MARKET ASSESSMENT
Proposed Newtown Technology Park
Newtown, CT

Prepared Under Contract to:

PLANIMETRICS

For:

TOWN OF NEWTOWN
ECONOMIC DEVELOMENT COMMISSION

By:

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I. Purpose & Methodology

AMS Consulting (AMS) was engaged by the town of Newtown, CT's Economic Development Commission under sub contract to Planimetrics to assess the current and projected state of the market for development of 6 to 9 lots within a 38-acre site for a Business Park in Newtown, currently known as Newtown Technology Park.

Purpose of Analysis:

The purpose of the analysis has been to:

1. To assess the market capacity and competitive climate for development of a Business Park in Newtown, CT;
2. Evaluate marketability and market value of alternative development scenarios; and
3. To provide an estimate of market value and market performance for the proposed development.

Scope of Research Activity:

- Delineation of the primary Competitive Market Area[1]
- Demographic analysis
- Economic issues and trends
- Industrial Market Trends: National, regional and local
- Analysis of Industrail Inventory, Absorption, Sales and Leasing Trends
- Survey of Business Parks in Competitive Market Area
- Locational analysis
- Analysis of price and absorption performance potential

Methodology:
In preparation of this report, we have examined data relating to the industrial market within and outside the immediate market area of Newtown. We also made field inspections of competitive Business and Industrial Parks in the region, primarily focusing on parks in communities located along the I-84 corridor (between Waterbury and Danbury) and Route 25 (between Newtown and Trumbull).

In addition, we have collected demographic data and economic data and projections from various reliable sources and reviewed a variety of documents relating to the relative economic health and business desirability of this locale.

As a formal matter, the opinions expressed in this study are based in whole or in part on:
- The experience of the analysts
- Information obtained from proprietary and public databases

[1] Competitive Market Area is defined in this case as that geographic area most likely to compete with Newtown for industrial and business service demand for buildable industrial lots.

- Field research and inspection of properties
- Interviews with professionals involved with the development and marketing of industrial product in the area
- Articles and studies prepared by third parties.

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

No responsibility is assumed for matters of a legal nature. No responsibility is assumed for errors in information furnished by others and believed to be reliable at the time of compilation. This study is not intended to reflect the economic or financial feasibility of developing the subject property under any of the development alternatives examined herein.

This report is not intended to serve as a property appraisal of any kind. Rather it is intended to assess the market environment for developing the proposed Business Park and define the achievable pricing and marketability of the subject property under certain specific conditions, which may or may not be currently in effect.

II. Definition of Competitive Market Area

The Competitive Market Area (CMA) is that area within the Newtown region that we have determined best constitutes area of potential competition for the Subject Property for commercial-industrial investment in real estate and space. In the case of the region, direct competition (market supply) is most likely to originate with business parks and zoned industrial areas located in the towns immediately accessible to I-84 between Oxford and Danbury, as well as those towns linked by Route 25 between Newtown and Trumbull. These towns are as follows:

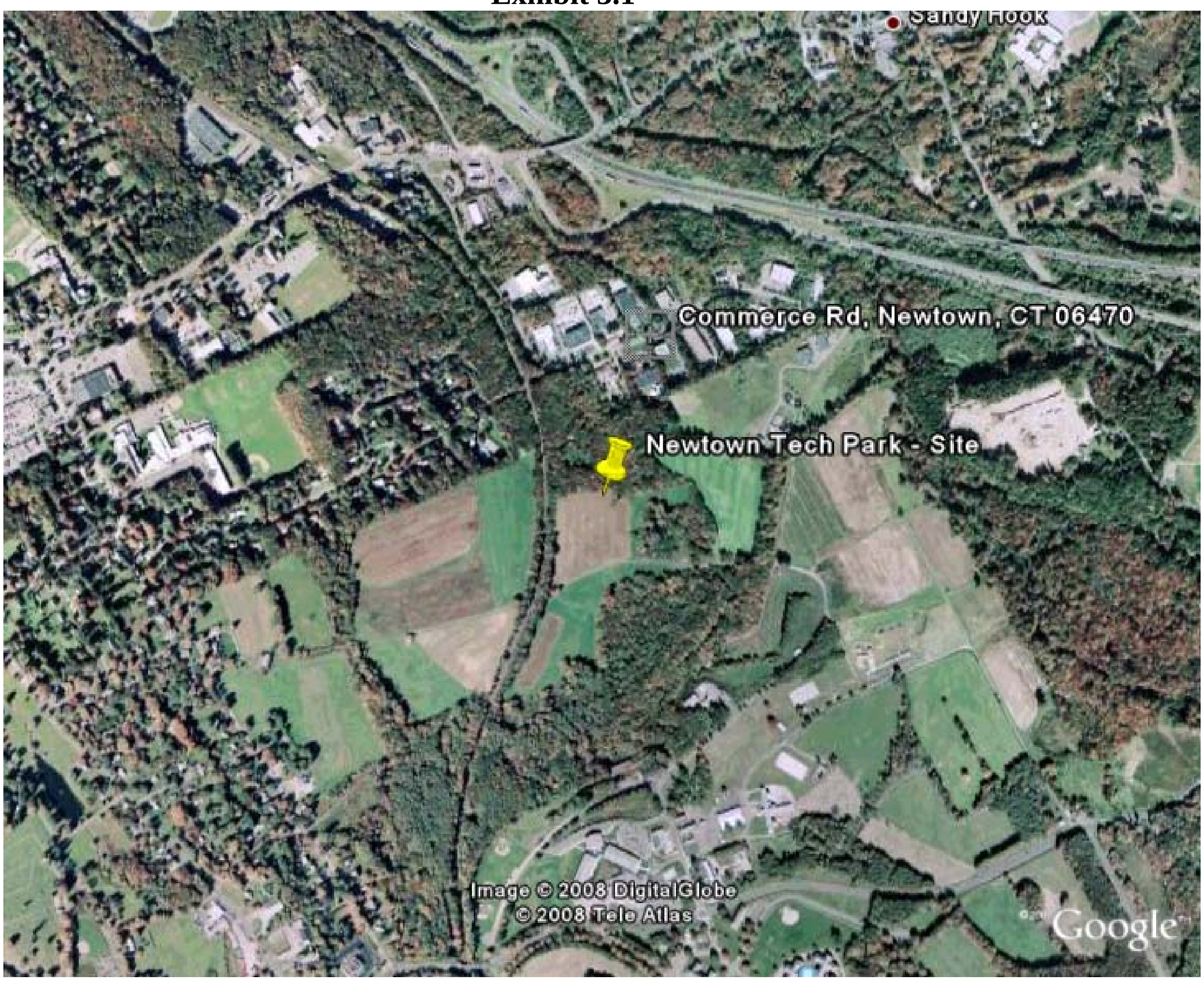
Newtown Primary Competitive Market Area – Industrial Market

- Bethel
- Brookfield
- Danbury
- Monroe
- Naugatuck
- Newtown
- Oxford
- Southbury

III. Site Description and Map – Newtown Tech Park

The Subject Site consists of 38 acres and is accessed from Commerce Road off Route 6 in the northern section of Newtown (see site map below). Commerce Road functions as the main access to Commerce Park, a business park privately developed in the 1970s and now largely built-out. Immediately north of the site on Route 6 is I-84 with east and westbound interchanges. Dominant features of the site include an active rail line (ConnRail) running partly parallel to Commerce Road and the Subject Site. To the south and east of the site is the perennial stream which would be buffered by open space and plantings. Further south is the Fairfield Hills campus containing the now vacated Fairfield Hills State Hospital on 770 acres which previously treated and housed patients with mental disorders from the 1930s to its closing in the mid 1990s. Since purchased by the town, a master plan has been adopted for redevelopment of the property which to date has largely focused on public purpose uses (school, recreation fields, town offices).

