



Thriving in Challenging Times

Rochester, New Hampshire

State of the City, February 26, 2008

THINK: ROCHESTER

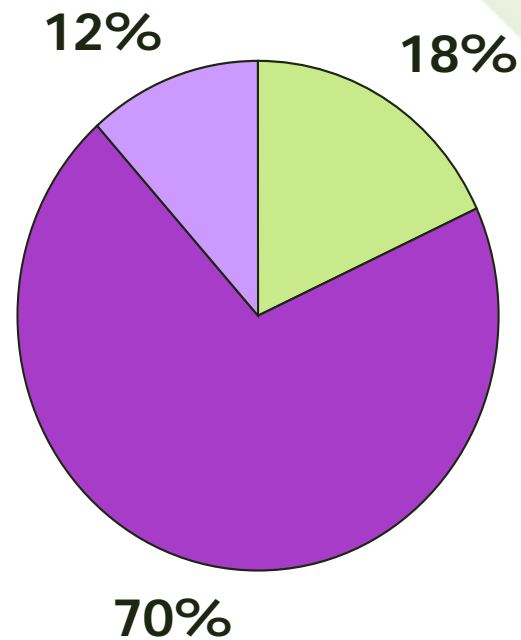
Department of Economic Development ▶ Rochester, NH





Appetite for Development

By Assessed Value



- Comm/Ind
- Residential
- Current Use

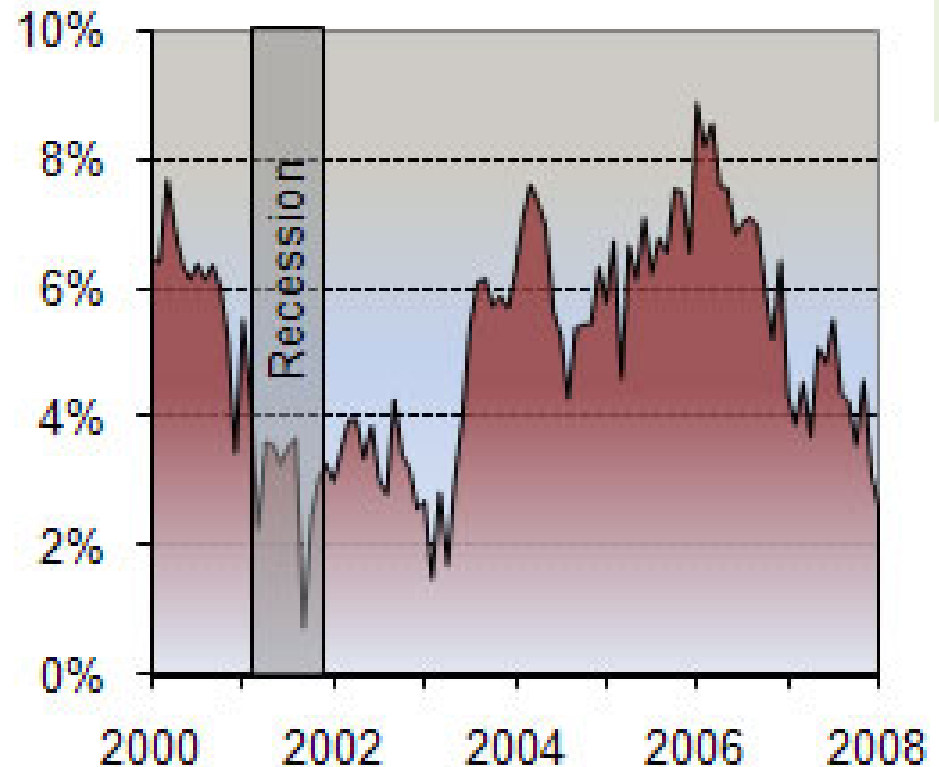


Mixed Message Economy

- ▶ Impact of Stimulus Package
- ▶ Elections this Fall
- ▶ Housing Markets
- ▶ Credit Markets
- ▶ Direct to Consumer Sales
- ▶ B2B
- ▶ Inflation

Core Retail Sales

Year Over Year % Change



* Excluding vehicles and gasoline



The Economic Development Cycle



- ▶ Time means nothing
- ▶ Time means everything
- ▶ The Time Value of Money
- ▶ Money means everything



How Long Does It Take? It Depends.

