

Spring 2016 Norton news

A quarterly newsletter published by Norton Asset Management, Inc.

Welcome...

The Spring weather-wise has been mediocre at best. But the economy keeps chugging along despite all the political shenanigans (ugh!), more on that inside. We get calls every day with people looking to park their money with more than 1% or 2% return for the next 2, 3 or 4 years. But the past 5 - 6 years have been tepid at best and there has not been much new development, so there is not a lot of new inventory. A

gentleman, "John", called today about our ad "Back on the Market" for 22,000 SF at 16 Foundry Street in Concord. Two-thirds of the space was built-out by Kaplan/Hesser. They got into trouble with overly aggressive placement of federal college loans. But this space is vacant now, so it is not a good candidate for John who is looking for a property for a 1031 tax-deferred exchange. He has already sold his

property, so he has only 45 days to identify his replacement property(ies). The 1031 exchange is a powerful motivator for commercial real estate sales (for investors more than users), but it comes with strict rules and time lines. We hope you enjoy this issue of Norton News and, as always, our goal is that you learn at least two things.



Financialization

Financialization is a new term to describe the increase in the size and importance of a country's financial sector relative to its overall economy. Financialization has occurred as countries have shifted away from industrial capitalism. This impacts both the macroeconomy and the microeconomy by changing how financial markets are structured and operated and by influencing corporate behavior and economic policy.

Changes in capitalism over the last three decades have been commonly characterized using a trio of terms: neoliberalism, globalization, and financialization. Although a lot has been written on the first two of these, much less attention has been given to the third. Yet, financialization is now increasingly seen as the dominant force in this triad. The financialization of capitalism - the shift in gravity of economic activity from production (and even from much of the growing service sector) to finance - is thus one of the key issues of our time. It has been facilitated by the creation of many new financial instruments.

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Looking Forward.....

I have been traveling up and down the East Coast, mostly for work with some pleasure thrown in. It is always interesting to get outside and look back at one's home town. The Southeast is relatively dynamic compared to the Northeast. There are many contributing factors to our lethargy - high energy costs, the graying population, the high cost of housing and the out-migration of young, talented college graduates to name a few. Having given this considerable thought, I think we need to find a way to re-ignite our historical and traditional entrepreneurial culture.

Having visited Denver, Atlanta, Jacksonville, Charlotte, Raleigh-Durham in recent months, the energy level - the buzz - is noticeable. The Concord Monitor, our local paper in Concord, NH, lists recently awarded patents. The list is impressive. But it is not clear how we stack up versus other regions. It is something we, here in New England, need to figure out and then start building the small, medium and large employment sectors of our workforce - again easier said than done.

We are told U.S. corporations are sitting on \$4 trillion of cash - how do we get them to invest those dollars to re-ignite the economy? One idea is for us to "mine" our New England prep school and college grads to come back and start companies here.

definitions



It is hard to not want to comment on the current political circus. I am not a fan of Hillary but I did find myself

testifying that one thing we agree on (Hillary and me) is that it takes a village. I was testifying in support of a group home in Wolfeboro for Families in Transition. The week before, I was supporting a peer-to-peer Recovery Center in Concord. I truly believe we need to all collectively (jointly and severally as the lawyers like to say) roll up our sleeves and help those who suffer from addictions and similar challenges which prevent them from getting back on track - sobriety, steady work and rebuild-

ing of their credit. This is all easier said than done. So we all - every one of us - need to pitch in and bring some stability to this out-of-control epidemic. I do not pretend to have all the answers. But for 10 years now I have worked with not-for-profits who are battling this flood of discouraged citizens. One client, Fedcap in New York City, works to help people move from welfare to work. They start with a bio-psycho-social evaluation and then develop a comprehensive program to address each individual's needs. The goal is to get them A) motivated, B) physically ready and C) mentally ready to get into the workforce. For those battling addictions, this often

means getting them their driver's licenses back (so they can get to work), then finding work (often from employers who know about addictions firsthand). What comes to mind is that this epidemic is not the government's job - it is in fact the community's job, responsibility and critical need to figure out how to turn this around. Perhaps this is one reason that Donald Trump's rhetoric is resonating with so many different folks.... God bless both Hillary and Donald - who that truly has their wits about them would want Barack Obama's job??? Clearly, we need someone to bring some reality to Washington - the current path is not working.

The Upper Valley by Chip Brown

Since March 1, our Hanover/Lebanon market has seen a lot of activity and absorption. The downtown Hanover office market is now 98.5% occupied... with a backlog of tenants looking for space... and no place to build. Most of Hanover's retail opportunities have also been absorbed. Two spaces remain (HR/NAM representing both), and conversations on both suggest they may be gone by the time of this printing.

