

**DRAFT**

**MARKET FEASIBILITY ASSESSMENT**

**Downtown Gateways Study  
Middletown, Connecticut**

**Prepared For:  
City of Middletown Redevelopment Agency  
Middletown, CT**

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APPENDIX A – Downtown Land Use/Business Inventory

## **I. Introduction**

The purpose of this market study and analysis is to assess the potential for development within the North End and South End Gateway areas of Downtown Middletown. In 2009, the City of Middletown received a Brownfield Community Assessment Grant that has enabled the City to inventory and study brownfields throughout Middletown. The funding also will allow the City to invest in properties by conducting environmental assessments, identifying potential contaminants and planning for the possible remediation and redevelopment of these sites. Through the course of the brownfields assessment process, the City of Middletown's Redevelopment Agency has narrowed its area of focus to the North End and South End Gateway areas abutting Downtown Middletown. The City's overall goal is to plan for and promote intelligent economic investment in these brownfield properties as well as in the North End and South End Gateway areas in general.

## **II. Definition of Market Areas and Description of Market Analysis Methodology**

Two market areas were identified for the purposes of conducting this market analysis. A Regional Market Area (RMA) was established as the market area within which the vast majority of competition for general office space, industrial space and some residential uses would occur, as well as to provide a broad demographic and economic picture of the larger region and its impacts on the North End and South End Gateway areas. The RMA encompasses the greater Middletown region, including the City of Middletown, the City of Meriden and the towns of Cromwell, Rocky Hill, Portland, Haddam, Durham and Middlefield. In addition, a smaller Downtown Market Area (DMA) was established as the geographic area from which much of the competition and demand for small retail uses, personal services, medical office space and some residential uses would occur. The DMA encompasses the three central Census Tracts in Middletown: Tracts 5411, 5416 and 5417. These Census Tracts include both the North End and South End Gateway areas, as well as the central core of Downtown Middletown.

The RMA geography was defined based upon transportation linkages and regional development patterns. For example, the towns of Haddam and Cromwell were included in the RMA because of their strong transportation connection to Middletown via Route 9, while Rocky Hill was included because of its connection via Route 99. Portland, Meriden and Middlefield were included because of their connection to Downtown Middletown by way of Route 66, and the Town of Durham was incorporated into the RMA because of its linkage to Middletown along Route 17. All of these transportation connections enable residents and visitors from each of these communities to reach Downtown Middletown in a reasonable amount of time. In contrast, the Town of East Hampton (which is technically adjacent to the City of Middletown, with the Connecticut River serving as their common border) was not included in the RMA since it is more difficult to reach Downtown Middletown from East Hampton in an acceptable amount of time. East Hampton has a much weaker transportation connection to Middletown because of the very limited number of places to cross the Connecticut River.

The DMA geography was defined based upon several factors, such as the inclusion of Census Tracts that encompass the three areas of particular interest for this market study (the North End, the South End and the Downtown core); a logical designation of an area within which the majority of the residents would be within walking distance of the businesses and institutions in Downtown Middletown; and to be generally consistent with the local market area established in the Downtown Housing Market Study completed in September 2010.

### **III. Description of Gateway Areas**

The North End and South End Gateway areas form the north and south ends, respectively, of the central Downtown corridor of Middletown. Downtown Middletown is centrally located within the State of Connecticut along the Connecticut River and Route 9. The Downtown area encompasses the intersection of Route 9, Route 17 and Route 66, which is the major traffic interchange in the central Connecticut Valley region.

Both gateway areas have direct access to major transportation systems and routes, are within walking distance to the Downtown core and major shopping centers, and can be accessed by the Middletown Area Transit system.

#### **North End Gateway:**

The North End Gateway area is located along the northern end of Main Street where Route 17 and Route 66 interchange with the Arrigoni Bridge and Route 9. This interchange is a major gateway into the community and is a primary access point for visitors coming from points north of Middletown. This gateway area includes the Rapallo Avenue-Green Street-Ferry Street neighborhood along the east side of Main Street and the Spring Street-Grand Street-Liberty Street neighborhood on the west side of Main Street.

The North End has historically been home to many small neighborhoods and ethnicities for well over a century. The North End has also struggled with crime and poverty for years. However, within the last decade the North End has been evolving with some new development, and the redevelopment and improvement of the area has become a priority for the City of Middletown. The North End is home to a number of notable uses and buildings, including St. John's Church, Eli Cannon's Pub, the Old Trolley Barn, and the newly constructed Liberty Square building. Currently, construction has begun on a new Community Health Center on Main Street. The residents within the North End are very active in the community and have created a grass roots organization called the North End Action Team (NEAT). The North End's component neighborhoods have experienced successful rehabilitation efforts with the construction of the Wharfside Commons 96 unit apartment complex that includes affordable housing, and the on-going rehabilitation efforts for 15 single family homes by the Nehemiah Housing Corporation.

An examination of average daily traffic (ADT) counts in the North End Gateway area reveals that there is significantly more traffic at peak hours in the North End than there is in the South End. In the North End, the traffic volumes suggest that the area services a more regional market. The traffic volumes support the conclusion that the North End Gateway area is a primary access point into Downtown Middletown and that it is also a major connection to the eastern side of the Connecticut River by way of the Arrigoni Bridge. During the 7:00 am peak time there were roughly 6,000 cars traveling through the area and the majority of them either originated from east side of the Arrigoni Bridge or were heading toward Route 9. During the 4:00 pm peak time, roughly 6,500 cars were either traveling toward Portland over the bridge or into Downtown Middletown. Due to the



Downtown Gateway - North  
 Downtown Gateway Study  
 Middletown, CT

- Preliminary Gateway Boundary
- Brownfield Sites

Source: City of Middletown (2009)  
 Parcels: City of Middletown (2009)  
 Brownfields: As digitized by  
 Vanasse Hangen Brustlin, Inc.  
 Brownfield Assessment Grant (2010)  
 Aerial: Microsoft Virtual Earth (2009)  
 Roads: Street Map USA (2009)

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consistently high traffic volumes in the morning and evening peak hours, the North End Gateway area has greater potential for development at a regional level. Table 1 provides 2010 traffic counts for various counting stations in the North End Gateway area.

Location	Direction	Station	ADT	Peak Hour	Peak Count	24 Hour
Portland Town Line (Arrigoni Bridge) RT 66	East	49	16,700	5:00 PM	2,048	17,731
Portland Town Line (Arrigoni Bridge) RT 66	West	49	18,000	7:00 AM	2,172	19,150
South of Kings Avenue RT 66	North	52	11,400	4:00 PM	1,184	12,126
South of Kings Avenue RT 66	South	52	8,800	8:00 AM	842	9,381
East of Saint Johns Street RT 17	East	68	14,200	7:00 AM	1,374	15,085
East of Saint Johns Street RT 17	West	68	10,000	4:00 PM	1,044	10,671
Rapallo Ave - East of RT 66	Both	242	4,400	2:00 PM	456	4,635

Source: State of Connecticut Traffic Count Locator Program TMSADT.

### **South End Gateway:**

The South End Gateway area is centered around Main Street Extension between the Route 17 interchange with Route 9 and the intersection of Ridge Road and Main Street Extension. The area includes the Cooley Avenue and West Silver Street neighborhoods. The former Formatron property at 134 Main Street Extension sits prominently at the gateway area's center. The U.S. Postal Service operates a facility at 11 Silver Street along the eastern boundary of the gateway area. The State of Connecticut Department of Social Services occupies two office buildings on Main Street Extension near the northern edge of the area. Middlesex Hospital, which employs over 1,500 people, is located at the northwest corner of the gateway area, separated from the other uses and properties in the South End by the elevated Route 17. Regional and national retailers, including CVS, Walgreens, Stop & Shop, Marshalls and Dollar Tree are located to the southwest of the gateway area within the South Farms section of Middletown.

Main Street Extension was constructed during the growth of Main Street. While the road was built to accommodate spillover development from the central part of Downtown Middletown, this growth never materialized. Therefore, the South End Gateway area has failed to develop a sense of identity and has become a disconnected piece of the City lying between the Downtown Middletown and the suburban South Farms area of the City. The South End Gateway area primarily functions as the connection between two more prominent sections of the City: Downtown Middletown and the residential South Farms section. The South End does not have a strong built form or neighborhood character, and while Main Street Extension is an important access route for local residents, it is not a primary access route for visitors or regional residents. However, due to its location, the South End is still a major gateway into Downtown Middletown, albeit one that is highly underutilized and physically disconnected.

An examination of ADT counts in the South End Gateway area indicates that the traffic volumes are significantly lower than those in the North End. Traffic volumes peaked in the afternoon

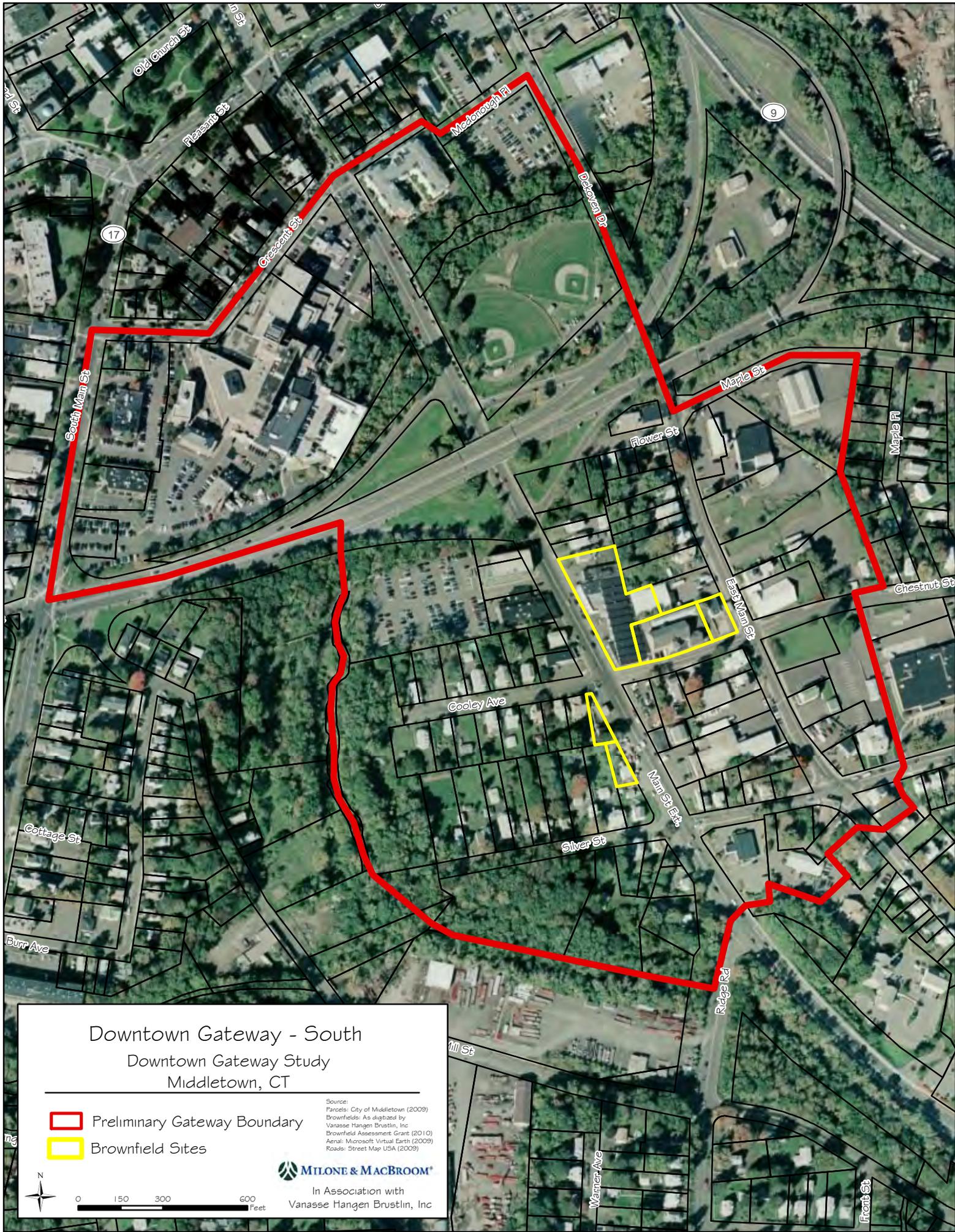
Downtown Gateway - South  
Downtown Gateway Study  
Middletown, CT

