

MEETING MINUTES OF THE PORTSMOUTH ECONOMIC DEVELOPMENT COMMISSION

February 5, 2016

City Hall, Conference Room A

7:30 a.m.

Members Present: Everett Eaton, Chairman; Bob Marchewka, Vice-Chairman; Dana Levenson (via teleconference), Philip Cohen, Jen Zorn, John Pratt, Ron Zolla (via teleconference), Stefany Shaheen, (via teleconference)

Excused: John Bosen, Eric Spear, Josh Cyr

City Staff: Economic Development Program Manager Nancy Carmer

Approval of draft meeting minutes of January 8, 2016

Commissioner Pratt moved, and Commissioner Cohen seconded, a motion to approve the draft meeting minutes of January 8, 2016. The motion carried unanimously.

Local Commercial and Industrial Real Estate Market Update

David F. Choate III, Executive Vice President, Laura Nesmith, Research Manager, and Maxine Kenny, Associate from Colliers International presented a report on the Commercial and Industrial real estate market in Seacoast NH for 4th quarter of 2015. The market report area includes Class A, B, and C office and industrial properties over 10,000 square feet in Portsmouth and nine surrounding communities. Over the year, total office square footage grew by 287,000 square feet and vacancies decreased 1.1%. Current Portsmouth gross office lease rates are \$27.00 per square foot for Class A offices and \$23.00 per square foot for Class B space. Trends for the commercial office include:

- Longer leases (3+ years) with fewer fixed rates.
- Increases in base rent will remain low (~2%-3%).
- Office buildings and condos prices will continue to rise.
- Vacancy rates at Pease will rise if supply increases.

In the Seacoast industrial market, total square footage vacancies decreased 1.2% over the year despite a slight decrease in overall inventory. Asking gross lease rates are \$5.50-7.50 per square foot. Trends for the industrial market include:

- Lease and purchase demand continues to exceed inventory especially in properties under 5,000 square feet and over 20,000.
- Lease rates have remained stable.
- Lease terms are projected to be shorter.
- Loading docks are in sharp demand and limited supply.

Business Expansion and Retention (Business R&E) Subcommittee Update and Discussion

The EDC Business R&E Subcommittee has reviewed the program manuals and the business survey form and suggested minimal edits. Members of the leadership team have been suggested and a draft program launch schedule has been developed. The group will meet again with the UNH Program Manager immediately following the EDC meeting today.

Entrepreneurship Week

The City has received a request from NH's Live, Free and Start program for City participation/recognition of Entrepreneurship Week which is February 20-27, 2016. Given the late notice, some Commissioners feel it may not be possible to do much in the way of events, but some members feel it is important to recognize the importance and prevalence of entrepreneurship in the City. Ms. Carmer will explore options for recognizing

Portsmouth's entrepreneur community.

Other Business

Update on Deer Street Municipal Parking Garage

This project is still in the negotiation and due diligence phase. The complexities of the location has required extra research.

McIntyre Federal Building Industry Day – March 5, 2016

Ms. Carmer informed the EDC that the Federal General Services Administration (GSA) has developed a Request for Information (RFI) “seeking creative ideas from the real estate development community to redevelop the Thomas J. McIntyre Federal Building.” The GSA will use these ideas for planning purposes and to make strategic decisions regarding the future use of the property. This request for information will provide market feedback to inform the strategy for the proposed exchange transaction that could take the form of a straight purchase of an existing 40,000 square foot building downtown, or construction of a new 40,000 square foot building downtown or the exchange of a property that meets the GSA needs downtown for the McIntyre Building. The real estate development community will have 60 days to provide input. GSA will also co-host an Industry Day on March 5, 2016 with the City which will allow registered development parties an opportunity to tour the property and learn more about the RFI process.

Americans for the Arts Economic Prosperity study kick-off

In conjunction with the Americans for the Arts organization, Art-Speak has launched the fourth Arts and Economic Prosperity Study. The City has participated in this study every 5 years since 2001. This economic input/output study measures the impact of the area's non-profit arts and cultural organizations on the local economy and compared it to similarly-sized communities nationwide.

Greater Portsmouth Chamber of Commerce Tourism Summit

The annual Chamber Tourism summit will be held on February 23, 2016 at the Harbor Events Center from 9 am to noon. Commissioners are invited to attend the event.

Public Comment

David F. Choate III raised a concern with the City's permitting process with regard to the instances in which the Inspections Department requirements for stamped Engineering drawings He said that contractors are frustrated with the process which draws out inspections and requires expensive plans. Rick Beckstead concurred citing the example of a local garage renovation project that was extended due to the requirements imposed. Ms. Carmer said that she will discuss this with the City Manager and see how to best address the concern.

Confirm Next Regular Meeting: Friday, March 4, 2016, 7:30 AM.

Adjourn – The meeting adjourned at 8:45 a.m.

Respectfully submitted,
Nancy Carmer
Economic Development Program Manager