

**TREVOR DAVIS**  
COMMERCIAL REAL ESTATE LLC

# Middletown Commercial Real Estate Report

First Quarter 2013

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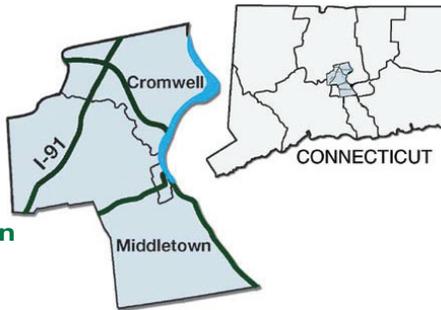
**Downtown Middletown, Connecticut's Class A office measurement on April 1 of this year is 2.8% available. Although this is up from 0.0% two years ago, vacancy this low indicates that there is a pent up demand for first class office space in one of Connecticut's nicest small cities. A new, sixth Class A building replaces the older mixed use building whose roof collapsed in the water-soaked snow of February, 2011. Another new building came on line last year, the Community Health Center, but isn't counted in our Report because it is owner-occupied.**

**The Downtown Class B market, those older buildings with elevators, has increased to 16.6% from 9.2% available primarily because 3 buildings put new space on the market that wasn't previously counted. Main Street Market now provides elevator service to the 3 story western section, The Central at 363 Main is now renting space that was under-utilized by Webster Bank, and 423 Main was part of a multi-story retail space.**

**The Class C market, those "walk-up" offices with no elevators, has increased only slightly to 12.4% available. The overall availability rate for the Downtown is 10.5%, still the most healthy in the region.**

**The Class A suburban office market still shows a high vacancy rate of 22.0% because of one building, 245 Long Hill Rd. It has been purchased by the holder of the mortgage, and rumored to be close to signing some leases. If the 86,000 sf former "Weekly Reader" building is taken out of our survey, the availability rate would be 5.0%.**

**Although the Centerpoint green office condominium did not sell any units, the whole building is leased, indicating that there is indeed demand for new, LEED certified office space. Both Suburban Middletown and Cromwell office space remain on the low range of availability rates.**



*(continued on back)*

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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)
<b>Downtown Middletown</b>	A (1)	6	235,632	6,492	2.8%	\$16.50 - \$25.00
	B (2)	13	262,952	43,741	16.6%	\$12.00 - \$18.00
	C (3)	11	97,810	12,101	12.4%	\$9.00 - \$14.00
	Subtotal	30	596,394	62,334	10.5%	
<b>Suburban Middletown</b>	A	15	506,730	111,419	22.0%	\$18.00 - \$25.00
	B	21	269,679	52,945	19.6%	\$12.00 - \$19.00
	Subtotal	36	776,409	164,364	21.2%	
<b>Middletown Total</b>		66	1,372,803	226,698	16.5%	
<b>Cromwell</b>	A	5	33,000	3,500	10.6%	\$17.00 - \$21.00
	B	9	118,702	21,960	18.5%	\$13.00 - \$19.00
	Subtotal	14	151,702	25,460	16.8%	
<b>Total Office Market</b>		80	1,524,505 sf	252,158 sf	16.5%	

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. © 2013 Trevor Davis Commercial Real Estate LLC

Middletown compares very favorable when compared to the national average office vacancy rate of 16%. Greater Hartford's overall rate is 20.2% (19.6% for Class A, 22.1% for Class B, and 13.8% for Class C) and New Haven's overall rate is 14.5%.\* Give thanks!

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**Industrial  
Market Report**

	Number of Buildings	Total Space (square feet)	Available Space (square feet)	Availability Rate (1)	Asking Lease Rate Range (PSF/YR)
Middletown	84	3,504,337	291,914	8.3%	\$2.50 - \$8.50
Cromwell	22	496,623	23,000	4.6%	\$5.25 - \$11.00
<b>Total Industrial Market</b>	<b>106</b>	<b>4,000,960 sf</b>	<b>314,914 sf</b>	<b>7.9%</b>	
<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. <b>This information may not be reproduced without prior written permission of Trevor Davis Commercial Real Estate LLC.</b> © 2013 Trevor Davis Commercial Real Estate LLC</small>					

Industrial space is generally in more demand, and Middletown and Cromwell are no exception. Middletown's rates are up slightly to 8.3%, and Cromwell's are down to 4.6%. These are also much lower than both New Haven and Hartford's rate of 12.9% each\*. Our Industrial survey includes buildings that are owner occupied since they are often used for the specific purpose that a company has for manufacturing or assembly, warehouse/distribution, etc. Small industrial buildings for sale are usually under contract within weeks of going on the market.

The largest construction project is the 200,000 sf WinWholesale facility on Middle St. at Millennium Business Park. They are one of the nation's largest distributors of construction and industrial supplies and materials.

**Summary**

As the Great Recession recedes and some sectors of the commercial real estate market begin to improve, we also see some signs that suppressed demand and cash reserves make the future better in the central Connecticut area of Middletown and Cromwell. We even see rental rates exerting upward pressure, although speculative development is only for the most bold.

**Economic Development**

One of the often unrecognized functions that we play as commercial real estate brokers is as economic development ambassadors. A recent tally of the new companies that we helped bring to this area over the last 10 years numbered over 100 companies, and over 600 new jobs.

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*Acknowledgements: We can only provide good information if the landlords and brokers help us gather good data on all the buildings, so we are grateful to them for sharing. Our team strives to provide the best in commercial real estate services, and they are Leslie Dockendorff, Michael Hirth, Christopher Polack, and especially Matthew Nettleton, who gathered most of the data. \*Thanks to CBRE/New England for sharing their First Quarter 2013 statistics.*