-  Preliminary Gateway Boundary
-  Brownfield Sites

Source:  
Parcels: City of Middletown (2009)  
Brownfields: As digitized by  
Vanasse Hangen Brustlin, Inc  
Brownfield Assessment Grant (2010)  
Aerial: Microsoft Virtual Earth (2009)  
Roads: Street Map USA (2009)



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between 3:00 pm and 4:00 pm. The traffic volumes suggest that the market potential for uses such as medium to large retail space is likely limited. To spur development of a regional scale, traffic volumes would need to increase or a “destination” use would need to be developed along Main Street Extension. Alternatively, these traffic volumes indicate that a potentially more successful approach to development would be to focus on smaller neighborhood-scale building forms and uses and tie into the customer base present at the Middlesex Hospital campus. Table 1 provides 2010 traffic counts for various counting stations in the South End Gateway area.

<b>Location</b>	<b>Direction</b>	<b>Station</b>	<b>ADT</b>	<b>Peak Hour</b>	<b>Peak Count</b>	<b>24 Hour</b>
Main Street Extension- NW of RT 17 SB on Ramp	North	2221	5,600	4:00 PM	473	6,001
Main Street Extension- NW of RT 17 SB on Ramp	South	2221	4,900	3:00 PM	418	5,162
Main Street Extension- N of RT 17 NB off Ramp	North	2368	7,500	4:00 PM	646	8,029
Main Street Extension- N of RT 17 NB off Ramp	South	2368	6,200	3:00 PM	509	6,564
Main Street Extension- S of RT 17 NB off Ramp	Both	363	16,600	3:00 PM	1,400	17,636
Main Street Extension- SE of Ridge Road	Both	223	13,300	3:00 PM	1,137	14,174

Source: State of Connecticut Traffic Count Locator Program TMSADT.

#### IV. 2010-2015 Demographic, Housing and Economic Data

Economic and demographic data estimates for 2010 and 2015 for the identified Regional Market Area (RMA) and Downtown Market Area (DMA) were gathered from Claritas, Inc., a leading national demographic and research data provider. Table 3 presents general data for population, households and income for these two areas.

	<b>RMA</b>	<b>DMA</b>
Population, 2000 Census	158,967	6,990
Estimated Population, 2010	167,285	7,104
Projected Population, 2015	169,854	7,095
Households, 2000 Census	64,285	3,185
Estimated Households, 2010	68,159	3,334
Projected Households, 2015	69,359	3,319
Average HH Income, 2000	N/A	N/A
Est. Average HH Income, 2010	\$79,092	\$41,515
Proj. Average HH Income, 2015	\$86,667	\$44,899
Median Household Income, 2000	\$51,994	\$29,203
Est. Median Household Income, 2010	\$65,011	\$31,846
Proj. Median Household Income, 2015	\$69,782	\$33,899
Per Capita Income, 2000	\$25,121	\$16,606
Est. Per Capita Income, 2010	\$32,550	\$19,898
Proj. Per Capita Income, 2015	\$35,716	\$21,429

*Source: Claritas, Inc.; compiled by MMI.*

As Table 3 illustrates, the identified RMA has had, and is projected to continue to have, modest growth in both population and number of households. Between 2000 and 2010, the population in the RMA grew by 8,318 people or approximately 5.2%. Perhaps more importantly, the number of households in the RMA increased by 6.0% between 2000 and 2010. Based upon the projections for population and households in 2015, the RMA will likely continue in a modest growth mode for the next few years. In the DMA, the population grew by only 1.6% between 2000 and 2010. However, the number of households in the DMA increased by 4.7% over the same time period, clearly indicating a shift toward smaller households. Based upon the projections for population and households in 2015, the DMA is expected to experience a small decline in both population and the number of households.

It is important to recognize that the population projections use mathematical formulas that trend forward earlier Census data. Substantial new data from the 2010 Census will be released over the next two years that will provide a more current picture of the demographic and economic conditions in both the RMA and the DMA. There is also new housing in the Downtown area that recently became occupied which is not recognized in the 2010 estimates.

Between 2000 and 2010, the RMA experienced increases in median household income and per capita income that far outpaced the growth rates for total population and the number of households. Median household income increased by 25% from 2000 to 2010, while per capita income increased by 29.2% over the same time period. Therefore, while the population and household statistics for the RMA indicate an area whose market base is growing modestly, the increase in income of existing residents compounds the growth of consumer spending resulting from population and household gains. However, the DMA did not experience a similar level of growth in income during the past decade. Between 2000 and 2010, the DMA's median household income increased by only 9.1% while per capita income increased by 19.8% over the same time period. The growth in the number of smaller households in the DMA with fewer children may explain this larger increase in per capita income.

Table 4 summarizes basic housing information for the RMA and the DMA.

<b>TABLE 4</b>				
<b>Selected RMA &amp; DMA Housing Data</b>				
<b>2010-2015</b>				
	<b>RMA</b>		<b>DMA</b>	
	<b>2010</b>	<b>2015</b>	<b>2010</b>	<b>2015</b>
<b>Total Occupied</b>	<b>68,159</b>	<b>69,359</b>	<b>3,334</b>	<b>3,319</b>
Owner-Occupied	44,985	45,825	1,064	1,047
Renter Occupied	23,174	23,534	2,270	2,272
	<b>2010</b>	<b>%</b>	<b>2010</b>	<b>%</b>
One Family, Detached	39,443	54.6%	688	18.7%
One Family, Attached	4,588	6.3%	124	3.4%
Two Family	6,264	8.7%	818	22.2%
3 to 4 units	5,715	7.9%	749	20.4%
5 to 19 units	7,932	11.0%	590	16.0%
20 to 49 units	2,844	3.9%	271	7.4%
50+ units	5,288	7.3%	439	11.9%
Mobile homes	200	0.3%	0	0.0%
Other	5	0.0%	0	0.0%
<b>TOTAL</b>	<b>72,279</b>	<b>100.0%</b>	<b>3,679</b>	<b>100.0%</b>

Source: Claritas, Inc.; compiled by MMI.

Roughly two-thirds of the RMA's occupied housing stock is comprised of owner-occupied housing, and the majority of units in the housing stock itself (54.6%) are single family detached homes. Despite the strong presence of single family homes, however, the RMA has a considerably diverse stock of housing units; 16.6% of the housing stock is comprised of units in two- to four-family structures, and nearly 15% of the housing stock is multifamily housing. Owner occupancy in the DMA is essentially the reverse of the RMA; only 31.2% of the occupied housing units in the DMA are owner-occupied. The DMA's housing stock is also much more concentrated in the multifamily categories, with nearly 78% of its housing units in structures with two or more total units. The difference between total housing units (72,749) and total *occupied* housing units (68,159) indicates that there are a substantial number of vacant residential structures in the RMA.

Table 5 provides general information of the racial and ethnic characteristics of the RMA and the DMA.

<b>TABLE 5</b>				
<b>RMA &amp; DMA Racial/Ethnic Characteristics</b>				
<b>2010-2015</b>				
<b>RMA</b>	<b>2010</b>	<b>%</b>	<b>2015</b>	<b>%</b>
White, Non-Hispanic	124,927	74.7%	122,424	72.1%
Black, Non-Hispanic	11,525	6.9%	12,282	7.2%
Asian/Other, Non-Hispanic	8,301	5.0%	9,458	5.6%
Hispanic	22,532	13.5%	25,690	15.1%
<b>TOTAL</b>	<b>167,285</b>	<b>100.0%</b>	<b>169,854</b>	<b>100.0%</b>
<b>DMA</b>	<b>2010</b>	<b>%</b>	<b>2015</b>	<b>%</b>
White, Non-Hispanic	3,931	55.3%	3,704	52.1%
Black, Non-Hispanic	1,580	22.2%	1,604	22.6%
Asian/Other, Non-Hispanic	492	6.9%	538	7.6%
Hispanic	1,101	15.5%	1,249	17.6%
<b>TOTAL</b>	<b>7,104</b>	<b>100.0%</b>	<b>7,095</b>	<b>99.9%</b>

Source: Claritas, Inc.; compiled by MMI.

Almost 75% of the RMA population is White Non-Hispanic, a percentage which is projected to continue to decrease over the next five years. Black Non-Hispanic individuals constitute just under 7% of the population, while the Hispanic population represents 13.5% of the total population. Asian, Native American, Pacific Islander and multiracial individuals comprise 5% of the population. Over the next five years, continued population growth in the RMA among minority populations is projected to exceed numerical decreases in the White Non-Hispanic population. The DMA has a considerably larger percentage of Black Non-Hispanic residents than the RMA and a slightly greater percentage of Hispanic residents. While the Black Non-Hispanic population is expected to remain relatively flat over the next five years, continued growth in the Hispanic population and declines in the White Non-Hispanic population are projected for 2015.

Table 6 illustrates the age cohort breakdown of the RMA and DMA populations.

