industrial space of all sizes in Southern NH will continue to short circuit any significant growth. As a result, lease rates and sale prices for existing buildings and spaces have climbed to historic highs. New construction is still too expensive for spec buildings.

Average triple net industrial rents for flex buildings, manufacturing and warehouse/distribution properties for the Portsmouth submarket are \$8.46 per square foot. Portsmouth’s lack of large vacant

parcels for industrial development drives up rent cost and often drives users north to Dover and Rochester.

Mr. Choate also reported on Downtown properties of all sizes. According to CoStar data for January 2021 there is 2.5 million square feet of mixed use properties in the downtown. Retail comprises the most of the square footage at 1.3 million followed by 900,000 square feet of office and 660,000 square feet of “other” property. Occupancy rates downtown are 97% and 92% for retail and office respectively.

In response to a question about the future demand for office space, particularly for larger office users, Mr. Choate responded that this question is currently being researched on a broader scale than Portsmouth, but Colliers can share the data when known.

Discussion ensued on the need to balance the recent trend to construct high end residential housing in the downtown and throughout the City. Also discussed were zoning incentives for constructing workforce housing including relaxed density requirements, infill projects, accessory dwelling units and city-owned parcels suitable for workforce housing development. Staff will share past reports and data collected on housing units recently constructed as well as city-owned parcels suitable for workforce housing.

Review Potential Actions from EDC Retreat – this item was deferred to the April EDC meeting

Mayors Blue Ribbon Committee Reports

- Business Re-opening Committee

The City Manager reported that outdoor dining permit application reviews for the 2021 season are underway. There are roughly 30-34 application under review for the scheduled opening date of April 1st, weather permitting. She also noted that the City has purchased ten picnic tables for placement downtown for patrons to enjoy take-out from local restaurants. Mr. Gold reported that the Committee is working on a barrier beautification project in collaboration with the Portsmouth High School students and with Jacqueline Nooney Landscape firm for filling and maintaining planter boxes to adorn the barricades.

- Arts and Non-profits Committee update

Ms. Carmer reported that the new committee has had two meetings and formed two subcommittees to work on the group’s charge. One subcommittee is developing a survey of local arts and culture non-profits on what their needs are and the level of patrons’ comfort returning to live events. Another subcommittee is working on guidance for venues on safely re-open in accordance with state and federal COVID guidelines.

Other Business

- NH SBDC Business Resiliency Survey and Governor’s Budget Proposal

The SBDC business survey was sent to all Portsmouth businesses and the City has contracted with UNH to extract the data for Portsmouth for a report back to the City. Also, Governor Sununu has reversed his initial plan to defund the SBDC in the next biennium and has restored funding in his budget proposal.

- Pop Up NH Proposal

Josh Denton spoke to the Pop-up NH proposal for limited closure and use of the City's Worth Parking Lot as a performance venue for 2021. He reviewed the success of the closure and use of the Bridge Street Parking lot in 2020 for performances and outdoor dining and reported on the earnings, job creation and ROI for the operating season. The Worth Lot proposal was developed after conducting outreach to 40 businesses. However, after further consultation with the cultural organizations that would have access to the performance space it appears that there is not a large interest in use of the space. He said the good thing is that most organizations are focused on their individual re-opening plans and are reserving their cash and personnel resources for those efforts. Therefore, the Pop-Up NH Board will be revisiting its proposal before moving forward.

- UNH Extension Resiliency Research Project

UNH Extension is conducting research on how New Hampshire's municipalities have weathered the pandemic. The City's Economic Development Manager was interviewed as part of the project to learn what worked and what did not work locally. The report will identify experiences, strategies, policies and best practices developed by the ten NH communities interviewed and the findings will be shared with the communities when complete.

Public Comment

Based on the extensive use of the Worth Lot on weekends and the adjacent businesses' need for that parking, David Choate spoke in opposition to the Pop-up NH proposal.

Confirm Next Regular Meeting: April 2, 2021

Adjourn

Commissioner Lazenby moved, and Commissioner Zolla seconded a motion to adjourn. Via roll call vote, the motion carried unanimously.

Respectfully submitted,
Nancy Carmer
Economic Development Program Manager