Thompsonville
Economic Development Strategy

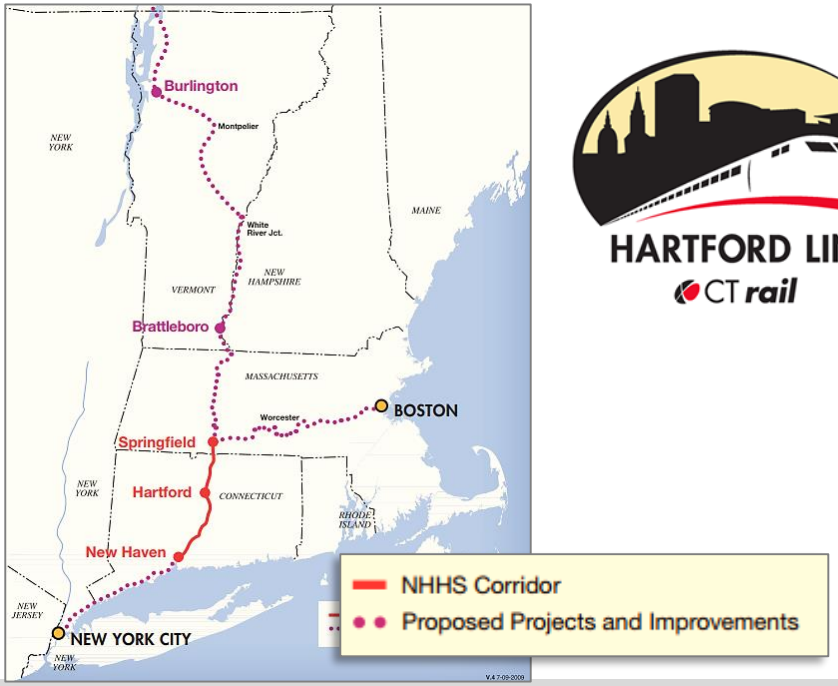
Enfield, CT

June 14, 2018

ECONOMIC AND REAL ESTATE ANALYSIS FOR SUSTAINABLE LAND USE OUTCOMES™

Background: Hartford Line

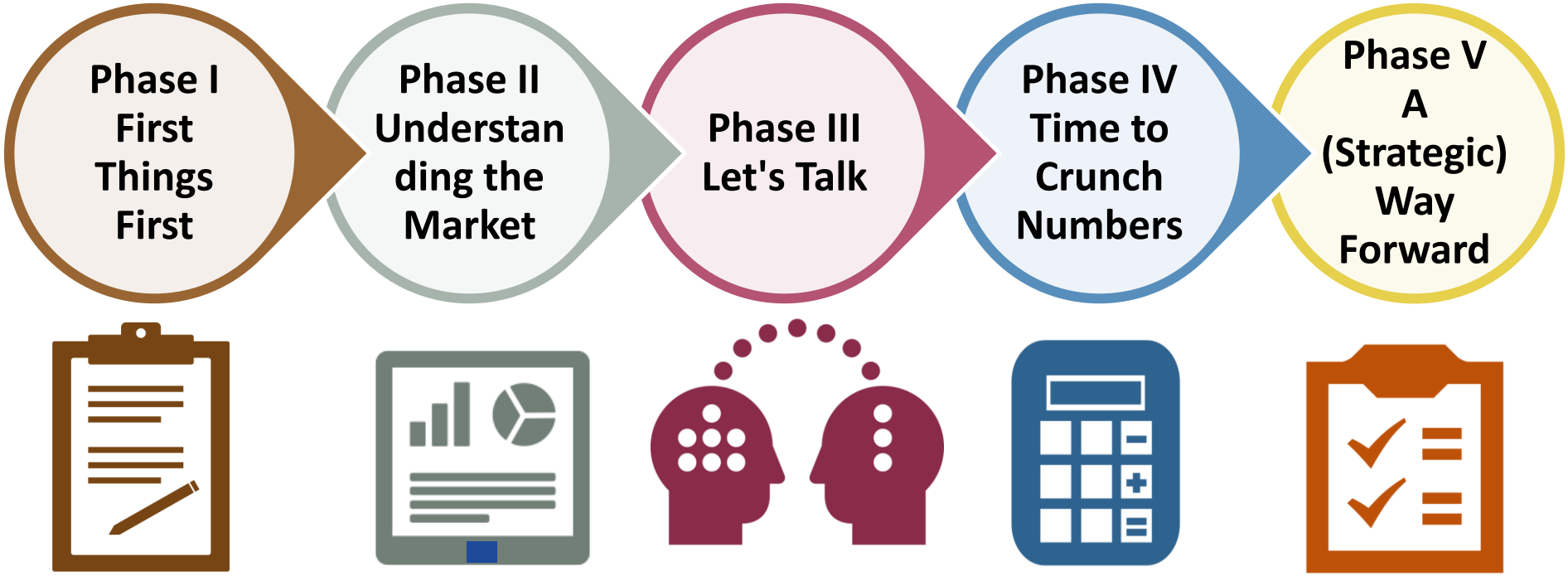
A new CT *rail* Hartford Line train station is being planned for the Town of Enfield, Connecticut. Once built, the station will provide direct commuter rail service to New Haven, Hartford, and Springfield, or connecting service to New York City and multiple frequencies to Boston or Vermont (via Springfield). As illustrated below, the New Haven-Hartford-Springfield (NHHS) Rail Program will also facilitate improved service to Massachusetts, Vermont, and, eventually, Montreal.