Exhibit 3.1



IV. Economic Base

Economic and Demographic Study Areas

The Town of Newtown

For the purpose of analyzing the economic drivers impacting Newtown and the region, we have evaluated a number of demographic and economic trends. For obvious reasons Newtown is the primary focus of this analysis. But as appropriate, we have analyzed and compared town data and trends with other communities in the region, the county, and the state.

Labor Market Areas

In analyzing regional economic trends particularly as it relates to labor force, job skills and employment trends, much of the data is derived from the Connecticut Department of Labor, Office of Research. Such regional data on labor force and jobs in Connecticut is organized into nine Labor Market Areas. As part of a re-configuration of labor markets in 2005, the town of Newtown was shifted from the Danbury LMA to the Bridgeport-Stamford LMA which comprises much of lower Fairfield County and the Bridgeport region. However, due to Newtown's strong interdependence and economic ties with the Danbury and Waterbury area via Interstate 84, we have also included in our regional economic research an analysis of the Danbury LMA and Waterbury LMA.

Drive Time Labor Pool Areas

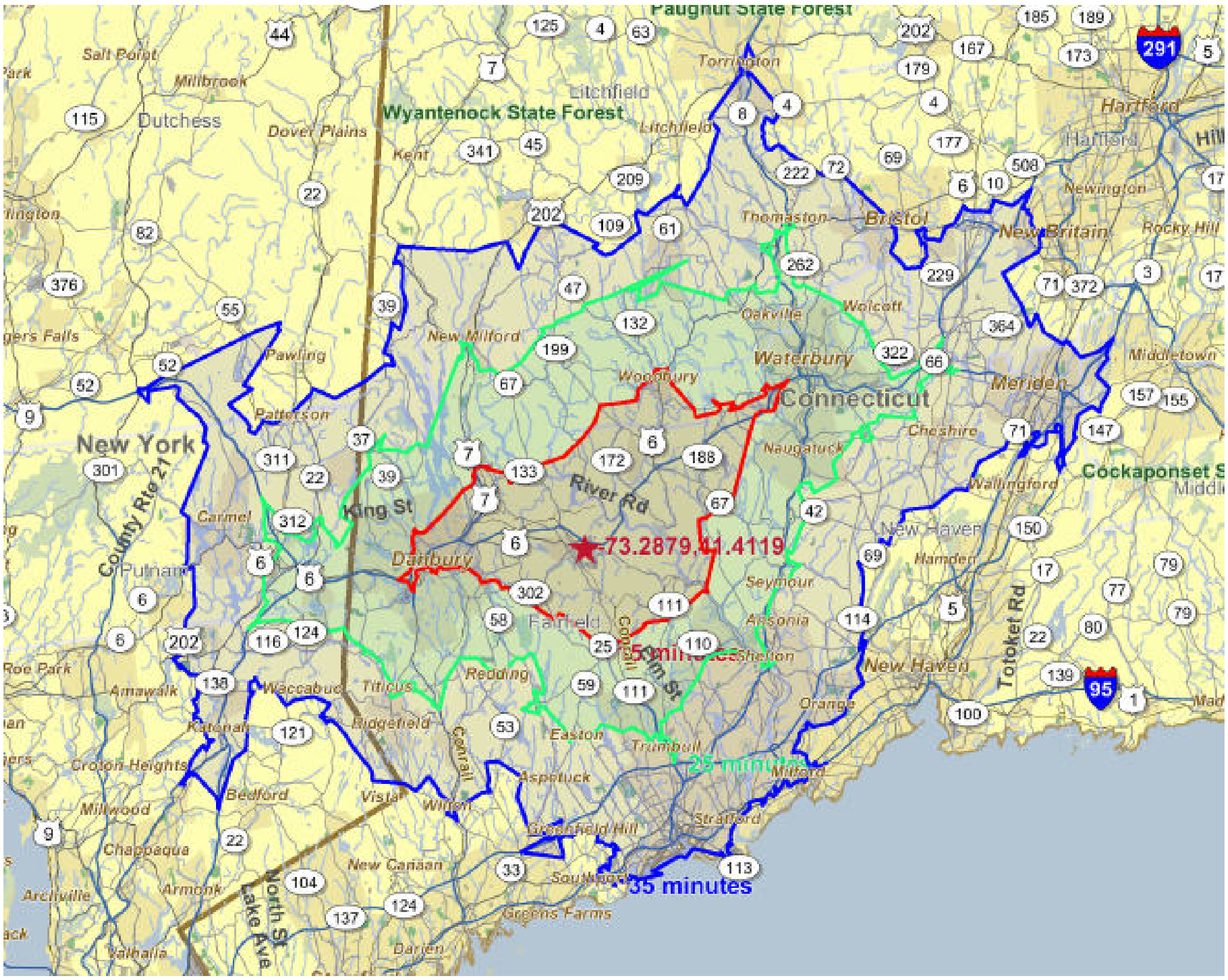
Finally, when it comes to evaluating the market potential of a business park, it is important to analyze the educational and job skill characteristics of the adult workforce most likely to be a source of employees for businesses in the proposed Business Park. In some cases, these areas do not conform to defined labor market areas but instead are influenced by accessibility and drive times. Thus for this latter analysis we have geographically defined three drive time areas of 15, 25 and 35 minutes, which represent potential source market areas for workers within a reasonable commuter drive time of the Subject Property. It is noted that the 35 minute drive time area is one-third the size of Connecticut and pulls from as far west as Westchester County, New York and as far east as New Britain, CT.

On the following page please refer to site map defining the three drive time areas.

Exhibit 4.1

Areas Defined by Drive Times: 15 minutes, 25 minutes, 35 Minutes

Site Map
Prepared By AMS



Population and Household Trends

Economic and demographic data reviewed includes actual census data for 1990 and 2000 with estimates for 2008 and projections for 2013 provided by ESRI, a leading source of demographic information.

