



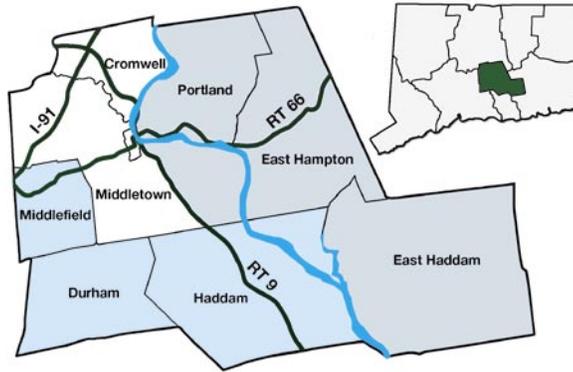
TREVOR DAVIS
COMMERCIAL REAL ESTATE LLC

Middletown Commercial Real Estate Report

Third Quarter 2006

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Overall availability rates (often called vacancy rates) continuing to edge downward are starting to have an effect by pushing rental rates up. Rising construction costs also are putting pressure on rental rates to increase. While Hartford and New Haven have experienced a sharp drop in vacancy rates in 2006 for the first time in almost a decade, Northern Middlesex County continues to experience extremely low availability rates, some in the low single digits.



This trend is occurring in office, industrial and retail, but is best shown in the market for Class A suburban space in Middletown. In just two years this availability rate has dropped from 10.3% to 3.5%, while adding 4 new buildings of almost 100,000 sf. This rate will drop further since one small speculative office building has signed a full building tenant due to occupy in the fourth quarter of 2006.

TREVOR DAVIS COMMERCIAL REAL ESTATE Northern Middlesex County • 3rd Quarter 2006

OFFICE
Market Report

Sub Market	Class	Number of Buildings	Total Competitive Space (square feet)	Available Space (square feet)	Availability Rate (6)	Asking Lease Rate Range (PSF/YR)
Downtown Middletown	A (1)	3	242,277	0	0.0%	\$16.00 - \$22.00
	B (2)	13	269,495	32,107	11.9%	\$12.00 - \$18.00
	C (3)	14	117,760	32,906	27.9%	\$ 8.00 - \$14.00
	Subtotal	30	629,532	65,013	10.3%	
Suburban Middletown	A	13	477,998	16,804	3.5%	\$16.00 - \$19.00
	B	18	265,957	35,730	13.4%	\$12.00 - \$16.00
	C	1	9,362	0	0.0%	\$11.00 - \$16.00
	Subtotal	32	753,317	52,534	7.0%	
Middletown Total		62	1,382,849	117,547	8.5%	
Cromwell		10	126,026	12,881	10.2%	\$13.00 - \$16.00
East (4)		5	34,050	14,173	41.6%	\$11.00 - \$15.00
Southwest (5)		8	95,316	21,640	22.7%	\$10.00 - \$16.00
Total Market		85	1,638,241 sf	166,241 sf	9.8%	

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) East includes East Haddam, East Hampton and Portland. (5) Southwest includes Durham, Haddam and Middlefield. (6) 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.** © 2006 Trevor Davis Commercial Real Estate LLC

INDUSTRIAL
Market Report

	Number of Buildings	Total Space (square feet)	Available Space (square feet)	Availability Rate (3)	Asking Lease Rate Range (PSF/YR)
Middletown	79	3,244,123	253,392	7.8%	\$3.00 - \$8.50
Cromwell	19	454,603	87,780	19.3%	\$4.25 - \$8.00
East (1)	43	1,482,704	149,014	10.1%	\$2.00 - \$8.50
Southwest (2)	34	1,028,975	25,500	2.5%	\$4.00 - \$7.00
Total Market	175	6,210,405 sf	515,686 sf	8.3%	

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) East includes East Haddam, East Hampton and Portland. (2) Southwest includes Durham, Haddam and Middlefield. (3) 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.** © 2006 Trevor Davis Commercial Real Estate LLC.

Single digit vacancy levels in some sectors can be deemed unhealthy because there is not enough good space for firms seeking space. Numerous office expansions and consolidations are currently restricted by the lack of good real estate options in this region, especially in the desirable and successful Downtown Middletown.

Relatively new industrial space is even harder to find. If one building, which is undergoing remediation in Cromwell, were removed from the survey the vacancy rate would be virtually zero. When very old buildings are removed, all markets in Northern Middlesex County would be less than 6% available. Although this is good news to owners of property, economic development is certainly inhibited.

New construction in the private sector consists primarily of small build-to-suits, but also includes International Paper's 85,000 sf in Millenium Business Park. Small speculative industrial and office buildings (or extra space in build-to-suits) are under construction in Middletown, Portland, Durham, and East Hampton.

While residential markets have slowed down nationally and in Middlesex County, the commercial sector continues to be healthy.

The eight municipalities that we survey in this report are referred to as the Midstate Regional Planning Region for federal planning and transportation purposes.

***Acknowledgments:** Many thanks go to Brenda L. Kollmer for collecting most of the data in our report.*

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Our customers receive customized service encompassing the full range of the commercial real estate field. We are dedicated to helping users, owners, developers and investors of commercial and conservation real estate by adding value and saving time in their transactions, tax strategies, environmental challenges and specialized research consulting needs.



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