

MARKET ASSESSMENT

WALLINGFORD TOD POTENTIAL

Wallingford, CT

Prepared Under Contract to:

TOWN OF WALLINFORD

By:

AMS CONSULTING, LLC.

Real Estate & Market Consultants
Lafayette Square
350 Fairfield Avenue
Bridgeport, Connecticut 06604

IN COOPERATION WITH

FITZGERALD & HALLIDAY, INC

416 Asylum St.
Hartford, Connecticut 06103

January, 2016

**Formal Acceptance by the Wallingford
Planning and Zoning Commission:
July 25, 2016**



350 Fairfield Avenue
Bridgeport CT 06604
203-372-1200
Fax 203-339-4719
Email:lakenney@amsconsultingllc.com

January 7, 2016

TO: Francisco Gomes, Fitzgerald & Halliday, Inc.

FROM: Lawrence Kenney

RE: **Wallingford TOD Area – Market Assessment of Development Potential**

Pursuant to your request, we have undertaken an analysis of select real estate sectors in order to evaluate development potential within a $\frac{3}{4}$ mile radius of a commuter rail station now under construction in Downtown Wallingford, CT, located between North Cherry Street and North Colony Street. Specific objective of the market study has been to evaluate the market environment for office, retail and housing in Wallingford, and more specifically the Downtown Wallingford Transit Oriented Development Area (TOD Area), and to assess development opportunity for alternative uses within the targeted TOD Area.

As presented herein with accompanying charts and tables, the following areas are covered: 1) An analysis of demographic growth trends, economic profile and housing characteristics in Wallingford and Downtown Area, 2) Market analysis of the office, retail and housing markets in Wallingford, the Downtown Area and the region, 3) Review of Site and Locational Factors, and 4) Assessment of Development Potential.

This report is submitted to the Client subject to the following limiting conditions:

1. No responsibility is assumed for matters of a legal nature.
2. No responsibility is assumed for errors in information furnished by others and believed to be reliable at the time of compilation.
3. This report is not intended to reflect the market or financial feasibility of developing any property with the Study Area/Site under any of the development alternatives examined herein. Furthermore, no opinions either expressed or implied are provided herein with regard to the potential profitability or feasibility of any concept or development proposed for the area.

In conclusion, we are pleased to have been provided the opportunity to serve you in this capacity.

Sincerely,

Lawrence A. Kenney
Senior Vice President

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Executive Summary

Market Findings & Assessment of Development Opportunity

Demographic/Economic Highlights

Wallingford reported healthy population and household growth in the previous two decades, but recent trends reflect moderating to flat growth for the town. Similar trends are noted regionally and statewide.

Estimates for Downtown Wallingford Area (1 mile radius) indicated declines in population and households.

Downtown Wallingford has a notable edge over Wallingford town in the 22-34 age bracket with 22.4% share vs 17.1% for the town. This is an age group more inclined to rent than own. This bracket is projected to rise in the Downtown while falling in the Town overall.

34% of all households downtown are single compared to 27% for the town.

Population Diversity is increasing in the Downtown Area and Wallingford with greatest gains seen in populations of Hispanic origin.

On a positive note, income base in town is relatively high with a 2015 median of \$72,089 compared to \$59,840 for the county. High income base translates into high purchasing power for retail and services. The downtown area is more in line with the county with median income of \$55,962. A major block of households in the downtown (35%) earn between \$35,000 and \$75,000.

The local economy appears to have weathered the downturn better than most towns. According to the state DECD, the town is approaching near recovery of all lost jobs, while the state has just reached 80% recovery.¹

Wallingford's job base is relatively substantial for a town of its size with employment of 27,903 in 2014, greater than its resident labor force. An estimated 30% of the jobs in Wallingford are taken by residents of the town.

Unemployment in Wallingford reached a six year low at 5.8% in 2014, a full percentage point below the average jobless rate for regional New Haven Labor Market.

Wallingford functions as a net importer of workers with 19,558 in-commuters in 2010 vs 15,765 out-commuters from Wallingford. Key out-commute towns for Wallingford workers include New Haven (11.5%), Meriden (8.5%), North Haven (5.8%) and Hamden (4.7%).

According to US Census, 47% of Wallingford's 2010 commuter base that traveled outside the town to worksites, commuted to jobs in towns targeted for rail stations along the Hartford Commuter Line².

¹ It is to be noted that Bristol Meyers Squibb announcement to close down its nearly 1 million sf facility in Wallingford by 2018 and terminate or relocate 850 jobs portends a reversal in job gains in town.

² On an aggregate basis, total number of Wallingford commuters in 2010 traveling to towns targeted for Hartford Rail Line amounted to 7,362 resident workers.

Summary of Office Market Findings

Wallingford Study Area³

Wallingford Records Healthy Increase in Office Jobs since 2010: Office demand is driven in large part by growth in white collar jobs; principally finance/insurance, real estate, information, professional and business services and more recently health services. Since 2010, Wallingford has recorded a 41% increase in office-based jobs, with the bulk occurring in last two years.

Growth in Key Office Sectors Mixed: Significant increases occurred in Professional, Scientific and Technical Services, Finance and Insurance, and Business Services. Together they added nearly 3,000 jobs to the town employment base since 2010. Other sectors, however, have yet to recover from the fall off in jobs from the recession including Information Services and Real Estate – both still showing job weakness.

Office Supply Is Substantial in Wallingford: Total rentable office inventory in town calculated to 1.8 million sf. This figure does not include owner occupant space (including Bristol-Meyers Squibb facility) or flex office space which would push the figure to 4.4 million square feet. Wallingford’s leasable Office Market represents 21% of total inventory in the Study Area and 5% of the market in the county. Data on Office Markets among towns in the Study Area is supplied in table below.

Office Market - Trade Area - 2015				
Town	Inventory (sf)	# of Properties	Market Share	Vacancy
Wallingford	1,845,829	96	21.2%	9.3%
Cheshire	954,263	100	11.0%	6.8%
Hamden	1,708,340	148	19.7%	4.7%
Meriden	2,434,456	129	28.0%	23.5%
North Haven	1,745,751	99	20.1%	3.2%
Total	8,688,639	572	100.0%	9.5%

Source: CoStar

Office Inventory Growth in Study Area Mostly Sluggish: New delivery of office space in the Study Area has been sparse in last five years amounting to 0.9% increase in inventory, or 81,431 square feet. Over the five year period, Wallingford added only 10,000 square feet. Not listed here, however, is the completion of a 298,000 sf office complex in Wallingford (108 Leigus Rd) which was started in 2007 but shut down due to financial crash. In 2011, the building was completed in order to accommodate the new home of Anthem Blue Cross and Shield. Data on Office Inventory growth is found in table below.

³ Wallingford Study Area for Office and Retail Market consist of five towns: Wallingford, Cheshire, Hamden, Meriden, and North Haven.

Office Inventory Growth 2011-2015		
Town	% Increase	SF Increase
Wallingford	0.5%	10,000
Cheshire	1.1%	16,006
Hamden	1.0%	11,425
Meriden	0.0%	0
North Haven	2.3%	44,000
Study Area	0.9%	81,431

Source: CoStar Group

Market Environment for Office Showing Improvement: While office supply growth has been marginal, the market environment for office in the trade area is showing signs of improvement with vacancy dropping in all five towns over the last several years. Current vacancies according to Costar data range from a low of 3.2% in North Haven to 23% in Meriden, the later impacted by a former hospital being marketed for medical-office space. Vacancy in Wallingford was a respectable 9.3% as of third quarter 2015.

Bristol-Meyers Squibb Announcement to Close Facility Portends Sizeable Dent on Office Job Base in Town: Wallingford’s strong rise in office related jobs will undoubtedly be blunted in coming years based on the recent announcement of Bristol Meyers Squibb to close down its 1 million sf R&D facility by 2018 and relocate and eliminate upwards 850 jobs in Wallingford. Particularly hard hit will be the Professional, Scientific and Technical Services (NAICS 54) sector which accounts for 8.7% of the job base in town. This sector alone grew by 98% since 2007 with a net addition of 1,210 jobs.

Downtown Office Market

Downtown Office Market Relatively Modest: Leasable office space in downtown Wallingford accounts for just 15% of total office inventory town wide. However, just over 40% of the office properties in town are found in the downtown area (1 mile radius).

Wallingford & Downtown Wallingford Office Market - 2015				
Market	# of Buildings	Total Inventroy (sf)	Vacancy Rate	Average Gross Lease Rate (\$/sf)
Wallingford	96	1,845,829	9.3%	\$21.55
Downtown Wallingford	40	281,547	4.9%	\$16.99

Source: Costar

Downtown office supply is older, more varied and smaller: A decidedly older office profile exists in Wallingford Center where rentable office supply is primarily Class C space in converted homes and mixed use buildings built around the turn of 20th century. Most are found in small office formats of 3,000 to 8,000 square feet.

Office vacancies downtown are generally low: Data on office vacancy was somewhat sparse for the downtown, but that which was obtained through Costar suggested respectable occupancy. Anecdotal research, however, indicates a somewhat higher ratio than the 4.9% calculated by Costar – though within the bounds reported for Wallingford town-wide.

Most Office Users Downtown Provide Financial and Insurance Services: Based on data obtained from ESRI Business Systems, predominant office users downtown in terms of number of establishments are associated with Finance and Insurance businesses (28%), with insurance making up nearly half the businesses in this sector. Other key downtown office based businesses include: Professional Services - primarily Legal Services (27%), Real estate and leasing (17%), Business services (16%). Disaggregated data on private medical services was not available but based on business lists provided by InfoGroup this sector is well represented downtown with as much as 13% of office base.

Summary of Retail Market Findings

Wallingford Study Area⁴

Wallingford has a Well-Established Retail Base Consisting of 3.2 million SF:

Wallingford’s retail base consists of 234 properties totaling 3.2 million square feet. Within the trade area, it accounts for 25% of total inventory in the region. Notably, Wallingford’s retail supply as measured in total square footage is higher than Hamden despite a population base that is 25% smaller.

Retail Market - Trade Area - 2015				
Town	Inventory (sf)	# of Properties	Market Share (sf)	Vacancy
Wallingford	3,182,952	234	24.6%	4.0%
Cheshire	779,435	81	6.0%	3.4%
Hamden	2,966,660	227	22.9%	3.2%
Meriden	3,497,539	307	27.0%	6.9%
North Haven	2,517,246	152	19.4%	7.0%
Total	12,943,832	1,001	100.0%	4.9%

Source: CoStar Group

Retail Vacancy Low Among all Towns in Trade Area: Vacancy rates for retail properties among towns in the Study Area are relatively healthy, if not in fact a bit tight. Three towns, inclusive of Wallingford, report vacancy rates of 4.0 or lower. Typically when rates drop to this level, investment interest in new retail construction begins to pick up. This has not been the case for most towns in the study area, however, as shown in table on Inventory Growth on next page.

⁴ Wallingford Study Area for Office and Retail Market consist of five towns: Wallingford, Cheshire, Hamden, Meriden, and North Haven.

Inventory Growth Modest in Study Area Over Last Five Years: Retail supply in Wallingford grew by only 1.1%, or 34,200 sf, between 2011 and 2015, distributed over four buildings. The same growth rate was posted for the Study Area. Largest increase in supply occurred in North Haven with the addition of 73,000 square feet, while Meriden added only 8,015 square feet. The unusually slow pace of the recovery, particularly in Connecticut and region, combined with reduced household growth and flat income gains continues to be a drag on new retail expansion.

Retail Inventory Growth- Trade Area - 2011-2015		
Town	% Increase	SF Increase
Wallingford	1.1%	34,204
Cheshire	1.5%	11,420
Hamden	0.6%	18,000
Meriden	0.2%	8,015
North Haven	2.9%	73,018
Study Area	1.1%	144,657

Source: CoStar Group

74% of Retail Supply in Wallingford Located on Route 5: The 5.5 mile Route 5 corridor, primarily north of the downtown, supports 74% of retail inventory in town on a square foot basis and 86% of retail properties over 30,000 sf. Retail opportunities are extensive along the corridor consisting of a full range of neighborhood strip centers and larger community shopping centers, as well as a number of big boxes, including Home Depot, Lowes, BJ's, and WalMart. Auto dealerships are also an important component of the Route 5 commercial market with nine new and used car dealerships.

*Downtown Area*⁵

Downtown Area a Key Business District with 41% of Wallingford's retail-commercial properties: A survey of retail-commercial space in the downtown area (1 mile radius) identified 97 properties totally 689,655 sf of space. This amounts to 41% of all retail-commercial properties in town, but only 21% of total inventory in square feet. Nearly half, or 45%, of the downtown area commercial space is located along the north-south axis road of Route 5 – a section of which is slated for the new commuter rail station now under construction.

Wallingford & Downtown Wallingford Retail Market - 2015				
Market	# of Buildings	Total Inventory (sf)	Vacancy Rate	Average (NNN) Lease Rate (\$/sf)
Wallingford	234	3,182,952	4.0%	\$12.76
Downtown Wallingford	97	689,665	2.5%	\$8.79

Source: Costar

⁵ Downtown Area consists of 1 mile radius from 4 Center Street.

Much of the Commercial Property Downtown predates 1930: The bulk of the commercial retail market located in the central core of the downtown and its side streets was built between 1870 and 1930 – mostly in the form of mixed use properties. Examples of even earlier structures can be found along North and South Main Street, a part of which lies within an historic district. Newer properties post-dating 1930 are generally confined to North and South Colony St (Route 5).

Retail Configurations Downtown Primarily Under 10,000 sf: Over 90% of the Downtown Area commercial properties are sized at 10,000 sf or less – with configurations generally split between under 5,000 sf and 5,000-10,000 sf.

Reported Retail Vacancy for Downtown Indicates Tight Market But Likely Understated:

Data collected by CoStar Group on retail vacancy within the downtown area indicates a relatively tight market with vacancy ranging between 1.2% and 3.8% over the last two years. True vacancy, however, is likely higher, given numerous reported gaps on information on available space, but likely not that far north of the 4.0% identified for Wallingford overall.

Positive Signs in Downtown Commercial Leasing Activity, But Decline Noted Recently:

Leasing activity in downtown area has been steady, averaging 8,854 sf/year, but trending downward since 2012. This however could be a function of market becoming tighter in supply over last three years. This is somewhat supported by data on net absorption (total move-in square feet minus total space vacated) which has been positive in both 2014 and 2015.



Business Mix In Downtown Core (0.5 Mile Radius) Primarily Service Based: Notably, businesses in retail trade accounts for less than 20% of all establishments in the core Downtown District designated as a Service or Retail business per NAICS code.

Downtown Core (0.5 mile radius) Offers Broad Mix of Retail-Service Businesses: Within the Retail sector, strongest representation was in Food and Beverage stores, Clothing & Electronics and Appliance stores, and Miscellaneous Store Retailers. Among service bases establishments, Food Service (full serve restaurants and fast dining) has gained a prominent (and growing) presence in the downtown with over 40 food and drinking places identified in the District (0.5 Mile radius).

Retail Opportunity Identified in Retail Gap Analysis for Downtown: Based on a Retail Gap Analysis of the Downtown Study Area (1 mile), best opportunities for expansion were identified in convenience categories that include Food and Beverage Stores (Grocery Stores, Specialty Food), Food Services (Limited Food Services), and Miscellaneous

Retailers (Office Supply, ect). More limited opportunities are seen in Clothing & Accessories, General Merchandise Stores, Furniture and Home Furnishings, Sporting Goods-Book Stores and Building Materials and Equipment.

Downtown Restaurants and Others Show Capacity to Draw Sales Outside Trade Area :

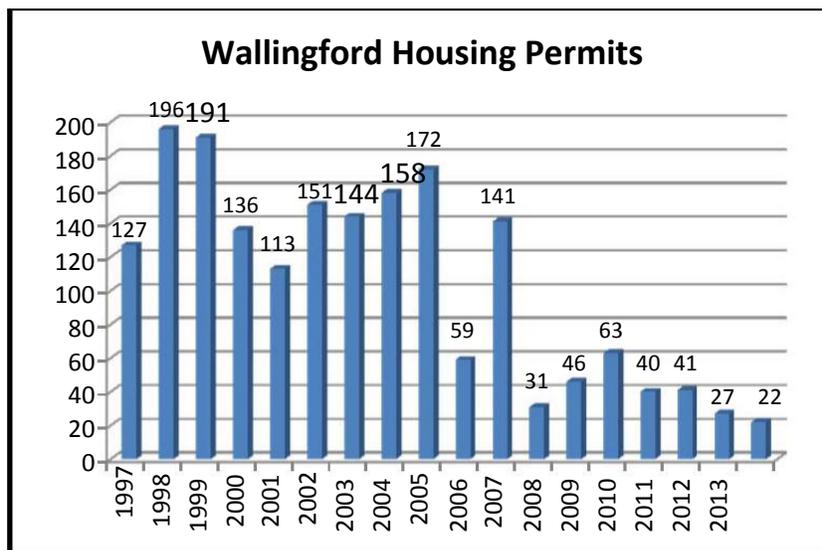
Business with healthy surplus of sales, in other words, businesses capable of pulling sales from outside trade area, were identified in Beer, Wine and Liquor Stores, Health and Personal Care Stores, Florists, as well as Full Service Restaurants, and Special Food Services. The latter two have been important components of growth of the downtown in recent years.

Summary of Housing Market Findings

Housing Characteristics & Supply

Following Brisk Housing Expansion in Wallingford in the 2000s, Housing Growth Has Since Stalled: Wallingford’s housing inventory expanded by 9.6% last decade (0.96% annually), representing a net gain of 1,671 units. Between 2010 and 2015, however, only marginal housing growth has occurred translating to a 1.4% gain (0.28% annually). The lag in housing growth is due largely to the ongoing lingering effects of the housing collapse and Great Recession.