- ▶ Well Developed Concept
- ▶ Willing Partners
- ▶ Financing
- ▶ Approvals Process
- ▶ Construction
- ▶ Marketing
- ▶ Leasing/Tenanting
- ▶ Redevelopment
- ▶ Leave Time for Stops & Starts – Not a straight line!



PRE-DEVELOPMENT SCHEDULE

Handwritten notes on the diagram include:

- Handwritten "Critical Path" with an arrow pointing to the sequence of tasks from "MEET WITH CITY ENGINEER" to "MEET WITH CITY ENGINEER" (bottom right).
- Handwritten "COMBINATION - 'A' & 'B'" in the top left.
- Handwritten "x. many times" in the top right.
- Handwritten "would have been" in the top right.

Legend:

- START
- END
- CRITICAL PATH

PRE-DEVELOPMENT SCHEDULE
BY ARTHUR PEARLMAN CORPORATION



Ten Rod Road Business Park



- ▶ Concept 1986
- ▶ Land Purchase Dec. 1987
- ▶ 74 acres for \$385,000
- ▶ Covenants and Restrictions Oct 1988 & Feb 89
- ▶ Subdivision Plan Dec 1988
- ▶ Road approval & construction 1989



Marketing/Tenanting

- ▶ Ashland Electric – Built 1989
19,440 sf, (Sold 2000)
- ▶ Teledyne Laars 1989 102,000
- ▶ Cabletron Nov 1988
 - ▶ Building 35 1990, 132,000
 - ▶ Building 36 1991, 63,000
 - ▶ Building 28 1993, 63,900
 - ▶ Building 35E 1995, 78,750
 - ▶ Lot 30 Industrial 17 acres
- ▶ City of Rochester
 - ▶ Lot 0 Industrial 4.6 acres sold
2006





Redevelopment



- ▶ Building 28 sold to Eastern Propane 2001
- ▶ Laars Heating Systems – 7 transactions since City Ownership
- ▶ Building 35 & 35E sold to Brady Sullivan 1995
- ▶ Building 36 sold to MA real estate development corp in 2003, condominiumized 2004, not yet full



Snapshot 20 Years Later

- ▶ \$385,000 purchase price
= **\$2,955,400** assessed
value LAND ONLY
 - ▶ **ROI 768%**
- ▶ Building Values
\$11,034,928
- ▶ Generates Annual
Revenue
 - ▶ LY \$55,591 land
 - ▶ LY \$207,567 buildings





Business List



- ▶ Eastern Propane HQ
- ▶ Laars Heating Systems
- ▶ Ashland Electric

- ▶ Building 35
 - ▶ Foster's Daily Democrat
 - ▶ Measured Progress
 - ▶ Anseri Corporation
 - ▶ Smart Assistive Technologies
 - ▶ Education Transportation of America
- ▶ Building 36
 - ▶ eCoast Sales Solutions
 - ▶ Strafford County Board of Realtors
 - ▶ Thomas Family Mortgage
 - ▶ Granite Title Service
 - ▶ Verweij Chiropractic
 - ▶ Equestrian School
 - ▶ American Postal Workers Accident Benefit Assoc.



