

**THINK: ROCHESTER**

Department of Economic Development ▶ Rochester, NH



# ***Thriving in Challenging Times***

*Rochester, New Hampshire*

*State of the City, February 26, 2008*

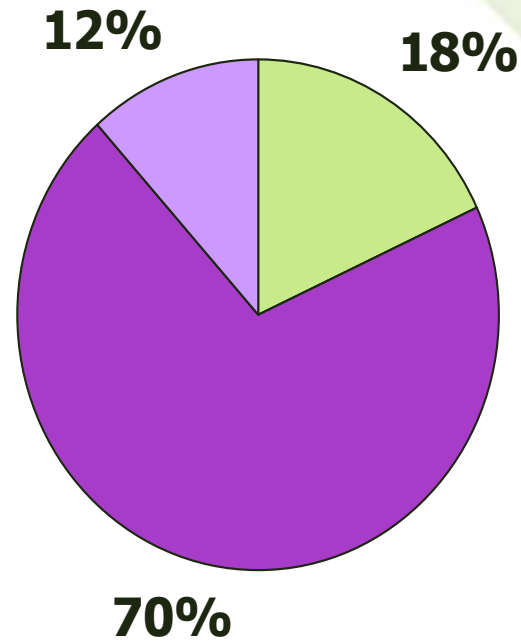
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# Appetite for Development By Assessed Value