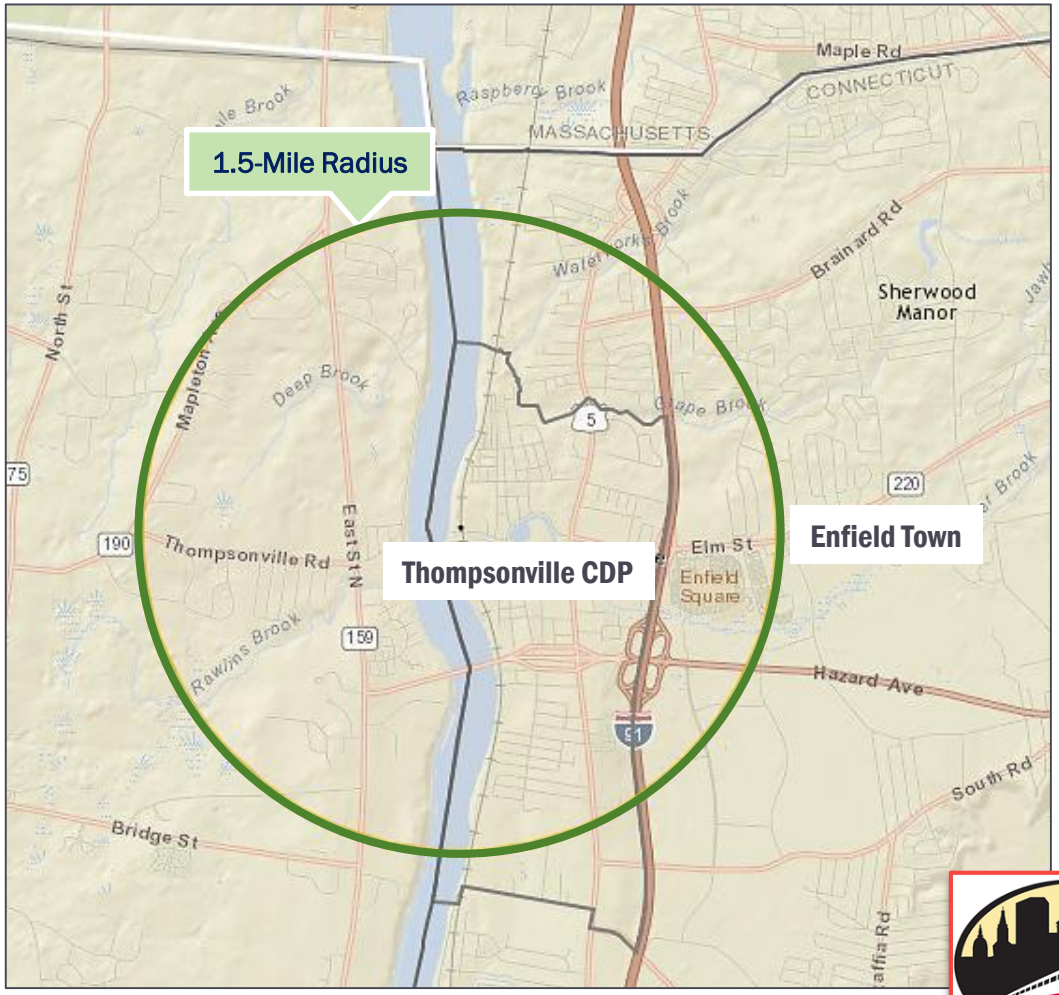
HARTFORD LINE
CT rail

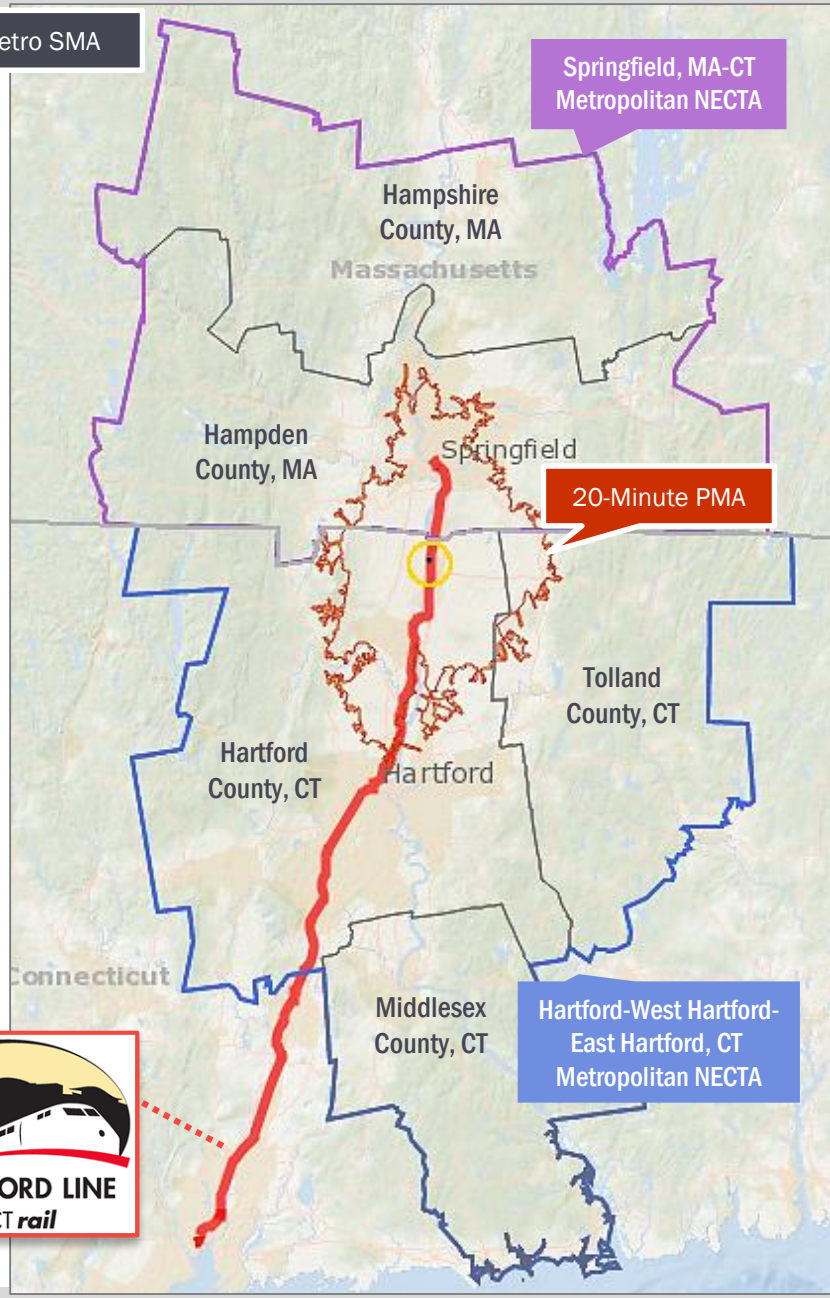
4ward Planning

Scope of Services



Methodology: Study Areas



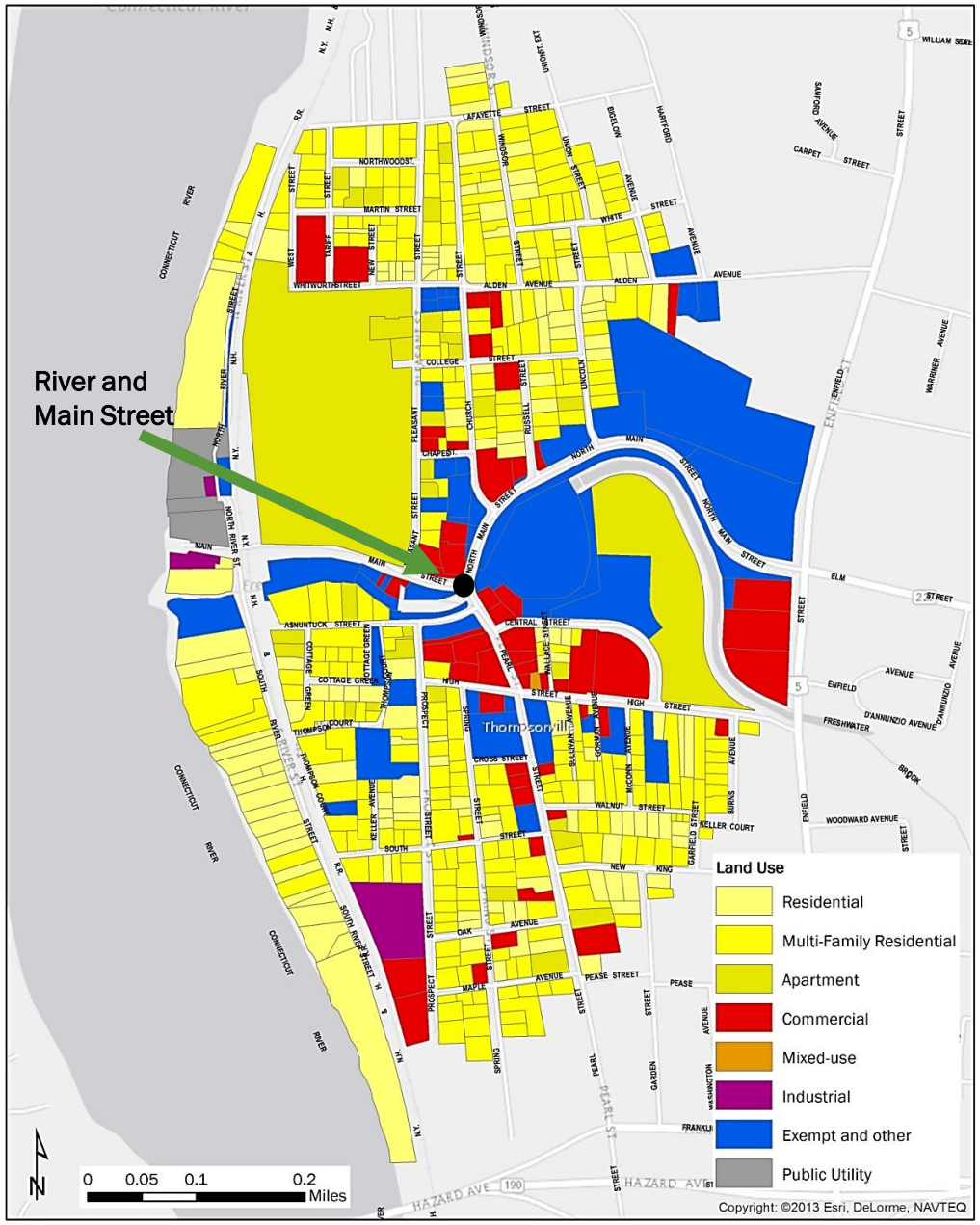


HARTFORD LINE
CT rail

Source: Esri; 4ward Planning Inc., 2017

Land Use:
TOD Study Area

The TOD study area encompasses the area within a half-mile radius of the multi-modal transit center, calculated from the intersection of River and Main Streets.



Source: Enfield CT GIS; 4ward Planning Inc. 2017

MARKET ANALYSIS

4WARD PLANNING™

Key Findings: Socio-Economic Analysis

Shifting and aging of the region will bring new demand

Although household growth in all geographies is expected to remain relatively flat through 2022, some household growth is expected, particularly among age groups representing early-stage families (ages 35 to 44), empty nesters (ages 56 to 74), and mostly retired individuals (ages 75 and older). Although the median age in the 1.5-mile radius area is expected to remain much lower than that within the larger region, the median age in all geographies is expected to increase through 2022. The shifting and aging of the region's population will present new demand for housing, retail, entertainment, and services.

More middle-income households

Compared to the PMA, the 1.5-mile radius area has more middle-income households (earning between $35,000 and $100,000 per year), and fewer lower- and higher-income households (earning either less than $35,000 or over $100,000 per year). The estimated 2017 median household income in the 1.5-mile radius area ($60,050) is higher that of the PMA ($54,350), and is expected to increase by 9.4 percent over the next five years (compared to just 4.8 percent in the PMA).

42 percent of households with preference for multi-family housing

According to key socio-economic segments identified by Esri for the 20-minue PMA, 42 percent of households within the 1.5-mile radius area and 36 percent of households within the 20-minute PMA have some preference for living in multi-family housing. These households are relatively young, small in size, and have low household incomes, net worth, and average household budgets.

Labor & Industry Evaluation

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Key Findings: Labor & Industry Analysis