Newtown's population (25,031 in 2000) grew at an extraordinary pace in the last decade increasing at an average 2.0% a year and adding more than 2,493 new residents. This population growth was more than three times the average annual growth for Fairfield County (0.64%) and five times that of the state (0.36% annually). Since 2000, a slight moderation in Newtown's torrid population growth trend has occurred with ESRI estimating an average annual increase of 1.24% through 2008. Over the next five years, the pace is projected to drop even further to an estimated annual increase of 0.71%.

Many of the towns along I-84 and west of Waterbury also experienced exceptional growth due in part to the areas expanding employment bases, more affordable housing (at least in comparison to lower Fairfield County) and accessibility. Even Danbury bucked the trend of declining population seen in most urban areas of the state with a 14.2% overall increase in its resident base in the 1990s. Brookfield, Monroe, Middlebury and Southbury also saw significant double-digit population gains. Since 2000, ESRI has projected healthy population gains in all communities surveyed in the region which in turn leads to labor force growth.

Household formation in Newtown grew by an average of 2.25% a year over the past decade. Between 2000 and 2008, the number of new households in Newtown is estimated to have increased but at a rate below the past decade dropping to an annual average of 1.26%.

Exhibit 4.2
Population Changes 1990-2013
Newtown & Select Area Towns

Town	1990	2000	Average Annual % Change	2008	Average Annual % Change	2013	Average Annual % Change
Bethel	17550	18067	0.29%	18738	0.46%	19065	0.35%
Brookfield	14104	15664	1.11%	16781	0.89%	17251	0.56%
Danbury	65558	74848	1.42%	80701	0.98%	82963	0.56%
Middlebury	6145	6451	0.50%	6980	1.03%	7216	0.68%
Monroe	16875	19247	1.41%	19920	0.44%	20229	0.31%
Newtown	**20779**	**25031**	2.05%	**27524**	1.24%	**28510**	0.72%
Oxford	8685	9821	1.31%	12031	2.81%	12927	1.49%
Southbury	15818	18657	1.79%	20267	1.08%	20963	0.69%
Trumbull	32035	34243	0.69%	35798	0.57%	36526	0.41%

Source: US Census, ESRI

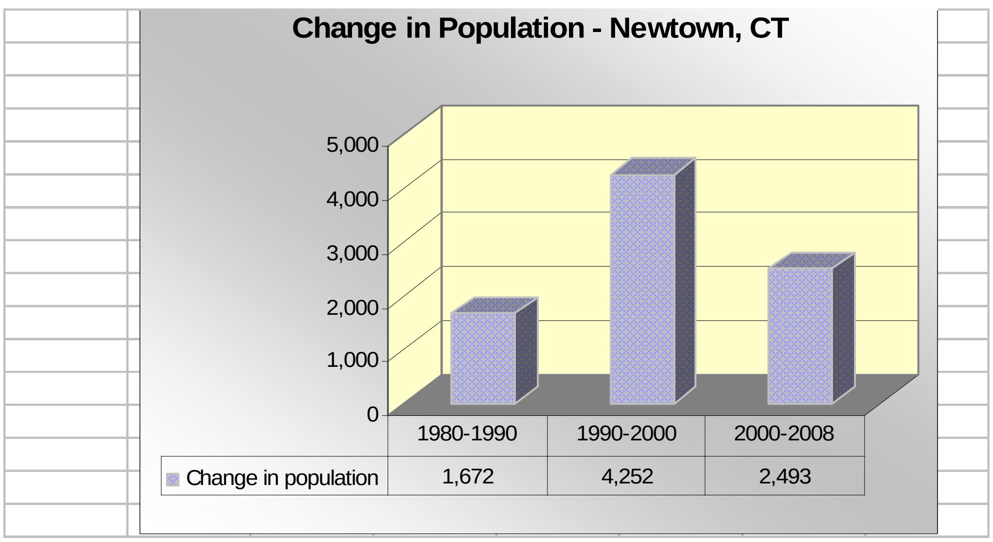


Exhibit 4.3- Population & Household Trends
1990 -2013

Attribute	Newtown	Fairfield County	State of CT
1990 Total Population	20,779	827,645	3,287,116
2000 Total Population	25,031	882,567	3,405,565
2000 Group Quarters	894	17,976	107,939
2008 Total Population	27,524	915,029	3,550,231
2013 Total Population	28,510	929,779	3,623,068
1990 - 2000 Pop Annual Rate	***2.05%***	***0.64%***	***0.36%***
2000 – 2008 Pop Annual Rate	***1.24%***	***0.46%***	***0.41%***
2008 – 2013 Pop Annual Rate	***0.71%***	***0.32%***	***0.65%***
1990 Households	6,798	305,011	1,230,479
2000 Households	8,325	324,232	1,301,670
2000 Average Household Size	2.90	2.48	2.53
2008 Households	9,166	334,409	1,349,820
2013 Households	9,510	339,621	1,401,136
1990 – 2000 HH Annual Rate	***2.25%***	***0.61%***	***0.57%***
2000 – 2008 HH Annual Rate	***1.26%***	***0.39%***	***0.74%***
2008 - 2013 HH Annual Rate	***0.74%***	***0.31%***	***0.75%***
1990 Families	5,564	219,034	864,493
2000 Families	6,774	228,399	881,170
2000 Average Family Size	3..24	3.18	3.08
2008 Families	7,415	233,511	912,315
2013 Families	7,641	230,705	923,530
1990 – 2000 Families Annual Rate	***1.99%***	***0.42%***	***0.19%***
2000 – 2008 Families Annual Rate	***1.19%***	***0.44%***	***0.44 %***
2005 - 2013 Families Annual Rate	***0.60%***	***0.30%***	***0.46%***

Source: US Census, ESRI

Income Trends

Analyzing the income pattern within a town or region is useful for determining the employment profile of the local resident base for new jobs entering the community.

Based estimates provided by ESRI, Newtown households are largely affluent and white collar with 65.5% of its households earning above $100,000 as compared to 44.8% for the County and 29.0% for the state. Meanwhile median income in Newtown is estimated at $131,880 in 2008 as compared to $88,571 for the county. Less than 25% of the resident households fall within the middle to upper middle income category ($50,000 to $100,000). This would suggest that much of the resident labor force base in Newtown would not be a likely source for most new jobs at the proposed business park other than as management or within exceptionally high value added or emerging industries.

However, in evaluating household income within markets within reasonable driving distance of the Subject Property ranging from 15 to 35 minutes, we find a well-diversified income base with 42% to 45% all households in each source area earning between $35,000 to $100,000 (refer to earlier Exhibit 4.1 for map delineating areas based on driving times).

