

Office to Multifamily Conversion

Elm Grove Companies

New Hampshire Housing

Housing and the Economy
Conference 2023



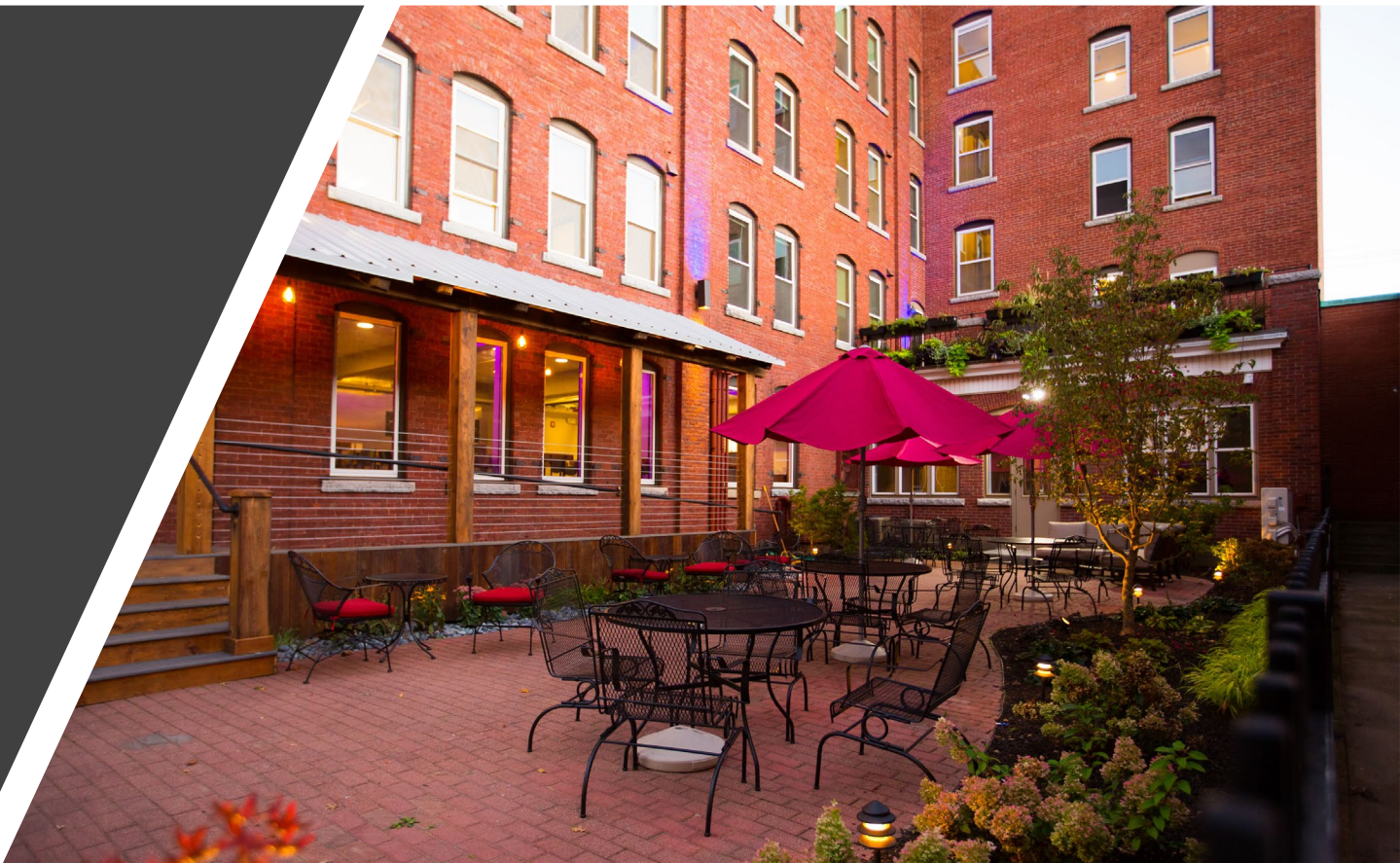


- **The Flats at Hanover Commons**
- 235 Hanover St Manchester
- *32 Apartments, 5 Offices, Cafe*