Job clusters in the PMA are located in Hartford and Springfield

Within the two-metro area, job clusters are largely located along the New Haven-Hartford-Springfield (NHHS) Rail line. However, according to data provided by the State of Connecticut DOL and the Massachusetts EOLWD, just four of the two-metro area's top employers are located within a mile of an existing or planned NHHS rail station (one in Springfield and three in Hartford), and only six are located within the 20-minute PMA.

Dominated by health care and social assistance

According to data provided by the State of Connecticut DOL and the Massachusetts EOLWD, hospitals compose nine of the top 29 employers within the two-metro area, which are clustered in Hartford, Springfield, Middletown, and Holyoke. The health care sector represent the largest share of workers across all geographies (as high as 18 percent in the 20-minute PMA) and promises to be a strong driver of employment in the coming decade (an observed national trend, due to the aging of Baby Boomers and the need for additional healthcare services).

An influx of mid- to high-wage jobs

The two top sectors by employment growth (health care and social assistance, and professional, scientific, and technical services sectors) are expected to add both mid- and high-wage employment opportunities within the study areas (average monthly earnings of approximately $4,000 and $6,310 per month, respectively). Growth in mid- and high-wage employment opportunities will likely influence future housing demand and affordability levels within the region.

REAL ESTATE ANALYSIS

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Key Findings: Multi-Family

748 and 1,009 new units to be completed within submarket

According to growth scenarios provided by the real estate data firm, Reis, by 2021, Reis expects that between 748 and 1,009 new units will be completed within the submarket, growing between 2.5 and 3.3 percent per year, on average. While vacancies and asking rents are expected to increase over the next five years in both the submarket and Hartford Metro area, as new apartment inventory is absorbed, asking rent growth in the submarket is expected to remain lower than that within the Hartford Metro, overall.