The "Rockpile"





160 Washington Street

- ▶ Owned by various entities, mostly real estate development companies
- ▶ P&S by Susan Conway, Stratham in 1987 for development as a shopping center
- ▶ Purchased in June 1989
- ▶ Contentious rezoning process – took more than a year!
- ▶ Economic recession, Pease closed
- ▶ Project sold to Milwaukee developer
- ▶ FDIC \$1.1 m loan defaulted Oct 1994
- ▶ Aug 1997 sold to The Flatley Company for \$295k, held for years





Finally ... Development



- ▶ Pre-development conversations
 - ▶ City of Rochester
 - ▶ NH DOT
- ▶ Market Analysis & Due Diligence
- ▶ Traffic Study
- ▶ Securing Interest of Anchor Tenants
- ▶ Announcement July 2005



Approvals

- ▶ Rochester
 - ▶ Planning Board
 - ▶ Jan. 16, 2007 approval in 62 days
 - ▶ Conservation Commission
 - ▶ Zoning Board (signs)
 - ▶ Abutters Input
- ▶ New Hampshire
 - ▶ NH DOT





Construction

- ▶ Simultaneous Construction Process
 - ▶ Spaulding & Washington St. Improvements
 - ▶ Lowe's – 125 days
 - ▶ Kohl's, Building A
 - ▶ Starbuck's
 - ▶ Outbuildings
- ▶ Building Permits
- ▶ Inspections
- ▶ Conditions
- ▶ Certificate of Occupancy
- ▶ Bonding & Security





Grand Opening!



- ▶ Kohl's – Sept 30
- ▶ Starbuck's – Oct 1
- ▶ Maurices, Famous Footwear, Fashion Bug – Oct 5
- ▶ Lowe's – Nov 12
- ▶ Mattress Giant – Dec 18
- ▶ Many more to come!



Lessons Learned

- ▶ Not a linear process
- ▶ Expect stops, starts and changes of direction
- ▶ Opportunity even during challenging times
- ▶ Investment for the LONG TERM
- ▶ Prepare for the cycle of ups and downs
- ▶ Don't be discouraged





Keep the Door Open to Opportunity



- ▶ Invest consistently
- ▶ Update Master Plans
- ▶ Add Value to Private Investment
- ▶ Look within for growth opportunity
 - ▶ Business Retention & Expansion
- ▶ Watch for “Red Flags”
- ▶ Be ready for the up swing
- ▶ Improve Competitiveness



Opportunity Hide 'n Seek

- ▶ Keep What You Have
- ▶ Grow What You Have
- ▶ Existing Businesses
 - ▶ New customers
 - ▶ New products
 - ▶ New technology
 - ▶ New talent
- ▶ Fill the Gaps
- ▶ Add Value
- ▶ Crystal Ball





Opportunities Downtown



- ▶ Economic “gardening”
- ▶ Entrepreneurial development
- ▶ Main Street Marketplace – supportive environment
- ▶ Wallace Street light industrial space
- ▶ Gap analysis
- ▶ Work with Realtors and property owners



Business & Industrial Parks

- ▶ Know the growth industries
 - ▶ Workforce
- ▶ Create a pro-business environment
 - ▶ Connections to Resources
 - ▶ Financing
 - ▶ Technical Assistance
- ▶ Control the real estate
- ▶ Target Industries
 - ▶ Advanced Manufacturing
 - ▶ Bio-Manufacturing
 - ▶ Composite Materials
 - ▶ Health & Medical Professions
 - ▶ Back Office & Customer Svc.





Granite Ridge Development District



- ▶ Pre-Development Process
- ▶ Build Out Analysis
- ▶ 1.6 million sf
- ▶ Frontage Road
- ▶ Target Businesses
 - ▶ Retail & Commercial
 - ▶ Office incl. Medical
 - ▶ Hospitality
- ▶ Anchor Retention & Attraction
 - ▶ Vehicle Sales & Service
- ▶ Spaulding Turnpike & Route 11 Improvements



The Best is Yet to Come

- ▶ Rochester is maturing as a hub of business and commercial activity
- ▶ Largest city in the Seacoast, View of ourselves is changing
- ▶ Growing more comfortable with a Leadership role
- ▶ We've been tested and are up to the challenges