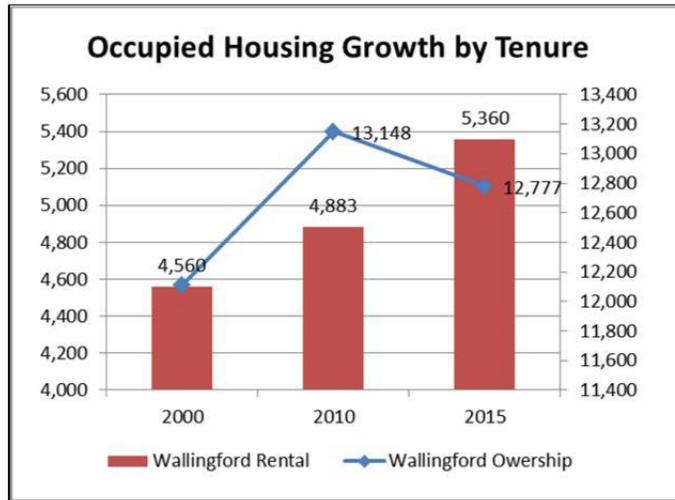
Sharp Decline in Housing Production Seen in Permit Data: Over the first half of the 2000 decade leading up to the housing collapse, Wallingford witnessed solid housing growth averaging 145 housing permits annually. With the onset of the Great Recession, housing production has dropped precipitously, as it has across the U.S. and state, dwindling to an average of 38 permits per year from 2008 to 2014. Evidence of a still dormant housing market in Wallingford is seen in the most recent permit data with housing production hitting its lowest point in over two and half decades.



Source: CT Dept .of Economic and Community Development

2 0 1 4

A Shift in Housing Tenure Towards Rental is Observed in Wallingford: Housing tenure in Wallingford is primarily owner occupant, but in recent years a shift towards rental has occurred, a trend mirrored at the state and national level. Following a rise in owner occupancy in Wallingford last decade, it has since dropped from 72.9% in 2010 to 70.4% in 2015. This was matched by a rise in rental housing jumping from 27% share to nearly 30% over the 2010-2015 period.



Increase in Housing Vacancy Noted for 2015: Both overall housing vacancy and rental vacancy rose in Wallingford from 2010 to 2015. Overall housing vacancy in 2015 (rental, seasonal and ownership) was 5.6% compared to 4.8% in 2010. Meanwhile rental vacancy jumped from 5.8% to 6.5% over same period of time – indicative of some slack in the rental housing market despite growth in rental occupied housing in last five years. Much of this slack appears to be due to rise in condo and single family rentals entering the market. (Refer to Tenure and Vacancy Chart on Next Page)

Growth in Housing Vacancy Also Seen Downtown: The Downtown also reported an increase in overall housing vacancy climbing to 9.6% in 2015 from 7.4% in 2010. Data rental vacancy for 2015 for the Downtown is not available, but in 2010 it was estimated at 5.5%, or slightly better than the town overall. This would suggest a rate for 2015 that was similar, or somewhat lower than the 6.5% posted for Wallingford. (Refer to Tenure and Vacancy Chart on Next Page)

Tenure & Vacancy Trends

HH's	Dtnw Study Area		Wallingford		New Haven Cty	
	2010	2015	2010	2015	2010	2015
Own-Occp	49.9%	46.3%	72.9%	70.4%	63.4%	60.9%
Own-Units	2,632	2,393	13,148	12,777	212,134	204,148
Rent-Occp	50.1%	53.7%	27.1%	29.6%	36.6%	39.1%
Rent Units	2,644	2,777	4,888	5,360	122,357	131,343
Ttl Occp Units	5,276	5,170	18,036	18,137	334,491	335,491
Ttl HsingUnits	5,698	5,725	18,945	19,214	362,004	365,857
Hsing Vacancy*	7.4%	9.6%	4.8%	5.6%	7.6%	8.3%
Rent Vacancy	5.5%	n/a	5.8%	6.5%	7.8%	6.7%

Source: 2010 Census, ESRI Business Systems * Total Vacancy=Ownership, Rental, Seasonal, + Other Va

A Diversity of Housing Structure Types Found In Wallingford: Wallingford's diversity of housing options in terms of structure types is noted in the chart below. The single family home is the predominant building format making up 62% of total housing in town. Not surprisingly, higher density housing is the predominant housing type downtown area with (58%) in multi-unit attached housing.

Housing Characteristics - 2010

Housing Structure Type - 2010	% Share of Total Housing		
	Dtnw Study Area	Wallingford	New Haven County
1 Detached	41.6%	61.9%	53.7%
1-Attached	3.7%	7.2%	5.4%
2-unit	19.0%	8.0%	9.6%
3/4 unit	13.7%	6.2%	11.2%
5+ units	22.0%	16.7%	20.1%
Total Housing Units - 2010	5,628	18,945	362,004

Source: ACS Housing Surveys, ESRI Business Systems

Downtown Area Accounts for Nearly One-Third of Wallingford's Housing Supply: The Downtown Study Area (1 mile radius) accounts for 30% of Wallingford's housing inventory as of 2015 (5,725 units). Like the town overall, housing growth in the Study Area has been slight over the last five years.

Over One-half of All Occupied Units in Downtown Are Rental: Rental housing accounts for a majority of units in the Downtown area at 53.7% (2015). This is up from 50.1% in 2010.

Ownership Housing Market - Wallingford

Home Values Dropped Substantially in Aftermath of Housing Collapse and Recession: Single family home values in Wallingford declined significantly during the downturn with median price falling by 22% from its peak of \$284,000 in 2006 to a low of

\$223,000 in 2012, representing -22% decline. Similar peak to bottom price declines are found at the county and state level as well.

Increases in Home Values Have Yet to Gain Traction: In Wallingford, the median price of a single family home has remained largely unchanged from 2009 to 2014, median at or near \$235,000. Similar subdued price escalation, and in some cases dips, have also been observed in area towns over the last three years.

Wallingford Seeing Upward Trend in Single Family Sales but Region More Choppy: Sales volume trends in single family homes have been choppy for much of the region, though Wallingford has recorded three straight years of increases from 2012-2014. Regionally and state-wide, however, sales fell in 2014, though volume of sales was still above bottom year 2011.

Signs of Stabilization in Local Housing Market Seen in Positive Absorption Trends:

Wallingford has seen supply of single family homes on the market drop to 7 months from previous highs of 10 to 12 months. Generally, an inventory of 6 months supply is considered a healthy balance of homes on the market relative to demand. This provides for ample housing choices while maintaining price stability that enables price increases

Housing Trends - Single Family Market			
Housing Trends - 1-Fam SF	Wallingford	County	State
Median SF Sales Price - 2014	\$235,000	\$219,000	\$251,000
Median SF Sales Price - Year to Date (09/15)	\$247,000	\$220,000	\$250,000
% Change Med. Price/2013 to 2014	0.0%	-2.7%	-3.2%
% Change Med. Price/Peak Yr to Bottom Yr	-22%	-21%	-19%
Total SF Home Sales - 2014	307	5,165	25,660
% Change Sales Vol./2013 to 2014	3.7%	-3.2%	-1.0%
% Change Sales Vol./Peak Yr to Bottom Yr	-39%	-54%	-53%
Month of SF Supply (Absorption)	7.9	9.5	9.3
Change in Avg Market Time/% change 2013-2104	17.8%	1.2%	-1.1%

Source: Warren Group, William Raveis RE

Condo Housing Market - Wallingford

Condo Market in Wallingford Sizeable with 22% of Ownership Housing Sales: The condo market in Wallingford represents approximately 15% of all housing in town, while making up 22% of overall home sales as of 2014⁶. Most of the condos in town were built in the mid to late 1980s during a period of rapid build-up of this market state-wide. However, as much as 30% of present condo supply came on line in the last decade.

⁶ It is noted that the share of condo sales relative to overall home sales in Wallingford has dropped from an average of 32% before the onset of the downturn in 2007 to 23% in the last four years. This is due in part to the rise in new condo inventory that came on line prior to housing collapse.

Condo Prices Fell Less Sharply Than Single Family Homes During Recession: Condo prices in town held up relatively well considering the severity of the housing collapse sliding by only -18% from peak to trough during the downturn⁷. This compares to the -22% decline in single family home values locally.

Local Sales Transactions for Condos Dropped 60% Peak to Trough: Wallingford condo sales fell steeply during housing downturn from 323 sales in 2005 to 106 in 2012. On a peak to trough basis, this translated to a 60% decline, exceeding drops in condo values posted for the county and state – peak to trough.

Sales Volume Continues to Be Uneven for Wallingford Condos: After hitting bottom in 2012, Wallingford recorded a 25% increase in sales in 2013. This gain, however, was followed by a slight dip in 2014.

Housing Trends - Condo Market			
Housing Trends - Condominium	Wallingford	County	State
Median Condo Sales Price - 2014	\$167,500	\$131,750	\$168,500
Median Condo Sales Price - Year to Date (09/15)	\$166,000	\$130,000	\$165,600
% Change Med. Price/2013 to 2014	-6.9%	-9.7%	-1.3%
% Change Med. Price/Peak Yr to Bottom Yr	-18%	-21%	-19%
<i>Total Condo Sales - 2014</i>	120	1,676	6,961
% Change Sales Vol./2013 to 2014	-3.2%	1.5%	3.0%
% Change Sales Vol./Peak Yr to Bottom Yr	-60%	-54%	-53%
Month of SF Supply (Absorption)	8.4	8.4	7.9
Change in Avg Market Time/% change 2013-2104	-30.0%	0.0%	-4.0%

Source: Warren Group, William Raveis RE

Rental Housing Market - Wallingford & Wallingford Study Area⁸

Wallingford's Rental Market is Well-established and Growing: Wallingford has a well-established rental market comprising 30% of total occupied housing, or 5,360 units (2015). It has also grown over the last decade in both overall size and share of total housing.

Wallingford's Rental Profile is Diversified: Unlike many suburban communities with limited rental options, Wallingford's rental housing profile is relatively diversified representing a mix of professionally managed apartment complexes, mostly built in the 70s, along with privately owned homes (single family homes, multi-family units and condos) and governmentally assisted housing⁹. (Refer to Chart on following page)

⁷ During the 1990-1991 housing recession in CT, drops in condo values of 40 to 50% were more the norm.

⁸ Wallingford Study Area for Rental Housing Consists of Four Towns: Wallingford, Hamden, Meriden and North Haven.

⁹ Not included in rental breakout is privately owned and managed Ashlar's Village senior housing community with 450 units.

Wallingford Rental Type Distribution

Rental Housing Type		Share
Market Rate Rental		90.4%
Managed Apartments		14.1%
Multi-Family		38.6%
Condo		24.4%
Single Family		20.8%
Gov't Assisted Hsing		9.6%
		100%

Source: CT MLS, Internet, Property Managers, AMS

No New Rental Complex of Significant Size in Town in Nearly 35 years: Other than small in-fill projects, no new market rate rental housing has been built in Wallingford in the last 35 years. A survey of private non-subsidized apartments of 50 units or more in town indicated all built between 1950 and 1979. The one exception was Parker Place, representing an industrial to residential conversion, which came on line in the late 1980s. This complex, however, was originally marketed and sold as condominiums before later becoming a rental property .

Nearly 5% of Wallingford's Housing Base is Affordable: According to State DECD, Wallingford's has a total of 941 affordable units which count towards the threshold for the Affordable Housing Appeals Act. With 10% of total units needed to be exempt from the act, Wallingford has 4.97%.

Survey of Rents In Study Area Show Wallingford in Middle of Pack in Pricing: A survey of market rate rental apartments within the four-town Wallingford Study Area generally reflected more affordable prices in Wallingford compared to Hamden and North Haven, but higher than Meriden. Similar findings were found in the analysis of rents among private multi-family product (mostly 2-4 units) and condo rentals. Part of the housing affordability seen in the rental profile for Wallingford can be explained by the lack of new product. *Below are tables providing summary of rental housing survey in study area.*

Apartment Survey Summary – Wallingford Trade Area

Town	# of Complexes	Studio		One BR		Two BR	
		Avg Rent	Avg Size (SF)	Avg Rent	Avg Size (SF)	Avg Rent	Avg Size (SF)
Wallingford	7	\$842	586	\$958	836	\$1,155	914
Hamden	13	\$943	451	\$1,201	745	\$1,330	1,040
Meriden	11	N/A	N/A	\$951	738	\$1,149	1,034
North Haven	4	\$1,055	652	\$1,253	792	\$1,837	1,092
4-Town Avg	35	\$947	563	\$1,091	778	\$1,368	1020

Source: Internet, Property Managers, Real Estate Ads and Journals, Craigslist

Multi-Family Rental Summary – Wallingford Trade Area

Town	# of Units	One BR		Two BR	
		Avg Rent	Avg Size (SF)	Avg Rent	Avg Size (SF)
Wallingford	48	\$880	703	\$1,079	1,024
Hamden	32	\$876	784	\$1,068	1,065
Meriden	35	\$725	729	\$928	980
North Haven	7	\$1,025	720	\$1,112	1,016
4-Town Avg	122	\$927	735.6667	\$1,047	1021

Source: CT MLS

Condo Rental Summary – Wallingford Trade Area

Town	# of Units	One BR		Two BR	
		Avg Rent	Avg Size (SF)	Avg Rent	Avg Size (SF)
Wallingford	40	\$1,133	770	\$1,455	1,208
Hamden	69	\$1,053	800	\$1,532	1,362
Meriden	44	\$916	786	\$1,247	1,151
North Haven	10	\$1,250	755	\$1,716	1,362
4-Town Avg	163	\$1,145	775	\$1,488	1271

Source: CT MLS

Rental Housing Market – Downtown

The Rental Market within the Downtown Area (1 mile radius)¹⁰

Over One-half of the Wallingford Rental Market Is located in the Downtown Area:

Downtown Rental housing accounts for a majority of the Rental Units in Wallingford at 52%, or 2,777 units, as of 2015. On a percentage basis, this is actually a slight drop in share from 2010 when it housed 54% of the town's rental units – indicative of growth of rental outside of Downtown.

Downtown Rental Grew by a Healthy 5% between 2010 and 2015: Rental Housing within the downtown area grew by an estimated 5% between 2010 and 2015. Greater expansion, however, occurred outside the Downtown area where rentals grew by nearly 15%, most associated with condo and single family rentals.

Rental Housing within the Downtown Center Estimated at 105-125 units. A Downtown Parking Study conducted in 2004 identified 105 units within a 13 block area constituting Wallingford Center, essentially all located in mixed-use buildings. Since 2004, a small number of units have come on line in the area. Biggest block of units in core area are found at 33 North Main St with 18 units.

Very Few Professionally Managed Apartments Located Downtown: Only a few apartment complexes located in the downtown area. The largest is Parker Place, a 120 unit industrial to residential conversion located just north of the new commuter station now under construction. Listed rents at Parker Place are \$950 (1BR) to \$1250 (2BR). Among apartment complexes identified rents averaged \$900/m for 1 BR and \$1,166/m for two bedroom.

¹⁰ Downtown Study Area consists of 1 mile radius from 4 Center Street.

Most Rental Product In Downtown Found in Multi Family Homes or Mixed-Use Properties. The Downtown Area rental housing market (1 mile radius) is largely dominated by private multi-family homes of 2 to 4 units that ring the central core of the downtown. Average prices in this area for one and two bedroom multi-family calculated to \$897/m and \$1150/m for one and two bedrooms, respectively. The only significantly sized rental complex in town is Parker Place, formerly a condo.

Condo Rentals Contribute 20% of Rent Sales in Downtown Area: Condo rentals in the downtown area (1 mile) represent an important part of overall downtown rental market with an estimated 20% share. This includes rentals from Judd Square a 253-unit conversion from industrial to condominium housing. Condo rentals in the downtown area approximated apartment rents averaging \$894/m for 1 BR, but higher with two bedrooms at average of \$1200/m.

Average Rent - 1 mile Downtown Study Area			
Rental Type	One BR	Two BR	Three BR
Apt Compl;ex	\$900	\$1,166	N/A
MF Rentals	\$859	\$1,050	\$1,375
Condo Rentals	\$894	\$1,200	\$1,725

Source:Internet, Property Managers, MLS CT

Summary of Locational Considerations (TOD Target Area)

Hartford Line Commuter Rail: The presence of a commuter rail line within easy walking or driving distance is deemed a major locational asset by prospective residents and businesses alike. This often serves as the catalyst for development around such stations. That is anticipated for Downtown Wallingford on some level where it is projected it will be second only to Hartford in total weekday ridership among the 12 stations planned for the Hartford line¹¹.

In downtown Wallingford, daily ridership on the new Hartford Commuter Line is expected to triple (20 to 60+) with stops increasing from 6 to 17 roundtrips a day. Though initial projected usage is somewhat modest, if the higher end of projections are met, daily ridership could rise above 120 where tangible demand in housing becomes more pronounced.

Train Location Disconnected from Downtown: The one locational issue associated with the new placement of the station is its distance from the core downtown where development interest is likely to be strongest. The immediate area surrounding the station is also perceived as less desirable a location for development due to lack of curb appeal and patchwork of land uses.

¹¹ Source: New Haven-Hartford-Springfield Commuter Rail Implementation Study, June 2005, Wilbur Smith Associates

Downtown Market Base: In terms of market share, the Downtown represents a small market base with much of its commercial and retail market tailored to local demand as opposed to regional draw. Scale of any redevelopment tied to non-residential uses, therefore, will most likely be sized to reflect this attribute.

Favorable Traffic Counts: Data on traffic counts collected for the downtown are generally favorable for the downtown relative to supporting a Main Street Commercial District. Heaviest traffic noted on North Colony Street (Route 5) which is less connected to the downtown but possibly offers best opportunities for expanded development.

Parking: Based in part on 2004 parking study there appears to be sufficient parking downtown for servicing daily needs of visitors, residents and businesses. However issues have been raised regarding location, accessibility, visibility and maintenance of public lots. These parking issues and others, however, are subject to recommendations as part of the Plan of Conservation and Development for the town now nearing completion.

Land Use Constraints: Not surprisingly, land use patterns in the downtown TOD target area present some challenges to development exclusive of any zoning issues. Most of the area is built out, much of it in parcels of under 0.25 acres, and virtually little in the way of prime developable sites for larger projects. With respect to the latter, developers are likely to be faced with a more arduous development task of assembling numerous lots - often under different ownership - to achieve a single development parcel of sufficient size.

Community Assets: The Downtown area contains a number of community assets and resources supportive of development that include a recently expanded Public Library, A well-maintained Downtown District, an expanding Restaurant sector, the town's Main Post Office, an active YMCA center, several Parks nearby including Quinnipiac River Linear Trail Park. Additionally, just over two miles from the downtown is the Oakdale Theatre representing one of the premier venues in the state for staging performance and entertainment acts.