<b>TABLE 6</b>				
<b>RMA &amp; DMA Age Characteristics of Population</b>				
<b>2010-2015</b>				
<b>RMA</b>	<b>2010</b>	<b>%</b>	<b>2015</b>	<b>%</b>
Age 0-4	9,714	5.8%	9,744	5.7%
Age 5-9	10,076	6.0%	9,706	5.7%
Age 10-14	10,745	6.4%	10,261	6.0%
Age 15-17	6,932	4.1%	7,107	4.2%
Age 18-20	5,004	3.0%	5,332	3.1%
Age 21-24	7,474	4.5%	8,106	4.8%
Age 25-34	20,362	12.2%	19,032	11.2%
Age 35-44	25,447	15.2%	23,184	13.6%
Age 45-54	26,902	16.1%	26,588	15.7%
Age 55-64	20,501	12.3%	23,514	13.8%
Age 65-74	12,106	7.2%	14,973	8.8%
Age 75-84	7,743	4.6%	7,769	4.6%
Age 85+	4,279	2.6%	4,538	2.7%
<b>DMA</b>				
<b>DMA</b>	<b>2010</b>	<b>%</b>	<b>2015</b>	<b>%</b>
Age 0-4	417	5.9%	409	5.8%
Age 5-9	439	6.2%	408	5.8%
Age 10-14	457	6.4%	438	6.2%
Age 15-17	197	2.8%	243	3.4%
Age 18-20	214	3.0%	259	3.7%
Age 21-24	295	4.2%	275	3.9%
Age 25-34	1,038	14.6%	816	11.5%
Age 35-44	1,249	17.6%	1,253	17.7%
Age 45-54	1,002	14.1%	1,059	14.9%
Age 55-64	711	10.0%	783	11.0%
Age 65-74	488	6.9%	560	7.9%
Age 75-84	326	4.6%	310	4.4%
Age 85+	271	3.8%	282	4.0%

Source: Claritas, Inc.; compiled by HMA.

Almost 30% of the RMA population is under the age of 25, a statistic that is projected to decrease slightly over the next five years. The DMA's under age 25 population is slightly smaller at 28.5% but is projected to increase slightly to 28.8% by 2015. Comparatively, the RMA's age 55+ population is projected to rise from 26.7% in 2010 to 29.9% in 2015 as the population begins to get somewhat older on average. The DMA's age 55+ population is also projected to increase noticeably, from 25.3% in 2010 to 27.3% in 2015.

### ***Economic Benchmarks***

To understand the potential market for development and redevelopment of the North and South Gateway areas, it is important to understand the existing local economic base. Middletown's economy relies primarily on the educational services, health care and social assistance, and manufacturing sectors for employment and earnings. Wesleyan University and Middlesex Hospital are major employers in the community and generate significant spin-off economic activity. The manufacturing sector, while declining, is still an important component of Middletown's overall economy.

According to the American Community Survey five-year (2005-09) data (ACS 05-09), approximately 30% of Middletown's civilian labor force is employed in the educational services, health care and social assistance fields. Thirteen percent is employed in manufacturing, while 10% work in retail and an additional 10% are employed in the finance, insurance and real estate industry. According to the 2007 *Economic Census*, the healthcare and social assistance industry accounted for 7,535 jobs in Middletown; whereas the manufacturing sector had 3,390 jobs, down from 4,670 in 2002. The Census reported manufacturing sector receipts of approximately \$1.67 billion in 2007. While the 2007 Economic Census doesn't report total employment figures for educational services, it is reasonable to assume that Middletown serves as a regional job center in the educational services and healthcare fields. Finally, the retail and arts and entertainment sectors combine to account for approximately 18% of Middletown resident jobs, according to the ACS 05-09.

According to the ACS 05-09, the median household income in Middletown is \$59,677, which is lower than the corresponding figure for the RMA but substantially higher than that of the DMA. However, approximately 30% of households had incomes of less than \$35,000. Approximately 12% of all Middletown residents had incomes below the poverty level. These figures indicate a level of economic need that must be considered when evaluating market opportunities and potential.

## V. 2010-2015 Consumer Spending Patterns

Data on the amount of consumer spending by residents of the RMA and the DMA, and for what product and service categories such spending was allocated to, was obtained from Claritas, Inc. This 2010 data indicates that RMA residents had total specified consumer expenditures of approximately \$3.59 billion, while DMA residents had total specified consumer expenditures of approximately \$112.1 million. However, many of these expenses are outside the realm of retail sales, such as expenditures for transportation, housing, education, child care, restaurants, personal services, charitable contributions, travel expenses and medical services. As illustrated in Table 7, total existing consumer expenditures of a generally retail nature for RMA residents were approximately \$1.52 billion in 2010, and are projected to increase to roughly \$1.71 billion in 2015. This represents an increase of roughly \$188.4 million or 12.4%.

<b>Expenditure Category</b>	<b>Amount (in 000's)</b>	
	<b>2010</b>	<b>2015</b>
Apparel	289,327	330,729
Sports & Recreation	116,563	144,688
TV, Radio & Sound Equipment	50,857	75,324
Reading Materials	31,791	35,227
Photographic Equipment	7,794	10,175
Food at Home (groceries)	399,141	420,605
Prescription Drugs	141,689	158,380
Medical Supplies	13,559	15,215
Household Textiles	36,691	41,087
Furniture	54,296	61,635
Major Appliances	18,690	21,061
Small Appliances/Housewares	44,010	49,805
Misc. Household Equipment	35,252	39,354
Personal Care Products/Services	80,500	87,905
Smoking Products/Supplies	68,096	74,621
Pet Expenses	39,165	44,020
Housekeeping Supplies	24,933	27,465
Alcoholic Beverages at Home	67,236	70,686
<b>TOTAL</b>	<b>1,519,590</b>	<b>1,707,982</b>

*Source: Claritas, Inc.; compiled by MMI.*

The Claritas data in Table 7 indicates that of the \$188.4 million increase in selected consumer spending in the RMA by 2015, approximately \$107.7 million or 57.2% of the new spending will be in the categories of food at home (groceries), prescription drugs, apparel, and sports and recreation.

<b>TABLE 8</b>		
<b>Annual Consumer Spending of DMA Residents</b>		
<b>Selected Expenditure Categories, 2010-2015</b>		
	<b>Amount (in 000's)</b>	
<b>Expenditure Category</b>	<b>2010</b>	<b>2015</b>
Apparel	9,171	10,151
Sports & Recreation	3,202	3,714
TV, Radio & Sound Equipment	1,565	2,244
Reading Materials	812	880
Photographic Equipment	160	216
Food at Home (groceries)	15,122	15,663
Prescription Drugs	4,617	5,102
Medical Supplies	410	455
Household Textiles	1,060	1,148
Furniture	2,574	2,796
Major Appliances	496	546
Small Appliances/Housewares	1,175	1,289
Misc. Household Equipment	847	919
Personal Care Products/Services	6,635	6,991
Smoking Products/Supplies	3,272	3,569
Pet Expenses	1,198	1,323
Housekeeping Supplies	873	942
Alcoholic Beverages at Home	2,734	2,799
<b>TOTAL</b>	<b>55,923</b>	<b>60,747</b>

Source: Claritas, Inc.; compiled by MMI.

Table 8 shows that total existing consumer expenditures of a generally retail nature for DMA residents were approximately \$55.9 million in 2010, and are projected to increase to roughly \$60.7 million in 2015. This represents an increase of roughly \$4.8 million or 8.6%. Similarly, the data in Table 8 shows that of the \$4.8 million increase in selected consumer spending in the DMA by 2015, approximately \$3.2 million or 66.3% of the new spending will be in the categories of food at home (groceries); prescription drugs; apparel; TV, radio and sound equipment; and sports and recreation.

A point of clarification should be made about the data in Tables 7 and 8. The sales data shown in this table refers to total spending by residents of both market areas in expenditure categories that are generally retail in their nature. It must be stressed that not all of this spending occurs within the boundaries of these market areas. Local residents may spend their retail dollars at shopping centers and regional malls outside of the RMA and DMA, as well as on the internet and during destination shopping trips in places such as New York City or Boston. Also, certain retail categories that generally do not fit within the typical store setting, such as automobile sales, were not included as part of the selected retail sales.

## **VI. Competitive Commercial Market Supply – Land and Buildings**

### ***Land Available***

A survey of land available for commercial and/or industrial development in the RMA gathered from the Connecticut Economic Resource Center (CERC) SiteFinder website indicated that 22 parcels comprising 338.19 acres of raw or vacant land are available for commercial and/or industrial development. Of these 338 acres, 146 acres are marketed for retail or office development, 114 acres for industrial development and 78 acres for mixed use development. The inventory consists of two parcels (14.94 acres) in Cromwell, five parcels (75.12 acres) in Meriden, four parcels (38.95 acres) in Middletown, three parcels (12.98 acres) in Portland, eight parcels (196.2 acres) in Rocky Hill, and no parcels in Durham, Haddam or Middlefield. Parcels range in size from 0.7 acres to 83 acres. Over 58% of the total acreage available in the RMA is found in the Town of Rocky Hill.

Of the 22 parcels identified, asking prices ranged from as low as \$30,900 per acre to as high as \$637,000 per acre. Asking prices for land marketed for retail and/or office development averaged roughly \$342,000 per acre, while asking prices for industrial land averaged \$136,000 per acre. The only property specifically marketed for mixed use that had price information available had an asking price of approximately \$112,000 per acre.

### ***Buildings Available***

In addition to the supply of raw and vacant land, there is also an extensive supply of available commercial and industrial building space in the RMA. According to an analysis of property listings on CERC's SiteFinder website, approximately 1.19 million square feet of vacant retail/office building space is available for sale or lease in 104 buildings or units. Of this 1.19 million square feet of space, roughly 800,000 is for lease only; 165,000 is for sale only; and 220,000 is available for both sale or lease. Approximately 985,000 square feet of vacant industrial building space is also available for sale or lease in 41 buildings or units. Of this 985,000 square feet of space, roughly 538,000 is for lease only; 203,000 is for sale only; and 243,000 is available for both sale or lease.

The median asking sales price for building space for sale is approximately \$90 per square foot for retail space, \$103 per square foot for office space and \$64 per square foot for industrial space. The median asking rents for building space for lease are approximately \$14 per square foot for retail space, \$13 per square foot for office space and \$6.25 per square foot for industrial space. Both asking sales prices and asking rents vary substantially around the RMA. Retail space for sale and for lease is generally most expensive in Meriden, while Middletown on average has the least expensive retail space. Prices for office and industrial space vary on a site by site basis, with both expensive and modestly priced space available in many of the communities in the RMA.