Exhibit 4.4 – 2008 Income Distribution – Newtown, County and State

2008 Households by Income	Newtown	Fairfield Cty	State of CT
Household Income Base	9,166	334,409	1,360,603
< $15,000	2.4%	6.9%	8.5%
$15,000 - $24,999	2.4%	5.5%	7.3%
$25,000 - $34,999	2.7%	5.5%	7.4%
$35,000 - $49,999	3.7%	9.6%	11.6%
$50,000 - $74,999	8.1%	14.5%	17.5%
$75,000 - $99,999	15.2%	13.2%	18.8%
$100,000 - $149,999	27.4%	19.8%	14.9%
$150,000 - $199,999	16.5%	8.3%	6.0%
$200,000 +	21.6%	16.7%	8.1%
Average Household Income	$177,848	$138,692	$97,490
Median HH Income	$131,880	$88,571	$70,814

Source: ESRI

Exhibit 4.5– 2008 Income Distribution – Driving Time to Subject Property

2008 Households by Income	15 Min	25 Min	35 Min
Household Income Base	40,483	175,858	444,435
< $15,000	4.4%	7.8%	7.9%
$15,000 - $24,999	4.4%	6.8%	6.8%
$25,000 - $34,999	5.2%	7.0%	6.9%
$35,000 - $49,999	9.5%	10.8%	11.1%
$50,000 - $74,999	15.3%	16.5%	17.2%
$75,000 - $99,999	17.8%	18.0%	17.2%
$100,000 - $149,999	21.7%	17.6%	17.4%
$150,000 - $199,999	10.3%	7.5%	7.0%
$200,000 +	11.3%	7.9%	8.4%
Average Household Income	$122,156	$100,898	$101,344
Median HH Income	$88,699	$75,995	$74,867

Source: ESRI

Housing Characteristics & Trends - Newtown

Consistent with its suburban character, Newtown's housing is overwhelming single family with 92.1% single family detached housing, and 1.0% single attached as of 2000 Census. Only 0.3% was located in housing of 5 units or more. Owner-occupied housing in Newtown accounted for 89.0% of all occupied housing in 2000, up from 83.9% in 1990.

Not surprising given the recent rapid growth of Newtown, many residents are relatively new to town with growing numbers coming from outside the region according to local brokers. According to the 2000 census, 44% moved in Newtown (either from another town or internally) in the previous two years while 38.8% relocated before 1980.

Exhibit 4.6– Newtown Housing Characteristics

	1990		Census 2000		1990-2000
	Number	**Percent**	**Number**	**Percent**	**Annual Rate**
Housing Units by Occupancy					
Total	7,194	100.0%	8,601	100.0%	1.80%
Occupied Housing Units	6,798	94.5%	8,325	96.8%	2.05%
Owner Occupied Housing Units	6,038	*83.9%*	7,654	89.0%	2.40%
Renter Occupied Housing Units	760	*10.6*	671	7.8%	-1.24%
Vacant Housing Units	396	5.5%	276	3.2%	-3.55%
Housing Units by Units in Structure					
Total	7,194	100.0%	8,601	100.0%	1.80%
1, Detached	6,627	92.1%	7,979	92.8%	1.87%
1, Attached	69	1.0%	189	2.2%	10.60%
2	137	1.9%	130	1.5%	-0.52%
3 or 4	137	1.9%	140	1.6%	0.22%
5 to 9	7	0.1%	49	0.6%	21.48%
10 to 19	16	0.2%	13	0.2%	-2.05%
20+	0	0.0%	0	0.0%	0.00%
Mobile Home	142	2.0%	101	1.2%	-3.35%
Year Householder Moved					
Total			**8,325**	***100.0%***	
1999-2000				*12.1%*	
1995-1998				*32.1%*	
1990-1994				*17.0%*	
1980-1989				*18.8%*	
1970-1979				*10.2%*	
1969 and earlier				*9.8%*	

Source: US Census

Educational Attainment

Residents in Newtown and the immediate region are well educated to meet a wide range of job opportunities. In Newtown, 76.4% having some post high school education or a college degree as compared to 58.5% for the state. Meanwhile, only 4.7% lacked a high school degree as compared to 12.1% for the state.

A strong educational profile was also found within the immediate region to Newtown, as defined by driving times to the Subject Property. Within the 15 minute drive time area, 40% of the adult population reported having a high school degree and some college, while another 48.8% noted having post secondary school degree. By comparison, within the 25 to 35 minute drive time areas, 40% of the adult population reported an associate degree or better, a ratio consistent with state-wide trends.

Exhibit 4.7

2000 Population 25+ by Educational Attainment – Newtown & State

	Newtown	State of CT
Total	17,788	2,381,011
Less than 9th Grade	1.2%	4.6%
9th - 12th Grade, No Diploma	3.5%	7.5%
High School Graduate	18.5%	29.4%
Some College, No Degree	15.4%	17.1%
Associate Degree	6.7%	7.0%
Bachelor's Degree	33.1%	19.8%
Master's/Prof/Doctorate Degree	21.4%	14.6%

Source: US Census

Exhibit 4.8

2000 Population 25+ by Educational Attainment by Driving Times to Subject Property

	15 min	25 min	35 min
Total	76,830	318,159	800,638
Less than 9th Grade	4.7%	5.3%	5.2%
9th - 12th Grade, No Diploma	5.8%	7.4%	7.8%
High School Graduate	24.6%	29.4%	29.8%
Some College, No Degree	16.1%	17.5%	17.5%
Associate Degree	6.6%	7.2%	7.1%
Bachelor's Degree	25.8%	20.0%	19.3%
Master's/Prof/Doctorate Degree	16.4%	13.1%	13.4%

Source: US Census

Journey to Work

As can be seen from the commuter data from the 2000 Census, Newtown is both a bedroom community and jobs center with 9,270 outbound commuters (excluding the 2,998 that work in town) versus 8,560 inbound commuters working in Newtown inclusive of the Newtown residents. Inbound commuters outside of Newtown residents mainly originated from the surrounding towns and cities of Danbury and Bridgeport, followed by Southbury, Waterbury and New Milford. The diversity of inbound commuters beyond the top five shown below underscores the accessibility of Newtown from areas throughout the lower western part of the state via Route 25 and Interstate 84.

Exhibit4.9
Year 2000 COMMUTER TRENDS - NEWTOWN

Inbound Commuters to Newtown	Number	%	Outbound Commuters from Newtown	Number	%
Newtown	2998	35.0%	**Newtown**	2,998	24.4%
Danbury	861	10.1%	Danbury	1,606	13.1%
Bridgeport	385	4.5%	Norwalk	463	3.8%
Southbury	364	4.3%	Bridgeport	450	3.7%
Waterbury	285	3.3%	Stamford	449	3.7%
New Milford	257	3.0%	Bethel	361	2.9%
Bethel	233	2.7%	Trumbull	324	2.6%
Naugatuck	223	2.6%	Brookfield	323	2.6%
Monroe	200	2.3%	Fairfield	319	2.6%
Brookfield	187	2.2%	Ridgefield	314	2.6%
Subtotal	**5,935**	**69.3%**		**7,607**	**62.0%**
Total	**8,560**	**100%**		**12,268**	**100%**

Source: US Census

Labor Force Trends

Town of Newtown – Labor Force

Unemployment in Newtown has consistently been low though trending upwards since 2006. In May 2008, Newtown's unemployment rate stood at 3.7%, representing a slight rise from 2007 average of 3.2%. Newtown's labor force has witnessed healthy gains since 2001 increasing by over 10% as compared to 7.5% statewide.