Favorable Economic Profile: Economic data on Wallingford is largely supportive of redevelopment in the Downtown. This is particularly the case in terms of data on household earnings which point to considerable purchasing power. Data on local employment is also strong though the recently announced plans by Bristol-Meyers Squibb to close their 1 million sf R&D facility by 2018, if implemented, will represent a major loss of jobs.

Connectivity & Interstate Access: The Downtown has the advantage of near access to numerous thoroughfares serving the region including Wilbur Cross Parkway, Route 5, and cross town via Center Street: Interstate 91. Such access is considered positive for both households and businesses considering a downtown location.

Residential Location: Relative to any plans for housing, Wallingford ranks high within the state in terms of livability (CT Magazine) offering a mid-size town alternative close by to employment both in town and nearby centers that could be appealing to prospective households.

Summary of Development Potential for TOD Target Area

Of the three market sectors analyzed, the most conservative development scenario is projected for office given state of the office market and its low profile in town, though select options for small-scale legal, finance and medical office is possible.

Scale of Retail/Service/Dining will be largely defined by degree of new mixed-use properties; if no new mixed use, retail-commercial size will tail towards lower end of development potential mostly in the form of in-fill.

Rental housing is the healthiest sector and seeing strongest development interest regionally and nationally.

Below is a summary chart of development potential for targeted TOD area based on the forgoing analysis of market conditions and depth in the region, town and targeted area within select market sectors.

ESTIMATE of TOD DEVELOPMENT POTENTIAL – DOWNTOWN WALLINGFORD

Market Sector	Development Potential
Office	1,500 - 5,000 sf
Retail-Services-Food	3,000 – 12,000 sf
Housing (Rental)	50 - 200 units



Wallingford Demographic-Economic Profile

Population – Households

According to the US Census, Wallingford’s healthy population expansion of last decade, translating to a 5% growth rate over the ten year period (0.51% annually), has not carried over into this decade with population sliding to 0.05% annually 2010-2015. Projections going forward are only slightly better calculating to 0.08% annually through 2020.

Meanwhile, the downtown area¹² (1 mile radius), which grew by 3.5% last decade, absorbed a sizeable hit in population in last five years translating to -0.3% annual decline (-1.5% overall). Projections for 2020 point to further loss in population albeit at lower rate of -0.1% annually.

Similar trends and projections are observed for households. Projections for Wallingford call for the pace of growth in town for households to drop considerably to under1% through 2020¹³, while declines are forecasted for the downtown area

Wallingford is not alone in Connecticut on forecasts for flat or even negative population and household growth over the current decade. Many towns across the state are reporting tepid growth due to the lingering aftereffects of the housing and financial collapse, which has been exacerbated by the slow rate of recovery of the economy in the state. Demographic factors are also playing a role as the state’s population ages (producing less off-spring) and trends with in-migration go negative, particularly with younger population.

Population Trends

Population	Downtown Study Area	Wallingford	New Haven County
2000 Total population	11,584	42,923	824,008
2010 Total Population	11,986	45,135	862,477
Annual Percentage Growth	0.34%	0.51%	0.46%
2015 Total Population (est)	11,802	45,248	864,690
2020 Total Population (proj.)	11,730	45,439	868,148
2015– 2020 Annual Rate	-0.12%	0.08%	0.09%

Source: 2010 Census, ESRI Business Systems Dtn Study Area= 1 mile Radius

¹² Downtown Area is defined as 1 mile radius from 4 Center Street.

¹³ Source of projections: ESRI Business Analysis Systems

Household Trends

Households	Downtown Study Area	Wallingford	New Haven County
2000 Total Households	5,055	16,665	319,040
2010 Total Households	5,241	18,032	334,502
Annual Percentage Growth	0.36%	0.79%	0.47%
2015 Total Households (est)	5,173	18,139	335,606
2020 Total Households (proj.)	5,143	18,237	337,039
2015– 2020 Annual Rate	-0.12%	0.11%	0.09%

Source: 2010 Census, ESRI Business Systems

Dtn Study Area= 1 mile Radius

Average Household size in Wallingford has been steadily dropping which has implications for housing demand particularly for smaller homes and multi-family product (rising housing demand from smaller households).

Two out of three household types in Wallingford are families, compared to just over half in the downtown area.

A third of all households in the downtown area are single HHs (28% in town), a market base most likely to consider rental.

Household Types

Household Types	Downtown Study Area	Wallingford	New Haven County
2010 Total Households	5,241	16,665	319,040
Family Households	56.9%	66.1%	64.5%
Single/Non-Family Households	43.1%	33.9%	35.5%
.....Single Households	34.3%	27.8%	28.9%

Source: 2010 Census, ESRI Business Systems

Dtn Study Area= 1 mile Radius

Population Diversity¹⁴ is increasing in all three market areas with greatest gains seen in populations of Hispanic Origin. In the downtown, one in five residents is Hispanic. *Refer to chart on following page.*

¹⁴ Population Diversity measures probability of two people in same area being from different race/ethnic group.

Population Diversity

Population Diversity	Downtown Study Area	Wallingford	New Haven County
Population Diversity - 2010	46.9	29.1	57.1
Population Diversity - 2015	54.0	34.7	61.3
% Hispanic Origin - 2010	17.2%	7.9%	15.0%
% Hispanic Origin - 2015	21.4%	10.0%	17.5%
% Black - 2010	2.0%	1.4%	12.7%
% Black - 2015	2.3%	1.7%	13.2%
% Asian - 2010	3.2%	3.4%	3.5%
% Asian - 2015	3.7%	4.0%	4.0%

Source: 2010 Census, ESRI Business Systems Dtn Study Area= 1 mile Radius

Income

HH Income data for Wallingford is positive for development, particularly in terms of retail. Median household income for the town stood at \$72,089 in 2015 – considered upper middle income for the area. This compares to \$59,840 for the County, with the downtown area even lower at \$55,962. Projections for 2020 point to improvement in income growth for all three areas which has lagged below inflation for much of this decade.

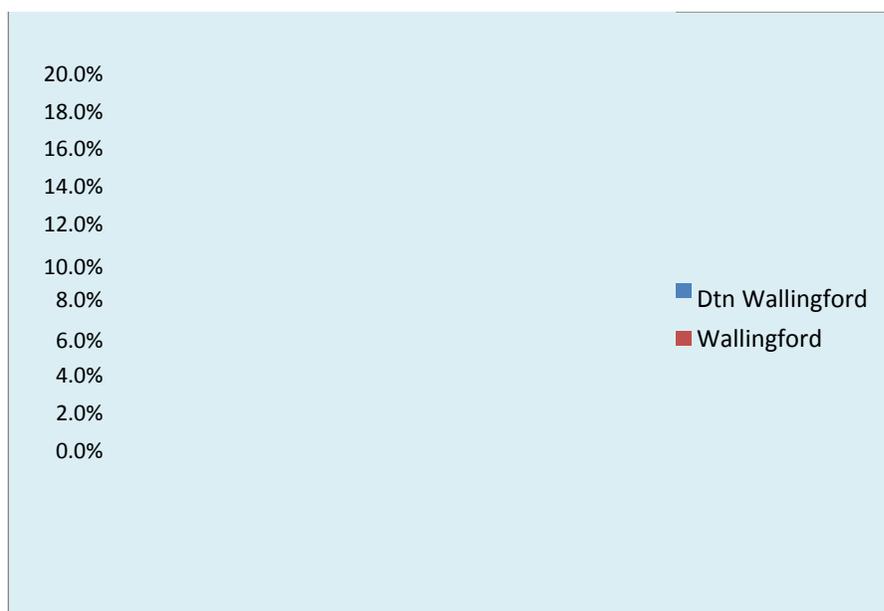
Income Trends

Median HH Income	Downtown Study Area	Wallingford	New Haven County
2015	\$55,962	\$72,089	\$59,840
2020 (projected)	\$63,272	\$80,656	\$69,785
Annual Avg % Growth	2.6%	2.4%	3.3%

Source: 2010 Census, ESRI Business Systems Dtn Study Area= 1 mile Radius

Differences in the income profile between the overall town and downtown area are reflected in graph below. A major block of households in the downtown earn between \$35,000 to \$75,000 (35.2%), while over 50% of all households in town report earnings between \$50,000 and \$150,000. *Refer to Graph on following page*

HH Income Distribution (2015)/Wallingford & Downtown



Source: 2010 Census, ESRI Business Systems

Age Characteristics

Like much of the country, Wallingford's population is aging with median age jumping from 37.0 in 2000 to 44.3 in 2015. A more youthful profile, however, is found in the Downtown area with estimated median age of 39.5 in 2015.

The share of population within age cohort 20 to 34, representing the prime market base for rental homes, is expected to dip slightly in Wallingford over the next five years, but rise modestly in the downtown.

Wallingford's base of seniors is growing. In 2000, seniors (65+) accounted for 13.9% of the resident base. This increased to 16.5% by 2010. By 2020, this age cohort is expected to surge to 21.3% of town population.

While projections for Wallingford's senior population point to rising share of overall population over the coming decade, the resident base age 35 to 54 is expected to shrink.

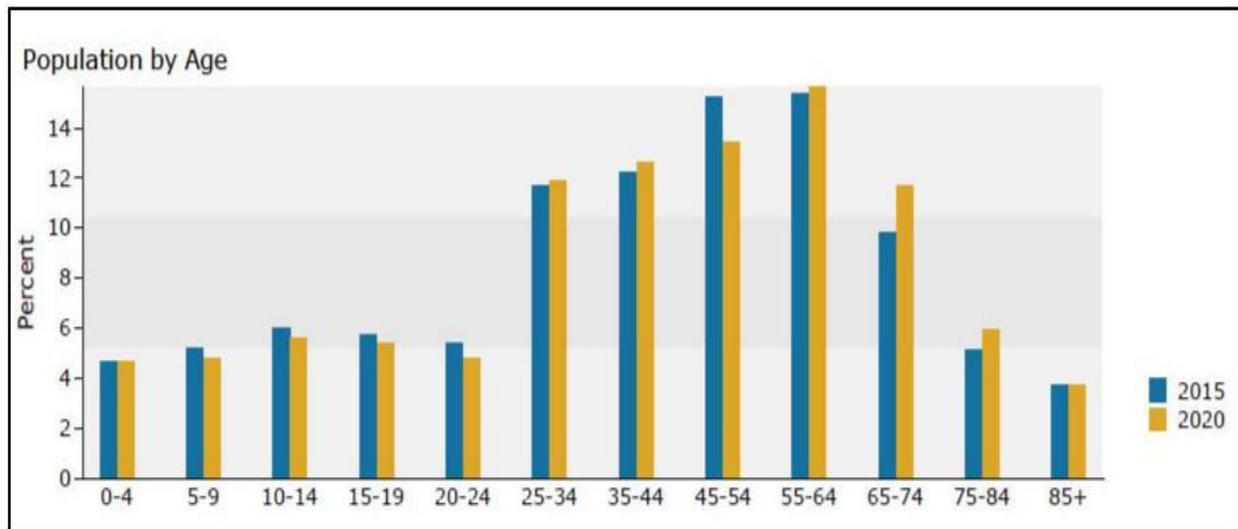
Age Trends

Population by Age - 2015	Downtown Study Area	Wallingford	New Haven County
Age 0-19	22.0%	21.5%	23.8%
Age 20-34	22.4%	17.1%	20.0%
Age 35-64	40.6%	42.8%	39.9%
Age 65+	15.0%	18.6%	16.3%
Median Age	39.5	44.3	40.2

Source: 2010 Census, ESRI Business Systems

Dtn Study Area= 1 mile Radius

Age Distribution – Wallingford 2015 -2020



Labor Force & Employment

Wallingford’s job base is relatively substantial for a town of its size with employment of 27,903 in 2014, greater than its resident labor force. An estimated 30% of Wallinford’s workforce are residents of Wallingford.

Recent economic data on the local and regional economy point to a recovery in process, though at times it’s been a bit uneven. Wallingford experienced a 5.7% drop in employment from 2007 to 2011 resulting from the Great Recession before posting a 1.5% gain in 2011. In 2012, Wallingford briefly matched its high point in employment last achieved in 2007 before dipping slightly in 2014. Similar gyrations in employment growth are reflected in the region with a decline in 2013, followed by a sizeable 4.2% gain in 2014. (Refer to Chart on Employment Trends on following page)

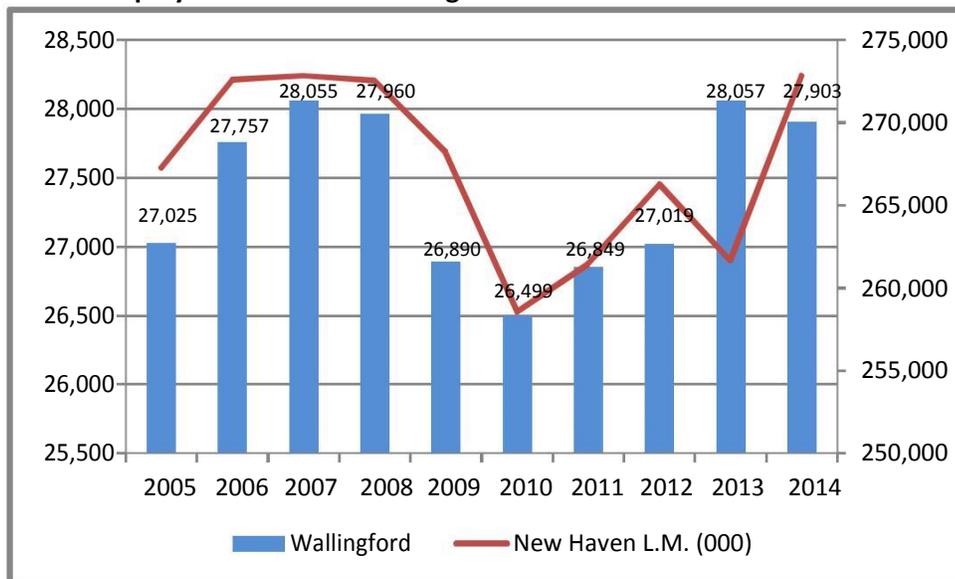
Unemployment in Wallingford is at a six year low at 5.8% (2014), a full percentage point below the average jobless rate for regional New Haven Labor Market.

Labor Force & Employment Trends

Labor Force + Employment - 2011	Wallingford	New Haven Labor Mkt
Labor Force - 2014 (avg)	26,108	323,287
Unemployment - 2014 (avg)	5.8%	6.8%
Total Employment - Workplace (14)	27,903	272,792
2009 - 2014 - Annual Growth	0.8%	0.3%
2013 - 2014 - Annual Growth	-0.6%	4.2%

Source: CT Dept. of Labor Note: Total Empl=Avg Emp for 2014

Employment Trends – Wallingford & New Haven Labor Market



Source: CT Dept of Labor, Quarterly Census of Empl. & Wages

Wallingford has been very successful in rebuilding its economic base from one primarily reliant on manufacturing to one incorporating broad sectors of the economy. Providing a basis for this transition are five industrial and corporate parks housing 2,300+ firms in over 1500 acres. Some of the larger and more noteworthy employers in town include Gaylord Hospital, a highly regarded long term and acute and chronic care hospital and Masonicare Health Center, specializing in geriatric care and Amphenol Corporation, producer of electronic and fiber optic connectors.

Bristol-Meyers Squibb, representing Wallingford's largest tax payer, recently announced closure of its 982,000 sf Research and Development facility in town by 2018. Plans call for up to 100 jobs to be eliminated and relocation of up to 800 employees, a portion of which will be targeted for a location in Connecticut yet to be disclosed. If implemented, the loss in direct jobs will be sizeable amounting to 3.2% of Wallingford's workforce.

Wallingford's job base is diverse with manufacturing still a key member of the local economy with 3,549 jobs. This sector, however, is down by 26% from 2010 levels. Health Care leads all sectors in town with an employment base of 4,325. Several

sectors have experienced exceptional job growth since 2010 that include Finance and Insurance (118% gain) and Professional, Scientific and Technical Services (84% gain). The latter job sector amounting to 2,438 employees, however, is expected to be hard hit by Bristol-Meyers Squibb planned closure of its research facility in town.

Major Job Sectors – Wallingford

Sector - 2014 Industry (2011)	% Share of Jobs
Health Care	15.5%
Manufacturing	12.7%
Retail Trade	9.8%
Prof.,Scient. Technical Ser.	8.7%
Finance & Insurance	7.9%
Government	7.6%

Source: CT Dept. of Labor

Commutation Trends

Wallingford’s prominence as a regional job center is confirmed in 2010 commutation data which shows a net in-flow of workers commuting to Wallingford (19,558) versus out-flow of town workers commuting to jobsites outside of town (15,765). Top commuter sites for Wallingford residents are New Haven (11.5%), Meriden (8.5%), North Haven (5.8%), and Hamden (4.7%). In-commuters arrive from across the state, but mostly originate from neighboring towns/cities of Meriden, Hamden, Cheshire and New Haven. Commutation trends are often helpful in gauging geographic source of demand for housing.

