

Market Analysis and Development Approach for Waterbury's Freight Street District



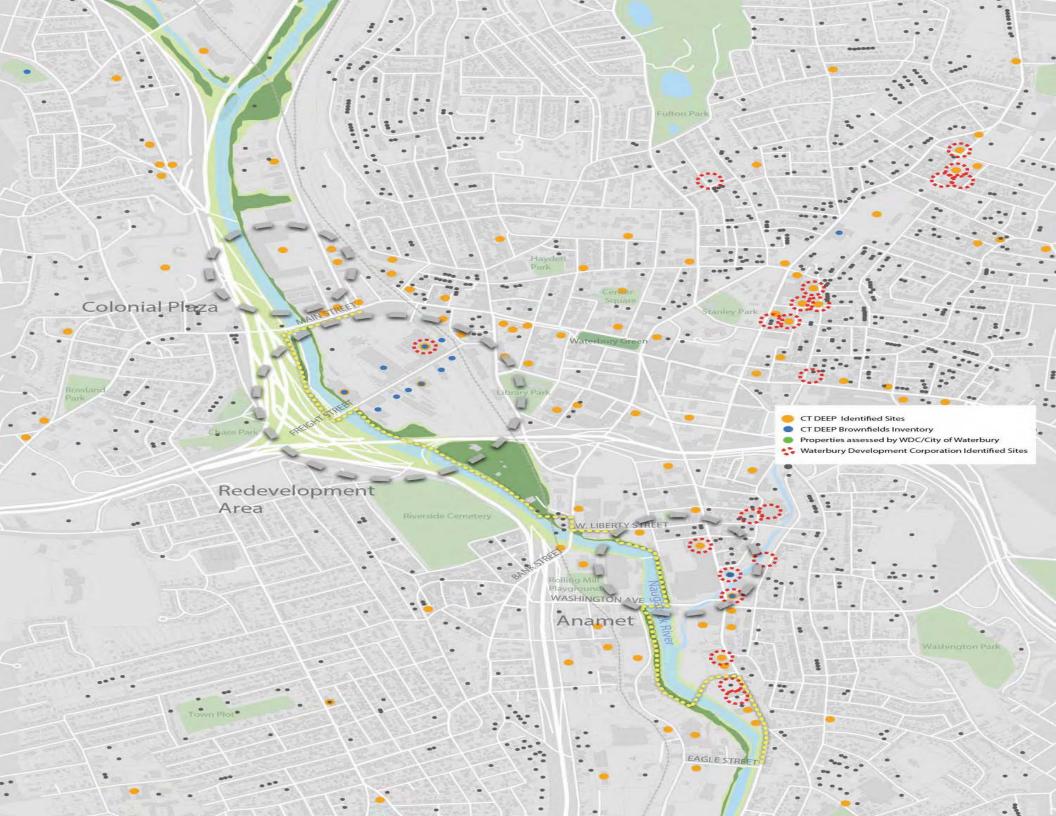
#### Birdseye - Overall

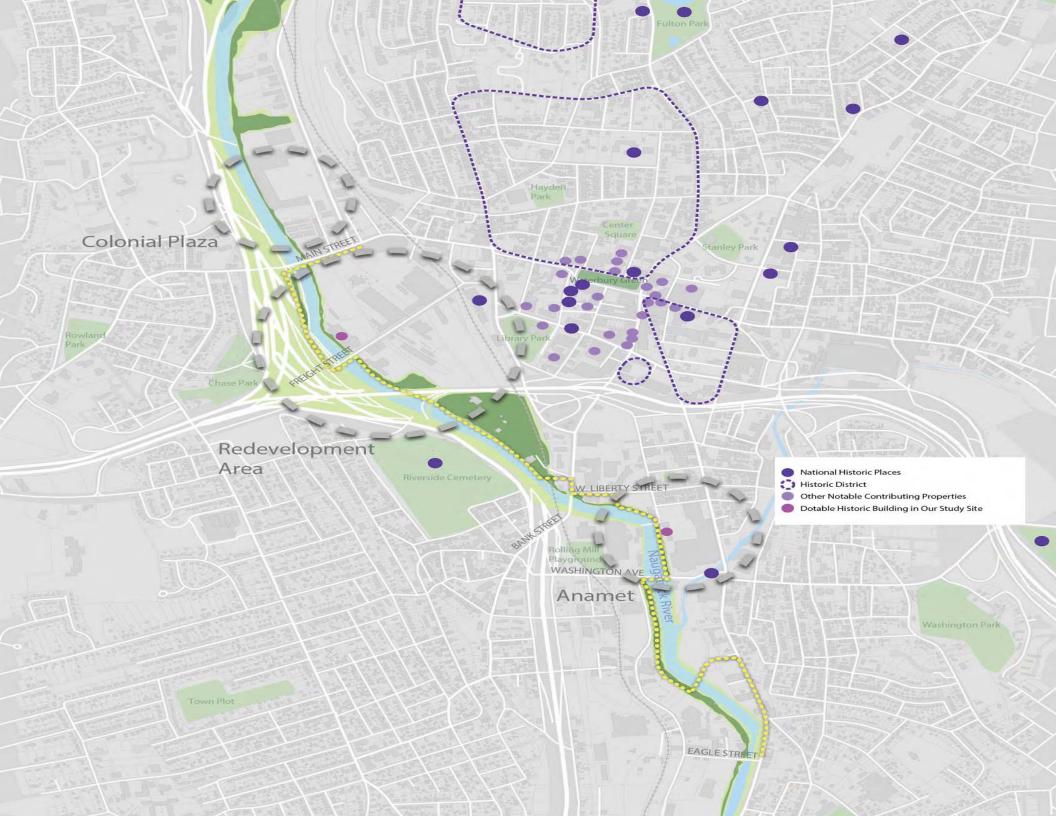


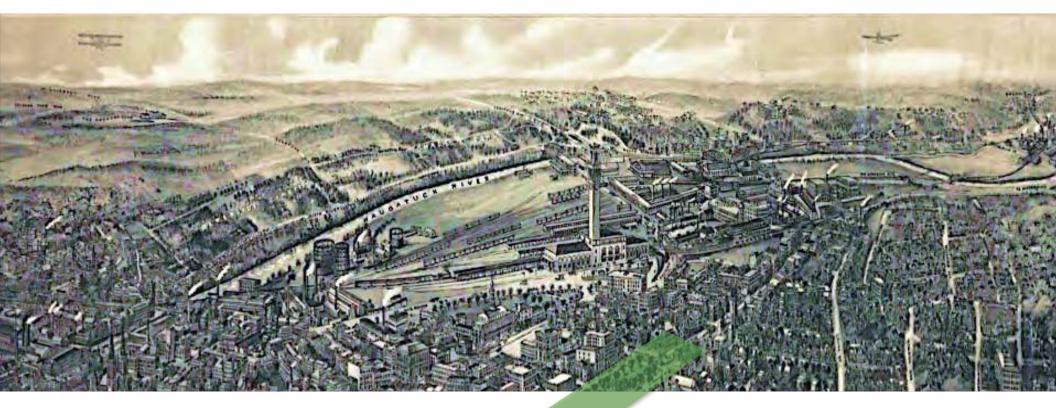
The following pages are a compilation of preliminary analysis and powerpoint presentations regarding development market, constraints, and opportunities across the city and region, in addition to more narrowly focused sites.

### Susceptibility To Change









- Map streets, parcels, buildings
- Inventory property value, ownership, zoning, historic resources
- Connect to downtown, train, trail and highway
- Research Market Trends
- Identify Opportunities
- Phasing for roadway, utility, trail and landscape improvements
- Costs and funding sources
- Financial projections
- Cost/benefit
- Historic structures and industrial heritage



# WATERBURY'S FREIGHT STREET DISTRICT

# **Market Analysis**



ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™



# Socio-economic Trends Analysis



### Glossary of Terms

<u>Household Population</u> Household population, as compared to total population, excludes persons living in dormitories, penal facilities, hospitals, and other institutional settings.

**Family** A family is a group of two or more people (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such people are considered as members of one family. The number of families is equal to the number of family households; however, the count of family members differs from the count of family household members because family household members include any non-relatives living in the household.

**Non-Family** A non-family household consists of a householder living alone (a one-person household) or where the householder shares the home exclusively with people to whom he/she is not related.

<u>Household</u> A household consists of all the people who occupy a housing unit. A house, an apartment, or other group of rooms, or a single room, is regarded as a housing unit when it is occupied or intended for occupancy as separate living quarters. The count of households excludes group quarters and institutions.

Metropolitan Statistical Area (MSA) Metropolitan Statistical Areas (metro areas) are geographic entities defined by the Office of Management and Budget. A metro area contains a core urban area of 50,000 or more population. Each metro or micro area consists of one or more counties and includes the counties containing the core urban area, as well as any adjacent counties that have a high degree of social and economic integration (as measured by commuting to work) with the urban core.

Source: US Census Bureau

### Methodology

4ward Planning examined socio-economic trends (for 2010, 2013, and 2018) to comparatively analyze Waterbury and the surrounding region. The geographic areas studied include:

- City of Waterbury
- 20-minute drive contour from 235 Grand Street (City Hall Building)
- New Haven-Milford Metropolitan Statistical Area (MSA)

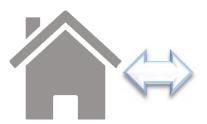
To analyze employment and industry trends, a ten-mile radius from 235 Grand Street was substituted for the 20-minute drive contour. The ten-mile radius was utilized as a geographic substitute for the previously used 20-minute drive contour based on the assumption that, at average posted street and highway speeds, one can cover a ten mile distance in approximately 20 minutes travel time.

The analysis and recommendations that follow are based on a combination of quantitative and qualitative techniques. Quantitative analysis was underpinned by a combination of public and proprietary data sources, including U.S. Census-based data and Esri's Community Analyst software — a socio-economic data analysis tool. Labor data was gathered from the U.S. Census Bureau's On The Map data server as well as from Quarterly Workforce Indicators (QWI) reports. Work area analysis was performed for the most recent available years. Estimated and projected socio-economic trends examined included population growth, formation of family and non-family households, household income, residential tenure, and age cohort characteristics.

### **Key Findings:** Socio-Economic Analysis

#### Flat population and household growth

All geographies examined are projected to experience flat population and household growth through 2018.



#### Relative rise in non-family households

Consistent with national and regional trends, non-family households are growing faster than family households (which are expected to decline through 2018) in all three geographies.



#### Growth in age cohorts most likely to increase housing demand

The age groups projected to undergo the greatest growth in the PMA over the coming years include Young Workforce and Grads (25-34), Younger Empty Nesters (55-64), and Older Empty Nesters (65-74), all of which are key to influencing housing demand.



#### Households earning >\$75,000 per year

Within the 20-minute drive contour, households earning greater than \$75,000 annually are anticipated to growth by over 16 percent by 2018, while households earning less are expected to decline by 10 percent.



# Key Findings: Socio-Economic Analysis

#### Rising median home values

Through 2018, all three study areas are expected to see rises on median home values, particularly the 20-minute drive contour and New Haven MSA, at rates of over 20 percent.

#### Weak post-crisis employment recovery

All geographies examined experienced net job losses between 2007 and 2011. However, between 2009 and 2011 the PMA experienced the greatest employment recovery, albeit a relatively weak nine-tenths of a percent.

#### Health care and social assistance

In addition to maintaining its position as the largest industry for all study areas, the Health Care and Social Assistance sector is projected to undergo the greatest employment growth over the next ten years.

#### Higher than average consumer spending

Households within the 20-minute drive contour PMA exhibit spending patterns that exceed the national average in most categories. spending more than 10 percent on groceries and dining out, 16 percent more on travel, 15 percent more on entertainment and recreation and 12 percent more on personal care.