Affordable rents in Enfield

According to first-quarter 2017 data provided by Reis, the average asking rent within the submarket is $1,254 per month. According to rent data provided by HotPad, as of July 2017, average asking rents for apartments in Enfield range from approximately $1,130 for a one-bedroom unit to $1,683 for a four-bedroom unit. Average rents are fairly affordable, considering Fair Market Rents (gross rent estimates provided by HUD that includes the cost of rent and basic utilities) in Enfield currently range from $782 for a studio to $1,707 for a four-bedroom.

Demand for 225 to 450 units by 2027

Assuming between five- and 10-percent of net housing demand in the 20-minute PMA could be captured within a 1.5-mile radius of the multi-modal transit center, the area could adequately support the development of between 225 and 450 additional residential units by 2027.

Office

Key Findings: Office

1.9 million square feet of available office space

According to data provided by LoopNet, an on-line commercial real estate data source, there is over 1.9 million square feet of available office space within the 20-minute PMA (1.1 million square feet for lease and over 857,100 square feet for sale). Within the 1.5-mile radius area, there is approximately 77,240 square feet of available office space (29,340 square feet of traditional office space for lease and over 47,900 square feet of medical office space for sale).

$10 to $19 per square foot

While average lease rates for office space in the 20-minute PMA range from $10 to $19 per square foot per year, they are highest for traditional office building space ($18.85 per square foot per year, net of expenses). Located just outside the station area on Main Street, there is 30,470 square feet of traditional office building space available for lease in the Bigelow Commons (asking $13 square feet per year, net of expenses).

Demand for 540,540 square feet of office space by 2027

Based on the office supply/demand analysis, by 2027, there will be net new demand for nearly 540,540 square feet of office space within the 20-minute PMA. While there will likely be new demand for new office space within the 20-minute PMA, particularly from the health care and social assistance and professional, scientific, and technical service sectors (300,400 square feet combined), much of this new demand could potentially be accommodated within the existing supply of vacant office space (1.9 million square feet).

Retail

Key Findings: Retail

876,600 square feet of available retail space

According to data provided by LoopNet, there is over 1.0 million square feet of retail space available within the 20-minute PMA (approximately 560,120 square feet for lease and 492,780 square feet for sale). Within the 1.5-mile radius area, there is approximately 150,360 square feet of available retail space (117,830 square feet for lease and 32,530 square feet for sale).

Major vacant retail space in the area

Based on 2017 data provided by the Directory of Major Malls, there is over 1.2 million square feet of major retail shopping center space (complexes containing at least 100,000 square feet under roof) located the 1.5-mile radius area – equivalent to 92.6 square feet of gross leasable area (GLA) per person. The Enfield Square Mall contains 767,000 square feet of space, with only one remaining anchor store. With the rise of online shopping and shifting consumer buying habits, more retailers are closing nationally and malls like Enfield's are shrinking across the region.

Focus on convenience retail needs

Given the large retail inventory in the area, it is not surprising that the PMA is currently experiencing a "surplus" of retail sales (supply exceeds the area's demand) in almost all retail categories. In other words, other than retail aimed at serving the convenience retail needs of new 1.5-mile radius area households and commuters, there is insufficient retail demand in the PMA to accommodate retail-led mixed-use development. The current oversupply of retail space in the PMA was echoed in interviews with local real estate professionals.

Financial Feasibility Analysis

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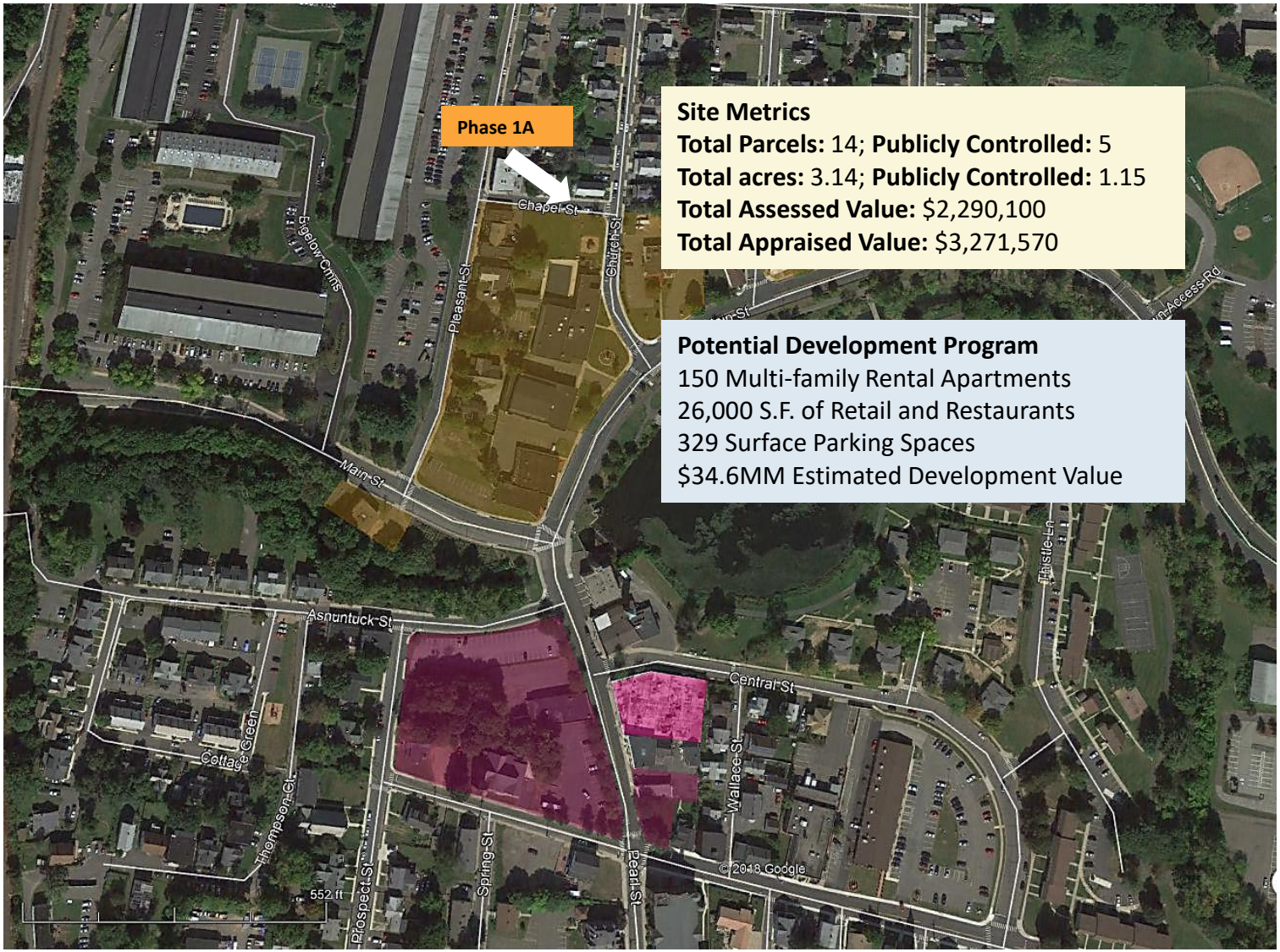
Why Perform a Financial Feasibility Analysis?