Commutation Trends – Wallingford

Inbound Commuters to Wallingford			Outbound Commuters from Wallingford		
	Number	%		Number	%
Wallingford	8,373	30.0%	Wallingford	8,373	34.7%
Meriden	4401	15.8%	New Haven	2,786	11.5%
Hamden	1145	4.1%	Meriden	2051	8.5%
Cheshire	993	3.6%	North Haven	1389	5.8%
New Haven	921	3.3%	Hamden	1136	4.7%
North Haven	713	2.6%	Cheshire	768	3.2%
Waterbury	668	2.4%	Hartford	540	2.2%
Southington	604	2.2%	Milford	408	1.7%
Middletown	604	2.2%	Middletown	367	1.5%
Durham	507	1.8%	New Britain	340	1.4%
SubTotal	18,929			18,158	
Total Commuters	27,931			24,138	

Source: US 2010 Census

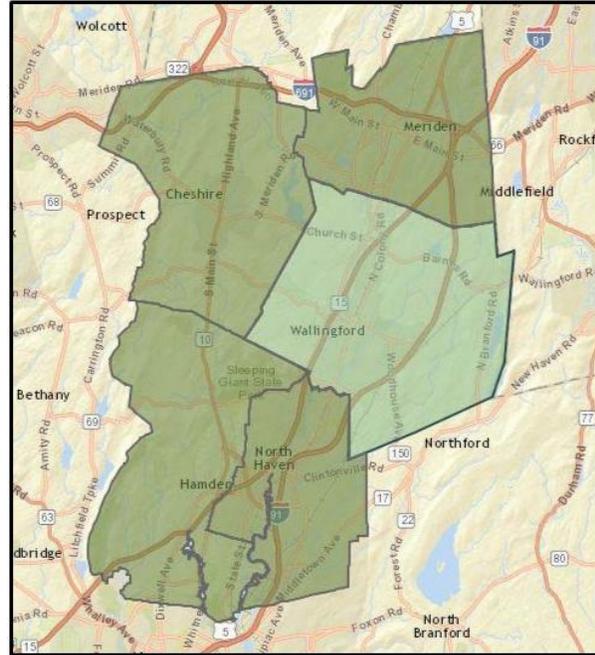
Real Estate Market Analysis

Defined Trade Area

A Trade Area has been defined for Wallingford as part of the Real Estate Analysis which best represents the competitive marketplace which Wallingford operates within with respect to office and retail and housing markets.

In addition to Wallingford, the Study Area includes the towns of Cheshire, Hamden, Meriden, and North Haven.

Note: For the housing market, Cheshire is not included in trade area (refer to map at right)

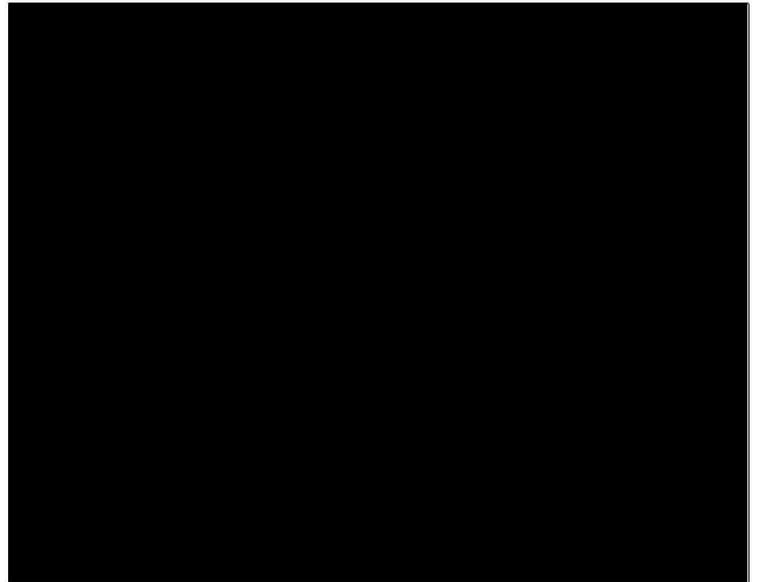


Defined Downtown Market Area

In order to evaluate market conditions for the downtown area, a one mile radius was defined for the Downtown centered at the axis of 4 Center Street.

This area encompasses much of what is considered the commercial base of the core downtown, as well as outlying areas consisting primarily of residential, but also other land uses inclusive of construction trades, manufacturing and wholesale trade.

Portions of the study also drilled down to evaluation of conditions in the Downtown Core defined a 0.5 mile radius from 4 Center St. Refer to map at right illustrating area defined as the Downtown area



Wallingford Office Market Assessment

According to CoStar Group, a national provider of real estate information, Wallingford's office market is substantial amounting to over 4.4 million square feet. This includes both owner occupant and multi-tenant space. When focusing on just leasable office space, the figure drops to 1.85 million square feet¹⁵. Office inventory in town varies considerably ranging from newer corporate office space with sizable footprints located in various business parks in town to converted homes-to-office properties, flex buildings, single purpose properties, as well as mixed use properties. The overwhelming majority of office space in Wallingford, or 85%, is found outside the downtown area and mostly in office parks. Much of the office space Downtown is older, predominantly smaller and mixed use format and largely catering to small businesses and organizations serving the immediate area.

Office Sector Growth

In order to evaluate the town's market potential for office space, an analysis was undertaken of trends in white collar employment as an indicator of future demand which have traditionally been the market for such space. In Wallingford, white collar jobs account for 27% of overall town employment in 2014, a ratio well above the 17% reported for the county.

Not surprisingly, the recent recession and subsequent sluggish recovery resulted in an erosion of these jobs in Wallingford, the region and the country. This led to rising vacancy in the office market and mounting pressure on rents. Wallingford's office sector, however, weathered the downturn better than most with white collar jobs dropping by less than -3.0%, peak to trough (2008 to 2010) compared to a -12.6% drop in the county.

Since 2010, signs of an office rebound have begun to emerge locally and regionally. This trend is most dramatically evident in Wallingford which has recorded a 41% increase in office-based jobs since bottoming out in 2010. Notably, the bulk of this growth has occurred in the last two years (2013-2014) accounting for 90% of the net gain in office jobs since 2007.

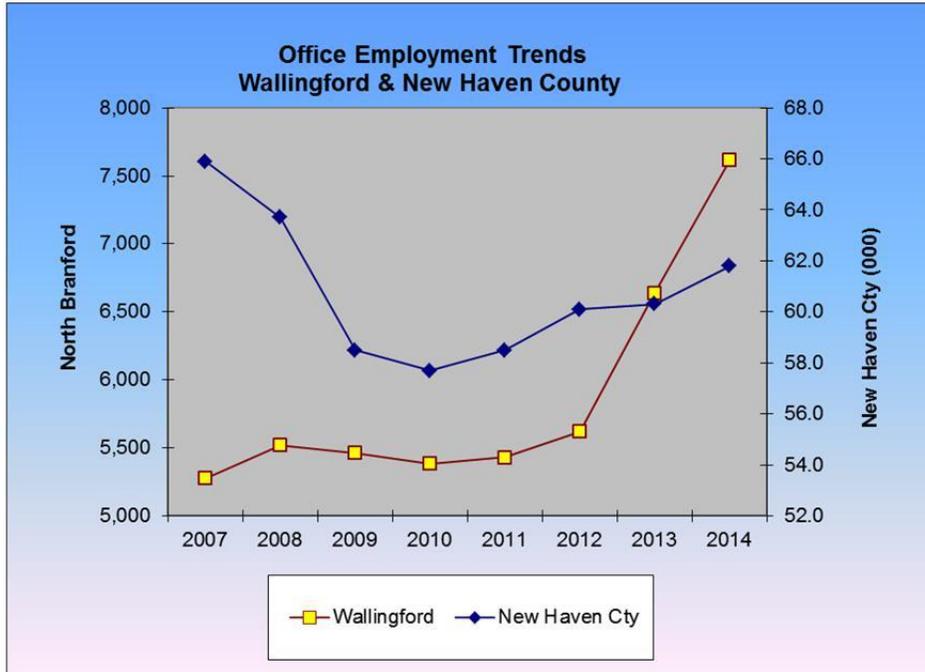
Using 2007 as a benchmark, the most significant increases in white collar employment in Wallingford has occurred in Finance and Insurance, Professional, Scientific and Technical Services, and Administrative Support and Business Services.¹⁶ Together they have added 2,971 net jobs to the town's economic base, primarily after 2010. However, not all office sectors in town have benefitted from this recent surge with Information Services and Real Estate, both hard hit during recession, still well below their job totals of 2007.

Unfortunately Wallingford's strong rise in office related jobs will undoubtedly be blunted in coming years based on the recent announcement of Bristol Meyers Squibb to close down its 1 million sf R&D facility by 2018 and relocate and eliminate upwards 850 jobs in Wallingford. This particularly will have a major impact on the Professional, Scientific

¹⁵A major block of owner-occupied space is associated with Bristol-Meyers Squibb with nearly 1.0 million square feet.

¹⁶White collar jobs are represented by the NAICS employment sectors of: Information, Finance and Insurance, Real Estate, Professional, Scientific and Technical Serv., Mng of Companies and Enterprises and Administration Support. In 2014, this grouping totaled an estimated 7,615 jobs in Wallingford.

and Technical Services (NAICS 54) sector which accounts for 8.7% of the job base in town. This sector alone grew by 98% since 2007 with a net addition of 1,210 jobs.



Source: CT DOL

According to Infogroup nearly 448 business entities are found in Wallingford within job sectors that are typically identified with office demand. Key sectors within this group in terms of number of establishments include Professional, Scientific & Technical Services (37%) of which one-fifth are linked to legal services, Business Services & Support (22%), and Finance & Insurance (21%). Not included in this grouping due to data limitations, but nevertheless a strong driver in the professional office market, particularly in recent years, is the medical and health sector as evidenced by an influx of Medical Office Buildings in the region in recent years.

Office Market Survey

A detailed survey was conducted of the tenant-base office market in the defined trade area focusing on conventional office space. Specific submarkets including flex space and special purpose buildings were not surveyed, but information on size are provided for comparative purposes.

Within the defined Study Area, office inventory totals 8.7 million sf rentable building space as of 2015 in 572 buildings. Of this total, Meriden ranks highest in market share with 28% followed by Wallingford with 21% (1.8 million sf). This figure does not include owner-occupant office space¹⁷, or flex office space as noted above, which in Wallingford is mostly associated with low cost space in former or existing industrial property. The addition of these submarkets would more than double the size of Wallingford's total office inventory. Nor does it account for space in retail centers which increasingly is

¹⁷ As owner-occupied space, the Bristol-Meyers Squibb's 982,000 sf R&D facility is not included in the office survey but is poised to come on the market in the wake of the company's recent announcement to close down facility by 2018.

being targeted by office users. Refer to Table below summarizing Office inventory and Market share in the Study Area.

Office Market - Trade Area - 2015				
Town	Inventory (sf)	# of Properties	Market Share	Vacancy
Wallingford	1,845,829	96	21.2%	9.3%
Cheshire	954,263	100	11.0%	6.8%
Hamden	1,708,340	148	19.7%	4.7%
Meriden	2,434,456	129	28.0%	23.5%
North Haven	1,745,751	99	20.1%	3.2%
Total	8,688,639	572	100.0%	9.5%

Source: CoStar

Based on office survey, average rentable office building size in Wallingford equaled 19,227 sf, which is comparatively higher than the trade area average of 15,189 sf. Office rents in Wallingford also rank high averaging \$21.55/sf, second only to Meriden at \$24.83/sf.

Office growth in Wallingford, on the other hand, has been somewhat modest over past two decades with only five new construction office buildings since 2000 totaling 401,127 square feet. This includes a 298,000 sf office building built in 2007 on Leigus Road which now houses Anthem Blue Cross. Over the past five years, only 10,000 square feet has come line in Wallingford. A review of inventory growth in other towns in the trade area reveals similar sluggishness as shown in chart below.

Office Inventory Growth 2011-2015		
Town	% Increase	SF Increase
Wallingford	0.5%	10,000
Cheshire	1.1%	16,006
Hamden	1.0%	11,425
Meriden	0.0%	0
North Haven	2.3%	44,000
Study Area	0.9%	81,431

Source: CoStar Group

While office supply growth has been marginal, the market environment for office in the trade area is showing some improvement with vacancy dropping in all five towns over last several years. Currently vacancies range from a low of 3.2 % in North Haven to 23.4% in Meriden – with Wallingford reporting 9.3%. The high vacancy in Meriden is largely attributable to a former hospital, presently 100% vacant, now being marketed for office-medical use. Excluding this property would drop office vacancy in Meriden down to 10%.

Most of what amounts to leasable office space in Wallingford is found within the numerous industrial and corporate parks that ring the northern areas of Wallingford and along South Turnpike Road. Much of this property came on line in the mid-80s and 90s

and is generally classified as Class A or B office space¹⁸. Most buildings in these areas range in size between 10,000 to 50,000 square feet. A decidedly different office profile exists in Wallingford Center where office supply is primarily Class C space in older converted homes and mixed use buildings mostly found in small office formats of 3,000 to 8,000 square feet.

Outside of Wallingford, active markets of rentable office space in the Study Area are found in Meriden, Hamden and North Haven. Of the three, Meriden represents the most direct competition to Wallingford offering a broad array of office space with easy access to I-91 that caters to all defined needs and budgets. A major concentration of office space is found off Pomeroy Avenue and Research Parkway just off East Main Street as part of a business park that overlaps both Meriden and Wallingford.

Below is a summary of the office market conditions in Wallingford and study area as compared with the county and City of New Haven.

Regional Office Market, 2015				
Market	# of Buildings	Total Inventory (sf)	Vacancy Rate	Average Gross Lease Rate (\$/sf)
New Haven County	2009	33,935,596	9.5%	\$20.55
City of New Haven	252	8,473,723	8.9%	\$22.28
Trade Market Area	575	8,688,639	9.5%	\$20.12
Wallingford	96	1,845,829	9.3%	\$21.55

Source: Costar

Downtown Wallingford Office Market

Leasable Office space in downtown Wallingford (1 mile radius) accounts for 15% of total office inventory town wide. And in terms of total commercial space downtown (office-retail-service), it's less than 31%. As previously cited above, this market base is primarily in structures built at the turn of 20th century consisting of converted residences, mixed use buildings, or re-purposed buildings. Illustrative of the later is the recent conversion of the former Town Library (60 North Main St) into commercial space and a restaurant undertaken in 2011. A more dated reuse can be found at 185 Center Street representing conversion of a former movie theatre into office condos in 1986. Below is a table comparing the office market downtown with Wallingford town-wide market.

Wallingford & Downtown Wallingford Office Market - 2015				
Market	# of Buildings	Total Inventory (sf)	Vacancy Rate	Average Gross Lease Rate (\$/sf)
Wallingford	96	1,845,829	9.3%	\$21.55
Downtown Wallingford	40	281,547	4.9%	\$16.99

Source: Costar

¹⁸ The Building Owners & Managers Association classifies office space into three categories: Class A, Class B, Class C. Class A buildings are the newest and most prestigious buildings, heavy on amenities. Class B buildings are generally older but offer adequate to good office space, that includes standard array of amenities. Class C buildings are typically older and offer functional space with few amenities generally at below market rents for the area.

The largest block of office space in the downtown area is found at 50 South Main Street, located just across from Town Hall, with nearly 20,000 square feet. The two story building with another floor partially below grade also represents one of the few office properties in the town center built after 1970. Constructed in 1973, the property was recently sold in July 2015. Notably 50 South Main St along with several other office properties downtown have been subject of discussions for full or partial conversion to housing.

Data on office vacancy was somewhat sparse for the downtown, but that which was collected by Costar suggested respectable occupancy. Anecdotal research, however, indicates a somewhat higher ratio than the 4.9% calculated by Costar – though within the bounds reported for Wallingford town-wide. Gross lease rates for office downtown averaged \$17/sf, with net leases ranging from \$8.00/sf to \$12.50/sf.

There has been no new office addition to the downtown in last five years. In fact, there is little evidence of any growth specific to office in the last ten years based on review of Costar information pertaining to new inventory put in place.

Data was also obtained on distribution of office use types in the downtown. According to ESRI Business Systems, there are 222 business entities in Downtown Wallingford area within job sectors that are typically identified with office demand. These sectors make up 33% of total businesses in the district (1 mile radius).

Predominant office users downtown include Finance and Insurance businesses (29%), with insurance making up over half the businesses in this sector. Other key downtown office-based businesses include: Professional Services-over half in Legal Services (27%), Real estate and leasing (16%) and Business services (17%). Disaggregated data on medical providers, non -profit organizations and service agencies was not available for the downtown but based on information from InfoGroup these groups appear to be well represented in the downtown area, particularly among medical practitioners.



50 South Main Street – Professional Office Building Downtown

Wallingford Retail Market Assessment

Wallingford Region Retail Environment: While retail markets are largely influenced by local fundamentals there are a number of macro trends worth noting that are impacting on the health and direction of retail nationally, state-wide, and regionally. These are summarized below¹⁹.

Consumer confidence continues to trend upward -

There is a direct relationship between rise in consumer confidence and increase in total retail sales. And while shocks to consumer confidence have been evident over the years, as witnessed recently with the sharp fall in the stock market, overall it has consistently moved upwards since the end of the recession. Key factors fueling rise in consumer optimism has been improvement in the job market and stabilization of the housing sector. More recently, declines in gas prices have helped to boost consumer spending, a trend that is likely to hold steady for the near term.

Total Retail Sales rising, but path of growth erratic -

According to Marcus & Millichap, retail sales nationally are 17% above their pre-recession peak, but the upward lift has been all but smooth with consumers still hesitant to spend, as issues of debt and uncertainty in the economy, Washington and world politics, continue to weigh heavy on households. This has resulted in fitful swings and slowdowns in retail sales despite improvements in the economy. Analysts, however, believe that increase in hiring will eventually bring about much needed wage growth which has been largely dormant for seven years. Increase in consumption should also get a boost from an improving housing market, particularly from millennials as they shift from rental housing to home ownership.

Growth in spending anticipated from Millennials as hiring increases -

The millennial generation, which has an estimated purchase capacity of \$2.5 trillion, is becoming more of a factor in retail growth as employment opportunities strengthen for this demographic group. For the moment, job creation targeted to young adults has yet to materialize sufficiently, but by 2018, it is anticipated that millennials will reach \$3.0 million in spending power, matching the level of baby boomers.

Past Pullback in retail construction providing measure of stability-

One factor helping overall fundamentals for the retail market is the sharp pullback in retail construction that took place even before the recession hit. Notably the fall-off in construction continued even as the economy rebounded and retail sales began to rise. This has certainly been the case in the New Haven region which has seen only nominal growth in inventory over the last five years. The net result has been tightened vacancies that absorb the relatively modest increases in inventory that have come on-line since 2010.

E-commerce continues to expand; presenting challenge to brick and mortar retail -

Internet sales as a share of retail sales continue to grow steadily and now stands at 10%, up from 5% in 2005. By 2020, it is expected to rise to 15%. The fall-out from this growth is being broadly felt among all retail sectors resulting in store contractions and consolidations in many cases. In the face of such losses

¹⁹ *The Retail Outlook, Summer 2015*, Marcus & Millichap

conventional brick and mortar retailers have been forced to reexamine, and in certain cases, reinvent their businesses in order to better compete more effectively. How successively that is done could determine the course of growth of physical retail inventory in the marketplace.