Exhibit 4.10 - Newtown & CT Labor Force Data

	2001	2002	2003	2004	2005	2006	2007	May 2008	Change 01-08	
									No.	%
Newtown										
Labor Force	13,149	12,322	13,674	13,769	13,976	14,208	14,462	14,569	**1,313**	**+10.8%**
Employed	12,836	12,889	13,158	13,283	13,469	13,772	14,006	14,032	**1,196**	**+9.3%**
Percent Unemployed	2.4%	3.3%	3.8%	3.5%	3.6%	3.1%	3.2%	3.7%		
	2001	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**May 2008**	**Change 01-08**	
State of CT	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	
Labor Force	1.753	1.792	1.804	1.797	1.812	1.836	1.865	1.885	**132**	**+7.5%**
Employed	1.698	1.714	1.701	1.710	1.723	1.775	1.780	1.784	**86**	**+5.0%**
Percent Unemployed	3.3%	4.1%	5.5%	4.6%	4.9%	4.4%	4.6%	5.3%		

Source: CT Department of Labor

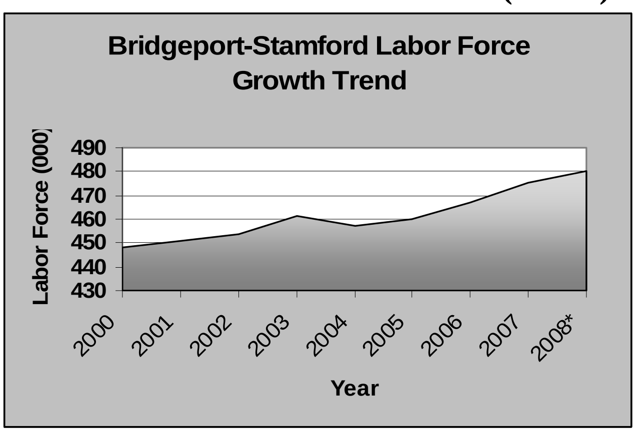
Bridgeport-Stamford, Danbury and Waterbury LMAs

Newtown is officially located in the Bridgeport-Stamford Labor Force Market Area but has strong ties to the Danbury and Waterbury Labor Force Market Areas principally due to linkage with I-84. Thus growth trends in labor force for all three Labor Market Areas are presented below.

Labor force growth in the Bridgeport-Stamford and Danbury region has been mixed in recent years, but has trended upwards since 2004. Overall, the Bridgeport-Stamford LMA grew by 6.5% between 2001 and 2008, while Danbury LMA reported a 7.7% increase, a rate that is consistent with state-wide growth. Meanwhile Waterbury LMA labor force expanded by 6.2%.

Of particular interest given current economic environment is the decline that occurred in all three Labor Market Areas in 2003-2004 as the full impact of the national recession that started in 2002 began to impact on Connecticut economy. Since 2004, healthy labor force gains were realized over the next three years as the employment picture improved. These gains continued even through May 2008 in both regions, albeit more muted, despite the affects of the current economic downturn that began in mid 2007.

Exhibit X – Labor Force Trends (LMAs)



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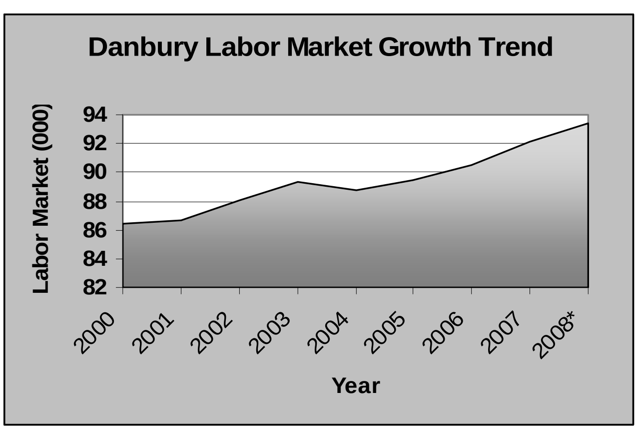
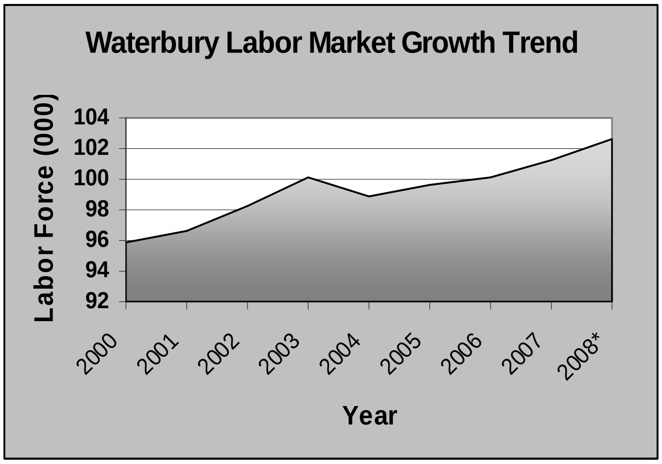
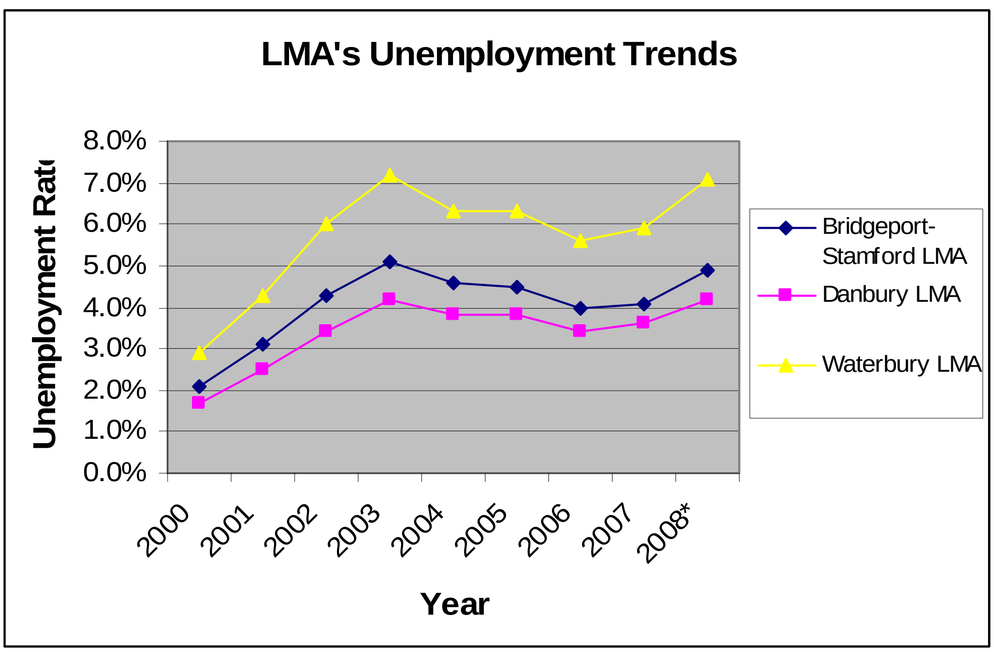