The principal objectives for performing financial feasibility analyses were **(a)** to determine the minimum development density (e.g., units of housing and commercial square footage) and land-use mix (e.g., residential, retail and/or office) which could be financially viable – permitting a sufficient market rate of return given the associated risk for undertaking a development project – and **(b)** to identify the prospective residual land values (per acre of potential acquisition values) for each redevelopment scenario, based on land-use mix and a risk appropriate developer return rate.

Proposed Redevelopment Sites

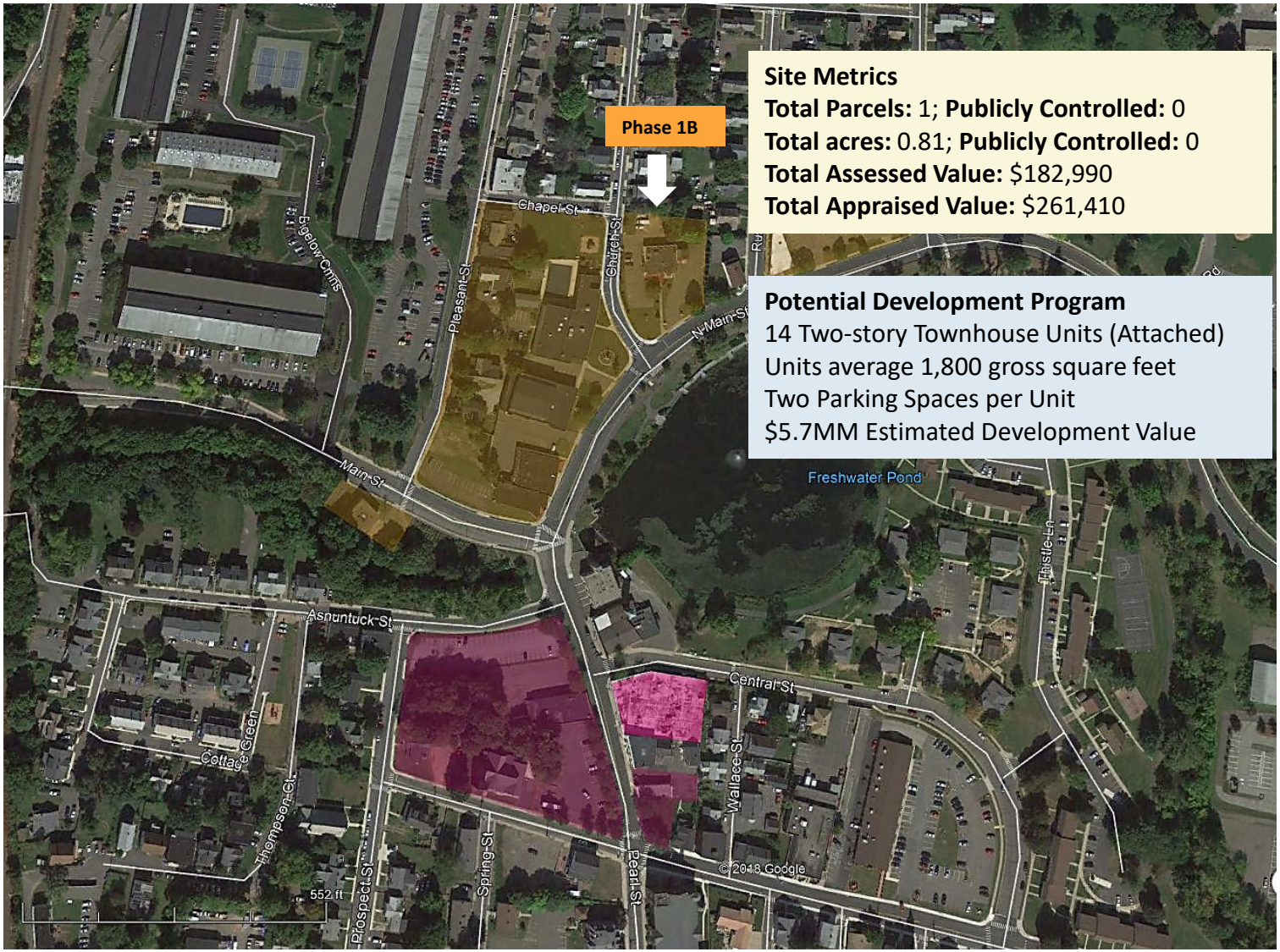
Proposed Redevelopment Sites



Site Metrics
Total Parcels: 14; **Publicly Controlled:** 5
Total acres: 3.14; **Publicly Controlled:** 1.15
Total Assessed Value: $2,290,100
Total Appraised Value: $3,271,570

Potential Development Program
150 Multi-family Rental Apartments
26,000 S.F. of Retail and Restaurants
329 Surface Parking Spaces
$34.6MM Estimated Development Value