### Socio-economic Trends Analysis Study Areas – 2013 Summary

City of Waterbury



20-Minute Drive Contour PMA (Primary Market Area)



New Haven MSA



Population: 109,276

Total Households: 42,252

Median Age: 35

Median Household Income: \$37,484

Percent of Household Incomes >\$75,000: 21% Percent Owner-Occupied Housing: 40%

Population: 378,871

Total Households: 145,852

Median Age: 41

Median Household Income: \$55,501

Percent of Household Incomes >\$75,000: 39%

Percent Owner-Occupied Housing: 60%

Population: 862,947

Total Households: 334,914

Median Age: 40

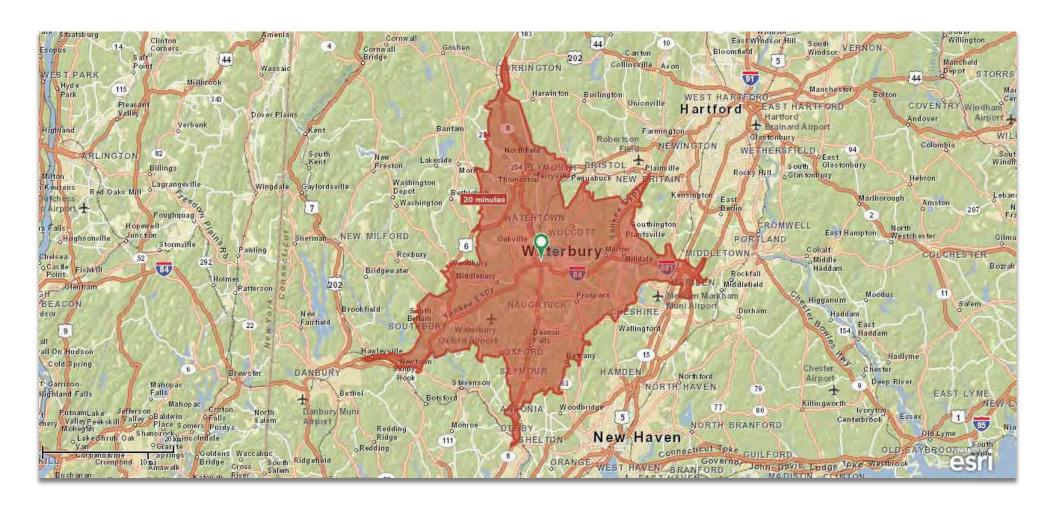
Median Household Income: \$57,071

Percent of Household Incomes >\$75,000: 40%

Percent Owner-Occupied Housing: 57%

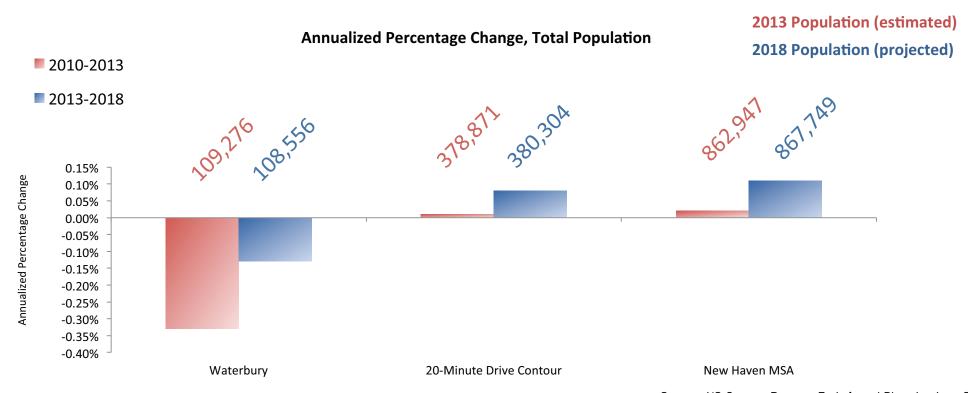
Source: US Census Bureau; Esri; 4ward Planning Inc., 2013

# Primary Market Area (20-minute drive contour)



### **Population Growth**

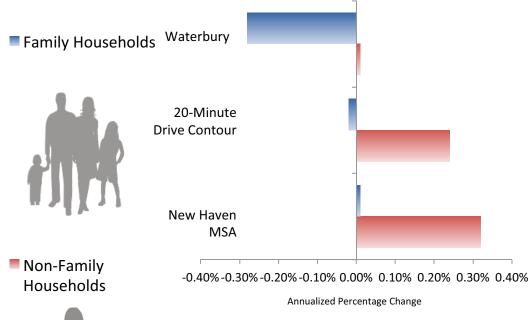
The figure below illustrates that population growth within all three geographies studied was effectively flat over the 2010 to 2013 time period, with Waterbury experiencing a mild population decline at approximately a third of a percentage point per year. Through 2018, however, the rate of population loss is projected to slow to just over a tenth of a percentage point per year (a loss of less than one thousand people in absolute terms). By contrast, the 20-minute drive contour and the New Haven MSA are expected to see an acceleration in the annualized rate of population growth over the next five years, albeit at considerably weak levels around the one-tenth of a percentage point range.

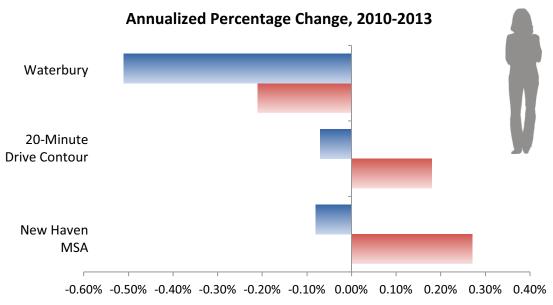


### **Household Formation**

The figures to the right and below illustrate changes in household formation for all three study areas, including family and non-family households. Consistent with flat population growth, annualized changes in households are relatively weak. However, as a general pattern, non-family households are either declining less or growing more than family households, consistent with national and regional trends.

#### **Annualized Percentage Change, 2013-2018**





Through 2018, a net increase, although small, in non-family households is projected in all three geographies, representing increased demand for smaller housing units. Non-family households are typically comprised of one to two persons and have a high propensity to live in housing units far smaller than the average size single-family house, a trend favorable for rental housing.

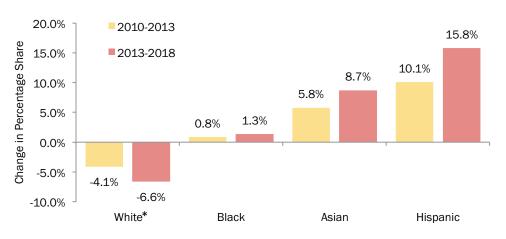
Annualized Percentage Change

Sources: US Census Bureau; Esri; 4ward Planning Inc., 2013

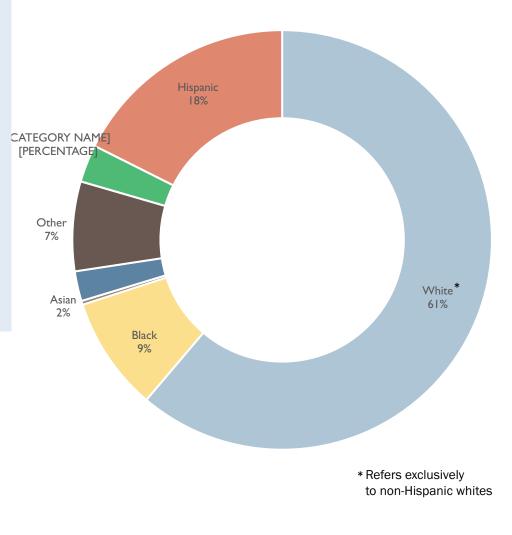
#### Race

The racial composition of the 20-minute drive contour, highlighted to the right, is characterized as majority white with Hispanics the second largest racial group at close to twenty percent. While the white population is projected to continue declining at an increasing rate, Asians and Hispanics are expected to increase their respective rates of growth though 2018. As non-white households, particularly Hispanic households, demonstrate a higher propensity for multi-generational living, these identified trends will likely influence demand for housing types accommodative of such living arrangements – three and four-bedroom units.

#### Population Growth by Race, 20-Minute Drive Contour



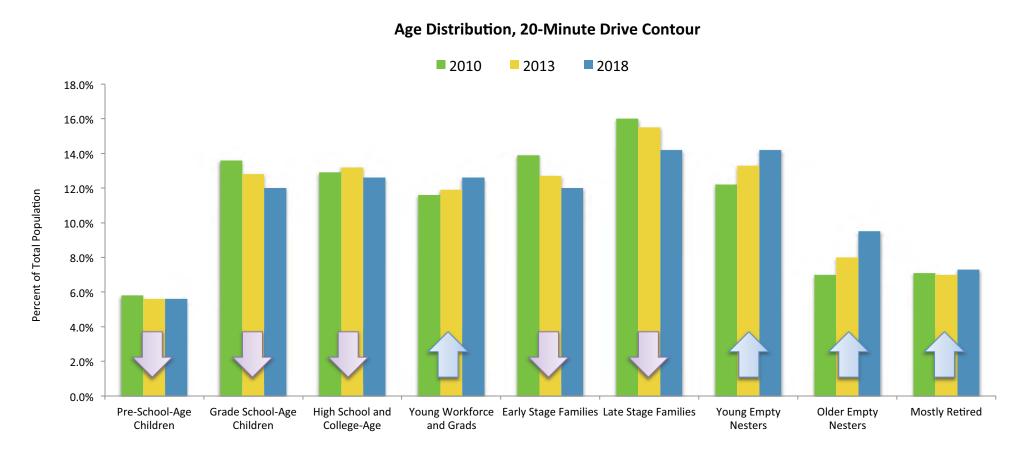
#### Population by Race (2013), 20-Minute Drive Contour



Source: US Census Bureau; Esri; 4ward Planning Inc., 2013

### Age Distribution

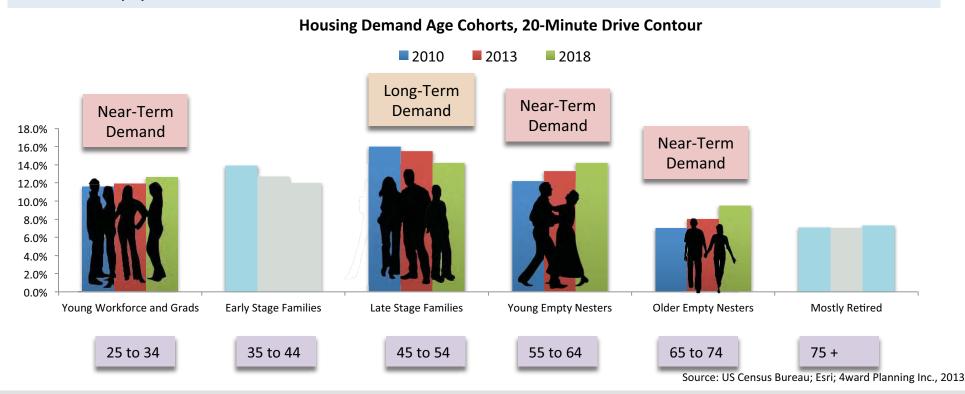
The age distribution for the 20-minute drive contour indicates notable projected declines in grade school children and early and late stage families. By contrast, the greatest population growth is occurring among persons in the empty nester and retiree population groups, consistent with national and regional demographic trends. Research suggests that persons within these older age groups also represent growing demand for smaller housing units.



Source: US Census Bureau; Esri; 4ward Planning Inc., 2013

### **Age and Housing Demand**

Near-term (the next seven years) and long-term (beyond the next seven years), housing demand in the 20-minute drive contour will likely come from within the demographic groups highlighted below. The 55 to 74 age cohort (the empty nesters) will exert considerable influence on the type of housing developed, specifically smaller housing units, as they downsize from their family homes. They are increasing as a share of the total PMA population. Young professionals (age 25-34) should also influence the housing developed as they seek small, affordable, rental units with convenient commutes to jobs or school. They are also projected to rise as a percent of the total PMA population. Families—the only age segments highlighted with a declining presence—are typically not interested in smaller housing units until they become empty nesters.



### Age

	Age Range
Pre-School-Age Children	< 5 yrs
Grade School-Age Children	5-14 yrs
High School and College-Age	15-24 yrs
Young Workforce and	
Grads	25-34 yrs
Early Stage Families	35-44 yrs
Late Stage Families	45-54 yrs
Young Empty Nesters	55-64 yrs
Older Empty Nesters	65-74 yrs
Mostly Retired	>74 yrs

Relative to the other study areas, the 20-minute drive contour is expected to experience the greatest growth in the age cohorts most conducive to increases in housing demand.