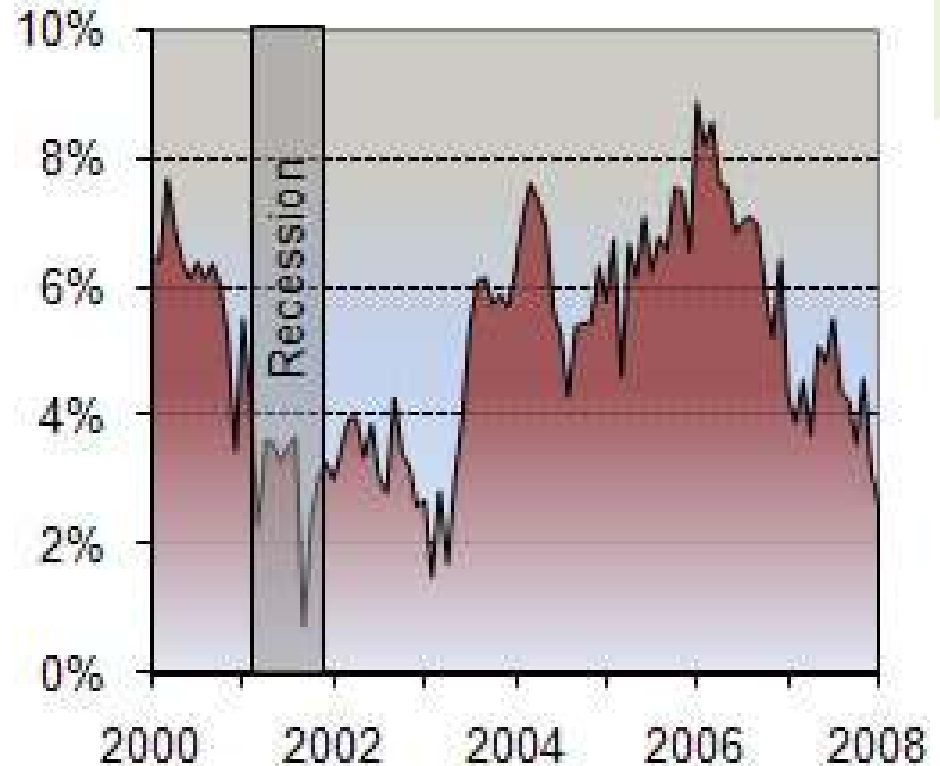




# Mixed Message Economy

- ▶ 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



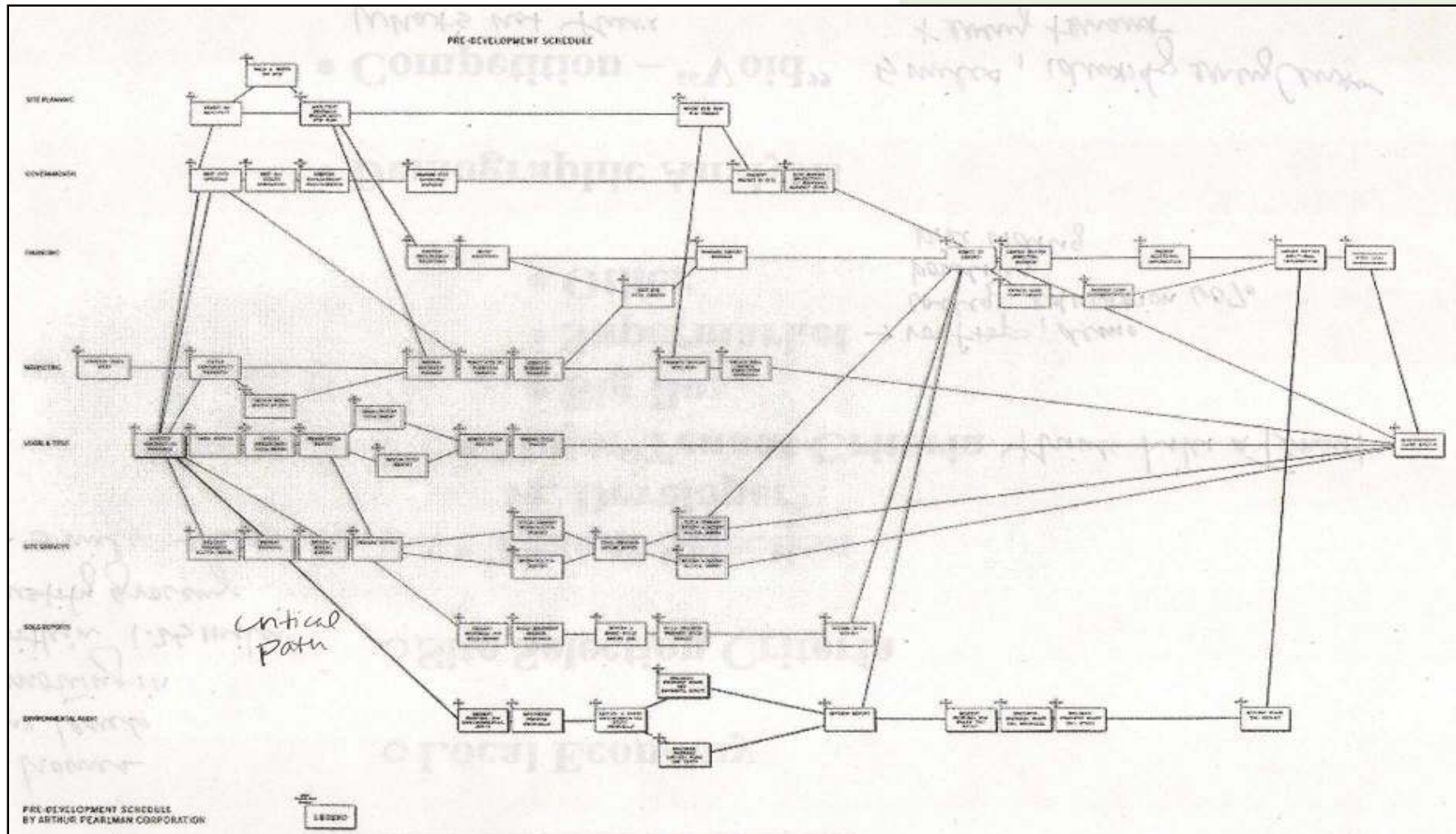
## How Long Does It Take? It Depends.

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





## Diagram of Pre-Development Process





# 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.

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# 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



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# Grand Opening!



- ▶ Kohl's – Sept 30
- ▶ Starbucks – 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