## VII. Housing Market Analysis

A Downtown Housing Market Study for Middletown was completed in September 2010 by RKG Associates, Inc. The purpose of this study was to analyze the downtown housing market and determine the potential demand for various housing types. The study was also intended to serve as the statistical and analytical underpinning for an analysis of the feasibility of creating an Incentive Housing Zone (IHZ) in the Downtown area. More specifically, the City was interested in the following questions:

- What type of housing units would be “in demand”?
- How many units could be supported and over what time period?
- At what price levels could newly developed units be sold or rented?
- Are current incentives or infrastructure improvements in Middletown adequate to encourage investment?
- What role would parking play in the development of future housing?

The primary conclusion of the study is that due to a decline in employment, the Downtown housing market will not see any major increases over the next few years. Five-year household forecasts for Middletown indicate a projected decline of -750 households for the City and -190 households in the Downtown. The Downtown has a small concentration of condominiums, and there is a forecasted demand for approximately 20 condominiums in the downtown annually, with much if not most of this demand captured by ownership turnover in existing condominium units.

The projected growth sector for the homeownership market was projected to be households at the upper income level of \$100,000, while a decline was projected for the rental housing market. Also, the age groups of those purchasing condominium units were projected to be households between 25-34 years of age and 45-74 years of age. The study recommended creating a strategy for the conversion of multi-unit rental buildings into condominiums or upper floor residential conversions in commercial/mixed use buildings. The study also assumed that a potential price range of \$110,000 to \$150,000 would be more attainable in the Downtown based upon an evaluation of various case studies. The study also suggested that upscale housing is not likely to be supportable in the Downtown housing market.

As part of the case study analysis of other communities similar to Middletown, the study found that public partner relationships are possible and tend to mitigate developer-borne risk levels. In addition, a commitment by the City to make improvements such as infrastructure upgrades would also engender greater confidence in developers to move potential projects forward. The study also recommended that any residential development would need to be safe and provide off-street parking in the more densely developed parts of Downtown Middletown.

## **VIII. Downtown Middletown – Market Assessment**

### ***Downtown Business District – Business Directory and Map***

The Middletown Downtown Business District (DBD) is an organization comprised of downtown businesses and property owners that manage and oversee downtown Middletown, recruits businesses, and plans for future growth. The DBD has an extensive website that provides a directory of businesses, entertainment, and eating establishments and also provides a map of the downtown business community that highlights many of its businesses and attractions.

Milone and MacBroom conducted a land use survey of the downtown to identify all of the uses within the North End Gateway area, the Downtown core and the South End Gateway area. This inventory was necessary for identifying what land uses and businesses the Downtown area may be lacking and what uses could potentially thrive in the gateway areas. The DBD business directory and associated map was very useful for identifying the core businesses on Main Street. However, the directory and the map lacked the detail of all land uses, did not include the South End Gateway area and only included a small portion of the North End Gateway area. The MMI land use survey examined detailed land uses based upon sub-sectors identified by the North American Industry Classification System (NAICS). Once these detailed land uses in the surveyed area were inventoried, the number and geographic distribution of land uses was then compared to consumer spending patterns and estimated business sales for a much more specific market analysis.

### ***Current Land Use Inventory***

To assess the current status of the Downtown Middletown market, a business inventory and field reconnaissance were conducted on January 4, 2010. The business inventory included all businesses with frontage along Main Street from St. John's Church at the intersection of Main Street and North Main Street to the intersection of Main Street Extension and Ridge Road. Within this 1.2 mile-long section of Middletown, 206 individual business establishments were identified. Each business was subsequently assigned an appropriate land use category based upon the North American Industry Classification System (NAICS) code. In addition, the total number of businesses by land use code was calculated for the subareas of Downtown Middletown, the North End Gateway area and the South End Gateway area. The complete business inventory is attached as Appendix A.

An analysis of the overall business inventory indicates that the retail trade sector accounts for approximately 35% of all business establishments in the surveyed area. Other economic sectors with a substantial presence in this corridor include Accommodation and Food Services (17%) and Other Services (14.1%). Within the Accommodation and Food Services sector, however, the Food Services and Drinking Places or Restaurants and Bars subcategories account for the vast majority of the business establishments, and comprise 16.5% of the total 206 businesses in the corridor. Other subsectors that ranked highly were Food and Beverage Stores; Clothing and Clothing Accessories Stores; Personal and Laundry Services; and Religious, Grantmaking, Civic, Professional and Similar Organizations.

Of the 206 businesses in the surveyed area, only 36 or 17.5% are located within the North End Gateway area. The most heavily represented sector is retail trade with 11 businesses, followed by Other Services (8 businesses); Health Care and Social Assistance (5 businesses); Accommodation and Food Services (5 businesses); and Arts, Entertainment and Recreation (4 businesses). The most common subsectors are Food Services and Drinking Places; Food and Beverage Stores; Religious, Grantmaking, Civic, Professional, and Similar Organizations; Performing Arts, Spectator Sports and Related Industries; and Ambulatory Health Care Services. When looking more specifically at the North End and its land and building uses, the area tends to have a social service/arts and culture atmosphere within its business community.

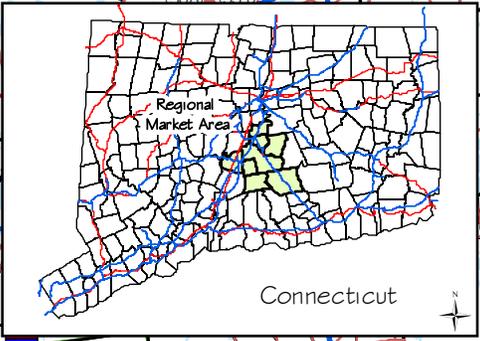
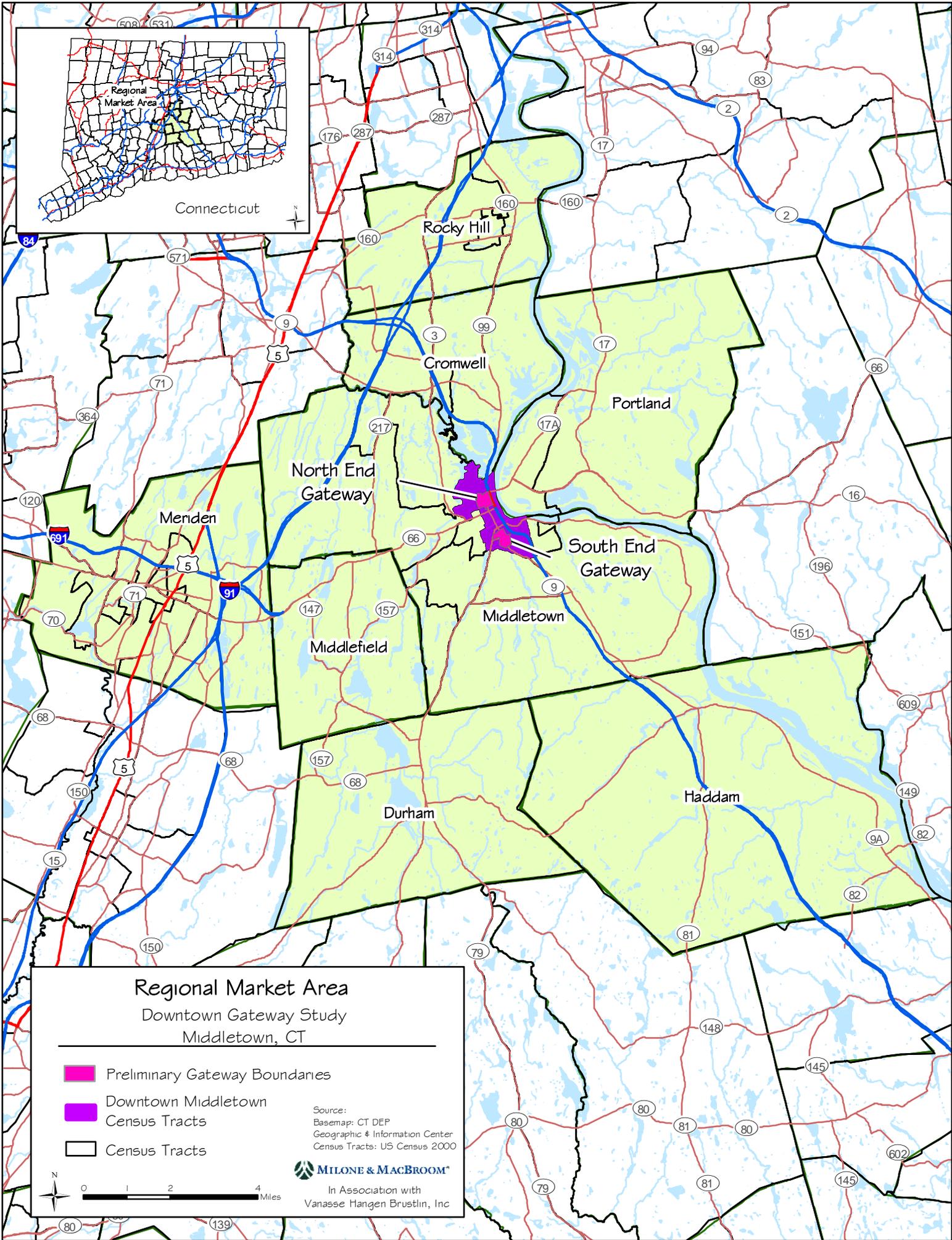
Compared to Main Street in Downtown Middletown and the North End, the South End Gateway area is relatively devoid of economic activity. There are only 16 businesses along the Main Street/Main Street Extension corridor that are located within this gateway area, or 7.8% of the total number of businesses in the entire corridor area. Of these 16 businesses, eight are retail businesses while Health Care and Social Assistance, Other Services and Public Administration sector business comprise the other eight businesses. The South End Gateway is bordered by Middlesex Hospital, and many of the health care and social assistance businesses in the Downtown area are located near the hospital.

The overwhelming majority of the businesses inventoried along the Main Street/Main Street Extension corridor are located outside of the North End and South End Gateway boundaries. Of the 206 businesses identified, 154 businesses or roughly 75% of the total are located in the central Downtown Middletown area. This area is generally defined as the Main Street corridor between Liberty Street to the north and Middlesex Hospital to the south. There are 53 different retail establishments in this area, along with 29 of the 34 Food Services and Drinking Places in the entire corridor, all of the 14 banks and credit institutions in the corridor, all but one of the nine Professional, Scientific, and Technical Services, and 12 of the 18 Personal and Laundry Services (hair salons, nail salons, etc.)