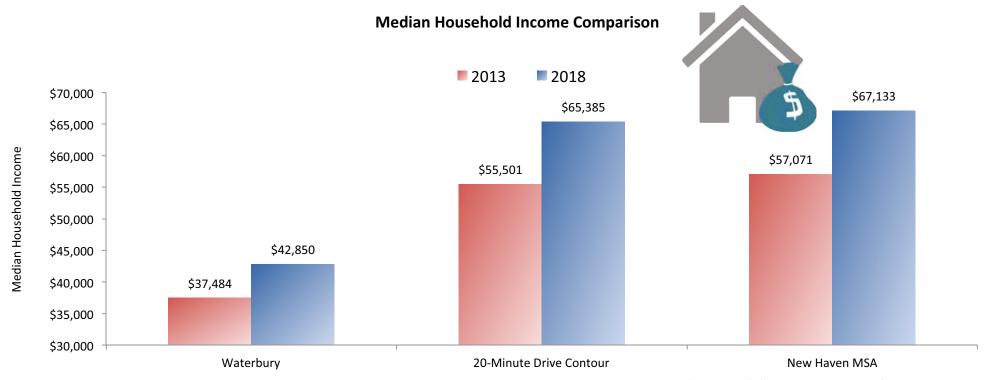
#### Population Age Trends

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Waterbury							Percenta	ge Change
	2010		2013		2018		2010-2013	2013-201
Total Population	110,366	100.0%	109,276	100.0%	108,556	100.0%	-1.0%	-0.79
Pre-School-Age Children	7,725	7.0%	7,649	7.0%	7,707	7.1%	-1.0%	0.89
Grade School-Age Children	15,451	14.0%	14,534	13.3%	13,678	12.6%	-5.9%	-5.99
High School and College-Age	16,003	14.5%	16,501	15.1%	15,524	14.3%	3.1%	-5.99
Young Workforce and Grads	15,562	14.1%	15,408	14.1%	16,175	14.9%	-1.0%	5.09
Early Stage Families	14,679	13.3%	13,878	12.7%	13,244	12.2%	-5.5%	-4.69
Late Stage Families	15,341	13.9%	14,643	13.4%	13,461	12.4%	-4.6%	-8.19
Young Empty Nesters	11,478	10.4%	12,348	11.3%	12,918	11.9%	7.6%	4.69
Older Empty Nesters	6,732	6.1%	7,321	6.7%	8,684	8.0%	8.8%	18.69
Mostly Retired	7,284	6.6%	6,884	6.3%	7,165	6.6%	-5.5%	4.19
Median age	35y	ears	35 <sub>y</sub>	ears	36 <sub>y</sub>	ears/	0.6%	1.49
20-Minute Drive Contour							Percenta	ge Change
	2010		2013		2018		2010-2013	2013-201
Total Population	378,714	100.0%	378,871	100.0%	380,304	100.0%	0.0%	0.49
Pre-School-Age Children	21,965	5.8%	21,217	5.6%	21,297	5.6%	-3.4%	0.49
Grade School-Age Children	51,505	13.6%	48,495	12.8%	45,636	12.0%	-5.8%	-5.99
High School and College-Age	48,854	12.9%	50,011	13.2%	47,918	12.6%	2.4%	-4.29
Young Workforce and Grads	43,931	11.6%	45,086	11.9%	47,918	12.6%	2.6%	6.39
Early Stage Families	52,641	13.9%	48,117	12.7%	45,636	12.0%	-8.6%	-5.29
Late Stage Families	60,594	16.0%	58,725	15.5%	54,003	14.2%	-3.1%	-8.09
Young Empty Nesters	46,203	12.2%	50,390	13.3%	54,003	14.2%	9.1%	7.29
Older Empty Nesters	26,510	7.0%	30,310	8.0%	36,129	9.5%	14.3%	19.29
Mostly Retired	26,889	7.1%	26,521	7.0%	27,762	7.3%	-1.4%	4.79
,								
Median age	40y	ears	41 <sub>y</sub>	ears	41,	ears/	1.8%	1.29
New Haven MSA							Percenta	ge Change
	2010		2013		2018		2010-2013	2013-201
Total Population	862,477	100.0%	862,947	100.0%	867,749	100.0%	0.1%	0.69
Pre-School-Age Children	48,299	5.6%	47,462	5.5%	47,726	5.5%	-1.7%	0.69
Grade School-Age Children	107,810	12.5%	103,554	12.0%	98,923	11.4%	-4.0%	-4.59
High School and College-Age	121,609	14.1%	123,401	14.3%	118,014	13.6%	1.5%	-4.49
Young Workforce and Grads	107,810	12.5%	110,457	12.8%	114,543	13.2%	2.5%	3.79
Early Stage Families	113,847	13.2%	106,142	12.3%	103,262	11.9%	-6.8%	-2.79
Late Stage Families	132,821	15.4%	127,716	14.8%	117,146	13.5%	-3.8%	-8.39
Young Empty Nesters	105,222	12.2%	113,046	13.1%	119,749	13.8%	7.4%	5.99
Older Empty Nesters	60,373	7.0%	69,036	8.0%	83,304	9.6%	14.4%	20.79
Mostly Retired	63,823	7.4%	62,995	7.3%	65,949	7.6%	-1.3%	4.79
Median age	39y	ears	40 <sub>y</sub>	ears	40,	ears/	1.5%	1.09

Source: US Census Bureau, Esri Community Analyst; 4ward Planning Inc., 2013

#### Median Household Income

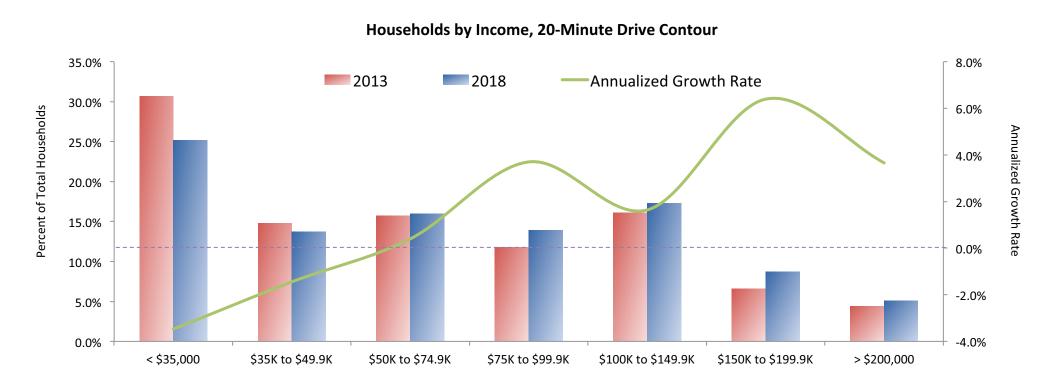
Illustrated below, the 20-minute drive contour is characterized by a median household income slightly lower than the New Haven MSA, while Waterbury lags relatively behind at approximately thirty-seven and a half thousand dollars. In nominal terms, all three study areas are likely to experience notable median household growth through 2018, although Waterbury is projected to grow at about half the rate of the other two study areas. Assuming a 2.2 percent inflation rate through 2018, real (inflated-adjusted) median household income for all three geographies is also expected to increase, at rates of over 2.5 percent for Waterbury, 5.6 percent for the 20-minute drive contour, and 5.5 percent for the New Haven MSA.



Sources: US Census Bureau; Esri; 4ward Planning Inc., 2013

#### **Income Distribution**

While households earning under \$35,000 per year currently make up approximately one-third of all households within the 20-minute drive contour, the percentage is expected to decline to approximately a quarter of all households by 2018. Further, all household income brackets earning greater than \$50,000 a year are projected to see positive growth, led by the \$150,000 to \$199,999 group expected to grow at nearly 6.5 percent per year. The rise of upper income households along with real increases in median household income bodes well for future development.



Sources: US Census Bureau; Esri; 4ward Planning Inc., 2013

### Housing Tenure Trends – Owned Units

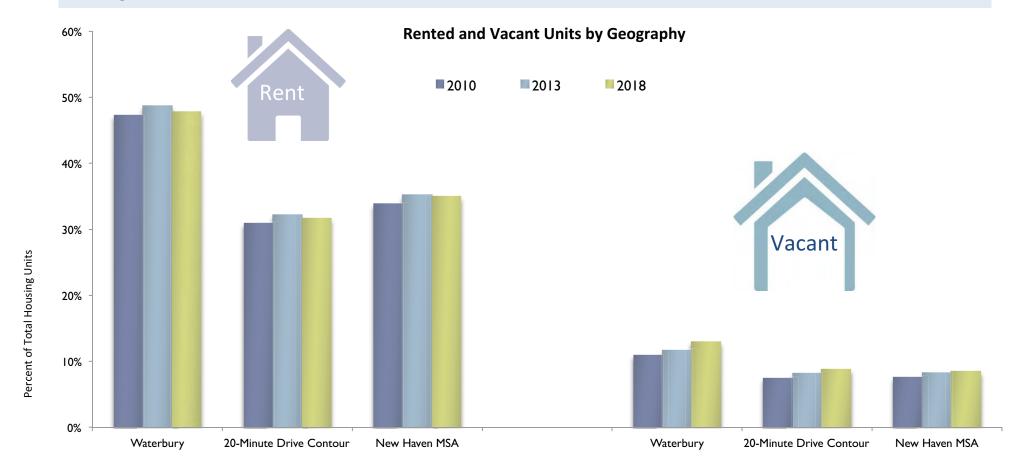
The figure below comparatively illustrates the trends of owner-occupied units for the three study geographies, indicating that the 20-minute drive contour and the New Haven MSA maintain a majority of owner-occupied units (around 60 percent), in contrast to Waterbury at close to 40 percent. Further, the 20-minute drive contour and the New Haven MSA are characterized by higher median home values that are projected to grow at a significantly higher rate than Waterbury over the coming years at rates of around 23 percent and 11 percent, respectively.



Source: US Census Bureau; Esri; 4ward Planning Inc., 2013

# Housing Tenure Trends – Rented and Vacant Housing Units

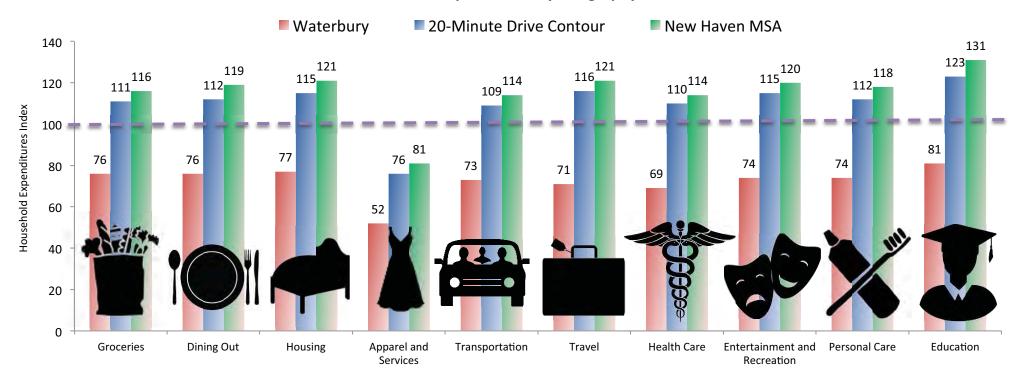
An examination of rented and vacant housing units reveals that Waterbury maintains the highest percentage of both categories relative to the other study areas, at around fifty percent and twelve percent, respectively. All three geographies are anticipated to see slight increases in vacancies rates through 2018.



### **Household Expenditures**

The figure below illustrates the spending potential of households in each of the three analysis geographies on a select set of discretionary spending categories. An index value of 100 represents the national average. In the 20-minute drive contour and New Haven MSA, spending levels are above national averages in most categories. Households in the 20-minute drive contour spend more than 10 percent more than the national average in groceries and dining out, 16 percent more on travel, 15 percent more on entertainment and recreation and 12 percent more on personal care.