Wallingford Area Retail Supply

Wallingford has a well-established retail base with 234 properties accounting for 24.6% of the total inventory in the 5- town study area. Average square foot per property in town equates to 13,602 sf, which is somewhat above the average for the region of 12,930 sf per property. Notably, Wallingford’s retail supply as measured in total square footage is higher than Hamden, despite a population base that is 25% smaller.

Retail Market - Trade Area - 2015				
Town	Inventory (sf)	# of Properties	Market Share (sf)	Vacancy
Wallingford	3,182,952	234	24.6%	4.0%
Cheshire	779,435	81	6.0%	3.4%
Hamden	2,966,660	227	22.9%	3.2%
Meriden	3,497,539	307	27.0%	6.9%
North Haven	2,517,246	152	19.4%	7.0%
Total	12,943,832	1,001	100.0%	4.9%

Source: CoStar Group

Reported vacancy for retail in the trade area is relatively low ranging from 3.2% to 7.0%. Retail growth in the trade area, on the other hand, has been relatively flat over the last five years with the exception of North Haven which saw inventory grow by nearly 3.0%. Meanwhile, Wallingford’s retail supply inched up 1.1% with the addition of four properties totaling 34,200 square feet.

Modest retail growth is directly tied to demographic factors (flat population growth) and constraints on consumer spending linked to the severity of recent recession and slow recovery that followed. On the plus side, however, slow growth has helped keep vacancy manageable and has allowed for reasonable absorption of any new space that has come on line.

Retail Inventory Growth- Trade Area - 2011-2015		
Town	% Increase	SF Increase
Wallingford	1.1%	34,204
Cheshire	1.5%	11,420
Hamden	0.6%	18,000
Meriden	0.2%	8,015
North Haven	2.9%	73,018
Study Area	1.1%	144,657

Source: CoStar Group

Most of the retail/commercial space in Wallingford is centered along the 5.5 mile Route 5 corridor, primarily north of the downtown (north of North Plains Highway). This commercial sector supports 74% of the retail supply in town including 86% of all retail properties sized 30,000 square feet or more. Retail opportunities are extensive along the corridor consisting of a full range of neighborhood strip centers and larger community shopping centers, national and regional retail and dining outlets – many free-standing - and big boxes, including Home Depot, Lowe's, BJ's, and WalMart. Auto dealerships are also an important component of the Route 5 commercial market with nine new and used car dealerships.

A closer look at the configuration of retail in Wallingford reveals that 53% of the market is found in properties under 5,000 square feet, of which 46% is located in the 1-mile radius defined for the downtown area. Larger properties over 30,000 square feet – both free standing big box or part of a shopping center – comprise just 9% of all retail buildings in town but 56% of total retail space. As noted above, the bulk of this is found on Route 5. Within the downtown, retail configurations are generally split between properties less than 5,000 sf and buildings 5,000 to 10,000 sf.

Retail size (sf)	Wallingford		Rt 5 Wallingford		Downtown	
	# of Prop	% share	# of Prop	% share	# of Prop	% share
1 to 4,999	124	53.0%	68	52.7%	58	59.8%
5,000 to 9,999	46	19.7%	21	16.3%	30	30.9%
10,000 to 29,999	43	18.4%	22	17.1%	9	9.3%
30,000 to 49,999	5	2.1%	4	3.1%	0	0.0%
50,000+	16	6.8%	14	10.9%	0	0.0%
Total	234	100%	129	100%	97	100%

Source: CoStar Group

Below is a summary of the retail market in Wallingford and study area as compared with the New Haven County and City of New Haven.

Market	# of Centers	Total Inventory (sf)	Vacancy Rate	Average Lease Rate (\$/sf)
New Haven County	4,424	49,753,669	6.4%	\$12.34
City of New Haven	527	5,077,000	9.7%	\$11.09
Market Area	1034	12,963,832	4.9%	\$13.16
Wallingford	234	3,182,952	4.0%	\$12.76

Source: Costar

Downtown Retail-Commercial Market

A survey of retail-commercial space in the downtown area (1 mile radius) identified 97 properties totally 689,655 sf of space. Nearly half of the downtown commercial space is located along the north-south axis road of Route 5 – a section of which is slated for the new commuter rail station now under construction.

The central core of the downtown, and the area most identified by residents and visitors as the downtown, is Center Street, stretching from Route 5 (North/South Colony Road) east to the intersection of North/South Main Street. According to CoStar, a total of 131,915 square feet of retail-commercial space exists along this corridor, much of it in the form of mixed use space inclusive of housing²⁰.

Key commercial nodes in Wallingford Center form around the intersection of North and South Main St. and Center Street and to the west at the multi-cross roads of Quinnipiac Street, Hall Ave., North and South Colony Street and Center Street. For the latter, an historic train station and accompanying green space provides a central pivoting point between the converging streets and also serves as the de-facto town green for downtown Wallingford. Of the two, however, North-South Main and Center St area has benefitted the most from recent private re-investment and upgrades in property. Much of this area also resides in the Wallingford Center Historic District listed on the National Register of Historic Places in 1993.

Wallingford & Downtown Wallingford Retail Market - 2015				
Market	# of Buildings	Total Inventroy (sf)	Vacancy Rate	Average (NNN) Lease Rate (\$/sf)
Wallingford	234	3,182,952	4.0%	\$12.76
Downtown Wallingford	97	689,665	2.5%	\$8.79

Source: Costar

Retail & Service Business Mix – Downtown Core (0.5 Mile Radius)

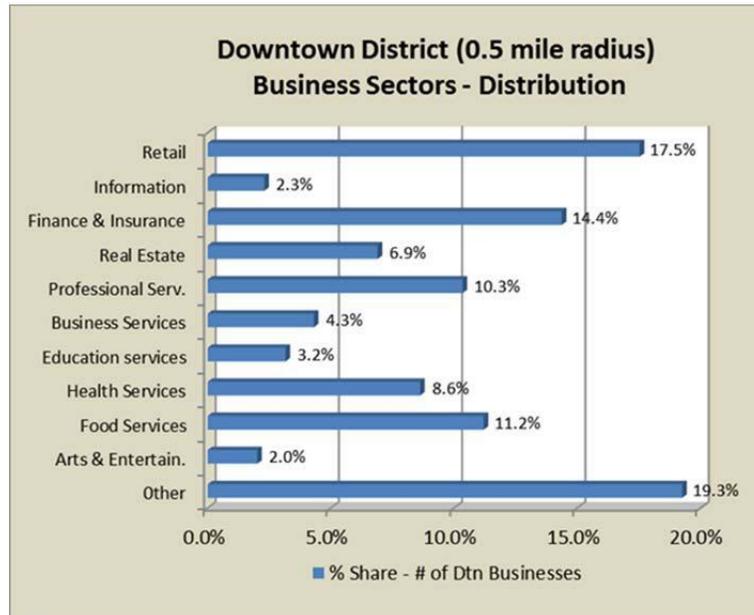
Data was obtained on business mix from *ESRI Business Analyst* for the Central Downtown Core (0.5 mile Radius). According to this data source there are 459 businesses in the downtown district with approximately 3,902 workers.

Notably, businesses in retail trade account for less than 20% of all establishments in the core Downtown District designated as a Service or Retail business per NAICS code. Within the Retail sector, strongest representation was in Food and Beverage stores, Clothing and Accessory, and Miscellaneous Store Retailers.

Among Service-based industries, notable sectors include Other Services (repair services, laundry and dry cleaning, and personal care services), Finance & Insurance (primarily Bank related entities and Insurance Carriers), Professional Services (mostly legal services), and Health Care (medical practitioners). Food Service (full serve restaurants and fast dining) also has a prominent (and growing) presence in the downtown with just

²⁰ It is to be noted there are gaps in the survey data on retail commercial space downtown reflecting the degree of difficulty in obtaining information on more unconventional retail properties such as that found in mixed use properties. Cross checking with other sources, however, indicate as much as 85% of the properties are identified with at least basic info on size and configuration.

over 11% of all businesses in nearly 40 eateries. Refer to chart below for distribution of retail-service based businesses in the Central Business District.



Source: ESRI Business Analyst

Age & Configuration – Downtown Area

By and large, the bulk of the commercial retail market located in the central of the downtown and its side streets was built between 1870 to 1920. Examples of even earlier structures can be found along North and South Main Street. This part of Wallingford was the earliest settled within town and by the mid-19th century evolved into the commercial hub that is seen today. Typical configurations entail ground floor commercial space with residential or office above. Converted houses to office or retail use is also a common prototype commercial building downtown.

Evidence of newer retail -commercial is found along North and South Colony St (Route 5) ranging from properties of the 1930s to recent additions in the last decade. Unlike the core downtown, this area is less cohesive in design and streetscape and more varied in land use.

Lease Rates

Not surprisingly given age and format, lease rates generally trend lower in the downtown area compared to newer rental that mostly populating Route 5 and South Broad Street. Lease rates logged last year averaged \$9.65/sf, with third quarter 2015 reporting an average of \$8.79/sf. This compares to an average of \$12.76/sf for the town overall.

Commercial Vacancy & Absorption Trends – Downtown Area

Data collected on retail vacancy within the downtown area indicates a relatively tight market with vacancy ranging between 1.2% and 3.8% over the last two years. True vacancy is likely higher, given numerous reported gaps on information on available space, but still well within the 4.0% identified for Wallingford overall. Leasing activity in downtown has been steady averaging 8,854sf/year, but trending downward since 2012.

This however could be a function of market becoming tighter over last three years. This is somewhat supported by data on net absorption (total move-in square feet minus total space vacated) which has been positive in both 2014 and 2015.



Source: CoStar Group

Downtown Retail-Commercial Property Sales Activity

Data collected on recently sold commercial properties in the downtown area point to modest activity with only 11 sales over the last 10 years (2006-2015)²¹. This compares to the preceding five years (2000 to 2005) which saw 15 transactions. Downtown sales over the period 2006-2015 averaged \$317,591 and ranged from \$80,000 to \$ 875,000. Average price per square foot calculated to \$64.89. Most sold properties were small in size ranging between 2,000 to 3,100 square feet, with the largest at 10,079 sf. The latter also represented the largest sale price for downtown commercial property in last ten years at \$875,000, linked to the sale of 60 North Main St., a former public library that was converted to a wine and bistro restaurant.

One notable property for sale downtown is 43 Hall Ave located at the corner of North Cherry Street and Hall Avenue. This property is a Second Empire style historic building built in 1844 and fully updated and renovated for office use in 1987. The 11,350 sf building is now being used by the Wallingford Board of Education but is for sale at an asking price of \$1.1 million, or \$96.91/sf.

Refer to table on following page for survey of commercial sales in last ten years in Downtown.



43 Hall Avenue – Building for Sale

²¹ Survey did not include sales that entailed both purchase of real estate and business.

Survey of Recently Sold Commercial Properties – Downtown Wallingford

Address	Building Age	Gross Building Size (sf)	Lot Size (sf)	Sale Date	Sale Price	Price/sf
Downtown Wallingford						
82 Center St	1928	1,482	3,060	2006	\$100,000	\$67.48
178 Center St	1923	7,564	10,150	2006	\$540,000	\$71.39
4 Center St	1900	9,096	8,337	2007	\$875,000	\$96.20
209 Center St	1912	3,120	4,370	2008	\$160,000	\$51.28
135 Quinpiac Ave	1900	2,316	3,263	2009	\$156,000	\$67.36
193 Hall Ave	1920	1,688	9,347	2011	\$80,000	\$47.39
175 Hall Ave	1880	3,265	7,020	2011	\$125,000	\$38.28
16 Center St	1896	7,860	7,934	2011	\$315,000	\$40.08
60 North Main St	1899	10,079	18,712	2013	\$800,000	\$79.37
205 North Main St	1940	2,016	5,489	2014	\$132,500	\$65.72
221 North Main St	1948	2,352	6,969	2014	\$210,000	\$89.29
Average		4,622	7,696		\$317,591	\$64.89

Source: Warren Group

Market Positioning for Downtown

To properly understand Downtown Wallingford’s appropriate market positioning and retail mix as it pertains to spin-off development opportunities attributable to new commuter rail, one must first consider the distinction between convenience and comparison goods.

With few exceptions, much of the retail/service located in the core area of downtown caters to a local Convenience market drawing largely from Wallingford resident base.

Convenience goods and services are defined as trade that tends to be day to day in nature and does not vary much in quality, style or price from one store to the next. Consumers therefore will typically buy at a location most convenient to them. Examples include pharmacy, food markets, liquor store, personal services, and banking. This also includes food outlets, which in Wallingford downtown is both take-out / fast food and a burgeoning full service dining market which account for a big block of space in Wallingford downtown commercial market.

Less available locally and harder to support in Downtown Wallingford **Comparison-type stores and services**, which sell goods that will differ in type, configuration, quality and price from one store to the next due to the need/desire to comparison shop (thus the name). Consumers prefer to shop for such goods in an environment that offers many different options in the same category. Examples include apparel, jewelry, electronics and home furnishings, in addition to full service restaurants. Comparison stores operate best in retail formats where many like stores are concentrated such as malls, regional shopping centers, and tourist destinations, along with well- established retail corridors such as Route 5 Wallingford and North Haven or the Berlin Turnpike in Newington.

Notably such comparison stores can be found on North Colony Road (Route 5) in Wallingford and into Meriden which at one end has the advantage of direct access to a highway, which in this case is Wilbur Cross Parkway (Route 15). Not surprisingly, the area nearest to the highway is where most of this retail is concentrated, as represented by several regional Big Boxes, a number of Neighborhood retail centers, and substantial new infill retail and service found north and south of the parkway.

Retail Gap Analysis

In order to evaluate the market opportunity for additional retail goods and services in Downtown Wallingford, a gap analysis was conducted for the two trade areas: the Downtown Area (1 mile radius) and a 3 mile radius from center of Downtown. The latter includes much of Wallingford and portions of North Haven²².

The purpose of a retail gap analysis is to define patterns for retail sales within specified sectors in the trade area exhibiting "leakage" or "surplus." In other words, those retail sectors where spending is not fully captured within the Trade Area are called "leakage" categories, expressed as a positive value. While retail categories showing an excess of sales over estimated demand for the trade area are called "surplus" categories and represented as a negative value.

Generally speaking, surplus categories (negative number) point to strengths in the market reflecting capacity to pull from outside the trade area, but in certain cases can signal possible excess-supply and greater competition in the trade area. Conversely, leakage categories (positive number) represent opportunities of un-met demand in the trade area.

An initial analysis of Retail Market Potential of the Downtown Area reflects a level of retail surplus of -9.0 in both Retail Trade and Food/Drink Services and Retail Trade separately. This would imply an over-supply of retail dollars entering the town center relative to expected market base expenditure within the 1 mile radius. Recall above that Surplus Factor is expressed as a negative number with the highest rating of -100 representing 100% of estimated sales in the trade area is originating from outside the trade area²³.

However, a closer look at the Downtown data indicates the surplus ratio is largely being influenced by oversized sales associated with auto sales and parts – which are sectors largely on the fringe of downtown area and not reflective of much of the activity in downtown core. When this expenditure is discounted, the overall ratio for Retail Trade and Food and Services actually reverses to one of retail leakage with a factor of +9.1. This reflects an under-supply of retail in the downtown with sales leaking to stores outside of the trade area.

While leakage of demand (represented as a positive value) was found in nearly all retail categories in the downtown, best options are found in convenience categories that include Grocery Stores and Specialty Food, Food Services (specifically Limited Service Restaurants), and Miscellaneous retailers (office supplies, ect), while limited opportunities are seen for Building Materials and Equipment, Home furnishing stores, Electronics and and Clothing stores according to ESRI data.

Businesses with healthy surplus of retail sales relative local demand (represented as a negative value), in other words, businesses pulling in sales from outside trade area, were identified in Beer, Wine and Liquor Stores, Health and Personal Care Stores, Florists, Full Service Restaurants, Special Food Services (specialty food and catering). Strength in restaurants and dining is particularly relevant as it shows the capacity of

²² Source: ESRI "Retail Marketplace Profile" Report; Downtown Wallingford -1 mile radius & 3 mile radius.

²³ In the case of +100 factor, it would signify the trade area had no store in the defined retail category to service local demand.

the district to service an important market element of the downtown beyond the local neighborhood.

Although the downtown is not a meaningful market for comparative retail, expanding the trade area to 3 miles reveals certain opportunities. Surprisingly, this trade area shows a similar profile as Downtown in terms broad unmet retail demand despite a well-established retail base. Retail Analysts have long observed that the New Haven region is generally under-stored compared to other parts of the state. This has led to the rise of big box retail and large format retail centers in the broader study area along Route 5, mostly within easy access of a highway intersection.

Downtown Wallingford is not a suitable location for these types of large format stores, however, it might be able to capture demand for comparative retail found within niche goods and services (such as specialty items, goods or services) or Full Service and Limited Service Restaurants where competition is less stiff and/or locational factors might favor the downtown.

Refer to charts below on Retail Potential in Downtown Area & Wallingford.

Retail Market Potential - Wallingford		
	Retail Trade Areas	
	Downtown - 1 mile	3 Mile Radius
<i>Demographics</i>		
Population - 2015	11,802	40,517
Households - 2015	5,173	16,497
Per Capita Income	\$45,195	\$53,266
Median Disposable Income	\$29,938	\$35,330
<i>Leakage/Surplus Factor</i>		
Number of Businesses	147	443
Total Retail Trade & Food/Drink	+9.1	-12.0
Total Retail Trade	+9.1	-13.0
Total Food/Drink	-8.8	-1.3

Leakage -surplus factor: A Negative Value reflects surplus of retail sales relative to trade area indicative of strength or possible indication of excess retail for the specified trade area, with -100 equaling total surplus - in other words, all shoppers /sales are coming from outside specified trade area. A Positive Value (or leakage) reflects under-supply of retail in trade area resulting in sales leaking out of the defined trade area. A factor of 100 equals total leakage - in other words, all sales occurring in stores outside specified trade area.