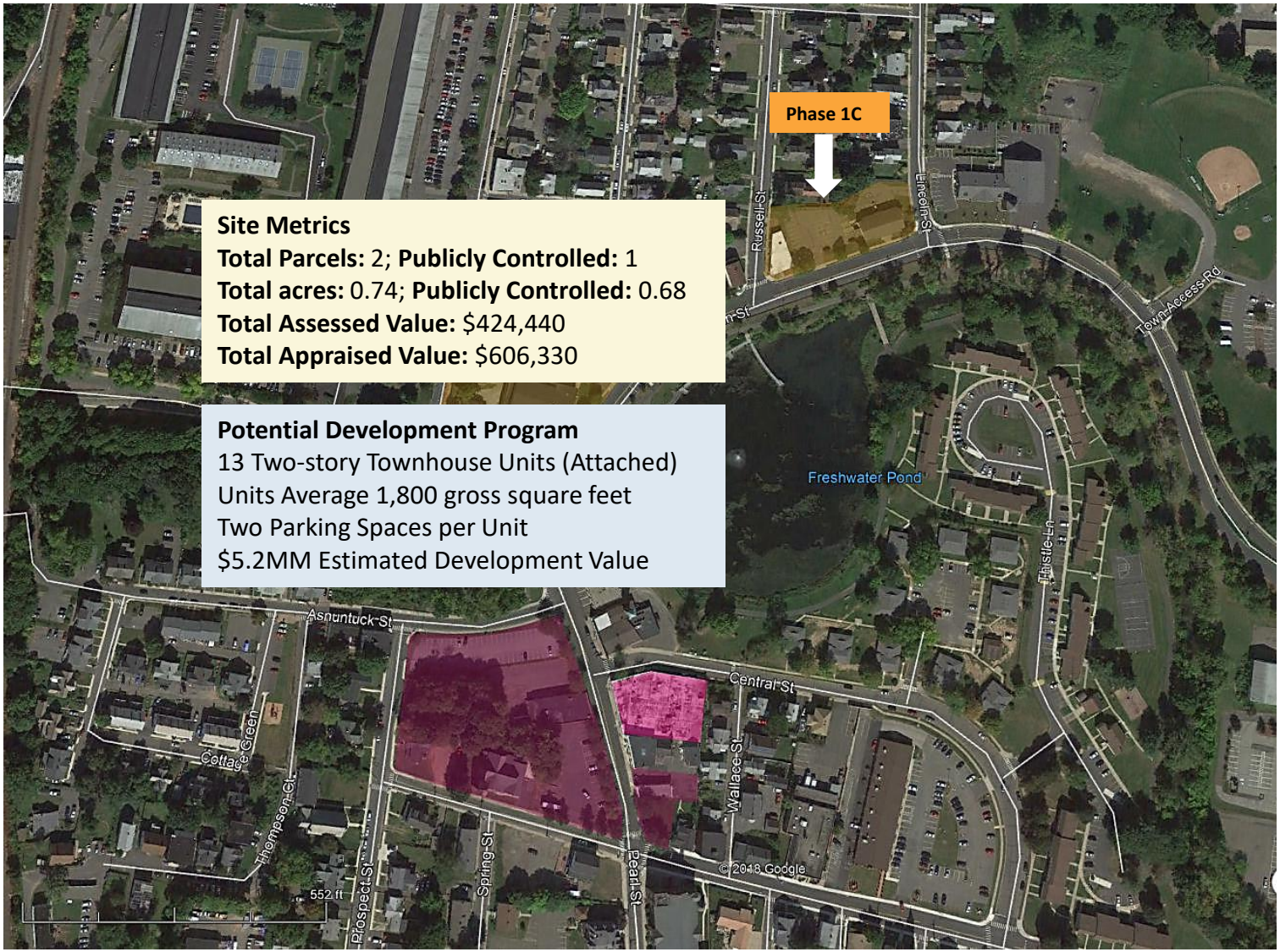
Proposed Redevelopment Sites



Site Metrics
Total Parcels: 1; **Publicly Controlled:** 0
Total acres: 0.81; **Publicly Controlled:** 0
Total Assessed Value: $182,990
Total Appraised Value: $261,410

Potential Development Program
14 Two-story Townhouse Units (Attached)
Units average 1,800 gross square feet
Two Parking Spaces per Unit
$5.7MM Estimated Development Value

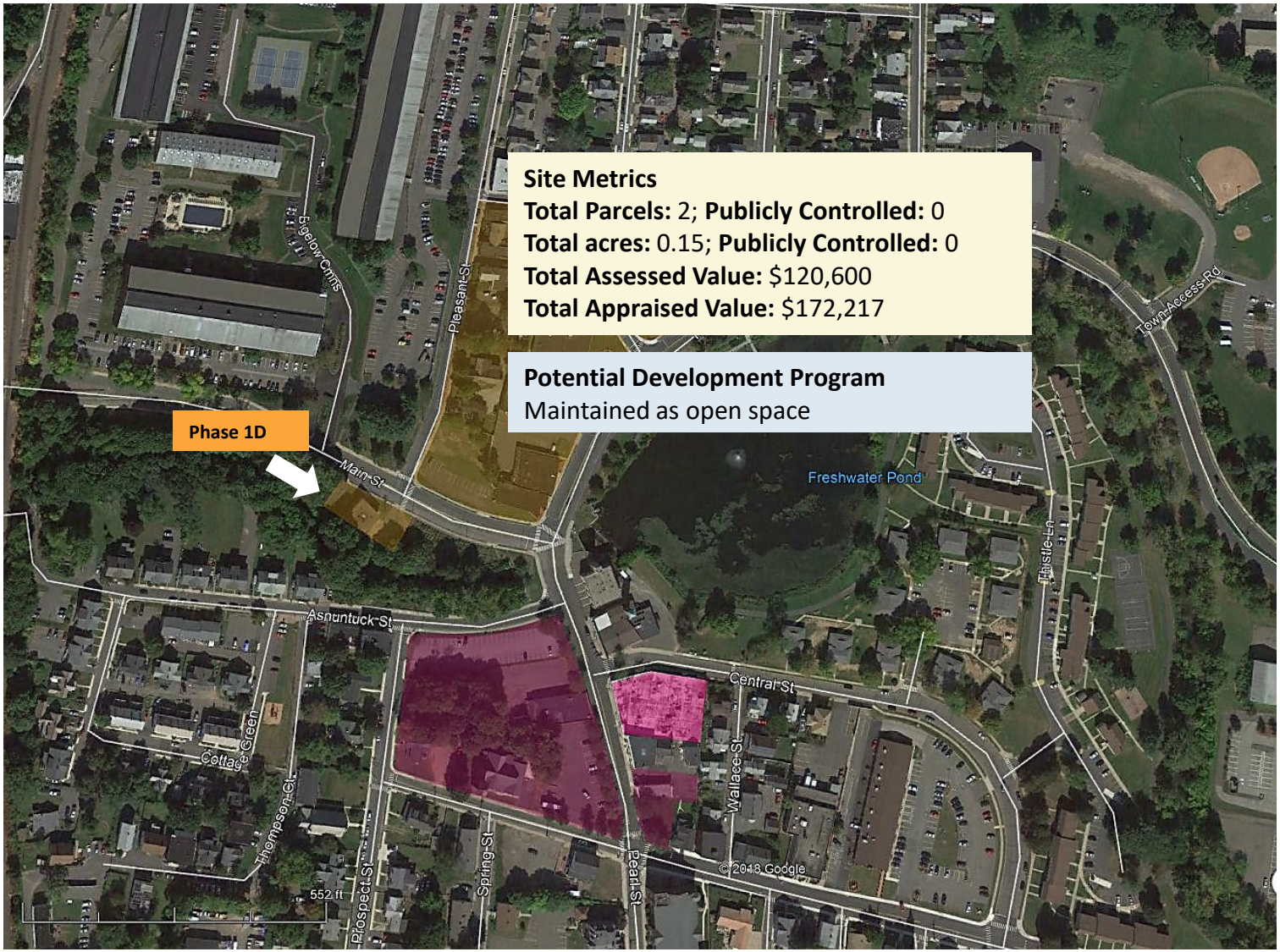
Proposed Redevelopment Sites



Site Metrics
Total Parcels: 2; **Publicly Controlled:** 1
Total acres: 0.74; **Publicly Controlled:** 0.68
Total Assessed Value: $424,440
Total Appraised Value: $606,330