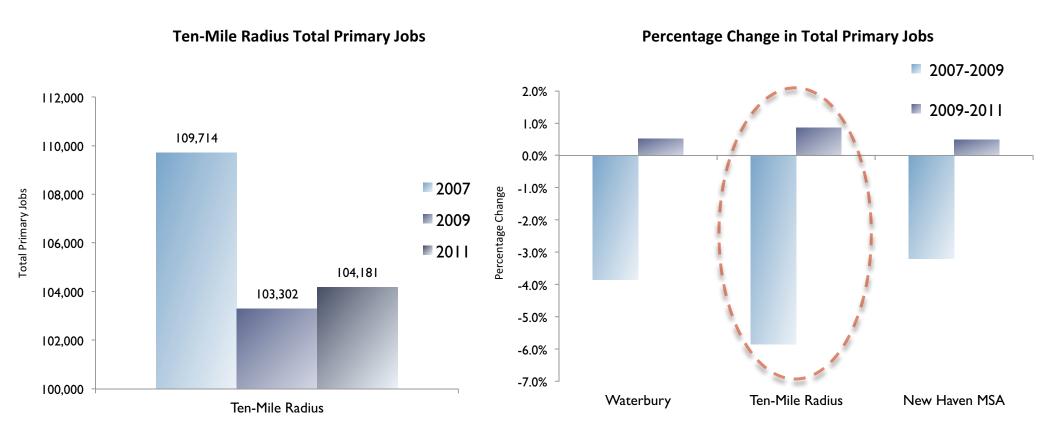
#### Household Expenditures by Geography, 2013



Source: US Census Bureau; Esri; 4ward Planning Inc., 2013

### Employment Area Profile – 2007 to 2011

Affected by the financial crisis and subsequent economic downturn, all three study experienced net job losses between 2007 and 2011, with total employment yet to recover to pre-crisis levels. As a percent of its workforce, the ten-mile radius performed the worst in terms of job creation and retention, losing just over five percent of its total workforce (equivalent to over 5,500 jobs), while Waterbury and the New Haven MSA saw job losses of 3.3 and 2.7 percent, respectively. However, between 2009 and 2011, the ten-mile radius demonstrated the most robust job growth of all three geographies.



Source: US Census Bureau, OnTheMap; 4ward Planning Inc., 2013

### Top Industries – 2007 to 2011

Top 10 Industries by Employment

The largest industry for both the ten-mile radius and the New Haven MSA is the health care and social assistance sector. Post-recession job growth (2009-2011) has been highest in both geographies in the health care and retail trade industries.

Both geographies also experienced the greatest absolute employment losses in the manufacturing sector between 2007 and 2011.

Ten-Mile Radius							Percentage Change	
	2007		2009		2011		2007-2009	2009-2011
Total Primary Jobs	109,714	100.0%	103,302	100.0%	104,181	100.0%	-5.8%	0.9%
Health Care and Social Assistance	18,465	16.8%	19,403	18.8%	20,242	19.4%	5.1%	4.3%
Manufacturing	18,726	17.1%	15,529	15.0%	14,940	14.3%	-17.1%	-3.8%
Educational Services	12,775	11.6%	12,846	12.4%	13,320	12.8%	0.6%	3.7%
Retail Trade	12,396	11.3%	11,717	11.3%	12,375	11.9%	-5.5%	5.6%
Wholesale Trade	5,857	5.3%	5,941	5.8%	6,038	5.8%	1.4%	1.6%
Accommodation and Food Services	5,464	5.0%	5,584	5.4%	5,498	5.3%	2.2%	-1.5%
Construction	5,720	5.2%	4,427	4.3%	4,374	4.2%	-22.6%	-1.2%
Admin & Support, Waste Mgmt and Remediation	4,828	4.4%	3,876	3.8%	4,306	4.1%	-19.7%	11.1%
Public Administration	4,285	3.9%	4,271	4.1%	4,027	3.9%	-0.3%	-5.7%
Finance and Insurance	5,500	5.0%	5,271	5.1%	3,747	3.6%	-4.2%	-28.9%

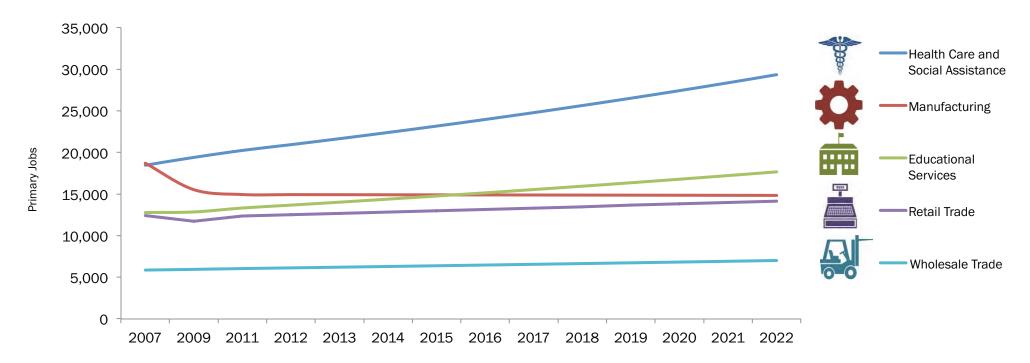
New Haven MSA								e Change
	200	7	2009		2011		2007-2009	2009-2011
Total Primary Jobs	3,556,500	100.0%	3,442,610	100.0%	3,459,441	100.0%	-3.2%	0.5%
Health Care and Social Assistance	446,056	12.5%	471,838	13.7%	492,557	14.2%	5.8%	4.4%
Retail Trade	416,463	11.7%	389,532	11.3%	406,820	11.8%	-6.5%	4.4%
Educational Services	356,920	10.0%	371,686	10.8%	362,862	10.5%	4.1%	-2.4%
Professional, Scientific, and Technical Services	281,080	7.9%	276,158	8.0%	278,969	8.1%	-1.8%	1.0%
Manufacturing	310,515	8.7%	269,362	7.8%	257,788	7.5%	-13.3%	-4.3%
Accommodation and Food Services	235,973	6.6%	232,031	6.7%	234,650	6.8%	-1.7%	1.1%
Wholesale Trade	229,489	6.5%	215,617	6.3%	211,230	6.1%	-6.0%	-2.0%
Admin & Support, Waste Mgmt and Remediation	203,120	5.7%	188,079	5.5%	199,265	5.8%	-7.4%	5.9%
Public Administration	163,231	4.6%	166,334	4.8%	180,252	5.2%	1.9%	8.4%
Finance and Insurance	201,637	5.7%	189,980	5.5%	173,171	5.0%	-5.8%	-8.8%

Source: US Census Bureau, OnTheMap; 4ward Planning Inc., 2013

# Long-Term Employment Projections – Ten-Mile Radius

The U.S. Department of Labor projects industry employment to 2022 using 2011 employment estimates and demographic trends. Among the top ten industries, by employment, projected employment growth for the ten-mile radius will be strongest for the Health Care and Social Assistance sector by a significant margin, at an annualized rate of over 3.4 percent. Through 2022, manufacturing is expected to decline while Educational Services grows to become the second highest industry by employment.

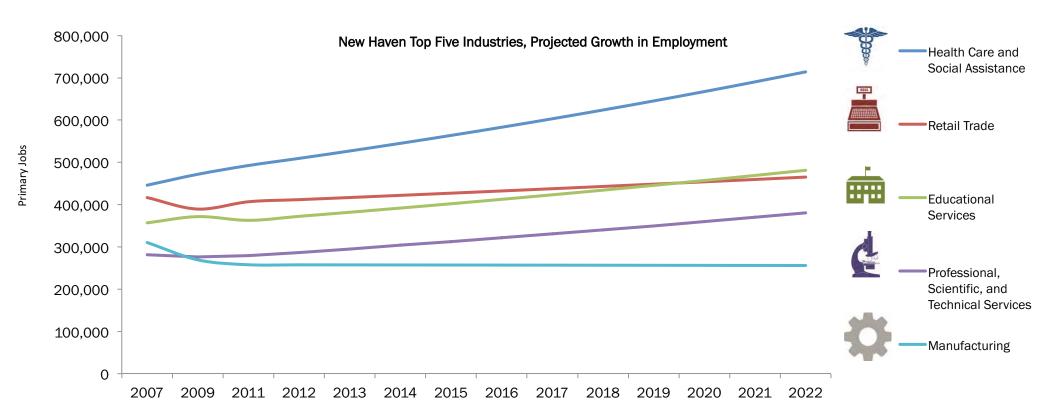




Source: Bureau of Labor Statistics; 4ward Planning Inc., 2013

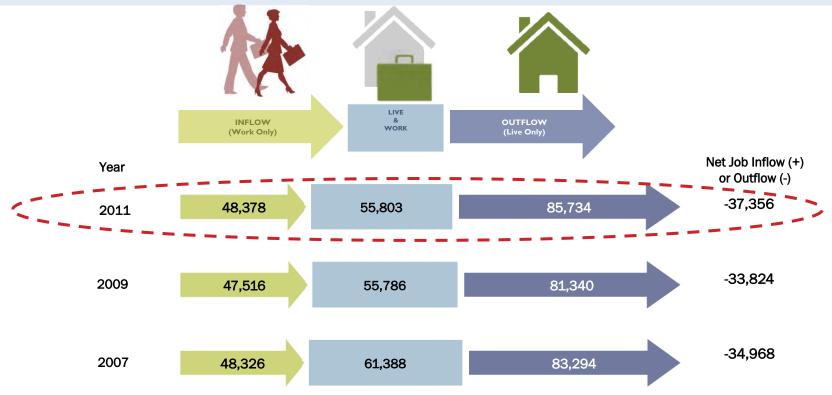
#### Long-Term Employment Projections – New Haven MSA

Similar to the ten-mile radius, the New Haven MSA is projected to see a steady increase in employment within the Health Care and Social Assistance industry. The Educational Services and Professional, Scientific, and Technical Services sectors are also expected to see long-term growth, albeit at a lower rate than Health Care and Social Assistance. Manufacturing is expected to see a slight long-term decline, while total Retail Trade employment is surpassed by Educational Services around 2020.



### Worker Inflow-Outflow Trends

As illustrated in the figure below, the number of workers who commute into the ten-mile radius remained flat between 2007 and 2011, despite a dip in 2009 as a result of the economic downturn. As of 2011, approximately 55 percent of workers within the ten-mile radius also lived there, while four out of ten employed residents commuted elsewhere to work. The number of those who live and work within the ten-mile radius declined between 2007 and 2011, while the number of those who live and work elsewhere rose, suggesting an increase in both employment opportunities outside of the area and housing demand within the area.



Source: US Census Bureau, OnTheMap; 4ward Planning LLC, 2013

### Where Workers Live and Where Residents Work

Ten-Mile Radius Workers by Place by Residence

	2007		2009		2011		
Waterbury, CT	24,166	22.0%	21,255	20.6%	20,568	19.7%	
Bristol, CT	7,112	6.5%	6,709	6.5%	6,555	6.3%	
Watertown, CT	5,911	5.4%	5,909	5.7%	5,674	5.4%	
Southington, CT	5,575	5.1%	5,092	4.9%	5,424	5.2%	
Naugatuck, CT	5,987	5.5%	5,309	5.1%	5,259	5.0%	
Wolcott, CT	4,176	3.8%	3,946	3.8%	4,002	3.8%	
Cheshire, CT	3,895	3.6%	3,485	3.4%	3,607	3.5%	
Meriden, CT	2,545	2.3%	2,468	2.4%	2,455	2.4%	
Plymouth, CT	2,411	2.2%	2,499	2.4%	2,270	2.2%	
Prospect, CT	2,181	2.0%	1,729	1.7%	2,047	2.0%	
All Other Locations	45,755	41.7%	44,901	43.5%	46,320	44.5%	

The primary worker inflow source and primary worker outflow destination for the ten-mile radius is the City of Waterbury.

Work Destinations for Residents within Ten-Mile Radius

	2007		2009		2011	
Waterbury, CT	25,198	17.4%	23,313	17.0%	22,872	16.2%
Hartford, CT	5,007	3.5%	5,340	3.9%	6,019	4.3%
Cheshire, CT	6,724	4.6%	5,994	4.4%	5,996	4.2%
Bristol, CT	5,778	4.0%	5,398	3.9%	5,385	3.8%
Southington, CT	5,175	3.6%	4,806	3.5%	4,911	3.5%
Watertown, CT	5,770	4.0%	5,186	3.8%	4,775	3.4%
New Haven, CT	4,194	2.9%	4,135	3.0%	4,509	3.2%
Naugatuck, CT	4,806	3.3%	4,265	3.1%	4,167	2.9%
Danbury, CT	3,771	2.6%	3,669	2.7%	3,697	2.6%
Wallingford, CT	3,156	2.2%	3,038	2.2%	3,371	2.4%
All Other Locations	75,103	51.9%	71,982	52.5%	75,835	53.6%

However, the percentage of residents living within the tenmile radius that work in Waterbury decreased over the 2007-2011 time period.