Outside of Hanover is seeing a similar trend. Class A office space in Centerra (typically 90%-93% occupied) is currently 100% full. Class B space (historically with a lot of options) has also been getting absorbed - with deals in attorney review getting bumped by owners for bigger deals.

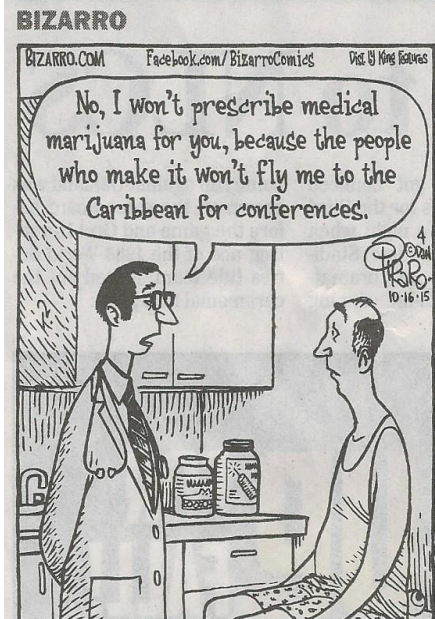
The dichotomy in the office market is Dartmouth's Geisel Medical School, which has been shedding

people and space in an effort to improve their balance sheet. Although many landlords were expecting blood in the market, DHMC has taken up all of the slack. In addition, there are a number of tenants (including a couple that we represent) that have left the Geisel/DHMC system to either go on their own or go with a new parent. These tenants need additional space

There have also been a lot of requests from both the office market and multi-family market for "downtown"/"walkable" environments. This bodes well for places like downtown Lebanon that has available sites and is promoting revitalization. HR/NAM represents two important downtown sites that are for sale - Hirsch's at 59 Hanover and the former Shoetorium at 39 Hanover Street. Given Lebanon's downtown re-visioning, we hope both will contribute to a very new looking downtown.

When insults had class....

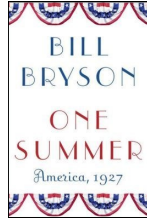
A Member of Parliament to Disraeli: "You will either die on the gallows or of some unspeakable disease." "That depends, sir", said Disraeli "whether I embrace your policies or your mistress!"



Every time a golfer makes a birdie, he must make two subsequent bogies to restore the fundamental equilibrium of the universe.

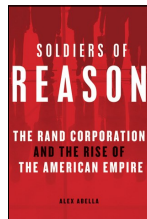
Book Reviews

One Summer - America 1927 By Bill Bryson



The summer of 1927 began with one of the signature events of the twentieth century: on May 21, 1927, Charles Lindbergh became the first man to cross the Atlantic by plane nonstop, and when he landed in Le Bourget airfield near Paris, he ignited an explosion of worldwide rapture and instantly became the most famous person on the planet. *One Summer* is a narrative non-fiction of this fascinating era in America. It is a fun, informative read.

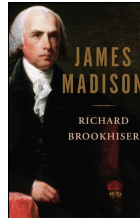
Soldiers of Reason By Alex Abella



The first-ever popular history of the RAND Corporation, written with full access to its archives, *Soldiers of Reason* is a chronicle of the rise of the secretive think tank that has been the driving force behind American government for sixty years, and

casts a new light on our problematic present, both military and civilian.

James Madison By Richard Brookhiser



James Madison led one of the most influential and prolific lives in American history, and his story - although all too often overshadowed by his more celebrated contemporaries - is integral to that of the nation. Madison helped to shape our country as perhaps no other founder: Collaborating on the Federalist Papers and the Bill of Rights, resisting government overreach by assembling one of the nation's first political parties (the Republicans, who became today's Democrats), and taking to the battlefield during the War of 1812, becoming the last president to lead troops in combat. Who would he be supporting in 2016??

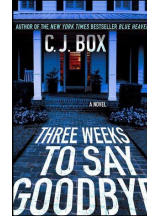
Never Go Back By Lee Child



Lee Child's bodacious action hero, Jack Reacher, has already tramped

through 17 novels and three e-book singles. But his "Never Go Back," may be the best desert island reading in the series. It's exceptionally well plotted and full of wild surprises.