* May 2008
Source: CT Department of Labor

The three Labor Market Areas witnessed a slightly improved unemployment rates between the years 2004 through 2006 after peaking in 2003. As of 2007, however, unemployment has been rising in all three regions symptomatic of growing job sluggishness currently affecting the state and the nation.



* May 2008
Source: CT Department of Labor

Newtown & Regional Workforce Characteristics

Newtown's residential occupational profile is overwhelmingly white collar with 3 out of 4 workers in office-oriented jobs as compared to 64.5% for the state. Notably, however, 13.6% of its resident workforce base is employed by manufacturers, either as management or in-line production workers, which is well above the state ratio of 10.9%. Meanwhile, Newtown's blue collar base comprises 14.1% of its employed labor force, or 2,022 workers, versus 19.2% for the state.

A greater diversification of job skills and occupations essential for the success of the proposed Newtown Business Park is found in the broader Newtown region. With regional labor pools defined by drive times to the proposed Newtown Business Park (15 to 35 minutes), the share of blue collar workers expands to 19% to 21% of the workforce (see chart below). Moreover, all three labor pools are well-represented in the industries of manufacturing, wholesale trade, transportation and utilities, all of which are prime targets for end-users in Business-Industrial parks.

Exhibit 4.12 – Resident Workplace Characteristics: Newtown & Drive Time Labor Pools

	Newtown	15 min	25 min	35 min
2008 Employed Population 16+ by Industry				
Total	**14,342**	**60,459**	**245,083**	**611,285**
Agriculture/Mining	0.3%	0.3%	0.3%	0.3%
Construction	9.0%	9.0%	8.2%	7.5%
Manufacturing	13.6%	13.3%	13.5%	12.4%
Wholesale Trade	3.7%	2.9%	3.1%	3.1%
Retail Trade	11.2%	12.3%	12.1%	11.9%
Transportation/Utilities	2.5%	3.0%	3.5%	3.6%
Information	4.1%	3.1%	2.8%	2.8%
Finance/Insurance/Real Estate	10.9%	7.9%	7.8%	8.8%
Services	41.3%	45.5%	45.1%	45.7%
Public Administration	3.4%	2.7%	3.8%	3.8%
2008 Employed Population 16+ by Occupation				
Total	**14,342**	**60,463**	**245,080**	**611,286**
White Collar	75.8%	66.5%	62.6%	63.5%
Management/Business/Financial	*24.4%*	*18.8%*	*16.1%*	*15.9%*
Professional	*28.7%*	*24.4%*	*22.6%*	*22.9%*
Sales	*12.5%*	*12.0%*	*11.4%*	*11.6%*
Administrative Support	*10.2%*	*11.3%*	*12.4%*	*13.2%*
Services	10.1%	14.8%	16.2%	15.9%
Blue Collar	14.1%	18.7%	21.3%	20.6%
Farming/Forestry/Fishing	*0.2%*	*0.1%*	*0.1%*	*0.1%*
Construction/Extraction	*7.0%*	*7.4%*	*6.8%*	*6.2%*
Installation/Maintenance/Repair	*2.2%*	*2.8%*	*3.4%*	*3.6%*
Production	*2.4%*	*4.5%*	*6.4%*	*6.3%*
Transportation/Material Moving	*2.4%*	*3.8%*	*4.6%*	*4.4%*

Source: US Census, ESRI

Employment Trends

Town of Newtown Employment

An analysis of Newtown's employment profile points to relative overall job stability in the latter part of 90's and early part of this decade, but a significant shift has occurred from goods producing jobs to services. Data from the Connecticut's Department of Labor indicates consistent employment growth between 1997 and 2005, with a net increase of 358 jobs between 2001 and 2005[2]. This can be largely attributed to strong growth in Services, which includes business and personal services, where a net gain of 656 jobs occurred over the four year period. In contrast, Newtown experienced a contraction in its manufacturing base over the same time period with a loss of 570 manufacturing jobs, representing a 36% drop.

Exhibit 4.13
Employment Trends - Town of Newtown
1997, 2001, 2005

	1997	2001	2005	2005 % Share	Change 01-05	
					Number	Percent
EMPLOYMENT	**6,400**	**7,420**	**7,778**	**100%**	**358**	**4.8%**
Agriculture	*	*	*	*		
Construction & Mining	390	350	436	*5.6%*	*86*	*24.6%*
Manufacturing	1330	1550	980	*12.6%*	*-570*	*-36.7%*
Trans., Comm & Public Utilities	250	400	372	*4.8%*	*-28*	*-7.0%*
Trade	1610	1390	1412	*18.2%*	*22*	*1.6%*
Finance, Ins. & Real Estate	310	320	448	*5.8%*	*128*	*40.0%*
Services	1560	2440	3096	*39.8%*	*656*	*26.8%*
Government*	950	970	1034	*13.3%*	*64*	*6.5%*

Source: CERC, CT Department of Labor
* - Local

Newtown's job forecast for 2008 as provided ESRI (see chart on following page), indicates further reductions in manufacturing jobs to under 500, or 5.3% of all jobs in town, while wholesale trade, transportation and warehousing accounted for 11.2% of local jobs. Meanwhile, local jobs in Professional, Technical and Scientific Services exceed Manufacturing with a 6% share and Information jobs account for 10.5% of all local employment, representing the highest source of employment in Newtown after Health care and Education and Retail Trade.

[2] State of Connecticut does not provide an industry break-out of jobs by town after 2005.