Source: US Census Bureau, OnTheMap; 4ward Planning Inc., 2013

# Takeaway: Socio-Economic Trends

The preceding analysis of socio-economic trends for the City of Waterbury, the 20-minute drive contour surrounding 235 Grand Street (the primary market area), and the New Haven-Milford MSA provides insight into the population, housing, and employment characteristics of the area. While growth in population and household formation has remained relatively flat, and is projected to remain so into the near future, there are a number of indicators which are favorable to prospective mixed-use development in and around MARKET AREA:

- Relatively strong growth in non-family households (typically, these are small one- and two-person households which opt to rent, rather than own their homes), suggests a demand for rental units.
- Rising share of upper-income households, particularly among households earning greater than \$75,000 per year, likely contributes to an increase in discretionary spending, which already exceeds the national average, and bodes well for mixed-use development.
- A fast growing segment of persons 55 years of age and older. As persons near retirement, greater consideration is given to downsizing one's residence while remaining close to family, friends and employment opportunities. This suggests a need for a greater stock of smaller housing units.
- A broad distribution of household income suggests new housing be provided at a variety of price











# **REAL ESTATE ANALYSIS**



### Methodology: Key Steps for Analyzing Trends

4ward Planning utilized Reis, a nationally recognized supplier of office, retail, industrial, and multi-family trend data, to identify submarket real estate trends. In addition to analyzing Reis reports, 4ward Planning's third-party data review included industry products, such as Loopnet.com and Zillow.com, to identify location and character of currently available properties.

#### 4ward Planning focused on the following metrics:

- Change in Unit or Square-foot Inventory: Indicates, in broad terms, whether new real estate construction has been active in the area.
- Year-over-Year Vacancy Rates: Combined with absorption as a percent of occupied stock, this metric signals whether new construction is being leased and occupied (signaling high demand), or whether it remains vacant (signaling an over-supply of real estate).
- **Absorption as a Percent of Occupied Stock:** Absorption as a percent of occupied inventory reflects the net square footage which has either become occupied (positive absorption) or vacant (negative absorption) during the time period, expressed as a percentage of occupied total unit inventory at the end of the time period.
- Effective Monthly or Annual Rent: A measure of the relative value of real estate within the area.
- Existing Properties: Additionally, the location and character of currently available properties is examined using industry products.

#### Residential and Office Submarkets

Highlighted below, the geographies used for real estate trends analysis include the Naugatuck/Waterbury residential submarket (also referred to as "Naugatuck") and the Northwest New Haven office submarket (also referred to as "Northwest").

Naugatuck/Waterbury Residential Submarket



Northwest New Haven Office Submarket



Source: Reis, Bing Maps

# **Key Findings**: Real Estate Analysis

#### Tight multi-family market

Vacancy rates within the Naugatuck/Waterbury Submarket are expected to remain at levels of 2.5 percent of lower, indicative of a considerably tight market. Further available listings for units built after 1990 are notably low, reflecting strong demand for newer housing units.



Reis reports apartment and office rents are projected to rise in the coming years at respective rates of 6.2 percent and 21.3 percent, a trend favorable for new investment in these land-uses.

#### 389,000 square feet

By 2020, an estimated 389,000 of additional office space is likely to be demanded within the Northwest New Haven office market. A portion of this demand could be captured in downtown Waterbury.

#### More than 1,300 Downtown Units

The projected demand for new housing units within the 20-minute drive contour (the primary market area) through 2018 is projected at over 13,000 units—with approximately 10 percent (1,300 units) possibly captured within Waterbury's central business district.





20-minute drive PMA 24,092 units

> 20% Capture 4,818 units

# **Residential Trends Analysis**

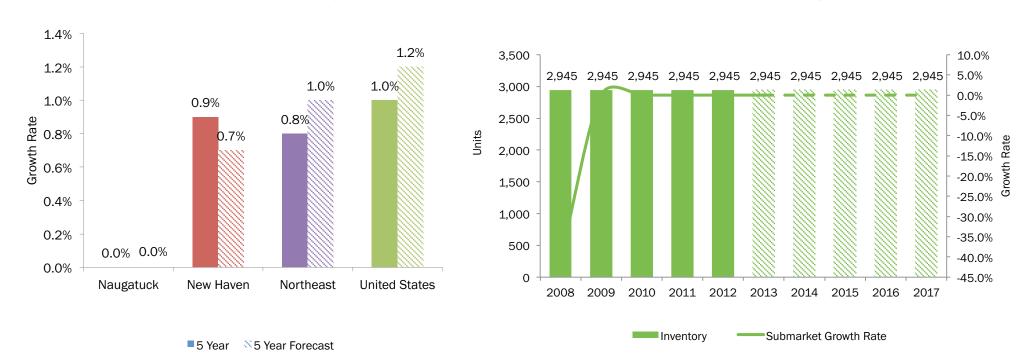


## **Apartment Inventory**

Over the last five years, the apartment inventory within the Naugatuck/Waterbury Submarket remained flat at 2,945 multi-family units, after a dip in apartment inventory at the onset of the economic downturn. The Submarket has exhibiting lower growth than the New Haven Metro, Northeast Region, and the nation, according to data provided by Reis, and is projected to continue this trend over the next five years. Flat inventory projections for the Submarket are consistent with flat population and household growth within the primary market area.

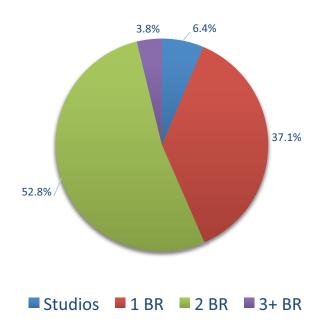
#### Annualized Residential Inventory Growth Rates

#### Submarket Residential Inventory Growth



#### **Apartment Characteristics: Rent and Unit Mix**

As of Q2 2013, the apartment inventory of the Naugatuck/Waterbury Submarket is characterized by over half of total units as two-bedroom and over one-third as one-bedroom units. Studios represent 6.4 percent while the category with the lowest number of units at 3.8 percent is three-bedroom units. Average rental price points range from \$692 for studios to \$1,156 for three-bedroom units. A weighted average by unit mix percentage reveals \$983 as the average rent, 934 as average unit square feet, and \$1.06 as the average price per square foot for the Submarket area.



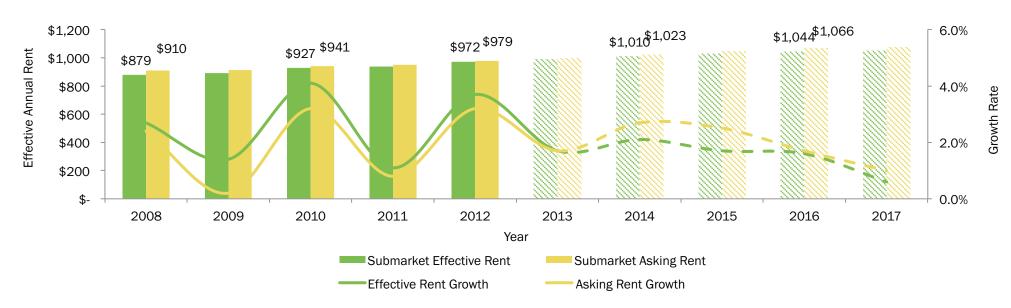
#### Naugatuck/Waterbury Average Rents, as of Q2 2013

Unit Structure	<u>Rent</u>	Average Square Feet	Average Price per SqFt
Studio	\$692	610	\$1.14
One-Bedroom	\$914	807	\$1.13
Two-Bedroom	\$1,053	1,040	\$1.01
Three-Bedroom	\$1,156	1,230	\$0.94
Weighted Average	\$983	934	\$1.06

## Apartment Asking and Effective Monthly Rents

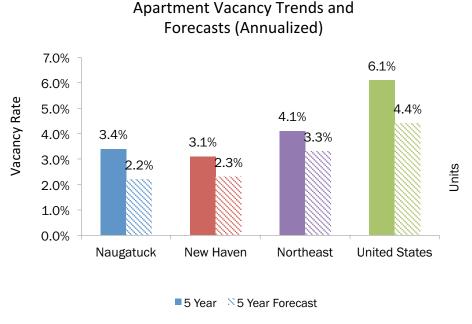
Average apartment effective monthly rents (which includes offered incentives) as well as asking rents within the Naugatuck/Waterbury Submarket have maintained positive growth in recent years. As of fourth quarter 2012, average apartment effective monthly rents in the Submarket were \$972. Over the next five years, Reis projects average effective monthly rents to increase by an annualized rate of just over 1.5 percent in the Submarket – increasing to \$1,050 by 2017. The projected increase in effective rent is a favorable trend for prospective multi-family rental development.

#### Apartment Effective Annual Rent Trends and Forecasts (Annualized)

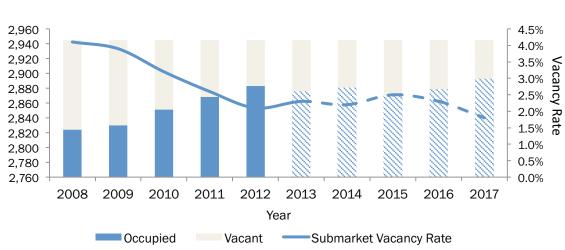


## **Apartment Vacancy Rate**

Over the last five years, Reis reports that apartment vacancy rates within the Naugatuck/Waterbury Submarket declined from a high of 4.1 percent in 2009 (at the height of the economic downturn) to 2.1 percent in 2012, reflective of a considerably tight rental housing market, even at the onset of the downturn. Further, Reis also forecasts that apartment vacancy rates in the Submarket will continue to remain notably tight (2.5 percent and below) through 2017—a favorable trend for new multi-family residential investment.



Submarket Apartment Vacancy Trends and Forecasts (Annualized)



## **Apartment Absorption**

Apartment absorption, as a percent of occupied housing stock, has remained positive in the Naugatuck/ Waterbury Submarket over the last five years. However, Reis projects apartment absorption to fluctuate, albeit relatively insignificantly, over the next five years, dipping in 2015 and subsequently rising from 2016 onward. Considering a flat inventory, absorption trends within the Submarket are indicative of an older multi-family housing stock, confirmed by Reis data revealing that 85 percent of multi-family housing within the Submarket was built before 1980.

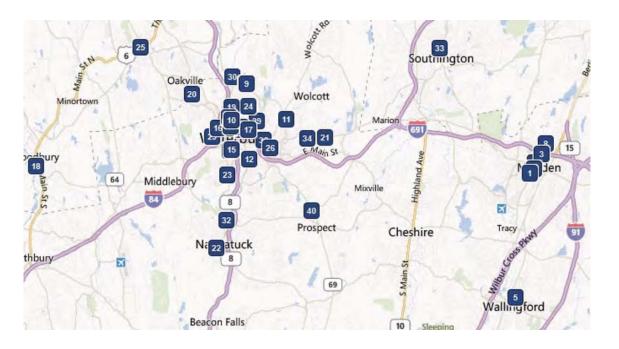
Submarket Apartment Absorption as Percent of Occupied Housing Stock



## Apartment Characteristics: Multi-family For Sale

Within a ten-mile radius of central Waterbury, 4ward Planning identified 39 multi-family properties for sale as of September 2013. The majority of properties fall under the Garden/Low-Rise category, followed by eight Mid/High-Rise and four Duplex/Triplex/Fourplex properties. Average price per unit is highest for Duplex/Triplex/Fourplex and lowest for Mid/High-Rise properties.

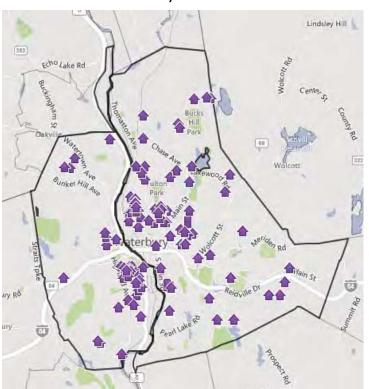
Property Type	Count	Average Asking Price	Average Price Per Unit
Garden/Low-Rise	27	\$784,829	\$54,408
Mid/High-Rise	8	\$1,404,613	\$33,715
<u>Duplex/Triplex/Four</u>	4	\$394,375	\$132,688
Grand Total	39	\$871,918	\$58,507



## Apartment Characteristics: Multi-family For Rent

Multi-family rentals within the City of Waterbury exceeded one hundred units as of September 2013 (below left), confirming a relatively tight market in the context of the city's population exceeding one hundred thousand and its over 47,000 housing units. Further, available rentals are reflective of the aging housing stock, as only five units built since 1990 are available (below right), indicative of a tight market and high demand for new housing units.