Three Weeks to Say Goodbye By C.J. Box



Jack and Melissa McGuane have spent years trying to have a baby. Finally their dream has come true with the adoption of their daughter, Angelina. But nine months after bringing her home, they receive a devastating phone call from the adoption agency: Angelina's birth father, a teenager, never signed away his parental rights, and he wants her back. Worse, his father, a powerful Denver judge, wants him to own up to this responsibility and will use every advantage his position of power affords him to make sure it happens. A horrifying game of intimidation and double crosses begins, that quickly becomes a death spiral where absolutely no one is safe. C.J. Box has once again written a bone-chilling thriller that will keep you guessing until the very last page. Both Lee Child and David Baldacci think C.J. Box is their upcoming heir apparent.

BACK ON THE MARKET 16 Foundry Street **For Lease or Sale**

Exit 16 at I-93, Concord, NH

Class A Professional, Medical or Dental Office Space

Condominiums from 1,580 SF to 22,000 SF

14,000± SF built out by Kaplan Education/Hesser College w/ classrooms, labs, offices and administrative space



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Granite Meadows Business Park

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**NEW: HIGH BAY WAREHOUSE
eCOMMERCE CENTER –
FOR LEASE OR SALE
AVAILABLE FALL 2016**

- NEW CONSTRUCTION
- 80,000 SF TO 195,000
- 30' TO 40' CLEAR HEIGHT
- 40'X40' COLUMN
SPACING
- TOWN WATER
- SUBDIVIDABLE TO 30,000
SF
- TRAILER STORAGE
- AVAILABLE FALL OF 2016

Proposed



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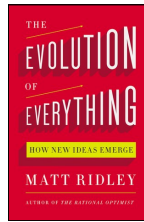
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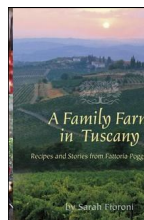
Book Reviews

***The Evolution of Everything* By Matt Ridley**



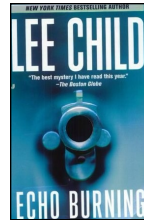
The *New York Times* bestselling author returns with a fascinating, brilliant argument for evolution that definitively dispels a dangerous, widespread myth: that we can command and control our world. *The Evolution of Everything* is about bottom-up order and its enemy, the top-down twitch - the endless fascination human beings have for design rather than evolution, for direction rather than emergence. Although we neglect, defy and ignore them, bottom-up trends shape the world. As compelling as it is controversial, authoritative as it is ambitious, Ridley's perspective should revolutionize the way we think about our world and how it works.

***A Family Farm in Tuscany* By Sarah FIORONI**



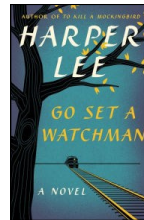
Sarah FIORONI shares stories of family traditions and daily life, as well as recipes in *A Family Farm in Tuscany: Recipes and Stories from Fattoria Poggio Alloro*. FIORONI provides a month-by-month glimpse of farm living as well as seasonal recipes that are simple yet so delicious, and easy to prepare in your kitchen. I recently visited this winery when in Tuscany with the Greater Concord Chamber of Commerce (a fabulous trip!) and the wine tasting wasn't bad either!

***Echo Burning* By Lee Child**



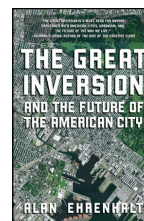
Jack Reacher confronts hatred and hidden crimes in this superb thriller. Lawyers can't help. Cops can't be trusted. So Reacher goes home with the woman who picks him up hitchhiking to her lonely ranch where nothing is as it seems and where evil swirls around them like dust in a storm. Within days, Carmen's husband is dead and simmering secrets send Echo, Texas, up in flames.

***Go Set a Watchman* By Harper Lee**



Go Set a Watchman features many of the characters from *To Kill a Mockingbird* some twenty years later. Returning home to Maycomb to visit her father, Jean Louise Finch - Scout struggles with issues, both personal and political, involving Atticus, society, and the small Alabama town that shaped her. The book explores how the characters from *To Kill a Mockingbird* are adjusting to the turbulent events transforming mid-1950s America.

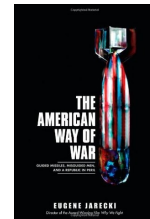
***The Great Inversion & the Future of the American City* By Alan Ehrenhalt**



In *The Great Inversion and the Future of the American City* we travel the nation with Alan Ehrenhalt, one of our leading urbanists, as he explains how America's cities are changing, what makes them succeed or fail, and what this means for our future. Today, a

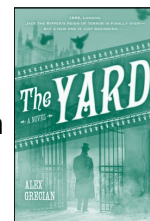
demographic inversion is taking place: Central cities increasingly are where the affluent want to live, while suburbs are becoming home to poorer people and those who come to America from other parts of the world. It does prompt the question about the viability of new urbanism - especially for us empty-nesters.

