

TREVOR DAVIS
COMMERCIAL REAL ESTATE LLC

Middletown Commercial Real Estate Report

First Quarter 2011

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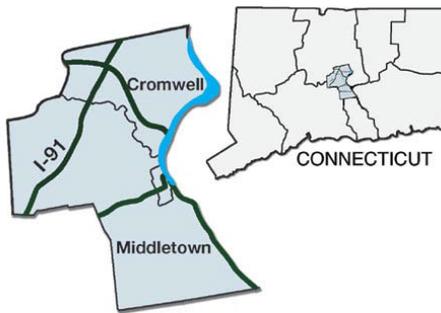
0.0% is an almost astonishing vacancy rate for a downtown, but that is exactly what Middletown, Connecticut's Class A measurement is on April 1 of this year. The 5 newer buildings had 7.1% available two years ago.

The Downtown Class B market, those older buildings with elevators, also is extremely low at 9.2%. When adjusted for an 8500 sf lower level space, the rate goes well below the 7.7% vacancy of 2 years ago.

Perhaps most surprising is the Class C market, those "walk-up" offices with

no elevators. In most cities that vacancy rate is over 30%, but in Middletown it is down to 9.1% from 18.2% two years ago. The demolition of 505 Main St., whose roof famously collapsed in February from the snow and rain load, had only 6480 sf of office space. This tenant took temporary space in a Class A building.

The suburban office market is up dramatically because one building, 245 Long Hill Rd., is under foreclosure and has emptied out. If the former 75,000 sf "Weekly Reader" building is removed from our survey, the availability rate



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Office Market Report

Sub Market	Class	Number of Buildings	Total Space (square feet)	Available Space (square feet)	Availability Rate (4)	Asking Lease Rate Range (PSF/YR)
Downtown Middletown	A (1)	5	261,707	0	0.0%	\$16.50 - \$25.00
	B (2)	13	249,593	22,943	9.2%	\$12.00 - \$16.50
	C (3)	12	97,810	8,895	9.1%	\$9.00 - \$14.00
	Subtotal	30	609,110	31,838	5.2%	
Suburban Middletown	A	14	482,862	96,197	19.9%	\$17.00 - \$19.00
	B	18	278,645	32,872	11.8%	\$13.00 - \$16.00
	Subtotal	32	761,507	129,069	16.0%	
	Middletown Total	62	1,370,617	160,907	11.7%	
Cromwell	A	4	33,000	4,800	14.5%	\$17.00 - \$21.00
	B	9	118,702	18,610	15.7%	\$13.00 - \$19.00
	Subtotal	13	151,702	23,410	15.4%	
Total Office Market		75	1,522,319 sf	184,317 sf	12.1%	

Market Coverage: Includes all office buildings 5,000 square feet and greater in size which are not State owned. Lease Rates are Gross Modified (plus Janitorial Services and Parking). Notes: (1) Class A: Built after 1980 with ADA compliance and higher than average rental rates. (2) Class B: Built after 1960 or renovated with elevators or newer building without total ADA compliance and average rental rates. (3) Class C: Older buildings that have not been renovated, access by stairs only, lower rental rates. (4) Vacancy rates include subleases. Information herein has been obtained from resources believed to be reliable. While we do not doubt its accuracy, we make no guarantee, warranty or representation about its accuracy and completeness. **This information may not be reproduced without prior written permission of Trevor Davis Commercial Real Estate LLC.** © 2011 Trevor Davis Commercial Real Estate LLC

jumps down to 4.4% from 19.9% as measured. The 1.2 million sf Aetna building, currently being demolished, has never been included in our numbers because it is considered owner occupied.

When contrasted with Hartford rates in the 21% to 35% range (according to Cushman & Wakefield's 1Q11 statistics), Middletown seems like the Land of Oz.

	Number of Buildings	Total Space (square feet)	Available Space (square feet)	Availability Rate (1)	Asking Lease Rate Range (PSF/YR)
Middletown	81	3,415,607	269,921	7.9%	\$3.50 - \$8.50
Cromwell	20	465,423	56,340	12.1%	\$5.25 - \$8.50
Total Industrial Market	100	3,829,995 sf	56,340 sf	8.5%	
<small>Market Coverage: Includes all Industrial Buildings 10,000 square feet and greater in size which are not State owned, boat storage or airport hangers. Lease Rates are Triple Net (NNN), meaning net of all taxes, utilities, insurance and common area maintenance (CAM). Notes: (1) Vacancy rates include subleases. Information herein has been obtained from resources believed to be reliable. While we do not doubt its accuracy, we make no guarantee, warranty or representation about its accuracy. This information may not be reproduced without prior written permission of Trevor Davis Commercial Real Estate LLC. © 2011 Trevor Davis Commercial Real Estate LLC</small>					

The industrial space market continues to be balanced with availability rates on the low side, but remaining mostly stable. Middletown's rate is down to 7.9% compared to 8.5% two years ago. Cromwell's industrial availability rate is 12.1%.

The most notable new construction is Norpaco's 51,000 sf food manufacturing facility at 80 Bysiewicz Dr., a new commercial subdivision with 9 remaining lots off Middle St. in Middletown.

Next year we hope to divide the industrial space into three categories to provide better differentiation of rental and availability rates: Warehouse/distribution; Manufacturing; and High-technology.

The continued softness in the national and state real estate markets for residential and other commercial areas make it hard to believe how little space is available in the central Connecticut area of Middletown and Cromwell. Expect these low rates to exert upward pressure on rental rates and even some speculative development. The first is a Green office condominium under construction at Centerpoint on Industrial Park Rd.

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