Multi-family Units for Rent



Multi-family Units for Rent Built After 1990



Source: Zillow; 4ward Planning Inc. 2013

## Takeaway: Apartment Trends

Given considerably low current and projected vacancy rates (below 2.5 percent), rising effective rents, and an aging housing stock, the <u>downtown has the potential to capture a portion of the existing and future demand for new rental housing, particularly those with a high receptivity for multi-family rental units (e.g., small, high-density one- and two-bedroom units).</u>

# Residential Supply-Demand Analysis



## Methodology: Residential Supply-Demand Analysis

Selection of Population and Household Growth Scenario

4ward Planning examined a weak growth scenario based on our 2018 projections for population and households. While population and household growth trends could increase at a greater rate through 2018, absent a large influx of large employers to the area, such a trend is unlikely.

Estimation and subtraction of physically obsolescent housing units in the market area Housing units, like most things, wear out over time. Dependent upon the age of local housing stock and the manner of care applied to it, generally, the annual housing obsolescence rate can range from 0.5 percent annually (solidly built homes that are well cared for) to as high as two percent annually (older housing stock which has seen little preventative maintenance over the years). Based on conditions observed within, and data analyzed for, the 20-minute drive contour, 4ward Planning utilized a 1.1 percent annual obsolescence rate for its analysis.

Estimation of pent-up housing demand by PMA workers currently living outside of 20-minute drive contour Typically, some percentage of workers who commute to places of employment at considerable distance from their homes desire living arrangements closer to their place of employment. For reasons of inadequate housing stock (type, price, location, etc.) currently near their place of employment, these workers do not enter the local housing market and, therefore, are said to represent pent-up demand for local housing. 4ward Planning believes that three percent of workers is a very conservative share estimate for the pent-up demand which likely exists within the 20-minute drive contour PMA, all other things being equal.

## Methodology: Residential Supply-Demand Analysis

Estimation of demand for owner-occupied versus renter-occupied units

Analysis and projection of demand for owner- versus renter-occupied housing units is based on a number of factors within a given market area. These include:

- Current ratio of owner-occupied to renter-occupied units
- Household income levels and trends
- Household type (e.g., family versus non-family households) and formation trends
- Population age trends
- Current & forecasted financial conditions (employment outlook, mortgage rates, ease of mortgage qualification, etc.)

All of the above factors pertaining to the 20-minute drive contour PMA were taken into consideration for this analysis.

Estimation of demand for one-, two-, and three-bedroom unit types

The estimation of one-, two-, and three-bedroom units as a percentage of all housing units, whether the housing type is for-sale or for-rent, involves many of the same factors identified under the estimation of demand for owner-occupied versus renter-occupied units, as well as an examination of current market trends for various bedroom-unit mixes and findings from interviews with active developers and brokers.

## Methodology: Residential Supply-Demand Analysis

Estimation of the natural vacancy rate

A housing market's natural vacancy rate is a function of such factors as whether or not the area is a seasonal tourist destination (e.g., exhibiting higher vacancy rates during the off-season) or whether the area is well established and desirable (typically associated with relatively low vacancy rates).

Every housing market has some degree of vacancy, as household migration is continual. Nationally and regionally, stable and generally well-maintained housing markets exhibit vacancy rates ranging from three to eight percent. 4WARD PLANNING has assigned an estimated annual vacancy rate of eight (8) percent for the 20-minute drive contour PMA.

## Supply and Demand Analysis: Weak Growth Scenario

Key Assumptions Underpinning the Weak Growth Scenario

#### Net Household Formation Increases by 0.5 Percent per Annum from 2012 to 2027

This assumption is based on increased in-migration from the surrounding area and increased immigration, in response to local area job growth.

Number Employed within 20-minute Drive Contour PMA Increases from 138,396 in 2013 to 159,722 by 2028

This estimate is based on projections by the Connecticut Department of Labor of a modest average annual growth rate of 0.96 percent.

#### Three Percent of Those Working in the PMA but Living Elsewhere Represent Pent-Up Demand

Based on an assumption that approximately one-in-thirty workers would trade their commute if there were adequate housing choice in the PMA.

Five percent of the PMA's Current Housing Stock is Physically Obsolescent and Unmarketable

Some of the PMA's rental housing stock is more than 40 years old, increasing the incidence of physical obsolescence.

Just Over One Percent of the PMA's Remaining Housing Stock Becomes Obsolescent Annually

All housing stock gradually wears out over time and, on average, one out of every 100 units becomes obsolescent, annually.

#### Sixty percent of New Unit Demand will be for Rental Housing

This is based on current and likely future socio-economic characteristics of the area and tight lending standards into the future.

#### The PMA will Maintain an Annual Housing Vacancy Rate of Approximately Eight Percent

The PMA's naturally occurring annual vacancy rate will likely remain around this level, based on existing and projected conditions.

## Supply and Demand Analysis: Weak Growth Scenario

Under a modest growth scenario, if <u>no new</u> housing were built in the 20-minute drive contour PMA...

#### ...by 2018 there would be

Households:	149,535
Net Marketable Housing Units:	149,231
Pent-Up Worker Demand in Units:	1,089
Annual Average Number of Vacant Units:	11,938
Estimated Net Housing Unit Demand:	13,332

#### ...by 2023 there would be

Households:	153,311
Net Marketable Housing Units:	147,589
Pent-Up Worker Demand in Units:	1,142
Annual Average Number of Vacant Units:	11,807
Estimated Net Housing Unit Demand:	18,671

...by 2028 there would be

Net Marketable Housing Units: 145,966
Pent-Up Worker Demand in Units: 1,198
Annual Average Number of Vacant Units: 11,677
Estimated Net Housing Unit Demand: 24,092

The metrics to the left demonstrate that, under a weak household growth scenario, more than 13,000 new housing units will be demanded within the PMA by 2018, with approximately 10 percent as a result of pent-up worker demand. Much of the remaining demand for new units will come from projected new household formation and replacement of physically obsolescent residential units.

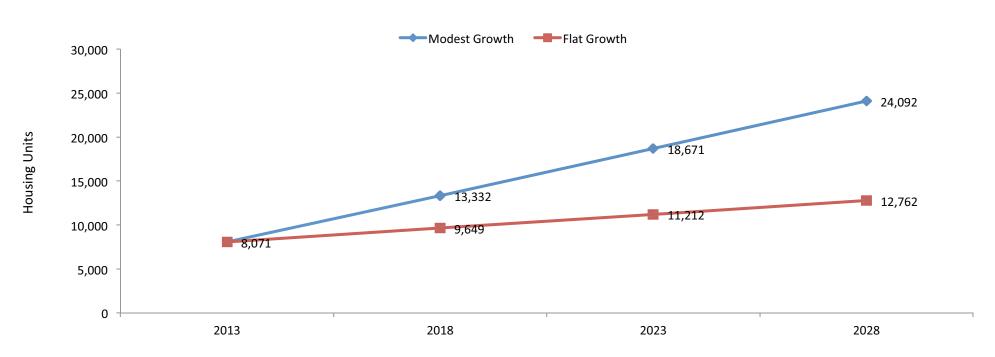
## Supply and Demand Analysis: Weak Growth Scenario

Primary Market Area	20-Minute Drive Contour						
Growth Projection Scenarios							
	2013	/ 2018	2023	2028			
Scenario: Moderate Annual Growth							
Population	378,871	388,438	398,247	408,303			
Households	145,852	149,535	153,311	157,182			
Owner Households	58,341	59,814	61,324	62,873			
Renter Households	87,511	89,721	91,987	94,309			
Employed within PMA (full- and part-time estimate)	138,396	145,168	152,271	159,722			
Total Workers Living Outside of PMA	34,599	36,292	38,068	39,930			
Housing Units	158,832	!	i				
Physically Obsolescent Units	7,942	-	<u> </u>	-			
Net Marketable Housing Units	150,890	149,231	<b>1</b> 47,589	145,966			
Pent-Up Housing Unit Demand Estimate	1,038	1,089	1,142	1,198			
Estimated Total Housing Unit Demand	146,890	150,624	<b>1</b> 54,453	158,380			
Add Average Number of Naturally Occuring Vacant Units	12,071	11,938	<b>1</b> 1,807	11,677			
Net Housing Unit Demand (Excess Units)	8,071	13,332	18,671	24,092			
Replacement Demand	1,747	1,660	1,642	1,623			
Household Growth and Pent-Up Worker Demand	6,324	11,672	17,029	22,468			
Demand - Owner-Occupied	3,228	5,333	7,468	9,637			
Demand - Rental	4,842	7,999	11,203	14,455			
Demand - One Bedroom (20%)	1,614	2,666	3,734	4,818			
Demand - Two Bedroom (70%)	5,650	9,332	13,070	16,864			
Demand - Three Bedroom or Greater (10%)	807	1,333	1,867	2,409			
Demand - HH Income \$75,000 and Greater (15%)	1,211	2,000	2,801	3,614			
Demand - HH Income \$40,000 to \$74,999 (15%)	1,211	2,000	2,801	3,614			
Demand - HH Income \$39,999 and Less (70%)	5,650	9,332	13,070	16,864			

## **Projected Growth Scenarios**

In 2013, the estimated net housing demand within a 20-minute drive of 235 Grand Street was approximately 8,071 units—largely the result of household growth and pent-up worker demand. Assuming the weak population and household growth estimated for the PMA, housing demand from local workers commuting from outside the PMA, as well as replacement demand for physically obsolescent housing units, would result in a demand for more than 24,000 housing units by 2028. Conversely, a scenario of flat household growth would result in an approximate demand for over 12,700 units by 2028.





Source: 4ward Planning Inc 2013

## **Residential Capture**

Assuming that Waterbury could capture a share of the net new housing demand projected for the 20-minute drive contour PMA (capture scenarios are based on shares of 5-, 10-, and 20-percent capture rates), the central business district (CBD) could capture between 1,205 and 4,818 new multi-family residential dwelling units by 2028. Under a conservative capture rate scenario (five-percent), the CBD could capture over 650 units by 2018.

Conservati	ve Scenario								
Capture Rate: 5% of PMA  Affordable to Household Incomes @									
	<b>Units Captured</b>	<u>1-BR</u>	<u>2-BR</u>	<u>3-BR</u>	<u>Own</u>	<u>Rent</u>	\$39K & Less	\$40K to \$74.9K	\$75K & Greater
2018	667	267	267	133	267	400	333	200	133
2023	934	373	373	187	373	560	467	280	187
2028	1,205	482	482	241	482	723	602	361	241

Modest S	cenario								
Capture Rate: 10% of PMA  Affordable to Household Incomes @									
	<b>Units Captured</b>	<u>1-BR</u>	<u>2-BR</u>	<u>3-BR</u>	<u>Own</u>	<u>Rent</u>	\$39K & Less	\$40K to \$74.9K	\$75K & Greater
2018	1,333	533	533	267	533	800	667	400	267
2023	1,867	747	747	373	747	1,120	934	560	373
2028	2,409	964	964	482	964	1,446	1,205	723	482

Aggre	ssive Scenario									
	Capture Rate: 20% of PMA  Affordable to Household Incomes @									
	<u>Units Captured</u>	<u>1-BR</u>	<u>2-BR</u>	<u>3-BR</u>	<u>Own</u>	<u>Rent</u>	\$39K & Less	\$40K to \$74.9K	\$75K & Greater	
2018	2,666	1,067	1,067	533	1,067	1,600	1,333	800	533	
2023	3,734	1,494	1,494	747	1,494	2,241	1,867	1,120	747	
2028	4,818	1,927	1,927	964	1,927	2,891	2,409	1,446	964	

1-Bedroom Units	40%
2-Bedroom Units	40%
3-Bedroom Units	20%
Owner-Occupied	40%
Renter-Occupied	60%
\$39,000 and Less	50%
\$40,000 to \$74,999	30%

\$75.000 and Greater 20%

**Unit Capture Assumptions** 

Source: 4ward Planning Inc, 2013

## Takeaway: Residential Supply-Demand

Housing demand within the 20-minute drive contour PMA (comprised of new household formation, pentup worker demand and replacement for obsolescent units) is expected to continue exceeding supply in the coming years, as a current shortage of inventory is projected to remain flat.