Exhibit 4.14
Newtown Business Profile – 2008 Forecast

Total Businesses:	**1,199**			
Total Employees:	**7,635**			
Total Residential Population:	**27,524**			
Employee/Residential Population Ratio:	**0.28**			
	BUSINESSES		**EMPLOYEES**	
NAICS	**Number**	**Percent**	**Number**	**Percent**
Agriculture, Forestry, Fishing and Hunting	9	0.8%	28	0.4%
Mining	0	0.0%	0	0.0%
Utilities	11	0.9%	23	0.3%
Construction	179	14.9%	403	5.3%
Manufacturing	37	3.1%	461	6.0%
Wholesale Trade	48	4.0%	736	9.6%
Retail Trade	125	10.4%	864	11.3%
Transportation and Warehousing	18	1.5%	124	1.6%
Information	33	2.8%	799	10.5%
Finance and Insurance	39	3.3%	212	2.8%
Real Estate and Rental and Leasing	32	2.7%	212	2.8%
Professional, Scientific, and Technical Services	151	12.6%	456	6.0%
Legal Services	23	1.9%	42	0.6%
Management of Companies and Enterprises	1	0.1%	0	0.0%
Administrative and Support and Waste Management and Remediation Services	96	8.0%	135	1.8%
Educational Services	44	3.7%	903	11.8%
Health Care and Social Assistance	79	6.6%	814	10.7%
Arts, Entertainment, and Recreation	23	1.9%	152	2.0%
Accommodation and Food Services	51	4.3%	306	4.0%
Accommodation	3	0.3%	0	0.0%
Food Services and Drinking Places	48	4.0%	306	4.0%
Other Services (except Public Administration)	96	8.0%	374	4.9%
Public Administration	33	2.8%	471	6.2%
Unclassified Establishments	104	8.7%	185	2.4%
Totals	1,199	100.0%	7,635	100.0%

Source: Business data provided by InfoUSA, Omaha NE Copyright 2008, all rights reserved. ESRI forecasts for 2008.

Regional and State Employment Trends

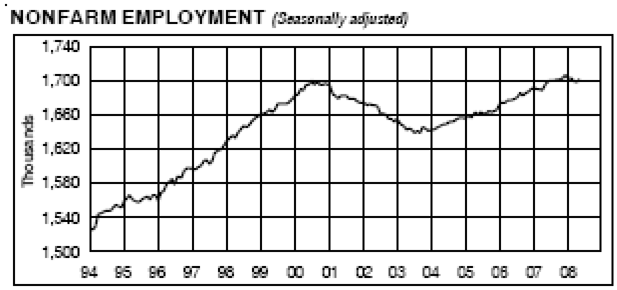
The employment trends over the last decade in the Newtown region mirror state-wide trends which lost 61,000 jobs during the last recession of 2000 to 2003, only to recoup them by the end of 2007. However, 2007 appears to be the high water mark for state job growth as the fall-out from the housing collapse, credit meltdown and subsequent economic downturn has taken its tol on employment. According to the State Department of Labor, a total of 5,000 jobs have been lost between January 2008 and May 2008.

The Bridgeport-Stamford and Danbury Labor Market areas followed a similar pattern of job decline and recovery. But unlike the state where job growth peaked at the end of 2007, both labor force markets have posted consistent job gains through May 2008 despite ample evidence of economic stress in the local and state economy. In particular jobs linked to demographic and life style trends have continued to see strong growth (Education, Health care and Social assistance sector and Leisure industries) as well as Information services and Finance. Such gains, however, are unlikely to hold much longer as the combined weight of a softening economy and rising energy and commodity costs weigh in on the economy.

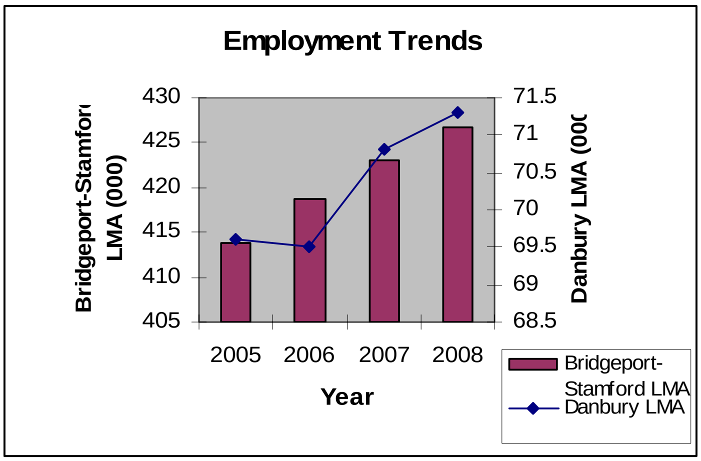
A less positive employment trend is noted in the Waterbury LMA in recent years, which has see sawed between job losses and gains. Overall, the region experienced a -1.4% drop in employment between 2005 and 2008, representing a total decline of 1,100 jobs. The brunt of the job loss was experienced in Manufacturing which fell by -12.5%, or 1,400 jobs. Remarkably though, this same sector reported a slight increase between 2007 and 2008.

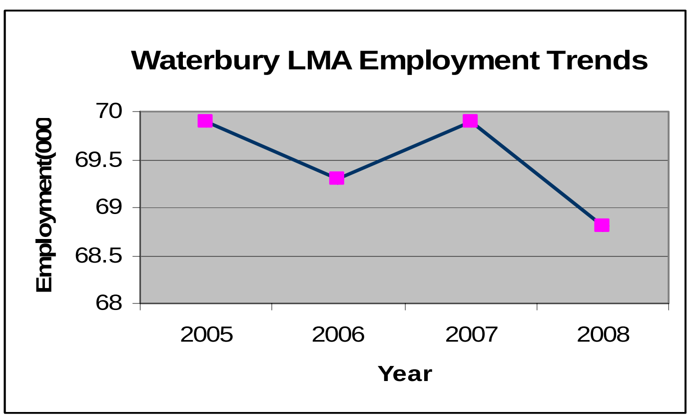
Exhibit 4.15

State of CT Job Trends



Labor Market Areas Job Trends





Source: CT Depart. Of Labor --- Note: 2008 data reflects May 2008 employment

Exhibit4.17
Non-farm Employment Trends (000) – Stamford-Bridgeport LMA
May 2005-2008