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- **Pearson's Place Apartments**
- 922 Elm St Manchester
- *30 Apartments, Restaurant, Retail*



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- **Kearsarge at the Concord Lofts**
- **5-7 S State St, Concord**
- **28 Apartments**



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- **Star at the Concord Lofts**
- 15-17 Pleasant St, Concord
- *12 Apartments, Café, Retail*



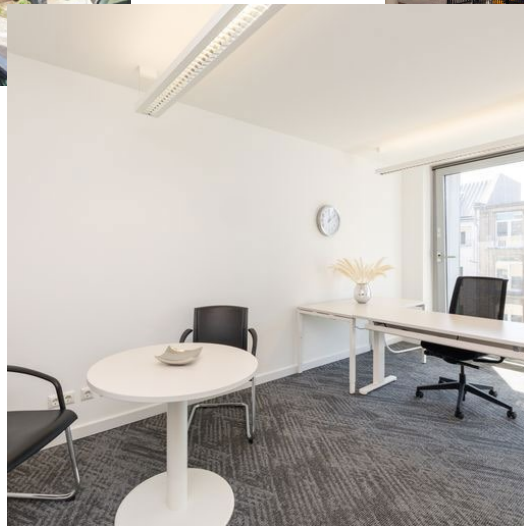


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- 15-17 Pleasant St, Concord
- *12 Apartments, Café, Retail*





- **Fowler Building**
- 26 Pleasant St, Concord
- *Office, Restaurant, Retail*



- **Chase Block**
- 1037-1045 Elm St, Manchester
- *Office, Restaurant*

Challenges and Considerations

Cost Basis

- Already owned or P&S?
- Condition. Worse is better

Occupancy

- Existing tenants? Empty is better

Environmental

- USTs
- Asbestos
- Lead Paint

Parking

- How much available? Zoning/planning
- Onsite or offsite?

Financing

- Today, credit is tight for MR construction
- Rate, term, LTV, guarantees, etc

Unknown Unknowns

- Cost and Schedule Overruns

Planning and zoning

- Abutters
- Density
- Waivers (setbacks)

Financial Incentives available?

- RSA 79E is a big one
- Historic Tax Credits
- TIF instruments

Structural and Architectural

- Rectangular or U-Shaped? Allowing for windows and reasonable layouts
- Big square is tough without significant structural modifications
- Abutting structures?
- Elevator shaft / age?
- Structural issues?

Completed Projects

Flats at Hanover Commons

Pearson's Place Apartments

Concord Lofts

- Kearsarge Apartments
- Star Apartments
- Fowler – kept as office due to need for relocation and challenges with layout

Chase Block Manchester

- Price per sqft
- Existing condition pushed us toward office

Sample of Projects not pursued/completed

DES building in Concord – this one was close (Flatley)

- Required significant incentive
- Conversion difficult due to structure and environmental
- Believe final plan included teardown

1138 Elm St Manchester

- Existing condition make sale price too high
- Half of structure directly abuts neighboring structure, eliminating windows

10 N Main St Rochester NH

- Required lots of incentive
- Chinburg ended up doing this project, came out very nice
- [Scenic Salinger | Chinburg Properties](#)

Castro's Cigars Concord

- Tight lot, no elevator or ability to put one in

180 Pearl St Manchester

- Made a bid, but did not get the contract
- It was converted to housing for housing for employees (Dean Kamen)
- Paid premium to do so

Looking Forward

Already completed conversions are “off the market,” supply not infinite, but...

Office vacancy and distress can create more good candidates where they were not before

Will new conversions feature flexible office workspace within as amenity for remote workers?

If NH continues to thrive economically, more projects will become feasible in more towns and cities as rents and job opportunities rise

As before, best success likely in towns with strong economic development incentives and lower barriers for developers

NH Housing working with developer in Newport to convert mill to affordable housing.