### ***Consumer Spending – Downtown Middletown***

In order to develop a more fine-grained analysis of the retail potential in the North End and South End Gateway areas of Downtown Middletown, consumer spending data was obtained from Claritas for the three Census Tracts that encompass the two gateway areas and the central portion of the Downtown: Tracts 5411, 5416 and 5417. This map that follows this page illustrates the DMA Census Tracts within the context of the larger RMA.

Table 9 presents selected retail store consumer spending data for the DMA for both the current year (2010) and projected for five years in the future (2015). Residents of the Downtown Middletown area currently spend an estimated \$68.6 million per year at retail stores, an average of approximately \$9,658 per person. Total retail spending is projected to increase by 7.0% over the next five years,



**Regional Market Area**  
 Downtown Gateway Study  
 Middletown, CT

- Preliminary Gateway Boundaries
- Downtown Middletown Census Tracts
- Census Tracts

Source:  
 Basemap: CT DEP  
 Geographic & Information Center  
 Census Tracts: US Census 2000

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 Vanasse Hangen Brustlin, Inc



rising to roughly \$73.4 million in 2015. The largest percentage increases in retail store sales are projected to occur in the following categories:

- Photographic Equipment and Supplies Stores
- Computers/Electronics /Appliance Stores
- Sporting Goods, Hobby, Book and Music Stores
- Office Supplies Stores
- Department Stores
- Clothing and Clothing Accessories Stores
- General Merchandise Stores

The greatest net changes in retail sales are projected in the following categories:

- General Merchandise Stores
- Department Stores
- Grocery Stores
- Computers/Electronics/Appliance Stores
- Clothing and Clothing Accessories Stores

Expenditure Category	Amount (in 000's)		% Change
	2010	2015	
<b>Retail Stores</b>	<b>\$68,609,188</b>	<b>\$73,439,283</b>	<b>7.0%</b>
Auto Dealers & Auto Parts	\$10,751,873	\$10,943,331	1.8%
Bldg. Materials/Garden Supplies & Equip.	\$1,480,162	\$1,597,563	7.9%
Photographic Equipment & Supplies	\$57,101	\$81,057	42.0%
Clothing & Clothing Accessories	\$4,696,663	\$5,200,325	10.7%
Electronics/Computers/Appliances	\$1,626,123	\$2,228,230	37.0%
Convenience Stores	\$830,435	\$875,335	5.4%
Department Stores	\$5,632,370	\$6,298,609	11.8%
Florists	\$532,893	\$570,198	7.0%
Grocery Stores	\$14,122,827	\$14,735,983	4.3%
Gifts/Novelty/Souvenir Stores	\$227,611	\$246,529	8.3%
General Merchandise Stores	\$11,673,948	\$12,852,426	10.1%
Gas Stations	\$8,342,255	\$8,299,591	-0.5%
Hardware Stores	\$181,867	\$197,142	8.4%
Health and Personal Care Products	\$4,483,823	\$4,912,309	9.6%
Jewelry Stores	\$904,859	\$969,079	7.1%
Furniture & Other Home Furnishings	\$1,768,891	\$1,928,415	9.0%
Luggage/Leather Goods	\$53,633	\$57,750	7.7%
Office Supplies	\$231,703	\$276,521	19.3%
Sporting Goods, Hobby, Books and Music Stores	\$1,656,979	\$1,988,870	20.0%
<b>Personal Services</b>	<b>\$1,018,469</b>	<b>\$1,074,305</b>	<b>5.5%</b>
<b>TOTAL Specified Consumer Expenditures</b>	<b>\$112,103,289</b>	<b>\$119,404,392</b>	<b>6.5%</b>

Source: Claritas, Inc.; compiled by MMI.

### ***Use Clusters***

Through the completion of the business inventory and the subsequent analysis, several land use clusters were identified. These included the following:

#### ***North End***

- Food and Beverage Stores
- Food Services and Drinking Places
- Ambulatory Health Care Services
- Performing Arts
- Religious, Grantmaking, Civic, Professional, and Similar Organizations

#### ***South End***

- Motor Vehicle and Parts Dealers

#### ***Downtown***

- Food and Beverage Stores
- Food Services and Drinking Places
- Clothing and Clothing Accessories Stores
- Banks
- Professional, Scientific and Technical Services
- Personal Services

When one looks at the North End Gateway and the South End Gateway, there are clearly differences in terms of existing uses and the relationship to Main Street. The North End Gateway is an extension of the Downtown in terms of uses and urban fabric. To the contrary, the South End Gateway area is physically separated from the Downtown by Route 17 and has a much different urban fabric. The North End Gateway area contains a variety of destination uses including O'Rourke's Diner, Eli Cannons, Green Street Art Center, The Buttonwood Tree and the Community Health Center. It is interesting to note that on a percentage basis, there are similarities between the North End and the Downtown within certain use categories. For example, the percentage of establishments in the food and drink category is 18.8% in the Downtown and 13.5% in the North End. The percentage of retail trade establishments is 34.4% in the Downtown and 30.6% in the North End.

By contrast, the South End contains no eating and drinking establishments. While retail trade establishments comprise 50% of the total establishments, for the most part, these fall into the heavy commercial uses such as the plumbing supply and motor vehicle parts categories. These are not uses found in the Downtown. The primary uses are within the healthcare and social assistance categories. These are the destination uses in the South End.

Considering the existing uses, urban fabric and physical relationship to the Downtown of each of the gateway areas, a development focus emerges. The North End contains an evolving arts and culture base with a health care and social assistance sector represented by the Community Health Center. The new Community Health Center facility will make a strong physical statement on Main Street. These sectors have the potential to strengthen the surrounding neighborhood by increasing the demand for housing. The arts and culture sector known collectively as the “creative industries” will support the demand for work/live housing as well as the potential for additional galleries and performing arts venues. A concept similar to ArtSpace, which sponsors live/work developments, might be appropriate for the area. The former trolley barn might be a good location for such a use.

The South End Gateway area’s future will be grounded in the healthcare sector. There may be direct impacts in the area from the expansion of Middlesex Hospital facilities. A second market opportunity is the expansion of the housing supply marketed to Middlesex Hospital employees. This housing can be provided through new development as well as renovation and marketing of existing housing in the surrounding neighborhood. At the same time, connectivity with the Downtown should be strengthened through better pedestrian connections.

## **IX. North End and South End Gateways – Market Potential Summary**

As part of this analysis, a number of potential uses for redeveloped properties in both the North End and the South End Gateway areas were explored to determine quantitative market support, proximity to similar uses or clusters of similar uses, and locational appropriateness for each potential land use. Based upon the quantitative and qualitative data collected and analyzed, each potential land use was assigned a rating from “Excellent” to “Poor” to summarize the findings regarding each element of the identified land uses.

The three metrics selected for the matrices were chosen for a variety of reasons. First, quantitative market support, where discernible, is obviously a critical component of the potential for a particular land use. Second, the identification of existing uses or clusters of uses of a nature similar to the land use in question is also an important market consideration. Clustering of similar uses can be both positive and negative for uses of a similar nature. The presence of similar uses may help create a “district” that becomes known for particular types of uses, thereby allowing a single use to gain more market share than it normally would if it were alone. However, the presence of similar uses can also result in greater competition for a finite amount of consumer spending dollars, making it more difficult for a single use to survive in the market. Finding a balance between these two possible outcomes is an important consideration in determining the market feasibility of a particular land use. Finally, locational appropriateness encompasses the concept that certain land uses, for a number of possible reasons, are better “fits” in some areas than others. For example, even if there were market support for new industrial uses in Middletown, Main Street in Downtown would not be an appropriate location for such uses.

Tables 10 and 11 present the market potential for each potential land use in the North End and South End Gateway areas. The discussion following these two tables describes the rationale for each market potential designation by economic sector.

<b>TABLE 10</b>				
<b>North End Gateway Area - Potential Land Use Assessment</b>				
<b>USE</b>	<b>Market Support</b>	<b>Use Cluster Support</b>	<b>Locational Appropriateness</b>	<b>OVERALL ASSESSMENT</b>
<b><i>Retail</i></b>				
Motor Vehicle and Parts Dealers	Excellent	Poor	Poor	<b>Fair</b>
Furniture and Home Furnishings Stores	Poor	Good	Good	<b>Fair</b>
Electronics and Appliance Stores	Fair	Poor	Good	<b>Fair</b>
Building Material and Garden Equipment and Supplies Dealers	Poor	Fair	Fair	<b>Fair</b>
Food and Beverage Stores	Good	Excellent	Good	<b>Good</b>
Health and Personal Care Stores	Good	Good	Good	<b>Good</b>
Gasoline Stores	Excellent	Good	Poor	<b>Fair</b>
Clothing and Clothing Accessories Stores	Poor	Fair	Good	<b>Fair</b>
Sporting Goods, Hobby, Book, and Music Stores	Fair	Poor	Good	<b>Fair</b>
General Merchandise Stores	Excellent	Poor	Good	<b>Good</b>
Hardware Stores	Fair	Poor	Good	<b>Fair</b>
Jewelry Stores	Fair	Fair	Good	<b>Fair</b>
Department Stores	Good	Poor	Fair	<b>Fair</b>
Gifts/Novelty/Souvenir Stores	Fair	Fair	Good	<b>Fair</b>
Luggage/Leather Goods	Poor	Poor	Good	<b>Fair</b>
Office Supplies	Fair	Fair	Good	<b>Fair</b>
Convenience Stores	Fair	Excellent	Fair	<b>Fair</b>
<b><i>Personal Services</i></b>				
	Fair	Fair	Good	<b>Fair</b>
<b><i>Arts/Culture/Recreation</i></b>				
	Good	Excellent	Excellent	<b>Excellent</b>
<b><i>Health Care &amp; Medical Office Space</i></b>				
	Fair	Excellent	Good	<b>Good</b>
<b><i>General Office Space</i></b>				
	Poor	Fair	Fair	<b>Fair</b>
<b><i>Industrial/Warehouse Space</i></b>				
	Poor	Fair	Poor	<b>Poor</b>
<b><i>Residential</i></b>				
Condominiums	Fair	Fair	Good	<b>Fair</b>
Apartments	Fair	Good	Good	<b>Good</b>