Note: Aggregate data for 1 mile radius has been adjusted to discount oversized impact on market potential factor in downtown associated with of auto sales

Source: ESRI Business Systems

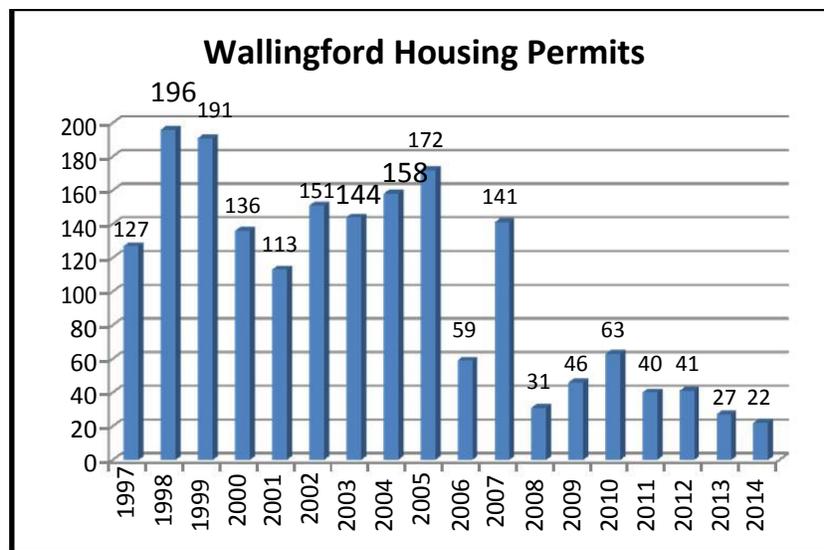
Wallingford Housing Market Assessment

The Wallingford Housing Market is primarily an ownership market comprising 70% of its housing stock (2015). It does however have a diversity of housing product with nearly 40% in various forms of attached housing. Wallingford's ownership market, like that throughout the state and nation, was crushed by the housing collapse that began in late 2007 and is only beginning to show signs of recovery, primarily in uptick of sales.

Housing Characteristics & Supply

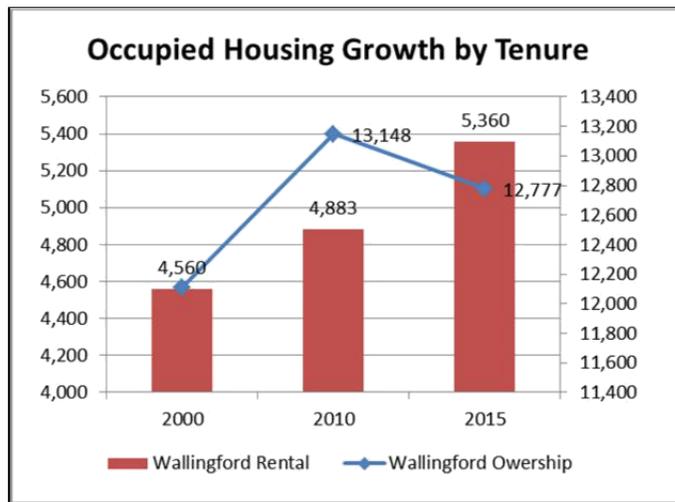
Wallingford's housing inventory expanded by 9.6% (0.96% annually) last decade, representing a net gain of 1,671 units. Since 2010, however, only marginal housing growth has occurred in town of 1.4% (0.28% annually) due largely to the lingering effects of the housing collapse and Great Recession.

Data on housing permit trends for Wallingford illustrate how severe the drop-off in housing production has been since 2007. Over the first half of the 2000 decade leading up to the housing collapse, Wallingford witnessed solid housing growth averaging 145 housing permits annually. With the onset of the Great Recession, housing production has dropped precipitously, as it has across the U.S. and state, dwindling to an average of 38 permits per year from 2008 to 2014. Evidence of a still dormant housing market in Wallingford is seen in the most recent permit data with housing production hitting its lowest point in over two and half decades.



Source: CT Dept .of Economic and Community Development

Housing tenure in Wallingford is primarily owner occupant, but in recent years a shift is observed towards rental, a trend mirrored at the state and national level. Following a rise in owner occupancy units last decade, it has since dropped from 13,148 units (72.9% occupancy rate) in 2010 to 12,177 units (70.4% occupancy rate) in 2015. This was matched by a rise in rental occupied housing units with share jumping from 27% to nearly 30% over the same time period.



An estimated 5.6% of the housing in Wallingford in 2105 was reported vacant (rental, seasonal and ownership). This figure, however, jumps to 7.9%, up from 7.0% in 2010, when focusing on rental housing alone – indicative of some slack in the rental housing market despite growth in rental occupied housing in last five years. Meanwhile overall housing vacancy in the downtown for 2105 is estimated at 9.6%, or nearly double the rate town-wide (5.6%).

Tenure & Vacancy Trends

HH's	Dtown Study Area		Wallingford		New Haven Cty	
	2010	2015	2010	2015	2010	2015
Own-Occp	49.9%	46.3%	72.9%	70.4%	63.4%	60.9%
Own-Units	2,632	2,393	13,148	12,777	212,134	204,148
Rent-Occp	50.1%	53.7%	27.1%	29.6%	36.6%	39.1%
Rent Units	2,644	2,777	4,888	5,360	122,357	131,343
Ttl Occp Units	5,276	5,170	18,036	18,137	334,491	335,491
Ttl HsingUnits	5,698	5,725	18,945	19,214	362,004	365,857
Hsing Vacancy*	7.4%	9.6%	4.8%	5.6%	7.6%	8.3%
Rent Vacancy	6.8%	n/a	7.0%	7.9%	8.3%	7.0%

Source: 2010 Census, ESRI Business Systems * both Owership & Rental Vacancy

The Downtown Study Area (1 mile radius) accounts for 30% of Wallingford’s housing inventory as of 2015 (5,725 units). Like the town overall, housing growth in the Study Area has been slight over the last five years.

Rental housing accounts for a majority of units in the Downtown area at 53.7% (2015). This is up from 50.1% in 2010.

Wallingford’s diversity of housing options in terms of structure types is noted in the chart below. The single family home is the predominant building format making up 62% of total housing in town. Not surprisingly, higher density housing is the predominant housing type downtown area with (58%) in multi-unit attached housing.

Housing Characteristics - 2010

Housing Structure Type - 2010	% Share of Total Housing		
	Dtwn Study Area	Wallingford	New Haven County
1 Detached	41.6%	61.9%	53.7%
1-Attached	3.7%	7.2%	5.4%
2-unit	19.0%	8.0%	9.6%
3/4 unit	13.7%	6.2%	11.2%
5+ units	22.0%	16.7%	20.1%
Total Housing Units - 2010	5,628	18,945	362,004

Source: ACS Housing Surveys, ESRI Business Systems



Parker Place Apts (Downtown Area) – Parker St.

Housing Market Environment

Single Family Market

As seen in the chart below, single family home values in Wallingford declined significantly during the downturn with median price falling by 22% from its peak of \$284,000 in 2006 to its low of \$223,000 in 2012. Similar peak to bottom price declines are found at the county and state level as well.

While declines in single family values have largely bottomed out locally and regionally, consistent year-over-year price gains have yet to take hold. In Wallingford, the median price of a single family home has remained largely unchanged from 2009 to 2014 at \$235,000. Meanwhile, subdued price escalation, and in some cases dips, have also been observed in area towns over the last three years.

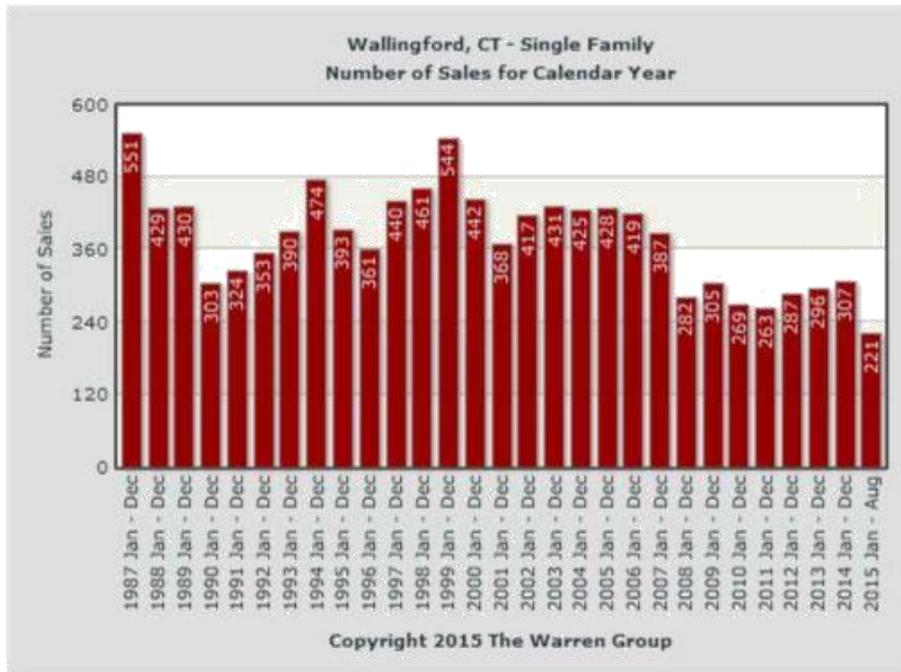
Trends in sales volume trends have been equally choppy for much of the region, though Wallingford has recorded three straight years of increases from 2012-2014. Regionally and state-wide, however, sales fell in 2014, though the trend remained positive compared to bottom year 2011. Realtors point out that one factor hurting sales, and blunting price increases, is the decline in number of first time buyers, which comprise not only an important component of the housing sale market, but are critical to inducing additional home transactions among move-up and move-down buyers²⁴.

One positive sign of growing stabilization of the housing market has been improved absorption of single family inventory to more normalized levels. This is particularly the case for Wallingford which has seen supply drop to 7 months from previous highs ranging from 10 to 12 months. Generally, an inventory of 6 months supply is considered a healthy balance of homes on the market relative to demand. This provides for ample housing choices while maintaining price stability that enables price increases.

Housing Trends - Single Family Market			
Housing Trends - 1-Fam SF	Wallingford	County	State
<i>Median SF Sales Price - 2014</i>	\$235,000	\$219,000	\$251,000
<i>Median SF Sales Price - Year to Date (09/15)</i>	\$247,000	\$220,000	\$250,000
% Change Med. Price/2013 to 2014	0.0%	-2.7%	-3.2%
% Change Med. Price/Peak Yr to Bottom Yr	-22%	-21%	-19%
<i>Total SF Home Sales - 2014</i>	307	5,165	25,660
% Change Sales Vol./2013 to 2014	3.7%	-3.2%	-1.0%
% Change Sales Vol./Peak Yr to Bottom Yr	-39%	-54%	-53%
Month of SF Supply (Absorption)	7.9	9.5	9.3
Change in Avg Market Time/% change 2013-2104	17.8%	1.2%	-1.1%

Source: Warren Group, William Raveis RE

²⁴ According to National Association of Realtors, the share of homes sold to first time home buyers is at its lowest level since 1987, representing 32% of all purchasers in 2015. The historical average dating back to 1981 is 40%.



Condo Housing Market

The condo market in Wallingford accounts for roughly 15% of all housing units in town, while making up 22% of overall home sales²⁵. Most of the condos were built in the mid to late 1980s during a period of rapid build-up of this market state-wide. However, as much as 30% of present condo supply came on line in the last decade.

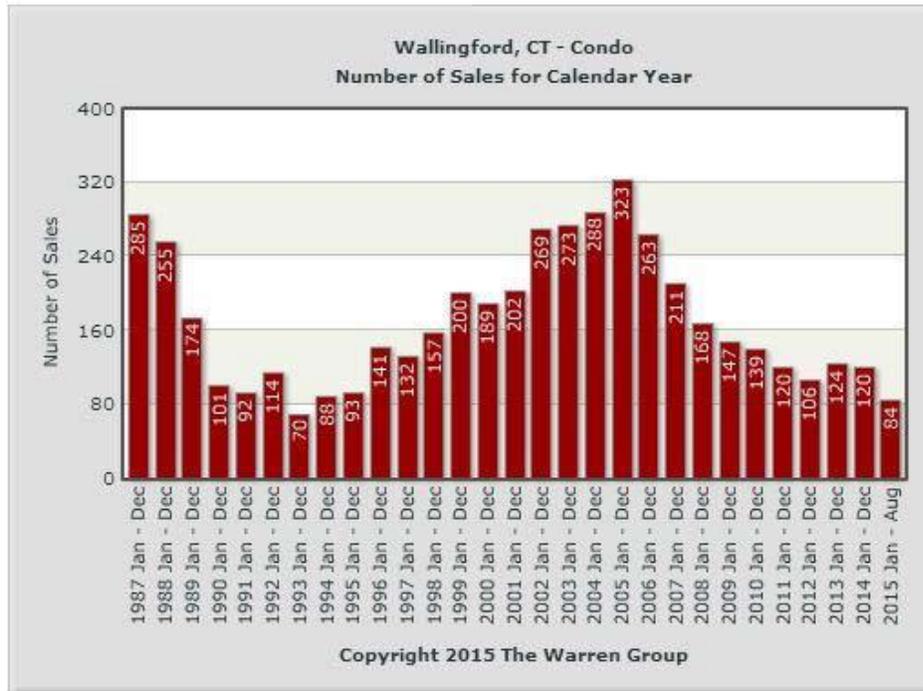
Median sales price for a condo in Wallingford in 2014 was \$167,500. Unlike the single family market, condo prices in town held up relatively well considering the severity of the housing collapse sliding by only - 18% from peak to trough during the downturn. This compares to the -22% decline in single family home values locally. The town’s condo market however experienced a soft patch last year with a -7% dip in median price from previous year.

As shown on chart on following page, condo sales in town fell steeply from 2005 through 2012, several years after most towns reached bottom. On a peak to trough basis, the decline in condo sales amounted to a 60% drop, exceeding rate of declines posted for county and state. Wallingford saw a pick-up in condo sales for 2013 with a 25% increase over previous year but then slipped slightly in 2014. More encouraging signs of recovery in the condo market are noted at the county and state levels which have posted three years of steadily increased sales.

²⁵ Notably, the share of condo sales relative to overall home sales in Wallingford has dropped from an average of 32% before the onset of the downturn in 2007 to 23% in the last four years.

Housing Trends - Condo Market			
Housing Trends - Condominium	Wallingford	County	State
Median Condo Sales Price - 2014	\$167,500	\$131,750	\$168,500
Median Condo Sales Price - Year to Date (09/15)	\$166,000	\$130,000	\$165,600
% Change Med. Price/2013 to 2014	-6.9%	-9.7%	-1.3%
% Change Med. Price/Peak Yr to Bottom Yr	-18%	-21%	-19%
Total Condo Sales - 2014	120	1,676	6,961
% Change Sales Vol./2013 to 2014	-3.2%	1.5%	3.0%
% Change Sales Vol./Peak Yr to Bottom Yr	-60%	-54%	-53%
Month of SF Supply (Absorption)	8.4	8.4	7.9
Change in Avg Market Time/% change 2013-2104	-30.0%	0.0%	-4.0%

Source: Warren Group, William Raveis RE



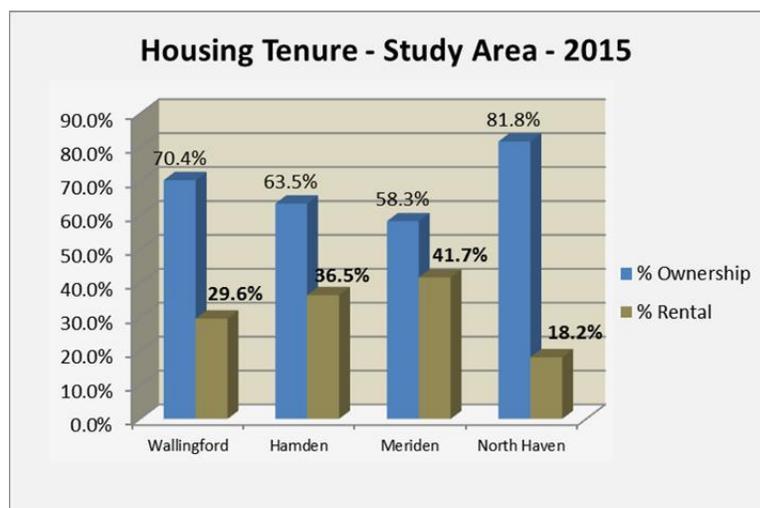
Rental Housing Market

Unlike the ownership housing market, rental housing staged a comeback early in the downturn nationally and in most market areas continues to reflect solid demand due to on-going softness in the homeownership market, increased barriers to purchasing due to stricter underwriting standards and higher downpayments, and recent surge of echo boomers (20-34 year olds) coming of age and entering the rental market.

Wallingford's rental housing profile is relatively diversified representing a mix of professionally managed apartment complexes, mostly built in the 70s, along with privately owned homes (single family homes, multi-family units and condos) and governmentally assisted housing. Additionally it includes one of the region's largest senior housing communities – Masonicare at Ashlar Village - consisting of over 450 units, with most units requiring a substantial entrance fee in addition to a monthly maintenance charge.

Below a summary description of Wallingford's rental housing profile is presented below:

Wallingford has a well-established rental market comprising 30% of occupied housing, or 5,360 units (2015). It has also grown over the last decade in both overall size and share of total housing. The chart below compares Housing Tenure in Wallingford with other towns in the Study Area.



Source: US Census, ESRI

Wallingford's private non-subsidized rental market is varied in product type with most rentals in town associated with multi-family homes (39%). The balance of the rental market is distributed between professionally managed rental apartments (14%), condo rentals (24%) and single family homes (21%). Governmentally assisted housing accounts for nearly 10% of Wallingford's rental market. Not included in this rental breakout below is privately owned and managed Ashlar's Village senior housing community with 450 units.

Wallingford Rental Type Distribution	
Rental Housing Type	Share
Market Rate Rental	90.4%
Managed Apartments	14.1%
Multi-Family	38.6%
Condo	24.4%
Single Family	20.8%
Gov't Assisted Hsing	9.6%
	100%

Source: CT MLS, Internet, Property Managers, AMS

Other than small in-fill projects, no new rental housing in Wallingford was identified of any substantial size built in the last 35 years. A survey of private non-subsidized apartments in town identified seven properties. All were built between 1950 and 1979 with the exception of Parker Place which came on line in the late 1980s, representing an industrial-to-residential conversion originally marketed as a condominium.

