

**MINUTES OF THE
ECONOMIC DEVELOPMENT COMMISSION**

November 1, 2013

Conference Room A

7:30 a.m.

Members Present: Everett Eaton, Chairman; Christine Dwyer, Dana Levenson, Ron Zolla, Josh Cyr, Bob Marchewka, John Pratt, Philip Cohen,

Excused: Jack Thorsen, John Bosen, City Manager John P. Bohenko

Absent: Eric Gregg

City Staff: Nancy Carmer

Vice-Chairman Bob Marchewka opened the meeting at 7:39 a.m. (Chairman Eaton would arrive later in the meeting and preside over the balance of the meeting).

Approval of draft meeting minutes of October 4, 2013

Commissioner Pratt moved and City Councilor Dwyer seconded a motion to approve the draft meeting minutes of October 4, 2013 as written. The motion carried unanimously.

Greater Portsmouth Chamber of Commerce Semi- Annual Report on tourism for the period 5/1/13 through 10/31/13

Valerie Rochon, Tourism Manager, Greater Portsmouth Chamber of Commerce distributed reports and updated the EDC on the status of local tourism since April 1, 2013. Included in the report are metrics on hotel occupancy, advertising statistics, NH DOT vehicular toll data, visitor surveys, NH Rooms and Meals revenues, Chamber customer inquiries from the internet, kiosk and visitor center, media articles and travel and tourism fundraising.

Trends show:

- The increase in internet research, social media interaction (including Facebook and Twitter) and smart phone usage is causing fewer visitors to rely on a Visitor Center for their destination information.
- All signs from our hotels, attractions, restaurants and arts & culture events are positive, indicating that the economy has turned around and is enjoying some growth.
- Weather more than gas prices seem to have had an impact, though with gas prices still high it is possible that “stay-cations” are the new normal. We have also seen both ups and downs in the retail sector but the restaurants continue to see high traffic, suggesting that discretionary spending may be diverted to the gas tank rather than the shops. Wet weather hurt marine cruises in June.
- Day trippers make up a lot of the foot traffic.
- Leisure travelers staying overnight are on the rise, while conference and group business is picking up (particularly from the Shipyard), thereby increasing occupancy figures for 2013 over 2012.
- Seacoast hotel occupancy has continued to climb from 2011-2013.

Ms. Rochon acknowledged the challenges experienced by visitors and residents by the lack of adequate parking downtown as evidenced by the increasing number of weekly parking garage closures. She also acknowledged the need to seek a balance between the number of visitors to the city and the quality of the experience and quality of life for the residents. Following the presentation, the EDC discussed the amount

of development that is occurring outside of the downtown perhaps for the ease of parking and for lower occupancy costs. Also, in response to a question about the launch of the tourism website, Ms. Rochon responded that a late 4th quarter launch is anticipated. Vice-Chairman Bob Marchewka thanked Ms. Rochon for the comprehensive report.

Local Commercial and Industrial Real Estate Market Update

Laura Nesmith, Research Manager, and David F. Choate, III Executive Vice President of Colliers International gave a power point presentation on the current Portsmouth real estate submarket. He reported that, for the office and industrial real estate market report for third quarter 2013, the Portsmouth submarket vacancy rate was 12.8% for office properties and 3.4% for industrial properties over 10,000 square feet. Current asking rates for Class A office space are \$20.13 per sq. ft (gross) up from \$18.46 per square foot in the third quarter of 2012. Class B office asking rates are \$17.50 per square foot over 10,000 square feet, up slightly from the \$13.89 per square foot in the third quarter of 2012. Portsmouth's industrial sector average lease rate is \$7.10 (up nominally from \$6.47 per square foot last year).

Predicted trends in the office market are that office purchases will increase as interest rates remain low and inventory remains stable. Landlord incentives will diminish, and leases will return to a longer term. Landlords will also reduce the number of fixed lease rates, and increases in base rent will remain low.

In the industrial realm, predictions are that lease and purchase demand will outstrip inventory, rates will remain stable between \$6-\$7 per square foot (triple net) and lease terms will be shorter (i.e. < five years). New industrial construction will be concentrated north of the Portsmouth as there is more undeveloped land available there.

Old Business//Updates

Report on Seacoast Forward Week and future action

Commissioner Cyr told the Commission that the week was a success despite the minimal advance press that went out. Most of the events were at capacity and it is likely that it will become an annual event if the participating organizations concur. Ms. Carmer provided an excerpt of a power point presentation from the Seacoast Forward kick-off that illustrated local businesses demographics by employee size and corresponding weekly salary in Portsmouth. Of the 1,699 local businesses, 94% have 49 employees or less. Weekly salaries are significantly higher for the companies that employ more than 500 people than for the smaller companies. Following the update the EDC discussed opportunities for community capital such as the initiative that Seacoast Local is exploring.

Other Business

2014 EDC Action Plan Input

In discussing items for the 2014 Action Plan, the following things were suggested:

- Discussion with the Chamber about less tourism promotion and more promotion of advance manufacturing.
- Connect local business with the NH International Trade Resource Center programs for export readiness and/or participation in Governors trade missions etc.
- Tax Increment Financing districts in the area of the former Schultz brewery and Gary's Beverage.
- Reinvigoration of the quest for a conference center downtown.
- Assistance to businesses for upgrading facilities in the Heritage and Constitution area.
- Assistance to the city's microenterprise and start-up businesses.

Business Visitation

As a member of the Board of Directors of Strawberry Banke, Commissioner Pratt suggested that the EDC hold one of its meetings at Strawberry Banke to see the improvements that have occurred recently.

Master Plan Economic Development Existing Conditions Section

The City is updating its Master Plan and has hired a consultant to assist City Planning staff prepare the Housing and Economic Development Existing Conditions sections. The consultant would like to meet with either an EDC subcommittee or the entire EDC for input. The consensus was to hold a separate one-hour EDC meeting be held the week of November 18th with the whole Commission. Ms. Carmer will relate this to City Planner Juliet Walker for coordination with the consultant.

Public Comment

No members of the public present wished to comment.

Confirm Next Meeting: Friday, December 6, 2013

The meeting adjourned at 9:10 a.m.

Respectfully submitted,
Nancy Carmer
Economic Development Program Manager