<b>TABLE 11</b>				
<b>South End Gateway Area - Potential Land Use Assessment</b>				
<b>USE</b>	<b>Market Support</b>	<b>Use Cluster Support</b>	<b>Locational Appropriateness</b>	<b>OVERALL ASSESSMENT</b>
<b><i>Retail</i></b>				
Motor Vehicle and Parts Dealers	Excellent	Excellent	Poor	<b>Fair</b>
Furniture and Home Furnishings Stores	Fair	Fair	Good	<b>Fair</b>
Electronics and Appliance Stores	Fair	Poor	Fair	<b>Fair</b>
Building Material and Garden Equipment and Supplies Dealers	Fair	Fair	Excellent	<b>Fair</b>
Food and Beverage Stores	Good	Poor	Good	<b>Fair</b>
Health and Personal Care Stores	Good	Poor	Good	<b>Fair</b>
Gasoline Stores	Good	Fair	Poor	<b>Fair</b>
Clothing and Clothing Accessories Stores	Poor	Poor	Fair	<b>Poor</b>
Sporting Goods, Hobby, Book, and Music Stores	Fair	Poor	Good	<b>Fair</b>
General Merchandise Stores	Excellent	Poor	Good	<b>Good</b>
Hardware Stores	Fair	Poor	Good	<b>Fair</b>
Jewelry Stores	Fair	Poor	Poor	<b>Poor</b>
Department Stores	Good	Poor	Poor	<b>Poor</b>
Gifts/Novelty/Souvenir Stores	Fair	Poor	Fair	<b>Fair</b>
Luggage/Leather Goods	Poor	Poor	Fair	<b>Poor</b>
Office Supplies	Fair	Poor	Good	<b>Fair</b>
Convenience Stores	Fair	Fair	Fair	<b>Fair</b>
<b><i>Personal Services</i></b>				
	Fair	Fair	Good	<b>Fair</b>
<b><i>Arts/Culture/Recreation</i></b>				
	Good	Poor	Fair	<b>Fair</b>
<b><i>Health Care &amp; Medical Office Space</i></b>				
	Fair	Excellent	Good	<b>Good</b>
<b><i>General Office Space</i></b>				
	Poor	Poor	Good	<b>Fair</b>
<b><i>Industrial/Warehouse Space</i></b>				
	Poor	Fair	Excellent	<b>Fair</b>
<b><i>Residential</i></b>				
Condominiums	Fair	Poor	Good	<b>Fair</b>
Apartments	Fair	Fair	Good	<b>Fair</b>

### ***Retail Potential***

The market potential for retail space in Downtown Middletown area is quite varied. For many types of retail uses, the existing supply of similar retail uses already located in the Downtown area limits the potential for further growth. For others, the lower income levels within the DMA simply do not provide the necessary levels of consumer spending to support additional retail development. Finally, the Downtown Middletown retail market faces stiff competition from more regionally-oriented retail development areas located nearby, such as the Route 66 corridor.

According to data collected from Claritas and data presented in the recently completed Downtown Housing Market Study, Downtown Middletown’s population and household growth is projected to be either stagnant or actually contract over the next five years. While this is noteworthy from a market standpoint, what are more worrisome are the statistics and projections for income levels in the DMA. Based upon 2010 data estimates from Claritas, the per capita income of the DMA is only 61% of the RMA per capita income. As shown earlier in Table 3, the estimated 2010 per capita income for the DMA is \$19,898, and it is only projected to increase by 7.7% to \$21,429 in 2015. Assuming a rate of inflation of 1.5%, compounded annually, this 7.7% increase in income would not even cover the cost of inflation. While stagnant population and household growth is problematic for expanding the Downtown retail market, what is truly needed to expand this market is more income among DMA residents.

Despite these limitations, the DMA has very strong existing retail sales compared to the consumer spending levels of its residents. Table 12 illustrates the calculations completed to quantify the nature of this market relationship by calculating the DMA potential sales from residents and comparing this figure to estimated actual retail sales in the DMA.

<b>Factor/Variable</b>	
RMA Per Capita Expenditures	\$9,083.84
DMA Income Index	0.611
DMA Actual Sales	\$102,000,000
DMA Capture	\$18,368
Pull Factor	2.59
DMA Potential Sales	\$39,448,529
<b>DMA SALES SURPLUS</b>	<b>\$62,551,471</b>

As Table 12 shows, the DMA already captures significantly greater retail sales than its resident population could support on its own. It is estimated that DMA residents could support approximately \$39.4 million in annual retail sales. However, estimated existing annual retail sales in the DMA are \$102.0 million, resulting in a sales “surplus” of roughly \$62.6 million. Therefore, over 61% of the retail sales in the DMA are likely occurring as a result of customers from outside the DMA. This substantial regional draw is also reflected in the pull factor calculation. A pull factor greater than 1.00 is indicative of a trade area drawing in market support from surrounding trade

areas as well as its own residents. With a pull factor of 2.59, the DMA has a retail market that is clearly supported primarily by the larger region. These figures and calculations underscore other statistical and anecdotal evidence of Downtown Middletown being the central economic focal point for the region.

This analysis demonstrates the positive market element of Downtown Middletown being a regional retail draw. However, the analysis also points to a potentially negative aspect of Downtown Middletown's retail market. If Downtown Middletown already relies heavily upon the balance of the region to support its retail sector, and existing DMA residents lack the economic means to generate more market activity, how much additional growth can be expected in the Downtown retail market? From this analysis, potential growth would appear to be quite limited.

Despite the points of the previous discussion, several factors impact Downtown Middletown's retail market in a positive manner. First, the interchange of Routes 9, 66 and 17, as well as the presence of one of the few crossings over the Connecticut River via the Arrigoni Bridge, solidify Downtown Middletown as a regional transportation center. Thousands of vehicles pass through Downtown Middletown each day, providing a substantial and diverse potential customer base for Downtown businesses. Second, Downtown Middletown is home to several important civic and institutional uses that draw in visitors from around the region. Of these uses, Middlesex Hospital and the Middlesex Judicial District Courthouse perhaps have the greatest impact. Both of these uses draw in many potential customers for Downtown retail and personal services businesses on a daily basis. Finally, as a densely-developed urban environment and the historic center of the larger region, Downtown Middletown is an established retail market whose retail businesses have a long history of providing goods and services to the region's residents. The concentration of restaurants and arts-related uses has also made Downtown Middletown a "destination" location. As a result, Downtown retail and personal service businesses can build upon the success of each other and the success of other types of businesses to capture customers, rather than simply trying to capture "drive-through" traffic as their customer base.

Market support for additional retail space in the DMA will generally come from two sources: spending by DMA residents and spending by RMA residents. To calculate future demand from DMA residents, the estimated current retail store expenditures by DMA residents was compared to the estimated amount of current retail sales occurring within the DMA that were supportable by DMA residents. An estimated percentage of DMA residents' retail expenditures that actually occur within the DMA itself was calculated and then applied to the projected 2015 retail expenditures. The respective figures for 2010 and 2015 were then compared to determine potential net growth in retail expenditures by DMA residents within the DMA. Applying a standard metric of \$350 of retail sales per square foot to the potential net growth in sales provided an estimated demand for 7,935 square feet of retail space. Table 13 illustrates these calculations.

<b>TABLE 13</b>	
<b>Estimated Supportable Retail Square Footage</b>	
<b>Downtown Market Area, 2015</b>	
<b>DMA Residents</b>	
2010 Est. Retail Exp. By DMA Residents within DMA	\$39,448,529
2010 Est. Total Retail Exp. By DMA Residents	\$68,609,188
% Exp. Within DMA	57.5%
2015 Est. Total Retail Exp. By DMA Residents	\$73,439,283
2015 Est. Retail Exp. By DMA Residents within DMA	\$42,225,710
Net Gain, 2010-2015	\$2,777,181
\$/sq. ft.	\$350
<b>Est. Supportable Sq. Ft.</b>	<b>7,935</b>
<b>RMA Residents</b>	
2010 Est. Retail Exp. By RMA Residents within DMA	\$62,551,471
2010 Est. Total Retail Exp. By RMA Residents	\$1,519,590,000
% Exp. Within DMA	4.1%
2015 Est. Total Retail Exp. By RMA Residents	\$1,707,982,000
2015 Est. Retail Exp. By RMA Residents within DMA	\$70,306,324
Net Gain, 2010-2015	\$7,754,853
\$/sq. ft.	\$350
<b>Est. Supportable Sq. Ft.</b>	<b>22,157</b>
<b>TOTAL ESTIMATED SUPPORTABLE SQUARE FOOTAGE</b>	
	<b>30,092</b>

While there appears to be market support for approximately 30,000 square feet of retail space in the DMA over the next five years, existing vacancies in the DMA will absorb much of this demand. According to property listings on CERC's SiteFinder website, approximately 21,965 square of strictly retail space is available for sale or lease in the DMA. There is also an additional 40,000 square feet of available space that could be used for either office or retail. **Thus, the demand for newly constructed retail space in the DMA is likely less than 10,000 square feet.** In addition, new stores would likely need to be small in size (less than 2,000 square feet in size) to be successful in this market.

In order to help determine which specific retail uses could be most successful in the DMA, a comparison was made between the percentage of existing retail businesses in the Downtown business inventory for each retail category and the percentage of consumer spending by DMA residents at retail stores for each retail category. This methodology essentially compares and contrasts where the spending dollars of DMA residents go versus what types of retail uses they have closest to them. If a high percentage of retail spending goes toward a type of retail store of which there are few in the DMA, such a store could have a better chance of achieving market penetration in the DMA than other types of retail uses. Table 14 illustrates this comparison.

<b>NAICS Retail Trade Subcode</b>	<b>Use Description/Category</b>	<b>% of Retail Businesses in Downtown</b>	<b>% 2010 DMA Resident Retail Exp.</b>
441	Motor Vehicle and Parts Dealers	6.9%	15.7%
442	Furniture and Home Furnishings Stores	11.1%	2.6%
443	Electronics and Appliance Stores	5.6%	2.4%
444	Building Material and Garden Equipment and Supplies Dealers	4.2%	2.2%
445	Food and Beverage Stores	25.0%	20.6%
446	Health and Personal Care Stores	5.6%	6.5%
447	Gasoline Stores	4.2%	12.2%
448	Clothing and Clothing Accessories Stores	26.4%	6.8%
451	Sporting Goods, Hobby, Book, and Music Stores	5.6%	2.4%
452	General Merchandise Stores	1.4%	17.0%

Based upon this comparison of uses versus spending, and analysis of the general retail market in the RMA and DMA, the following retail uses are likely to achieve a level of market support that makes them viable uses in the DMA:

- General Merchandise stores
- Health and Personal Care Products stores
- Food stores

Some uses that had high percentages of retail spending by DMA residents were not included in this list for a number of reasons. Motor Vehicle and Parts Dealers were not included because the retail spending by DMA residents in this category is likely skewed higher because of purchases of vehicles. Based upon land use and planning considerations, a new or used vehicle sales business was not deemed an appropriate use for either the North End or South End Gateway areas, and there are already well-established businesses of this type throughout the region that would offer stiff competition to any new vehicle sales business. Gasoline stations were also not included because of such a use was not deemed appropriate for either gateway area from a land use and planning perspective, and because there are already several gas stations located along Saybrook Road and

Route 17. In addition, “food stores” was included as a supportable category even though 25% of the retail businesses in the Downtown inventory were in this category. This category was included because of the high percentage of DMA resident spending (20.6%) that went to this category, and because while food stores are well-represented in the Downtown, the existing businesses do not cover all elements of the food and beverage market that could appeal to DMA residents.