Potential Development Program
13 Two-story Townhouse Units (Attached)
Units Average 1,800 gross square feet
Two Parking Spaces per Unit
$5.2MM Estimated Development Value

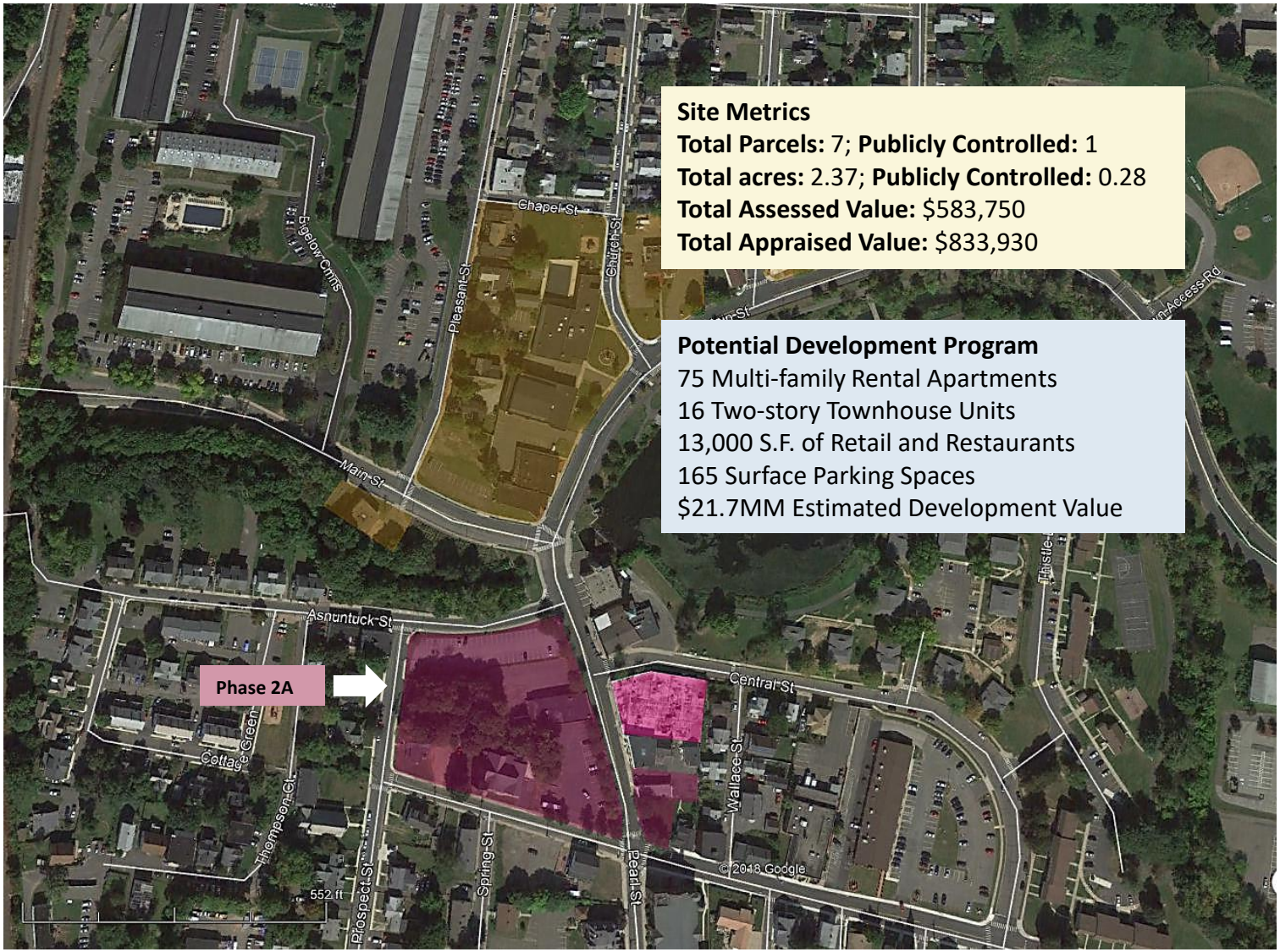
Proposed Redevelopment Sites



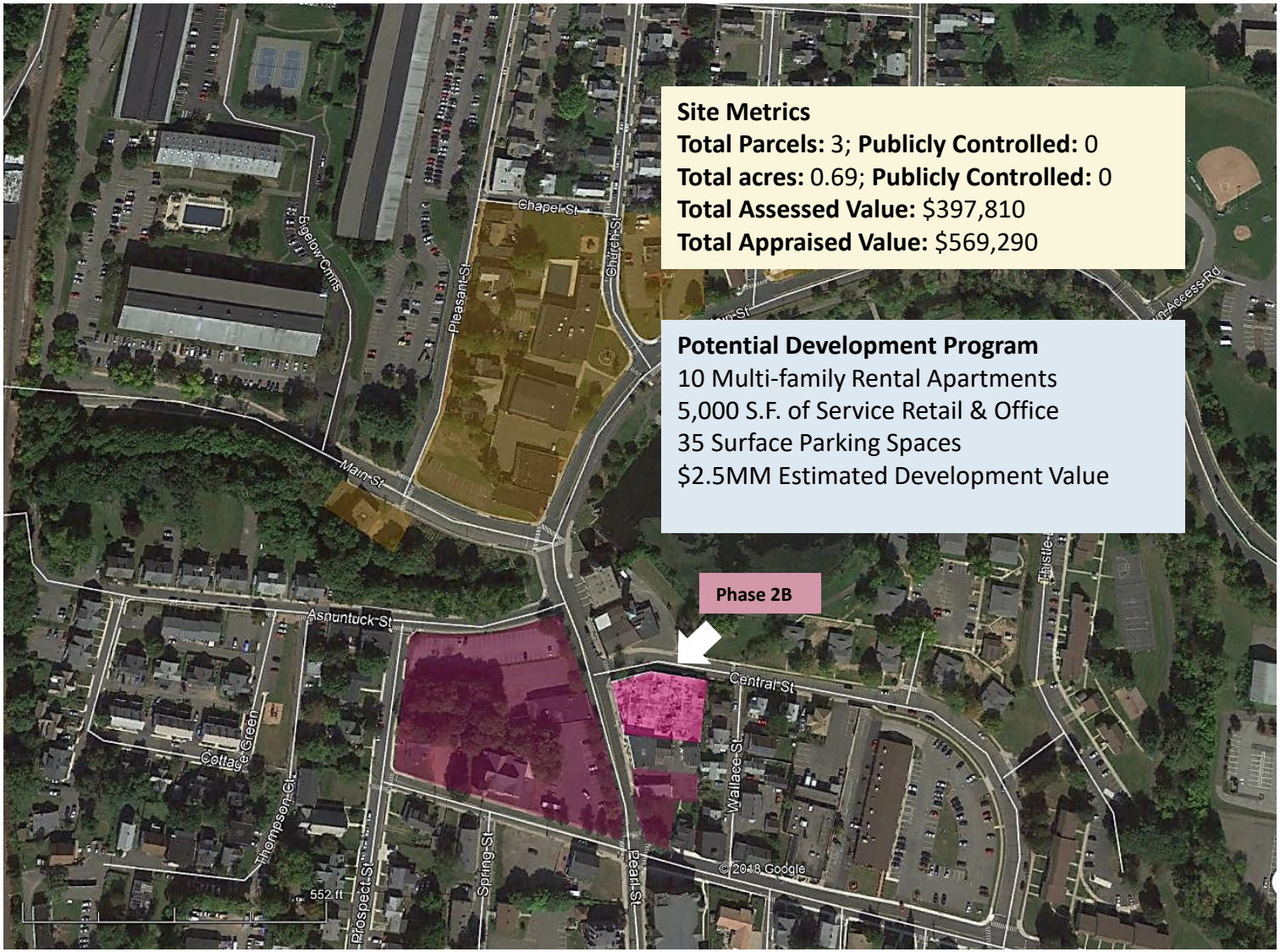
Site Metrics
Total Parcels: 2; **Publicly Controlled:** 0
Total acres: 0.15; **Publicly Controlled:** 0
Total Assessed Value: $120,600
Total Appraised Value: $172,217