***The American Way of War* By Eugene Jarecki**



In the sobering aftermath of America's invasion of Iraq, Eugene Jarecki, the creator of the award-winning documentary "Why We Fight," launches a penetrating and revealing inquiry into how forces within the American political, economic and military systems have come to undermine the carefully crafted structure of our republic - upsetting its balance of powers, vastly strengthening the hand of the President in taking the nation to war and imperiling the workings of American democracy. *The American Way of War* is a deeply thought provoking study of how America reached a historic crossroads and of how recent excesses of militarism and executive power may provide an opening for the redirection of national priorities. This may be the best non-fiction book I have read in years - put it on your stack.

***The Yard* By Alex Grecian**



Filled with fascinating period detail and real historical figures, this showcases the depravity of late Victorian London, the advent of criminology. Interesting, but not on my top 10 Summer reading list.

Mike Harrington

I am honored to have been asked by Bill to join he, Al and Chip in contributing to Norton News. As some of you know, Bill and I have known each other since the late 1980's when Bill was working for Charlie Twigg, one of the developers and owners of Bedford Farms in Bedford and 2 Wall Street in Manchester NH, while I was working for Barnstable Real Estate Group, the owners of the Beacon Building, Manchester NH and Executive Tower in Nashua, NH. Over the years we've experienced significant "up" markets and three major corrections in commercial real estate, the crash of 1989/1990, the high tech bubble burst of 2001/2002, and most recently the Great Recession of 2008/2009 (which is still lin-

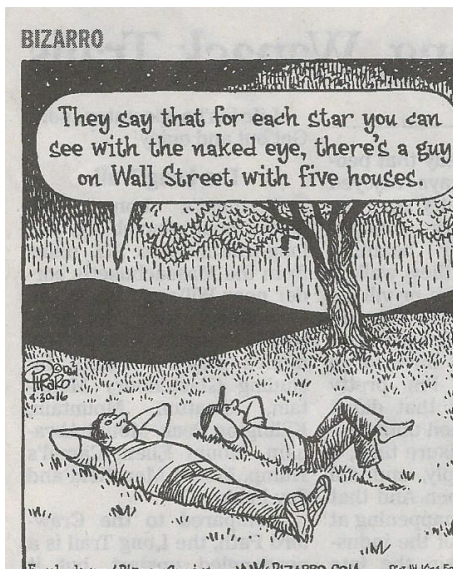
gering in some sectors). I mention this not to highlight the fact that we're getting older but to illustrate how relationships, whether they be with a partner, a spouse, children, family or a client can endure not only the test of time, but also the ups and downs of life when that relationship is built on a foundation of trust and mutual respect. It also helps to have a good sense of humor. If any of you have seen any of us golf lately, you know that we have a good sense of humor (well, Bill Norton might take exception to this!). ☺

Harrington & Reeves was formed a few years ago by Deane Navaroli and myself under very similar circum-

stances, coupled with a desire to better serve our clients and we all know the long-standing and respected history of Norton Asset Management. What some of you might not know is for the past 18 months our firms have shared office space and we have regularly joint-ventured on projects such as the sale of 99 Middle Street, Manchester NH and the sale of 3 Symmes Drive, Londonderry, NH. Moving forward, we expect our relationship to continue growing stronger which will lead to our firm's evolution. We recently added Chris Melanson and soon hope to add another "young buck" to increase our capacity in both the brokerage/transactional side, as well as the advisory/counseling side. Stay tuned!

Jeff Taylor

You may be reading or hearing about a new project from the NH Charitable Foundation. Named in honor of Jeff Taylor, great friend, fantastic community planner, former head of the NH Office of State Planning, and a real character, a memorial fund is being established to provide grants to groups advancing sustainable community planning, economic development, re-use of historic buildings, community betterment, cultural stewardship, mentorship and natural resource conservation. Look for the unique name Bean Pots to Bell Towers. New Hampshire has long needed more focus and attention to taking a longer view toward visioning and planning. Jeff was a champion of both.



Financialization is what they call it. The banks get bigger "too big, too fast" and the Wall Streeters get richer and richer.

Continued from Page 1

There are 6,000 banks in the U.S. today (half of the 12,000 in 1986). The F.I.R.E. economy (Finance, Insurance & Real Estate) has grown dramatically in this time, while the manufacturing sector has shrunk even more. See above.

GOLF

A good golf partner is one who is always slightly worse than you are - that is why I get so many calls to play with "friends"!