One identified potential niche retail use within the “food store” category that could fit well into the Downtown Middletown market is an ethnic food market. While Middletown has a number of general regional or national grocery stores such as Stop & Shop, Aldi’s, A & P Food Store and Price Chopper along its major roads, and several small mini-marts and natural food stores along Main Street, the surrounding region is generally lacking a significant market for purchasing ethnic foods and groceries. This type of food retail is heavily concentrated further north in the Hartford area, particularly in the Town of West Hartford. Numerous ethnic food stores also can be found further south in and around the City of New Haven. There is little regional competition for this use in the RMA; however, according to data from Claritas, there are nearly 31,000 people within the RMA who are of Hispanic, Asian, Indian, Middle Eastern or Sub-Saharan African descent. A potentially underserved market for ethnic food may exist in the RMA, and a store of this type would be an excellent fit in the North End gateway area, given the close proximity to existing restaurants and food stores, as well as Downtown Middletown’s state-wide reputation for food and restaurants.

***Personal Services Potential***

Table 15 illustrates the calculations completed to quantify the DMA potential sales from residents and comparing this figure to estimated actual personal service sales in the DMA.

<b>TABLE 15</b>	
<b>DMA Trade Area Capture and Sales Leakage</b>	
<b>Personal Services Uses</b>	
<b>Factor/Variable</b>	
RMA Per Capita Expenditures	\$741.95
DMA Income Index	0.611
DMA Actual Sales	\$7,000,000
DMA Capture	\$15,434
Pull Factor	2.17
DMA Potential Sales	\$3,222,075
<b>DMA SALES SURPLUS</b>	<b>\$3,777,925</b>

As Table 15 shows, the DMA currently captures significantly more personal services sales than its resident population could support on its own. It is estimated that DMA residents could support approximately \$3.22 million in annual personal services sales. However, estimated existing annual personal services sales in the DMA are \$7.0 million, resulting in a sales “surplus” of roughly \$3.8 million. Therefore, 54.0% of the personal services sales in the DMA are likely occurring as a result of customers from outside the DMA. As in the case of the retail market, this substantial regional draw is also reflected in the pull factor calculation. A pull factor greater than 1.00 is indicative of a trade area drawing in market support from surrounding trade areas as well as its own residents. With a pull factor of 2.17, the DMA has a personal services market that is clearly supported primarily by the larger region.

Similar to the question raised by the retail market statistics for the DMA, Downtown Middletown’s ability to absorb additional personal services businesses may be quite limited if the DMA already relies heavily upon the balance of the region to support this sector.

### ***General Office Potential***

The market potential for general office space in the Downtown Middletown area is somewhat limited. One positive element of the Middletown office market is the relatively low vacancy rate, especially in the Downtown area itself. The most recent data available on Middletown's office space market indicates that the overall vacancy rate in the Downtown is approximately 9.1%; however, higher quality Class A and Class B office space have even lower rates of 7.1% and 7.7% respectively. Only lower quality Class C office space has a relatively high vacancy rate of 17.1%. As a point of comparison, Downtown New Haven has an office space vacancy rate of approximately 10%, and Downtown Hartford's office vacancy rate has been calculated at over 30%.

However, there are several factors that are restraining the office space market in not only Middletown, but also in other parts of the central Connecticut region. As the data from CERC's SiteFinder clearly indicate, there is an excessive supply of general office space available for sale and/or lease in the area. Approximately 1.26 million square feet of office space is available within the RMA, with 53,000 square feet of this space available in the DMA. In addition, absorption rates for office space have been constrained by the difficulty potential tenants have had in securing financing. Over the past several years, lenders have become much more reluctant to finance space improvements for new tenants, and business financing in general has been languishing since the beginning of the current economic recession.

In order to estimate the potential demand for office space in the Downtown area, the two critical factors of existing office space supply and projected future employment for office-based industries over the next five years were isolated and analyzed. As noted above, at the time when office space market data was collected the DMA had 53,000 square feet of office space listed for either sale or lease. This figure is likely a conservative estimate for the DMA, as some vacant office space (particularly in the Class C category) may not be actively marketed. However, given that Downtown

Middletown has over 600,000 square feet of total office space and a vacancy rate of 9.1%, the figure of 53,000 square feet of vacant office space appears quite reasonable.

To determine projected employment for office-based industries over the next five years, several steps were undertaken. First, particular industry categories were identified that could reasonably be considered as “office-based.” These industry categories are:

- Utilities
- Information
- Finance and Insurance
- Real Estate and related fields
- Professional, Scientific and Technical Services
- Management of Companies
- Administration, Support and Waste Management Services
- Educational Services

Second, the most recent town-level data on employment by industry category available from the State of Connecticut Department of Labor was utilized to determine reasonably current baseline employment levels for each of the “office-based” industries in Middletown identified above. Third, projected growth rates for industry sector employment were obtained for each selected industry sector from the State of Connecticut Department of Labor’s data set entitled “State of Connecticut Employment Projections: 2008-2018.” These rates were divided in half to account for a five-year time horizon rather than the 10-year time horizon used in the data set, and then subsequently applied to the baseline employment levels for their respective industry categories. Table 16 below illustrates the results of these calculations.

Industry Sector	Current Emp. <sup>1</sup>	Proj. 5-Year Change <sup>2</sup>	Future Emp.
Utilities	142	-0.80%	141
Information	285	3.6%	295
Finance and Insurance	3,949	1.4%	4,004
Real Estate & Related Fields	201	2.8%	207
Professional, Scientific & Technical Services	1,037	5.95%	1,099
Management of Companies	287	2.7%	295
Administrative, Support and Waste Mgmt./Remediation Services	895	1.15%	905
Educational Services	1,100	6.0%	1,165
<b>TOTAL</b>	<b>7,896</b>		<b>8,111</b>
		<b>Net Change</b>	<b>215</b>

<sup>1</sup> CT DOL 2009 Annual Avg. Employment.

<sup>2</sup> CT DOL Employment Projections: 2008-2018.

To estimate the amount of office space square footage required to accommodate the growth in office-based employment over the next five years, a standard range of 250 to 300 square feet of office space per employee was assumed. **Applying this range to the estimated 215 new office-based jobs in Middletown results in a need for approximately 53,800 to 64,600 square feet of office space.** As noted previously, there is approximately 53,000 square feet of vacant office space in the DMA currently. Even if one were to use an aggressive approach and assume that all office-based employment in Middletown over the next five years would be captured within the DMA, **a net demand of only 800 to 11,600 square feet of office space would result.** In reality, based upon the City's existing land use and zoning patterns, it is likely that a substantial portion of new office development in Middletown would occur in areas outside of the Downtown during the next five years.

## **CONCLUSION**

At the present time, and likely for the next five years, the demand for new general office space in the Downtown area will be minimal. Any new general office space constructed likely will be built for specific tenants or owners with unique space needs.

### ***Medical/Social Assistance Office Space Potential***

The market potential for medical and social assistance-related office space is impacted by many of the same factors as those affecting the potential for general office space. However, both the North End and South End gateway areas benefit from the presence of existing medical and social assistance uses that could potentially serve as anchor points for the development of additional related uses and space. The Community Health Center (CHC) in the North End is in the process of constructing a new three-story, 48,000 square foot facility at 675 Main Street that will allow for consolidation of their existing offices and facilities, which are currently distributed around the northern end of Downtown. Middlesex Hospital, located at the northwestern edge of the South End gateway area, employs over 1,500 people and is the primary medical care facility for the lower Connecticut River Valley area. Middlesex Hospital also manages a number of satellite facilities around the region from the Towns of Madison, Westbrook and Old Saybrook along the Connecticut shoreline to the Towns of Cromwell, Portland, East Hampton and Marlborough to the north and east. Satellite facilities in Middletown itself outside of the main hospital campus include the following:

- Middlesex Hospital Primary Care  
520 Saybrook Road
- Middlesex Hospital Outpatient Services  
534 Saybrook Road
- Middlesex Hospital Cancer Center  
536 Saybrook Road

- Middlesex Hospital Homecare – Visiting Nurses  
770 Saybrook Road

All four of these facilities are located along Saybrook Road approximately 1.2 miles southeast of the South End gateway area and 1.75 miles southeast of the Middlesex Hospital main campus. Saybrook Road connects directly with Main Street Extension, providing a strong linkage between Middlesex Hospital and its satellite facilities. The South End gateway area straddles this transportation linkage, and medical or social assistance office space would be a logical form of development along Main Street Extension.

In addition to these locational factors, the health care and social assistance sector is projected to be one of the strongest economic sectors in terms of employment over the next decade. The State of Connecticut Department of Labor has estimated that employment in this sector will grow by 14.3% between 2008 and 2018. Jobs in this economic sector also tend to have significantly higher wages than other sectors such as retail and personal services.

To determine projected employment for office-based industries over the next five years, the most recent town-level data on employment in the health care and social assistance industry category available from the State of Connecticut Department of Labor was utilized to determine the current baseline employment level. The projected growth rate for health care and social assistance employment was obtained from the State of Connecticut Department of Labor’s “State of Connecticut Employment Projections: 2008-2018” data set. This rate was divided in half to account for a five-year time horizon rather than the 10-year time horizon used in the data set, and then subsequently applied to the baseline employment level. Table 17 below illustrates the result of these calculations.

<b>TABLE 17</b>			
<b>Projected Medical Office-Based Employment Growth</b>			
<b>City of Middletown</b>			
<b>Industry Sector</b>	<b>Current Emp.<sup>1</sup></b>	<b>Proj. 5-Year Change<sup>2</sup></b>	<b>Future Emp.</b>
Health Care and Social Assistance	5,427	7.15%	5,815
		<b>Net Change</b>	<b>388</b>

<sup>1</sup> CT DOL 2009 Annual Avg. Employment.

<sup>2</sup> CT DOL Employment Projections: 2008-2018.