Empty nester types (many of whom in the PMA are likely responsible for the growth in household incomes rising above \$75,000 annually) and, to a lesser extent, young professionals, will continue to drive demand in the market area for multi-family residential (for rent and sale units), notwithstanding relatively flat population and household growth. These age groups tend to prefer smaller housing units with access to service and cultural amenities, jobs, and outdoor recreational spaces.

# Office Trend Analysis



## Office Inventory

As of second quarter 2013, the Northwest Submarket had just under 1.4 million square feet of office space. The office submarket experienced negative growth from 2009 to 2010, likely due to the economic downturn and existing occupied office space becoming unoccupied and no new office space being built. Nevertheless, Reis predicts that over the next five years, an additional 177,000 square feet of new office space will be added to the submarket—rebounding at a rate (2.5 percent) higher than both the metro and nation.



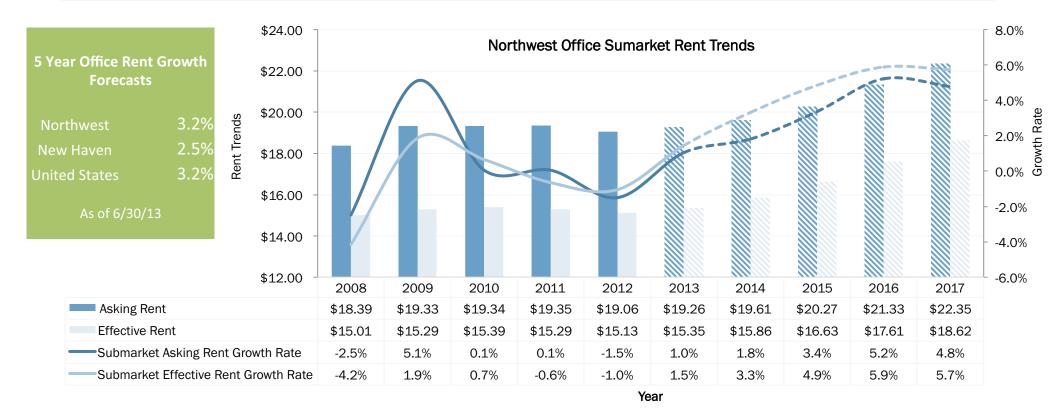
#### Northwest Office Inventory Growth Trends and Forecasts



Source: REIS; 4ward Planning Inc., 2013

## Office Asking Rent

In the second quarter of 2013, the median asking rent for office space in the Northwest Submarket was \$19.12 per square foot, although the effective annual rent (which includes incentives such as free rent and discounts) was just over \$15 per square foot. Although asking and effective rents decreased by 1.0 and 1.4 percent, respectively, from 2009 to 2012, as of second quarter 2013, they were almost back to 2009 levels. Reis projects that both asking and effective rents in the Northwest Submarket will increase by 3.2 percent over the next five years---a rate higher than the metro region but similar to the nation.



Source: REIS; 4ward Planning Inc., 2013

## Office Vacancy Rates

As of second quarter 2013, the Northwest Submarket had 315,000 square feet of vacant office space and a vacancy rate of 23.0 percent—significantly higher than that of the larger New Haven metro area (17.3 percent) and nation (17.0 percent) for the same period. Over the next five years, Reis estimates that office vacancy rates within the Submarket will begin declining, remaining relatively stable, albeit high—compared to the New Haven metro area (16.8 percent) and nation (15.9 percent) for the same period.

Occupied

5 Year Office
Vacancy Rate Forecasts

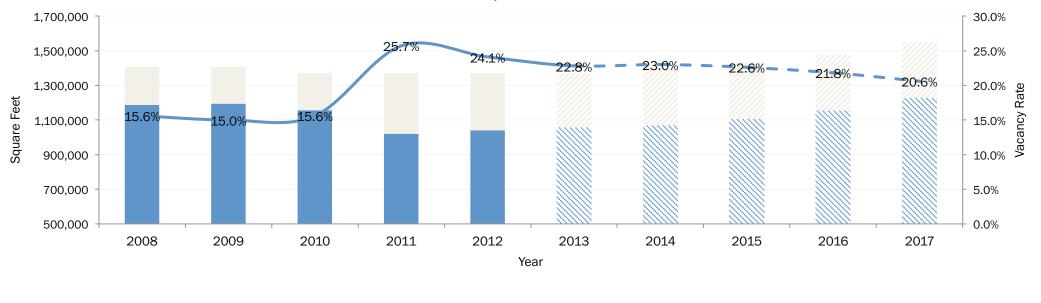
Northwest 22.1%

New Haven 16.8%

United States 15.9%

Period ending 12/31/17

#### Office Vacancy Rate Trends and Forecasts



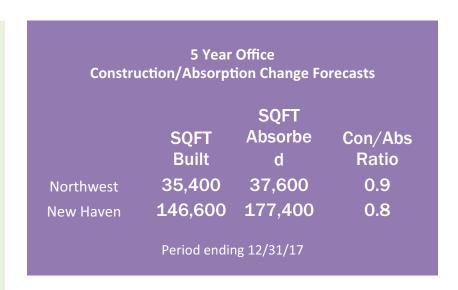
Vacant

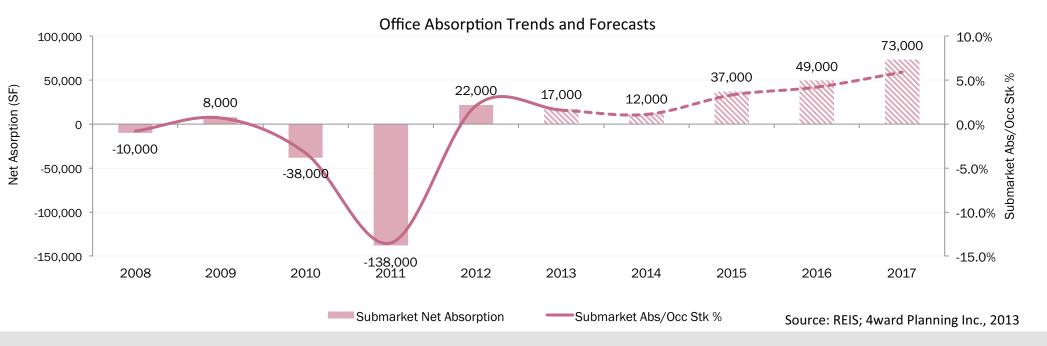
Submarket Vacancy Rate

Source: REIS; 4ward Planning Inc., 2013

## Office Absorption

From 2010 to 2011, the Northwest office submarket released 176,000 square feet of office space into the market as a result of existing occupied office space becoming unoccupied. However, according to Reis, the office submarket began absorbing office space in 2012—a sign of a rebounding office market. Over the next five years, Reis predicts that the Northwest office submarket will absorb approximately 188,000 square feet of office—at an annual construction/absorption rate (0.9 percent) slightly higher than the metro area.



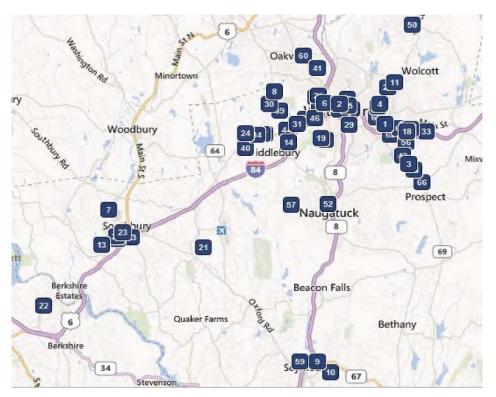


#### Office Characteristics: For Lease

According to data provided by Loopnet.com, as of September 2013, there were 63 properties with leasable office space within the Northwest Submarket, representing 733,253 total square feet of available space. Approximately 75 percent of these properties are located within conventional professional office buildings. Average asking rents for the available space range from \$19 per square foot per year for medical office space to \$65 per square foot per year for creative/loft space. The majority of available office space, including all of the office R&D and medical office space, is located within the towns of Southbury and Waterbury.

Office Space for Lease within the Northwest Submarket, as of Sept 2013

Property Subtype	Number of Properties	Available Space (SQFT)	Average of Asking Rent (SQFT/Year)
Creative/Loft	2	2,400	\$65.25
Medical Office	9	156,293	\$19.07
Office Building	49	551,687	\$20.46
Office-R&D	3	22,873	\$44.00
Grand Total	63	733,253	\$22.97



Source: Reis, LoopNet.com, Bing Maps

## Takeaway: Office Trends

While the current Northwest office submarket environment is generally challenged (e.g. high vacancy rates and rental incentives) the market is stabilizing and is expected to see a modest recovery over the next five years. Although Reis predicts asking and effective rents to continue to rise steadily through 2017, the submarket fundamentals are expected to keep the office market soft in the near-term, as the economy continues to recover. According to real estate firm Cushman and Wakefield, local landlords within the larger New Haven market may continue to offer competitive rental rates to attract office tenants to their properties.

Going forward, the New Haven submarket is forecasted to post modest employment growth, led primarily by gains in the Health and Social Service sector. Existing available square feet of creative/loft, medical office, office building, and R&D office space would likely help meet the demand of these new and expanding health and social service industries.

# Office Supply-Demand Analysis



## Methodology: Key Steps for Deriving Office Demand

#### **Projecting 2020 Primary Jobs**

To determine projected office space demand, primary jobs in the Northwest New Haven Submarket (pictured on the following page) were projected through 2020, based on 2013 employment data and Connecticut Department of Labor industry projected growth rates.

#### Estimating the Number of Current and Future Office Workers

A National Center for Real Estate Research study has estimated the percentage of employees in various industry sectors that typically work in an office environment. Using these percentages, we were able to estimate the number of employees in the Submarket who would likely work in commercial office space.

#### **Determining Office Space Demand**

Assuming a conservative space requirement of 150 square feet per employee (which has become a broadly accepted ratio by office real estate brokers over the past few years), the total demand for office space was estimated based on the projected office workers for each year through 2020.

## **Projected Office Jobs**

The tables below show the projected jobs and office workers, respectively, aggregated by industry sector, for the Northwest New Haven Submarket.

Employment Per Industry, Northwest New Haven Submarket												
	2013	2014	2015	2016	2017	2018	2019	2020	Change			
Health Care & Social Assistance	11,004	11,242	11,485	11,733	11,986	12,245	12,509	12,780	1,776			
Retail Trade	9,790	9,840	9,890	9,941	9,991	10,042	10,093	10,145	355			
Admin/Support/Waste Management&Remediation Services	7,643	7,761	7,880	8,002	8,125	8,250	8,377	8,506	863			
Manufacturing	7,254	7,237	7,221	7,204	7,187	7,171	7,154	7,138	-116			
Wholesale Trade	6,080	6,140	6,201	6,262	6,324	6,387	6,450	6,514	434			
Educational Services	5,534	5,603	5,673	5,744	5,816	5,889	5,962	6,037	503			
Construction	4,835	4,932	5,030	5,131	5,234	5,338	5,445	5,554	719			
Other Services excl Public Administration	4,029	4,071	4,114	4,157	4,201	4,245	4,290	4,335	306			
Public Administration	3,739	3,735	3,730	3,726	3,721	3,717	3,712	3,708	-31			
Professional/Scientific/Technical Services	3,710	3,782	3,855	3,930	4,006	4,084	4,163	4,244	534			
Total Employment, Top Ten Industries	63,618	64,342	65,079	65,829	66,592	67,368	68,157	68,960	5,342			

Source: Esri, 4ward Planning Inc., 2013

Estimated Average Office Workers Per Industry, Northwest New Haven Submarket											
	2013	2014	2015	2016	2017	2018	2019	2020	Change		
Health Care & Social Assistance	5,278	5,392	5,508	5,627	5,749	5,873	6,000	6,129	852		
Retail Trade	2,251	2,263	2,274	2,286	2,297	2,309	2,321	2,333	82		
Admin/Support/Waste Management&Remediation Services	2,686	2,728	2,770	2,812	2,856	2,900	2,944	2,990	303		
Manufacturing	2,164	2,159	2,154	2,149	2,144	2,139	2,134	2,129	-35		
Wholesale Trade	3,451	3,485	3,520	3,555	3,590	3,625	3,661	3,697	246		
Educational Services	3,139	3,178	3,218	3,258	3,298	3,340	3,381	3,424	285		
Construction	943	962	981	1,001	1,021	1,041	1,062	1,083	140		
Other Services excl Public Administration	1,617	1,634	1,651	1,668	1,686	1,703	1,721	1,739	123		
Public Administration	1,647	1,645	1,643	1,641	1,639	1,637	1,635	1,633	-14		
Professional/Scientific/Technical Services	3,305	3,369	3,434	3,501	3,569	3,638	3,709	3,781	476		
Total Average Office Workers, Top Ten Industries	26,480	26,814	27,153	27,498	27,849	28,206	28,569	28,939	2,458		

Source: NCRER, Esri, 4ward Planning Inc., 2013

## **Projected Office Space Demand**

As illustrated on the previous page, there is a projected increase of over 5,300 jobs in the top ten industries from 2013 to 2020, within the Northwest New Haven Submarket – nearly 2,500 of which are projected to require office space. The table below exhibits the projected office space demand, in square feet and aggregated by industry sector, for the Submarket. As shown, the anticipated increase in office space demand from 2013 to 2020 is approximately 389,000 square feet. As of the first quarter 2013, the Northwest New Haven Submarket contained approximately 315,000 square feet of vacant office space. While much of the projected demand will be absorbed by existing vacant inventory within the larger market area, there may be need to develop a modest supply of new inventory, locally, to satisfy some of the projected near-term need.