Potential Development Program
Maintained as open space

Proposed Redevelopment Sites



Proposed Redevelopment Sites



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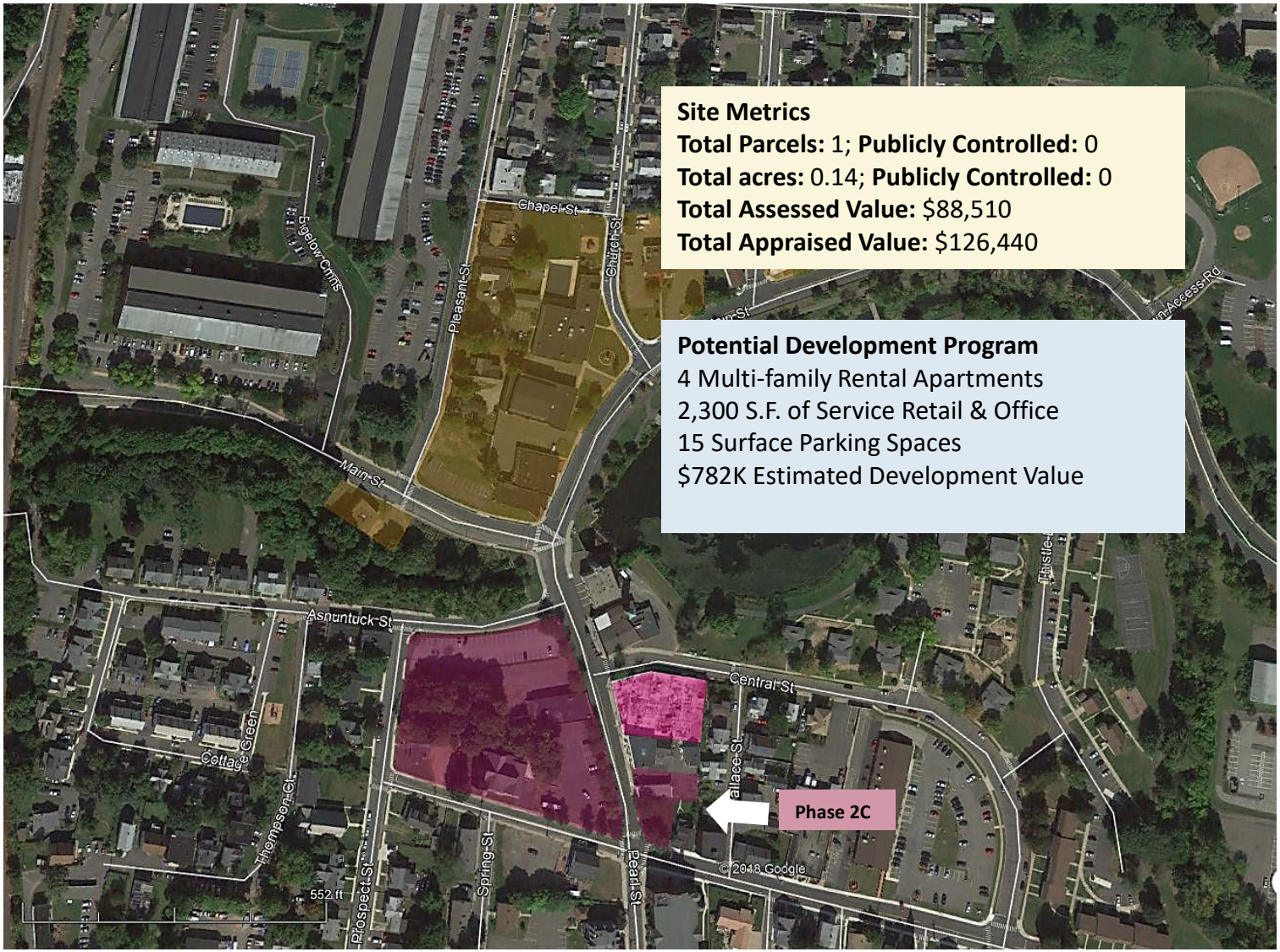

Key Findings: Financial Feasibility Analysis

Opportunity to develop 282 new residential units

282 newly developed residential units would generate between 564 and 705 residents

Just over 46,000 square feet of commercial space

The potential build-out could result in 46,300 square feet of mostly retail and restaurant space

Estimated financial return rates are relatively low

The identified financial return rates for the leasable property are relatively low, due to the low supportable market rents.

Higher density development will improve financial return rates

The ability to develop more densely (e.g., more residential units per acre) will help improve the overall financial performance.

However, the cost of structured parking will need to be subsidized

While increased residential density will improve financial returns, the increased density will necessitate the development of a structured parking garage – a cost which will not be supported by the projected revenues identified in this analysis.

Enfield should be open to a public/private partnership to ensure success

The Town of Enfield could partner with a private developer to underwrite the cost of a structured parking garage, utilizing tax increment financing (TIF) as a method for financing the infrastructure.

For more information, please contact:

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