To estimate the amount of medical office space square footage required to accommodate the growth in office-based employment over the next five years, a standard range of 300 to 350 square feet of medical office space per employee was assumed. **Applying this range to the estimated 388 new medical office-based jobs in Middletown results in a need for approximately 116,400 to 135,800 square feet of office space.** As noted previously, there is approximately 53,000 square

feet of vacant office space in the DMA currently, but also 1.26 million square feet of total vacant office space in the RMA. Although some of the demand for new medical office space would be absorbed through the lease or sale of existing vacant office space in Middletown, it is likely that some additional medical office space would need to be developed to meet the specific needs of unique health care field tenants. In addition, appropriately designed medical office space in close proximity to important health care facilities such as Middlesex Hospital and the new Community Health Center may not be as readily available as vacant office space in general. Given the fact that the two primary health care facilities in Middletown are located within the DMA, it is reasonable to assume that much of the future demand for medical office space would arise within the DMA. The presence of the State of Connecticut Department of Social Services' offices and facility in the South End gateway area is an additional anchor point in the DMA for similar type office and facility space.

### **CONCLUSION**

Based upon the analysis above, there is potential demand in the Downtown area for a limited amount of medical office space. However, the demand for new space is unlikely to be as high as the 116,400 to 135,800 square feet estimated through projected employment increases in medical and social assistance-related fields due to an expected absorption of some of the demand by existing vacant office space.

### ***Industrial/Warehouse Use Potential***

As in the case of general office space, the market potential for industrial/warehouse uses in the Downtown Middletown area are somewhat limited based upon a number of both positive and negative influences. The industrial vacancy rate in Middletown is approximately 8.5%, which compares favorably to New Haven (9%) and Hartford (13%). Middletown's industrial base also benefits from the presence of the Pratt & Whitney facility in the Maromas section of the City.

However, there are several factors that significantly limit the market potential for industrial/warehouse space in not only Middletown, but also in other parts of the central Connecticut region. As the data from CERC's SiteFinder clearly indicate, there is an excessive supply of industrial space available for sale and/or lease in the area. Approximately 985,000 square feet of industrial space is available within the RMA, with 108,900 square feet of this space available in the DMA. Both the State of Connecticut and the City of Middletown have experienced significant declines in manufacturing employment during recent years. Manufacturing employment in Connecticut declined by -42.6% between January 1991 and November 2010, dropping from 291,900 manufacturing jobs to only 167,500 manufacturing jobs currently. Between 2000 and 2009, the City of Middletown lost nearly 800 manufacturing jobs, a decrease of -16.6% in manufacturing employment. As global competition for industrial and manufacturing uses remains strong, and the cost of doing business in Connecticut remains high, this declining trend in industrial jobs is unlikely to change significantly during the foreseeable future.

As in the case of the office space market, the potential demand for industrial and warehouse space in the Downtown area was estimated by taking the two critical factors of existing industrial space supply and projected future employment for industries likely to need industrial, manufacturing or warehouse space over the next five years, and isolating and analyzing them. As noted above, at the time when office space market data was collected the DMA had 108,900 square feet of industrial space listed for either sale or lease. Similar to the office space market, this figure is likely a conservative estimate for the DMA, as some vacant industrial space may not be actively marketed.

To determine projected employment for industries likely to need industrial, manufacturing or warehouse space over the next five years, several steps were undertaken. First, particular industry categories were identified that could reasonably be considered as “industrial” or “warehouse” type uses. These industry categories are:

- Construction
- Manufacturing
- Wholesale Trade
- Transportation and Warehousing

Second, the most recent town-level data on employment by industry category available from the State of Connecticut Department of Labor was utilized to determine reasonably current baseline employment levels for each of the industries in Middletown identified above. Third, projected growth rates for industry sector employment were obtained for each selected industry sector from the State of Connecticut Department of Labor’s data set entitled “State of Connecticut Employment Projections: 2008-2018.” These rates were divided in half to account for a five-year time horizon rather than the 10-year time horizon used in the data set, and then subsequently applied to the baseline employment levels for their respective industry categories. Table 18 below illustrates the results of these calculations.

Industry Sector	Current Emp. <sup>1</sup>	Proj. 5-Year Change <sup>2</sup>	Future Emp.
Construction	591	1.4%	599
Manufacturing	3,958	-2.7%	3,851
Wholesale Trade	654	1.7%	665
Transportation & Warehousing	490	1.2%	496
<b>TOTAL</b>	<b>5,693</b>		<b>5,611</b>
		<b>Net Change</b>	<b>-82</b>

<sup>1</sup> CT DOL 2009 Annual Avg. Employment.

<sup>2</sup> CT DOL Employment Projections: 2008-2018.

The loss of additional industrial sector jobs will likely result in additional industrial/warehouse space becoming vacant. To estimate the amount of industrial/warehouse space square footage that could be added to the inventory of vacant space over the next five years, a standard range of 500 to 1,000 square feet of industrial/warehouse space per employee was assumed. **Applying this range to the estimated decline in employment of -82 industrial/warehouse jobs in Middletown results in an excess supply of approximately -41,000 to -82,000 square feet of industrial/warehouse space.** As noted previously, there is already approximately 109,000 square feet of vacant industrial/warehouse space in the DMA currently. Based upon the City's existing land use and zoning patterns, it is likely that most of the industrial/warehousing employment decline in Middletown over the next five years will occur at businesses located outside of the DMA. Nonetheless, there appears to be little market support to fill existing industrial space in the DMA, let alone generate demand for the development of new space.

## **CONCLUSION**

At this point in time, there is little to no market-based demand for industrial or warehouse space in the DMA. It is also unlikely that additional demand for such space will occur during the next five years.

### ***Residential Potential***

The recently completed Downtown Housing Market Study for Downtown Middletown provides a wealth of market data and a number of conclusions on the Downtown residential market that are still applicable for this study. The data collected for this market area regarding residential development patterns, housing stock characteristics, sales and rent prices, and demographic factors are all comparable to the data collected for the Downtown Housing Market Study. While the projected declines in both population and the number of households in Downtown Middletown shown in the Downtown Housing Market Study were more severe than the projected numbers indicated by the sources for this market study, both data sets indicated a modestly shrinking DMA area with limited purchasing power. These factors, along with a lagging local and regional economy and an estimated Downtown residential vacancy rate of approximately 15%, combine to indicate limited residential development potential in Downtown Middletown. The Downtown Housing Market Study noted that "some major event would need to occur in downtown Middletown to stimulate demand over the near term, such as the landing of a major employer that builds a new office building or some other external event such as the advent of commuter rail service to Hartford and New Haven."<sup>1</sup> The analysis in this report also leads one to concur with the recommendations in the Downtown Housing Market Study to improve physical conditions in the Downtown area, promote homeownership where logical, and improve the housing stock and public amenities in the neighborhoods surrounding the Downtown core, including the North End and South End gateway areas.

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<sup>1</sup> RKG Associates, Inc., "Downtown Housing Market Study, Middletown, CT," p. 46.

Despite the sobering statistically-based conclusions reached in both of these studies, it is evident that because of Downtown Middletown's unique character and locational advantages, there will always be some (however small) market potential for unique and appropriately designed housing products. One cannot expect, particularly at this time or over the next few years, that Downtown Middletown will be able to support the development of hundreds of new housing units. However, the success of small, well-planned and properly marketed residential developments in both Middletown and other downtown areas provides evidence that if a development is kept small and done well, it is possible to achieve market success. The North End and South End gateway areas each have a potential asset upon which support can be built for some limited residential development. In the North End, this asset is the presence of a growing arts and culture "cluster", while in the South End, Middlesex Hospital serves as an anchor use that to a certain degree can generate its own small residential market. Residential uses in both of the gateways areas will have the greatest chance for success if linked to these "anchor" uses or are developed in conjunction with unique niche uses.

### ***Residential – South End Gateway Area***

With over 1,500 employees, Middlesex Hospital provides an ample market base from which a small-scale residential development could draw potential condominium owners or renters. This market would be comprised of employees looking for reasonably-priced housing options in a location that would allow them to walk or bike to work. Using a conservative combined annual housing turnover rate and capture rate of 3%, approximately 40 employees of Middlesex Hospital could be interested in such housing. Some of these potential residents would seek housing in the existing apartments and condominium units within Downtown itself. However, there is currently no housing located within the South End Gateway area that is likely to appeal to this market. A small condominium development, potentially interspersed with several apartment units could draw its market from the younger medical professionals working at Middlesex Hospital. As a result, this form of housing would draw in higher income levels and provide housing and parking for hospital staff within walking distance of the hospital. This could also become a benefit for Middlesex Hospital by potentially decreasing their demand for hospital staff parking.

Based upon the analysis contained in this study, data and analysis from the Downtown Housing Market Study, and an analysis of employment at Middlesex Hospital and average occupational salaries in the medical field, it is estimated that either a single condominium development or multiple small-scale condominium developments with a total of 12 to 15 units could be supported by the Middlesex Hospital market. In addition, a price range of \$175,000 to \$250,000 per unit is likely to be achievable. A few apartments may also be supportable by those who do not want to purchase a unit; however, the number of apartment units supportable at this time would be perhaps no more than 10 units. These units would be best suited as one bedroom or two bedroom units, with rents between \$700 and \$950 per month.

Once again, residential development in the South End would be most likely to succeed if combined in a mixed use format with perhaps ground floor medical offices or small-scale retail uses.

### ***Residential – North End Gateway Area***

Combining any new residential development with niche uses or clusters of similar uses will be especially critical for market success in the North End. The area already has a significant number of residential units, both old and new, as well as a significant number of units in foreclosure. Stand-alone residential developments are unlikely to garner enough market support due to the relatively high residential vacancy rate in the adjacent Downtown core and the issues of foreclosure and blight on some of the nearby streets.

One possible residential/mixed use form of development that could be supportable by the market is a development that combines a small number of studio or loft apartments with artist work space and gallery display space. Similar type developments have been completed in the cities of Hartford, Norwich and Willimantic by the organization ArtSpace Connecticut, LLC. The similarly named and national-level organization Artspace has completed a similar project at the former's Read's Department Store in Bridgeport. Perhaps 12 to 15 apartment units, ranging from studio units to two-bedroom units, could be supportable when combined with work and display space for artists. Supportable rents would likely be in the range of \$625 to \$650 per month for studio units, \$750 to \$800 per month for one-bedroom units, and \$850 to \$925 per month for two-bedroom units. Such a development would provide a unique residential product that ties into the growing arts and culture cluster in the North End.

### ***Status of Phase I Assessments***

At the current time, Phase I environmental assessments are underway for the identified brownfield properties in the North End and South End gateway areas. However, the Phase I work is not yet completed to the point where detailed assessments of specific reuse opportunities on a site-by-site basis can be made. Ultimately, the findings, conclusions and recommendations regarding the environmental issues and remediation measures for each property will be one of the key determinants in the future use of each property. When the Phase I work is completed to the necessary level, detailed recommendations regarding the future reuse of each identified brownfield property will be provided consistent with the market analysis provided in this study.

**APPENDIX A**

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