<b>Estimated Total Office S</b>	Space Per Industry, Sq. Ft. (	(000s), Northwest New Haven Submarket
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	2013	2014	2015	2016	2017	2018	2019	2020	Change
Health Care & Social Assistance	792	809	826	844	862	881	900	919	128
Retail Trade	338	339	341	343	345	346	348	350	12
Admin/Support/Waste Management&Remediation									
Services	403	409	415	422	428	435	442	448	45
Manufacturing	325	324	323	322	322	321	320	319	-5
Wholesale Trade	518	523	528	533	538	544	549	555	37
Educational Services	471	477	483	489	495	501	507	514	43
Construction	141	144	147	150	153	156	159	162	21
Other Services excl Public Administration	243	245	248	250	253	256	258	261	18
Public Administration	247	247	246	246	246	246	245	245	-2
Professional/Scientific/Technical Services	496	505	515	525	535	546	556	567	71
Total Average Office Space, Top Ten Industries	3,972	4,022	4,073	4,125	4,177	4,231	4,285	4,341	369

Source: NCRER, Esri, 4ward Planning Inc., 2013

## Takeaway: Office Supply-Demand

The office supply-demand analysis indicates a projected 2020 demand for nearly 4.3 million square feet of office space, based on anticipated job creation in the Northwest New Haven Submarket, which includes Waterbury, Naugatuck, Seymour, Beacon Falls, Prospect, Oxford, Middlebury, Southbury, and Bethany. This represents a net increase in demand of 389,000 square feet over 2013 inventory in the Submarket.

While the **Core Study Area** could not accommodate anything close to one-million square feet of office space, a modest goal to capture ten percent of this space over a ten year period (10,000 square feet per year) would seem reasonable. Further, and as earlier mentioned, smaller format office space would be more suitable to a location having mass transit, retail and on-site housing options.

# Retail Analysis



#### **Retail Business Mix**

According to Esri data for 2013, the 20-minute drive contour PMA was home to over 3,300 retail businesses. Food Services and Drinking Places represented the largest percentage of all retail businesses, while Food and Beverage Store Retailers followed. Other businesses representing greater than 10 percent of all retail for the 20-minute drive contour PMA include Miscellaneous Store Retailers.

#### **Retail Business Mix**

	20-minute Drive Contour PMA		
Retail Business Type	Number	Percent	
Motor Vehicle & Parts Dealers Furniture & Home Furnishings Stores Electronics & Appliance Stores Building Materials, Garden Equipment & Supply Stores Food and Beverage Stores Health and Personal Care Stores Gasoline Stations Clothing and Clothing Accessories Stores	226 114 133 179 493 166 92 270	9 Percent  6.67%  3.36%  3.92%  5.28%  14.55%  4.90%  2.71%  7.97%	
Sporting Goods, Hobby, Book, and Music Stores	143	4.22%	
General Merchandise Stores Miscellaneous Store Retailers Nonstore Retailers Food Services & Drinking Places	62 465 151 895	1.83% 13.72% 4.46% 26.41%	
Total	3,389	100.0%	

Source: Esri; 4ward Planning Inc., 2013

## **Major Shopping Centers**

Within the 20-minute drive contour PMA, there are currently 6 major shopping centers, with a total of 411 stores and a gross leasable area of approximately 3.3 million square feet.

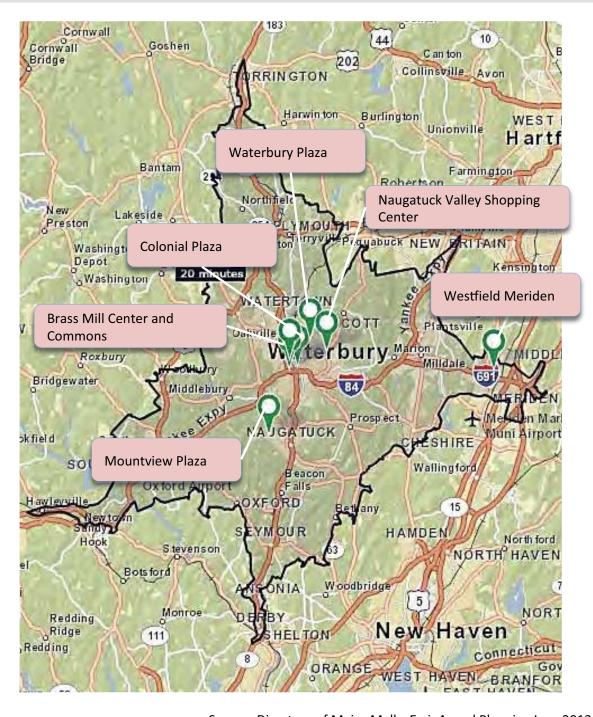
Major Shopping Centers, 20-minute Drive Contour

Shopping Center	Number of Stores	Anchor Stores	Distance from 235 Grand Street	Year Opened	Last Renovation	GLA in Sq Ft
Brass Mill Center & Commons	143	Macy's, Sears, JCPenney, Burlington Coat Factory	0.54 miles E	1997	N/A	1,180,000
Colonial Plaza	45	Compare Foods, Dollar Star, Red White & Blue Thrift	0.73 miles W	1960	N/A	253,000
Waterbury Plaza	34	Target, Super Stop & Shop, Pretty Woman/New England, Joey'z	2 miles N	1972	2000	324,006
Naugatuck Valley Shopping Center	20	Walmart, Stop & Shop, Bob's Stores, Staples, Vacant	2.05 miles E	1969	2003	383,332
Mountview Plaza	27	Super Stop & Shop, Ocean State Job Lot, Vacant	4.52 miles S	1971	2006	253,000
Westfield Meriden	142	JCPenney, Sears, Macy's, Dick's Sporting Goods	12.14 miles E	1971	1999	894,435

Note: The Directory of Major Malls includes centers of 200,000 square feet or greater.

## **Major Shopping Centers**

Highlighted to the right, major shopping centers within the 20-minute drive contour PMA are primarily located within the City of Waterbury, with exception of Mountview Plaza and Westfield Meriden.



**Note:** The Directory of Major Malls includes centers of approximately 200,000 square feet or greater.

Source: Directory of Major Malls; Esri; 4ward Planning Inc., 2013

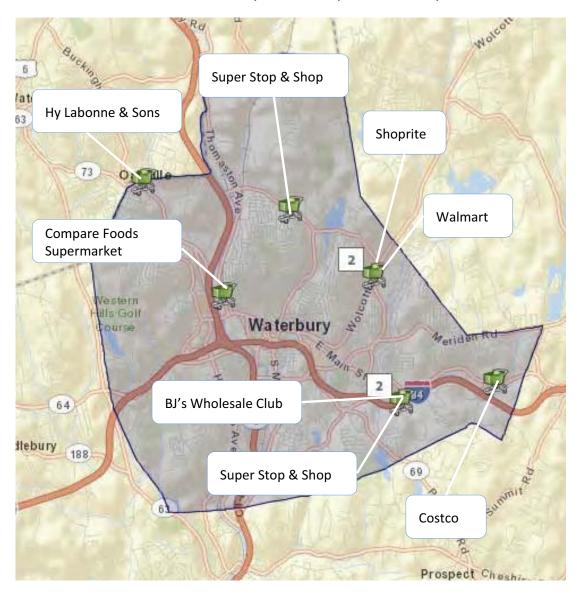
## **Full-Service Grocery Stores**

There are currently eight full-service grocery stores within Waterbury, employing greater than fifty people each, reflecting one supermarket for every 13,660 residents.

An industry rule-of-thumb prescribes on full-service grocery store per every 10,000 persons. At a ratio of approximately 0.73 grocery stores available for every 10,000 residents, Waterbury is, slightly, underserved.

Given the opportunity to create more residential development within the downtown, a smaller scale grocer may be appropriate within the CBD.

Full-Service Grocery Stores, City of Waterbury



Source: InfoFree; Esri; 4ward Planning Inc., 2013

## Takeaway: Retail Supply-Demand

#### **Notes**

There is a Costco on E Main Street, 1 Walmarts (another one in major shopping center),

Renaissance Place cancelled a \$707 million green, mixed-use, transit oriented development along the Naugatuck River in historic Naugatuck, Connecticut.

Shoppes at Cheshire are planned

Considering existing vacancies (including anchor stores in the Naugatuck Valley Shopping Center and Mountview Plaza) as well as the planned mixed-use and retail development of the Shoppes at Cheshire set to include a multi-screen movie theater with underground parking, an organic grocery store of about 50,000 square feet, a health club, a large bookstore chain...

## Methodology - Key Steps for Analyzing Retail Gap/Leakage

4ward Planning utilized various residential and commercial data sources to conduct a retail gap/leakage analysis for the 20-minute drive contour PMA. The Directory of Major Malls and Shopping Centers and Esri retail marketplace data were the principal sources for information and data on existing retail supply, demand and sales for the PMA.

Retail demand assumptions were formulated based on locally identified consumer expenditure habits and national retail industry trends to determine likely capture rates within the PMA.

Information on local retailers was collected from a combination of proprietary and public data sources, including the Directory of Major Malls, LoopNet, BizStats, and Google Maps. Retail metrics for average sales per square foot and size by category was adapted from data provided by BizStats to reflect currently observed neighborhood-retail supply trends.

Using proprietary modelling techniques, net supportable retail square footage was identified as well as the net number of retail stores likely to be supported based on industry averages by retail category, utilizing the corresponding NAICS classification.

The assumptions for each retail type are noted on the next slide.



#### **General & Limiting Conditions**

4ward Planning Inc. has endeavored to ensure that the reported data and information contained in this report are complete, accurate and relevant. All estimates, assumptions and extrapolations are based on methodological techniques employed by 4ward Planning Inc. and believed to be reliable. 4ward Planning Inc. assumes no responsibility for inaccuracies in reporting by the client, its agents, representatives or any other third party data source used in the preparation of this report.

Further, 4ward Planning Inc. makes no warranty or representation concerning the manifestation of the estimated or projected values or results contained in this study. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from 4ward Planning Inc.. This study is qualified in its entirety by, and should be considered in light of, the above limitations, conditions and considerations.

#### **Development Opportunity Summary**

#### Residential - 1,900 to 3,800 Units

Absorbing 10-20% of regional demand over the next ten years

#### Office - 10,000 square feet each year

Absorbing a fraction of 389,000sf demand increase by 2020. Opportunities exist in creative/loft, medical office, office building, and research & development to meet demands of Health and Social Service Sector.

#### Retail - 8,000 square foot small-scale grocery,

Paired with residential development and specialty retail: restaurants, boutique clothiers, specialty foods and recreational amenities, such as upscale bowling, small stage theater/performance venues, and exercise studios