According to 2010 census, rental housing vacancy in Wallingford is very tight at 2.3%. Similar conditions exist in neighboring towns in the Study Area with vacancy ranging from a low of 1.3% in North Haven to 2.9% in Meriden. Such tight vacancies generally indicate an opportunity for development of rental housing.

A total of seven governmentally assisted rental properties are located in Wallingford totaling 477 units. 70% of the units are senior housing in six complexes with five owned and managed by the Wallingford Housing Authority. According to State DECD, Wallingford's has a total of 941 affordable units which count towards the threshold for the Affordable Housing Appeals Act. With 10% of total units needed to be exempt from the act, Wallingford has 4.97%.

Housing Rental Survey Summary Analysis (market rate) – A survey of market rate housing was conducted for the Wallingford Competitive Trade Area consisting of four towns: Wallingford, Hamden, Meriden, and North Haven. As part of this survey, rental data was obtained on 35 Apartment complexes. Data was also collected and analyzed on closed MLS rentals within private multi-family homes and condos for the market area in order to evaluate the full spectrum of rental choices in the trade area.

As can be seen in the charts on following page, rents in Wallingford generally track below what is achieved in Hamden and North Haven, but are slightly above Meriden. Hamden has historically supported a strong and healthy rental market driven in large part by proximity to the New Haven job market and until recently the lack of new rental product in the region. North Haven, on the other hand, has traditionally eschewed development of apartments in town, but has recently been the beneficiary of two upscale luxury complexes that have been successful in tapping into an older and more affluent market base.

Meriden offers greater diversity of rental product and more affordable rents, the later influenced in part by an aging rental stock in which 70% of the rental inventory is in structures built prior to 1970. Meriden's newest apartment, and its only market rate

complex built since the mid 1980s is the 180-unit Alivista Willow Brook Apartments which broke ground in 2005 on a site in Medway Business Park. In sharp contrast to prevailing rents in much of Meriden, rents at Alivista average \$1300/m to \$1440/m for one and two bedrooms, respectively.

In Wallingford, rents in town are similarly affected by an aging rental stock with six of the seven surveyed apartments built prior to 1979. The most expensive apartment rents are found at *Southwind*, built in the 70s, where one and two bedroom units average \$1060/m and \$1335/m, respectively. Average rents for one and two bedrooms among the surveyed complexes in Wallingford calculated to \$958/m and \$1,155/m, respectively.

Part of the void in new rental product in Wallingford is being supplied by condo rentals, mostly built after 1985, with one bedrooms averaging \$1,133/m and two bedrooms, \$1,455/m. The more affordable rents in town are found in the private multi-family market with two bedrooms averaging \$1,079/m.

Below is a short summary of the results of the rental survey within Wallingford and three surrounding towns followed by charts and tables. Rentals of single family homes were not included as part of the MLS survey.

Summary of Rental Market Survey

A survey of professionally managed market rate apartments in the 4-town trade area identified 35 apartment complexes. Seven complexes were identified in Wallingford.

In Wallingford, two bedroom rents in managed apartments averaged \$1,155/month, with rents ranging from \$945 at Allendale on Allen St to \$1335/m at Southwind (Southwind Dr.). Condo rentals averaged \$1455/m for a two bedroom unit, while two bedroom rents in multi-family homes averaged \$1079/month .

Overall in the 4-town competitive trade area, apartment rents for two bedrooms average \$1,368/month, with averages ranging from \$1149/month in Meriden to \$1837/m in North Haven. As noted above, two bedroom rents in complexes surveyed in Wallingford averaged \$1,155/month.

A number of communities in the trade area have witnessed the construction of new market rate rental housing that include one each in Hamden and Meriden and two in North Haven. No new complexes were identified in Wallingford, though several rental developments are being proposed.

As expected, the more affordable rental product in the region was found in multi-family units, principally in Meriden which averaged \$725/m and \$928/m respectively, for a one and two bedroom unit. Overall in the region, averages calculated to \$927/m (1 BR) and \$1047/m (2BR).

A summary analysis of rental data collected as part of the Apartment survey and data on MLS rental transactions is presented in the tables below.

Apartment Survey Summary – Wallingford Trade Area

Town	# of Complexes	Studio		One BR		Two BR	
		Avg Rent	Avg Size (SF)	Avg Rent	Avg Size (SF)	Avg Rent	Avg Size (SF)
Wallingford	7	\$842	586	\$958	836	\$1,155	914
Hamden	13	\$943	451	\$1,201	745	\$1,330	1,040
Meriden	11	N/A	N/A	\$951	738	\$1,149	1,034
North Haven	4	\$1,055	652	\$1,253	792	\$1,837	1,092
4-Town Avg	35	\$947	563	\$1,091	778	\$1,368	1020

Source: Internet, Property Managers, Real Estate Ads and Journals, Craigslist

Multi-Family Rental Summary – Wallingford Trade Area

Town	# of Units	One BR		Two BR	
		Avg Rent	Avg Size (SF)	Avg Rent	Avg Size (SF)
Wallingford	48	\$880	703	\$1,079	1,024
Hamden	32	\$876	784	\$1,068	1,065
Meriden	35	\$725	729	\$928	980
North Haven	7	\$1,025	720	\$1,112	1,016
4-Town Avg	122	\$927	735.6667	\$1,047	1021

Source: CT MLS

Condo Rental Summary – Wallingford Trade Area

Town	# of Units	One BR		Two BR	
		Avg Rent	Avg Size (SF)	Avg Rent	Avg Size (SF)
Wallingford	40	\$1,133	770	\$1,455	1,208
Hamden	69	\$1,053	800	\$1,532	1,362
Meriden	44	\$916	786	\$1,247	1,151
North Haven	10	\$1,250	755	\$1,716	1,362
4-Town Avg	163	\$1,145	775	\$1,488	1271

Source: CT MLS

Downtown Wallingford - Rental Housing Market Conditions

The Downtown Area rental housing market (1 mile radius) is largely dominated by private multi-family homes of 2 to 4 units that ring around the central core of the downtown. Closed multi-family rental sales in this area for one and two bedrooms calculated to \$897/m and \$1050/m for one and two bedrooms, respectively.

Several large housing complexes are also located in the downtown area, including Parker Place, a 120 unit industrial to residential conversion located just north of the new commuter station now under construction. Listed rents at Parker Place are \$950 (1BR) to \$1250 (2BR). Closer to the center of Downtown is Judd Square condominiums, also a retrofit of industrial to housing, consisting of 253 units. In addition to sales, units at Judd Square frequently come into the market as rentals with recent listings ranging from \$850 to \$1150 in rent for one and two bedrooms.

Additionally, rental housing can found in a number of mixed-use buildings that line the main commercial district of Center Street, North and South Main St, Hall Ave and Quinpiac Street.

Below a summary description of Wallingford's downtown rental housing market is presented below:

Average Rent - 1 mile Downtown Study Area			
Rental Type	One BR	Two BR	Three BR
MF Rentals	\$897	\$1,050	\$1,375
Condo Rentals	\$875	\$1,200	\$1,725
Apt Complex	\$950	\$1,250	N/A

Source: Internet, Property Managers, MLS CT

1 Mile Radius - Town Center - Condo Rentals					
Unit Type	# of Units	Avg Rent	Avg Size (sf)	\$/ Sf	Rental Range
One BR	5	\$875	679	\$1.29	\$800-\$900
Two BR	8	\$1,200	1034	\$1.16	\$950-\$1550
Three BR	3	\$1,725	1696	\$1.02	\$1400-\$1900

Source: MLS CT

1 Mile Radius - Town Center - Multifamily Home Rentals					
Unit Type	# of Units	Avg Rent	Avg Size (sf)	\$/ Sf	Rental Range
One BR	9	\$897	781	\$1.15	\$725-1200
Two BR	23	\$1,050	921	\$1.14	\$850-\$1250
Three BR	5	\$1,375	1229	\$1.02	\$1000-1500

Source: MLS CT

Proposed, Under Consideration & Under Construction Housing – Downtown

A number of downtown housing projects have been identified that are in the proposal or concept stage or under construction. They are listed below with a brief summary of each project.

75 Parker Street

By far the largest housing project being considered for the downtown area targets a 4.5 acre site immediately adjacent to Parker Place, a 120-unit complex located off Parker Street. The site is also immediately north of the Commuter Rail station that is now under construction.

The site is presently the home of Davenport Associates, a sales, marketing and distribution company that would move to another site in town if zoning is obtained for housing on the site. That process is in its early stage with an initial application recently submitted to the town by a legal representative of the project for a zone change of the property to Downtown Apartment District (an Overlay Zone). Information on size and format of the proposed housing was not available, but based on parcel size unit count could range from 50 to 150 units depending mix of bedroom types.

50 South Main Street

Preliminary discussions have taken place between the town and new property owner of 50 South Main Street concerning possible conversion of South Main site from office to residential. The South Main St. site is just under ½ acre with improvements consisting of a 16,300 sf Professional Office Building built in 1973. Additional improvements include two parking lots: one on South Main and the other facing Center St. Although discussions are ongoing, at present there has been no official submittal of plans to the town for housing at the site. According to several sources, the property was recently sold to new owner in 2015 for \$875,000.

Community Lake Apartments – 238-70 Hall Street

Nine units of rental housing are now under construction or being rehabbed at a site just outside the downtown center at 238-270 Hall Avenue. Five of the units will be new construction Townhouses consisting of both 2 and 3 Bedrooms, the balance will be apartment units located in a former social clubhouse located on site. The project received approval four years ago but only recently began construction. A representative at the site indicated rents at the townhouses could start at \$1400/m. It is anticipated project will be completed in Spring 2016.

4-6 Center Street/35 North Colony St

Preliminary development interest recently focused on a property located at 4-6 Center Street -35 North Colony St. The two properties are situated at a strategic corner in lower Downtown where four roads converge. The mixed-use buildings, which are largely vacant, consists of 13,656 sf (combined sf) and sit on 0.38 acres (combined lots) in easy walking distance of new commuter line. Initial concepts called for construction of a new multi-story mixed use building on the site of up to 40+ units with some parking below grade or underneath building. Consideration was also given to housing on additional sites in the area that would have pushed unit count up to 80+ units. Presently, however, all planning and due diligence on proposal has stopped in large part due to hurdles associated with site assemblage and acquisitions cost.

Project Area Assessment – Locational Considerations

The following is an assessment of the Downtown Project Area as a location for TOD development.

Plans for Hartford Commuter Rail Line and Wallingford Station

A key focus of the market study centers on development opportunities that might arise with the addition of a commuter rail station in Downtown Wallingford.

Plans are now underway for establishing a high speed Commuter Rail Line (Hartford Rail Line) stretching from New Haven to Springfield, MA. This 62-mile corridor will ultimately incorporate 13 stations, inclusive of Wallingford. Based on projections, Wallingford is expected to be second only to Hartford in total weekday ridership.

The Hartford Rail Line is expected to launch in late 2016 or early 2017 with ridership expected to hit 1 million annually once all stations are on line. Projections call for achieving close to 1.3 million trips annually by year 2030. By comparison, Connecticut's Shoreline East Line, providing service from New London to New Haven, reported annual trips in 2013 of 658,000, while New Haven Metro North accommodated 39 million trips.

Program plans for the Wallingford Station call for creating a new station in Downtown Wallingford positioned north of the Amtrak station sited between North Colony Street (Route 5) and North Cherry Street. The selected site is just under ½ mile from the central Downtown corridor where much of the retail/service base is located, a locational factor which is likely to impact development opportunities.

The new station, now under construction, will include covered elevated platforms on each side of track, with snow melting systems and ticket vending machines. The platforms will be connected to two parking areas, totaling 220 parking spaces, located on each side of the track off North Colony Street and North Cherry Street. A decision has not been made yet on whether parking will be fee-based or not.

At present, ridership is small at the existing downtown rail station averaging 21 riders/day. It is projected that ridership will triple to 60+ once Hartford Rail Line is fully established. At this level direct demand for housing nearby would be modest assuming 25% of this ridership is tied to local downtown housing. However, if ridership hits the more optimistic end of the range on projections for ridership daily trips could rise to as high as 120 or more²⁶. At this level of usage, housing demand directly related to commuter line patronage becomes more of a factor.



²⁶ Weekday ridership projections provided in report ranged from 2,208 to 5,000 (the latter being more anecdotal than calculated): *New Haven, Hartford, Springfield Commuter Rail Study*, June 2005, Wilbur Smith & Associates.

Access and Connections

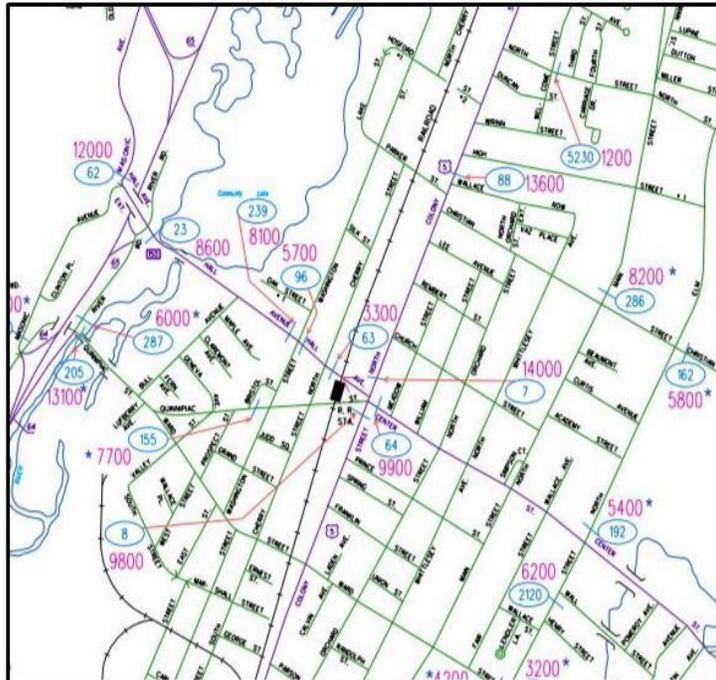
Access to Downtown Wallingford is excellent with easy connections to key thoroughfares that link the downtown to much of the region. They include Route 15 (Wilbur Cross Parkway), a limited access highway extending from Greenwich to Meriden, with two interchanges less than a mile from the new train station. Meanwhile Route 5, a heavily traveled north-south regional corridor, cuts through the center of the downtown and serves as the eastern gateway to the new station. Cross town to the east, I-91 can be reached in less than 5 minutes from the new station via Center Street (Route 150).

In addition to planned commuter train service noted earlier, bus transportation is also available downtown with a local bus transit route that connects the downtown with points east and west in the Town of Wallingford with focus on employment and shopping centers. Additionally, a regional transit route linking Wallingford with New Haven is available that include stops in the downtown.

Traffic Volume – Downtown

Along with per capita spending in the trade area, traffic volumes are an important consideration for most retail when considering locations for their business. Based on 2013 data, the data on traffic counts downtown is generally favorable for commercial development.

According to Connecticut DOT data, average daily traffic (ADT) counts in the immediate downtown area ranges from 3,300 (Hall Avenue and North Cherry St) to 14,000 (North Colony St north of Center St). Traffic count on Center Street, representing the core downtown commercial district, is reported at 9,900. A comparison with 2003 data point to a drop-off in ADTs vs 2015 numbers.



With exception of North Colony St at Center St, traffic volumes in the Downtown Area are somewhat modest but in keeping with a Main Street Commercial District. By comparison, traffic counts more than double in the heavily concentrated commercial corridor located on Route 5 north of downtown with volume in some areas exceeding 25,500 ADT.

On following page is a table showing ADT Counts for various sections in Downtown Area.

AVERAGE DAILY TRAFFIC COUNTS (2013)
Downtown Area

Traffic Count Location	Average Daily Traffic
Route 5 (North Colony St) – North of Center Street	14,000
Route 5 (South Colony St) – South of Center Street	9,800
Route 150 (Center St) – East of US 5	9,900
Route 150 (Hall Ave) – East of N. Cherry St	3,300
Route 150 (Hall Ave) – East of Washington St	5,700
Quinnipiac Ave – East of Washington St	7,700
North Main St – just north of Center St	5,400

Source: Connecticut Dept. of Transportation

Parking

According to a 2004 parking study for the Downtown, there are nearly 2,000 parking spaces in a 13 block area. Approximately 70% of spaces are private with the balance consisting of municipal lots and on-street parking. Most parking is free, though most is designated, an important consideration for a business considering a downtown location.

Follow-up surveys indicate underutilization of parking in the downtown; however, demand for space appears to be unequal with usage much higher in the uptown area which has seen the addition in recent years of numerous full serve restaurants and other commercial outlets. In 2013, Town of Wallingford added a 100 space parking lot on a 2.9 acre parcel owned by the town off Wallace Avenue. While alleviating some of the parking issues immediate to the area, downtown businesses in the uptown area continue to express areas of concern regarding parking for patrons.

Recent planning work done in support of Wallingford’s Plan of Conservation and Development (POCD) has also identified other parking issues general to the downtown including lack of visibility, attractiveness, the lack of sufficient lighting, directional signage and an uninviting pedestrian access to public lots.²⁷ These parking issues, and others identified, will reportedly be the focus of recommendations evolving from the POCD process targeted for completion in early 2016.

Historic District

The presence of an historic district within a community is often viewed favorably by developers, businesses, property owners and residents alike. For developers, the prime benefit is access to a number of funding programs for rehabilitation-renovation of historically designated or contributing properties.

Wallingford Center Historic District was created in 1993 and encompasses a large three block area that falls on either side of Center Street along North and South Main Street. This area was one of the earlier settled areas of Wallingford²⁸. The District consists of 66 contributing properties inclusive of the Wallace Block, Simpson Court, and the former Wallingford Library (1899) which was recently converted into mixed-use wine and bar bistro. In addition to the District there are several individual historic designations that

²⁷ Milone and MacBroom – POCD Steering Sub-Committee Transportation Report – July 29, 2015.

²⁸ Wallingford Center Historic District : South Main (23-219), North Main (3-121), Center St (350-390)

Wallingford Railroad Station, Samuel Parsons House (South Main St), and Center St Cemetery.

Land Use Constraints

Not surprisingly, land use patterns in the downtown TOD target area present some challenges to development exclusive of any zoning issues. First and foremost, prime developable sites for larger projects are scarce necessitating the more complicated process of assemblage of lots - often under different owners - to obtain a developable parcel of sufficient size. The one key parcel of land worthy of consideration, and one mostly under town control, is the parking area west of the current Amtrak station bounded by Quinnipiac St., Hall St. and South Cherry Street. Deep parcels for development can also be found along North Colony Street although this area lacks the charm and connectivity to the downtown that the Amtrak parking lot has.

Community Assets & Resources

The following represent a number of Community Assets and Resources located in or near the downtown that are supportive of development opportunities in the TOD area, particularly housing.

Wallingford Public Library

Wallingford's Public Library is located in the uptown area of the district on North Main Street. The present building was built in 1982 and accommodates not only 200,000+ book collection and various media options but also includes a variety of space that is used for community services and meetings. The building recently underwent a major expansion in 2008 with the addition of 67,000 square feet.

Other Community Resources in the Downtown area include:

- Town Hall – 45 S. Main St
- Post Office- 4 S. Main St
- Four Branch Banks
- YMCA-West Branch – 81 S. Elm St
- Railroad Green and Parade Ground

Community Lake Park:

Wallingford's Community Lake Park is accessed off Hall Ave not far from the entrance to Wilbur Cross Parkway and an easy drive from the downtown. At 10 acres it is one of the smaller parks in town, but consists of two public tennis courts, a basketball court, a volleyball sandpit, and ballfield. It also includes a playground and a large pavilion and picnic area.

Quinnipiac River Linear Trail Park

The Quinnipiac River Linear Park is a relatively new trail accessed at same entrance as one used for Community Lake. Presently the paved trail consists of 1.25 miles that cuts through Community Lake Park and along areas adjacent to the Quinnipiac River an Emerson Leonard Wildlife Area. A third phase is now underway which will extend the trail

2.25 miles further north near the intersection of Route 150 and Chapel St in Yalesville. Ultimately the Wallingford section of Quinnipiac River Linear Trail will consist of 6.7 miles of paved walkway.

Oakdale Theatre

The Oakdale Theatre in Wallingford is not easily walkable from the downtown but does represent a major regional entertainment and performance center that is within easy driving distance of the district (2.5 miles). With seating capacity of nearly 5,000, Oakdale has proven successful in attracting large name performers to sell-out crowds. The venue also features Broadway sized theatrical productions as well as family programming targeting younger viewers.



Commuter Line Station under Construction in
Downtown Wallingford

Conclusions on TOD Market Opportunity

Office Market TOD Potential

According to CoStar, a national provider of real estate information, Wallingford's office market is substantial consisting of over 1.8 million square feet. This is exclusive of owner-occupant or flex office space which would double the size of the market to over 4 million sf. On a regional basis, as defined by the four -town study area, Wallingford's share accounts for 21% of total inventory. However, only a minor amount of the town's office inventory is located in the 1-mile radius Downtown area, amounting to 15% of total supply, or 281,000 sf.

The majority of Downtown office market is found in mixed-use buildings or homes converted to commercial use. Much of this space would be classified as Class C office, offering basic functionality and amenities at rents generally below market compared to rents in nearby office parks or Route 5. For the most part, office buildings/formats downtown are small mostly falling between 3,000 to 8,000 sf. Meanwhile, confirmed data on downtown office vacancy is somewhat thin but is estimated in the 7% to 10% range, generally in line with office vacancy for the town.

One notable feature of the downtown office market is its diversity with key users associated with legal services, finance/insurance, real estate and business service, as well as solid representation in private medical services and education with most catering to a local Wallingford market. The office market also plays a key role in the overall business base of the downtown area with 30% of all business establishments downtown according to ESRI data.

While the office market downtown is fairly diversified, one area of opportunity is seen in the lack of representation from mainstream professional office users that are often attracted to downtown locations. These include architects and engineers, graphic design companies, computer firms, software developers, consulting firms, non-profit organizations and public agencies, financial advisors (outside of local banks), or marketing firms.

Despite its notable presence in the downtown, the office market has witnessed very little growth in the past ten to 15 years according to Costar. In fact, a number of proposals in discussion stage point to reduction of inventory downtown with plans to convert office space to residential. This echoes a trend observed in many downtowns across the state and the nation in response to a surge in demand for housing from both millennials and empty nesters.

Economic Development Potential

Although the data on Downtown Wallingford office market suggests a market in stasis, the near total absence of professional office space in the downtown suggests an opportunity for meeting demand now going elsewhere due to lack of supply. For some prospective firms, particularly those in creative fields, easy access to the new downtown rail station may be an important consideration given a workforce profile likely to be younger and attracted to commuter rail.

Additionally, recent economic data is showing signs of improvement in the town's white collar employment in town which has grown by 40% since bottoming out in 2010. This is most pronounced in the Professional-Technical Service Sector which has accounted for much of the growth, and the most obvious candidate for such space. Medical office space is also a possibility, though it is noted that much of this market is oriented towards much larger blocks of space than could be readily accommodated in the downtown.

While signs of latent demand for office space coupled with white collar growth in town point to an office opportunity, our analysis indicate any office growth emanating from the planned commuter rail station downtown will likely be minor given the state of the market regionally and its low profile currently in the downtown. On a conservative basis, office potential is expected to range from 1,500-5,000 sf. In terms of the TOD target area such space is most likely to be in the form of ground floor space in mixed use property.

Retail Market TOD Potential²⁹

Like the Office Market, Wallingford's retail base is substantial with 3.2 million square feet spread among 234 properties. Within the 4-town study area it accounts for 25% of the total inventory. On a per capita basis, retail square feet in Wallingford exceeds Hamden by nearly 45% despite a population base that is 33% smaller. The overwhelming bulk of this inventory, or 75% of total retail sf, is found along Route 5 corridor. Virtually every form of retail-commercial can be found here from freestanding stores, to strip centers to big boxes that include Wal-Mart, BJ's and Home Depot. New and used car dealerships are also an important component of this retail base.

Within the 1- mile Downtown market, retail- commercial is equally sizeable accounting for 20% of total retail in Wallingford, or nearly 700,000 sf of space. Close to half of this amount is centered along the north-south axis of Route 5 as it crosses the downtown area. It is further noted that Downtown Route 5 is also the area targeted for the new commuter rail station now under construction.

The central core of the downtown and the area most identified as the downtown district is Center Street stretching from the intersection with Route 5 to North/South Main Street. In total this area consists of 132,000 sf of retail-commercial space. Meanwhile, key commercial nodes in the downtown and areas of potential development form around the intersection of North and South Main Street and Center Street and to the west at the multi-crossroad of Quinpiac St., Hall Ave., North and South Colony St (Route 5) and Center Street.

An analysis of retail and business downtown indicated that the vast majority of retail/services in this area fall under the category of **convenience goods and services**. These are stores and businesses that meet day to day needs in stores/outlets that do not vary much in quality and price from one store to the next. Examples include food stores, pharmacies, dry cleaner, and liquor store.

What you see less of in the downtown are **comparative stores** (jewelry, apparel, electronic, shoes stores, ect) which generally requires a larger more concentrated retail environment. This distinction of the core retail market in the downtown is an important consideration for what might be envisioned for the TOD sites for retail and services. It is

²⁹ The assessment of retail opportunity in Wallingford TOD target area includes both retail and services, the later including food services: both limited and full service restaurants.

further noted that food services (full serve and fast dining) comprise over 11% of all businesses in the downtown and is seen as both a prominent and expanding sector of the downtown business profile.

Data collected on commercial leasing and sales within the downtown point to modest activity in recent years suggestive of a relatively healthy marketplace. Lease-up in past five years has averaged 8,850 sf, though it is observed that there has been a downward trend in annual lease-up since 2012. This could be explained in part by a market that has tightened-up recently in terms of vacancy with estimates in the 4% to 5% range.

Not surprisingly, prevailing lease rates on commercial space downtown are below-market compared to rents found along Route 5 commercial corridor. But rates are consistent with type of product found downtown that was mostly built prior to 1930 and often in mixed use buildings without dedicated parking³⁰. Much of the newer retail-commercial businesses downtown, of which there is little, is principally found along North Colony St (Route 5).

An analysis of downtown commercial property sales trends indicates steady investment interest in the area with 11 sales recorded over the last ten years (2006-2015). This is a sizeable drop-off from the five years previous (2000-2005) which saw 15 sales, but in line with a period largely defined by the Great Recession and slow recovery that followed. Sales transactions in last ten years ranged from \$80,000 to \$875,000, with average price per square foot calculating to \$64.89/sf.

Economic Development Potential for Retail/Services

Our research into market support for a retail/service component with respect to the TOD target area was somewhat encouraging. First, the state of the retail-service market downtown is relatively stable with vacancy rates at manageable levels and signs of modest investment interest as revealed in lease-up and sales trends.

Secondly, the retail gap analysis revealed extensive leakage of dollars outside of the Downtown Area in nearly all categories with the exception of Beer, Wine and Liquor stores, Health and Personal Care stores, and interestingly Florists. It is also noted that Food Services, mainly Full Service Restaurants, reflected a strong net-inflow of sales indicative of capacity to draw patrons outside the market area, which bodes well for further expansion of this sector downtown.

Thirdly, there is a well-established retail-service base in the downtown core with sufficient critical mass for drawing customers to the area. Equally important it is under the aegis and management of a downtown organization with staff charged with assisting and monitoring on the clean-up and maintenance of the downtown, marketing and promotion, business assistance and support, assisting in tenant lease-up and downtown advocacy to name a few of its responsibilities. As a rule, such organizations are key to fostering stability and growth of smaller downtowns that often lead to further expansion.

Finally, an analysis of the site and locational attributes of the TOD target area for retail are generally positive, though certain constraints to development are noted. Traffic counts, particularly along North and South Colony Street are considered healthy for retail, particularly for goods and services considered convenience in type. Visibility and

³⁰ According to CoStar Group, Lease rates downtown averaged \$8.79/sf in 3rd quarter 2015 versus \$12.76/sf for town overall.

access are deemed good, an includes connection to the Wilbur Cross Parkway minutes from the downtown.

Parking options are generally available, virtually all free, although public feedback suggests many of the off-site parking lots are inconveniently located, not well lighted and have maintenance issues. Constraints are also noted in the lack of buildable lots in the area with the exception of parts of North Colony St, limiting growth to lease-up or purchase of existing space or as ground floor space for larger redevelopments.

Better connections and streetscape improvements are being considered for the area on North Colony St between the rail station under construction and Center Street. To the extent this vision is realized, or deemed achievable, commercial interest along North Colony Street could potentially expand.

Based on the research undertaken of the retail/service market in Wallingford and more specifically on the Downtown and, it is estimated that between 3,000 to 12,000 sf could be supported in the TOD Target Area depending on configuration (freestanding, infill or mixed use). As noted previously, much of this would be in the form of convenience based retail and services designed to serve a local-based market.

A retail gap analysis for the Downtown area identified a number of retail/service and food service businesses as strong candidates for a commercial scenario for the TOD target area including: Food Stores, inclusive of Specialty Food stores, Restaurants/Cafes/Coffee shops³¹, Personal Services, Niche retail (specialty items and services, clothing), Miscellaneous Retail (office supplies) as well as banking and financial services which are frequently found in retail settings.

Housing Market Development Potential

Wallingford's housing market consists mainly of owner-occupant single family homes and condominiums (70% of occupied housing as noted earlier). Suffice to say, both markets got hammered in the recent housing collapse and ensuing financial crisis that followed.

According to Warren Group, a collector of housing data in New England, median price of single family homes fell by -22%, peak to valley, in Wallingford and is only beginning to show signs of revival, mostly with improved sales volume.

Condos dropped in value by only -18%, peak to valley, during the downturn compared to steeper drops in region and state, but continue to reflect sluggish sales, which dropped 60% off its peak of 2005. In terms of market opportunity for the TOD area, the case for condos (single family being inappropriate for the area) appears to be very weak at the present, but could be a consideration at a later date assuming a fuller recovery of housing market occurs.

A stronger case for housing within the TOD area, and quite possibly, the most positive of all market sectors reviewed, can be made for rental housing. First, in terms of macro trends, it is the one sector that recovered first from the economic downturn in terms of market metrics (low vacancy, rising rent appreciation). It is also seeing the most growth in terms of demand due to echo boomers coming age and household shifts to rental over

³¹ Primary opportunity is noted among limited service – fast food dining restaurants, however, data on full-serve restaurants in the downtown indicate capacity to pull from a wide market area suggesting potential for further growth for this sector as well.

ownership which has stimulated much of the new construction in housing nationwide over the past three to five years.

More locally, we find in Wallingford a well-established and diverse rental market that offers a base for future growth. This is particularly the case in the downtown area (1 mile radius) which houses over one-half the rentals in town. Notably housing tenure downtown is roughly split between ownership and rental, with rental having the slight edge (53%).

It is further observed that rental occupancy has grown in both the downtown and Wallingford overall, with increases of 5% and 9%, respectively between 2010 and 2015. This has largely occurred without the benefit of new construction or re-purposing of buildings to housing, but instead is being primarily driven by shifts to rental among condos and single family. In point of fact, very little new rental housing has come on line in Wallingford in over 35 years, outside of modest infill projects.

An additional factor in support of rental is Wallingford's strong base of employment in town with nearly 28,000 jobs as of 2014, a size greater than its labor force. Within the Downtown area, ESRI estimates as much as 8,000 jobs. Age considerations also favor the downtown when considering new rental with population growth projected in the downtown for the age cohort 20-34, the prime market base for rentals, even as it shrinks town-wide.

And finally, with respect to the downtown, there is the well-documented link between availability of commuter rail and rental housing growth. In the case of Wallingford, expected commuter rail usage is unlikely to be a significant driver in rental demand downtown, but its availability will likely represent a positive amenity for any planned housing nearby.

While market conditions mostly favor rental housing in the downtown over other TOD options, a number of constraints are likely to impact development scale. One constraint is found in trends in household growth that are projected to be flat or negative in Wallingford (and downtown) over the next five years. Even if rental occupancy rates continue to grow, any drag on household growth will impact housing demand negatively.

A further issue was noted in our survey of market rents in town revealing somewhat lower rates compared to nearby towns in the immediate region (the exception being Meriden). Depending on the type of housing envisioned by a developer (affordable vs market rate/ new vs rehab) such an environment could test capacity for setting higher rents needed to underwrite any new construction rental.

One qualifier to the issue of market rents is that much of the attached rental product in town, outside of condos, is fairly old with newest predating 1980. Thus the introduction of new rental product in a marketplace largely devoid of such product is likely to draw a strong response if priced appropriately.³²

Such a scenario could be envisioned for the downtown where the contrast between old and new rental would be prominent. Presently, much of the rental in the downtown area is characterized by older private multi-family product, mostly two-to four family homes.

³² The question of market for new rental may well be tested shortly. It is to be noted that a zone change application for apartments has been submitted to the town by a representative of a 2.3 acre site adjacent to Parker Place .

Within the core downtown area, principally along Center Street and various side streets, an estimated 125 units are found, primarily in older mixed-use buildings and at unit sizes considered below market.

The one large complex in the area is the 120-unit Parker Place, located just north of the commuter train station now under construction. Built in 1988, the complex represents a mill conversion to housing first marketed as condos and later switched to rentals. A small amount of condo rental is located downtown, including Judd Square, another mill-to-condo conversion undertaken in 1988.

Economic Development Potential for Housing

Of all the markets explored for the targeted TOD area in the Downtown Wallingford, housing - specifically rental housing - presented the strongest evidence of market support.

While a housing scenario separate from commercial is the preferred format of most housing developers, the inclusion of a commercial component may be the most appropriate scenario for housing targeted for the TOD area, particularly larger housing complexes. In some cases, the housing provides a level of financial support for the commercial component if credit tenants can't be secured. This can often give a housing developer-property owner greater flexibility in attracting uses that are complimentary to the complex and supportive of its marketing, such as a coffee shop, a dry cleaner, a small grocer, or bakery.

It should also be noted that any gains in housing stimulated by the Commuter rail could also be in the form of upgrades and improvements to existing stock. Logical targets to this approach would be some of the housing now found in the mixed use properties found on Center St and side streets. The rehab of older mixed use properties, particular those in the Historic District, has the added advantage of eligibility to state and federal historic tax credits.

Given the broad range of rental housing needs observed in the marketplace, a housing program could focus on one market or a number of target markets including mixed-income, empty nesters, seniors, workforce housing HHS, dual working couples, split households (divorcees), young professionals and recent graduates. For many of these submarkets, if not all, easy access to commuter rail would be viewed as an advantage.

Housing capacity and depth of market would largely be defined by the target market, but based on results of a market penetration analysis covering a broad based market for the study area up to 50 to 200 units could be envisioned for the target TOD area.

Summary of Market Potential for Downtown Wallingford TOD Target Area

Of the three market sectors analyzed, the most conservative scenario is associated with Office given the state of the office market and its limited role in the downtown, though select options for small-scale finance, legal and medical office is possible.

It is anticipated that the scale of Retail/Service/Dining will be largely defined by degree of new mixed-use properties; if no new mixed use, retail-commercial size will tail towards lower end of development potential mostly in the form of in-fill. It is expected that much of the retail-commercial will be in the form of convenience-based services. Best opportunities for any freestanding retail are seen along Route 5 (primarily North Colony Street).

Rental housing is the healthiest real estate sector reviewed and is seeing the strongest investment interest from local and regional developers most likely to consider the downtown. New housing downtown could take the form of infill, rehab conversion and new construction. However larger scale housing of 50 units or more will require large parcels of 1 to 3 acres that are hard to find in the target area and even harder to assemble.

Below is a summary chart of development potential for targeted TOD area based on the forgoing analysis of market conditions and depth in the region, town and targeted area within select market sectors.

ESTIMATE of TOD DEVELOPMENT POTENTIAL – DOWNTOWN WALLINGFORD

Market Sector	Development Potential
Office	1,500 - 5,000 sf
Retail-Services-Food	3,000 - 12,000 sf
Housing (Rental)	50 - 200 units



APPENDIX