	2005	2006	2007	2008	Change 05-08		Change 07-08
	May	May	May	May	Number	Percent	Percent
NON-FARM EMPLOYMENT	***413.8***	***418.8***	***423.1***	***426.8***	13.0	3.14%	0.87%
GOODS PRODUCING	***56.7***	***56.7***	***56.3***	***57.1***	*0.4*	*0.7%*	*1.4%*
Construction & Mining	15.4	15.8	16.0	16.3	0.9	5.8%	1.8%
Manufacturing	41.3	40.9	40.3	40.8	-0.5	-1.2%	1.2%
SERVICE PRODUCING	***357.1***	***362.1***	***366.8***	***369.7***	*12.6*	*3.5%*	*0.8%*
Trans.,Trade & Utilities	74.5	75.6	75.9	76.0	1.5	2.0%	0.1%
Wholesale T.	14.7	14.6	14.4	14.5	-0.2	-1.3%	0.7%
Retailt Trade	49.3	50.1	49.9	49.8	0.5	1.0%	-0.2%
Trans., Warehousing, Util	10.5	10.9	11.6	11.7	1.2	11.4%	0.8%
Information	11.6	11.4	11.5	12.4	0.8	6.9	7.8
Financial Activ.	42.9	43.6	45.3	46.0	3.1	7.2%	1.5%
Pro. & Bus.	69.9	71.8	71.8	71.7	1.8	2.6%	-0.1%
Edu & Health	59.8	60.8	61.8	62.4	2.6	4.3%	0.9%
Leisure & Hosp	33.4	34.0	34.7	35.0	1.6	4.8%	0.9%
Other Services	17.0	17.0	17.3	17.5	0.5	2.9%	1.2%
Government	48.3	47.9	48.5	48.7	0.4	0.8%	0.4%

Non-farm Employment Trends (000) – Danbury LMA
May 2005-2008

	2005	2006	2007	2008	Change 05-08		Change 07-08
	May	May	May	May	Number	Percent	Percent
NON-FARM EMPLOYMENT	***69.6***	***69.5***	***70.8***	***71.3***	*1.7*	*2.4%*	*0.71%*
GOODS PRODUCING	***13.1***	***13.1***	***13.1***	***13.2***	*0.1*	*0.8%*	*0.8%*
SERVICE PRODUCING	***56.5***	***56.4***	***57.7***	***58.1***	*1.6*	*1.6%*	*0.7%*
Trans.,Trade & Utilities	15.5	15.5	16.0	16.0	0.5	3.2%	0.0%
Retail Trade	11.7	11.6	12.0	11.9	0.2	1.7%	-0.8%
Pro. & Bus.	8.6	8.7	8.4	8.1	-0.5	-5.8%	-3.5%
Leisure & Hosp	5.2	5.5	5.7	6.0	0.8	15.3%	5.3%
Government	8.4	8.2	8.6	8.4	0.0	0.0%	-2.3%

Source: State of Connecticut, Department of Labor

Non-farm Employment Trends (000) – Waterbury LMA
May 2005-2008

	2005	2006	2007	2008	Change 05-08		Change 07-08
	May	May	May	May	Number	Percent	Percent
NON-FARM EMPLOYMENT	*69.9*	*69.3*	*69.9*	*68.8*	*-1.1*	*-1.43%*	*-1.6%*
GOODS PRODUCING	*14.3*	*13.0*	*12.6*	*12.7*	*-1.6*	*-11.2%*	*0.8%*
Construction & Mining	3.1	2.9	2.9	2.9	-0.2	-6.4%	0.0%
Manufacturing	11.2	10.1	9.7	9.8	-1.4	-12.5%	1.0%
SERVICE PRODUCING	*55.6*	*56.3*	*57.3*	*56.1*	*0.5*	*0.9%*	*-2.1%*
Trans.,Trade & Utilities	13.7	13.7	13.6	13.7	0.1	0.0%	0.7%
Wholesale T.	2.1	2.2	2.1	2..2	0.1	4.7%	4.7%
Retailt Trade.	9.2	9.6	9.4	9..2	0.0	0.0%	-2.1%
Trans., Warehousing, Util	2.4	1.9	2.1	2..3	-0.1	-4.1%	9.5%
Information	1.1	0.9	0.9	0.8	-0.3	-27.2%	-11.1%
Financial Activ.	2.8	2.6	2.5	2.4	-0.4	-14.2%	-4.0%
Pro. & Bus.	6.3	7.0	6.7	6.4	0.1	1.6%	-4.5%
Edu & Health	14.1	14.2	14.8	14.9	0.8	5.7%	0.7%
Health Care& Social Assistance	12.9	13.0	13.5	13.6	0.7	5.4%	0.7%
Leisure & Hosp	4.7	4.9	5.6	5.2	0.5	10.6%	-7.1%
Other Services	2.9	2.7	2.9	2.6	-0.3	-10.3%	-10.3%
Government	10.0	10.3	10.3	10.1	0.1	1.0%	-1.9%

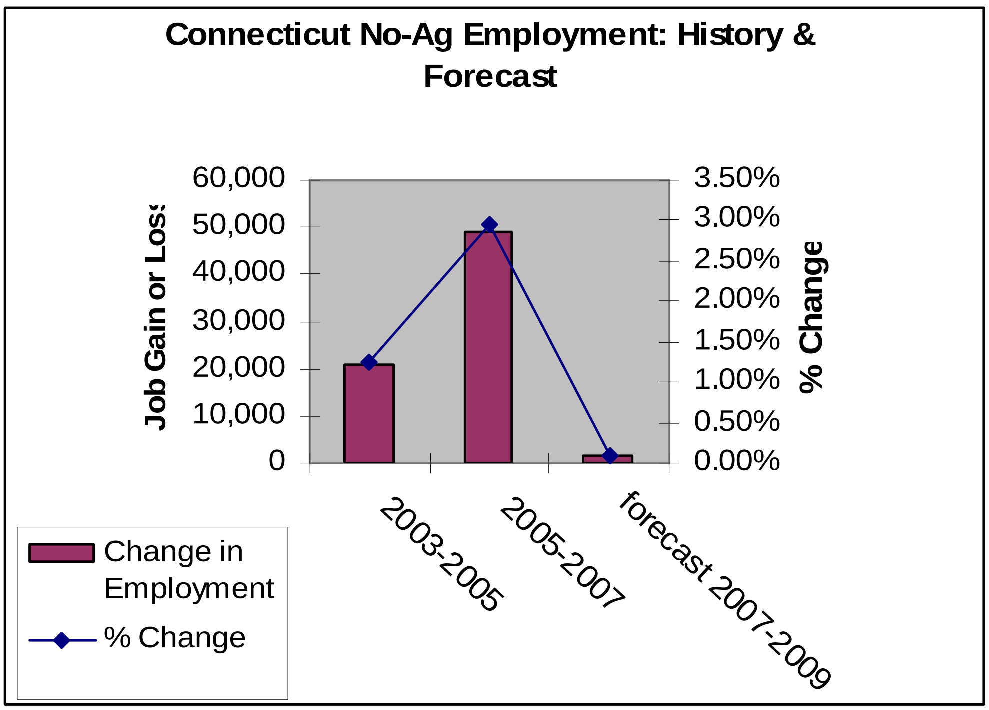
Source: State of Connecticut, Department of Labor

Jobs Forecast

Job growth in the state is expected to noticeably slip in 2008, with recovery beginning in 2009. State economists calculate a slim job gain of 0.10% over the next two years (2008-2009), resulting in net gain of 1,708 jobs assuming recovery begins in mid 2009. The only state industries projected to benefit from this job growth are expected to be Construction (surprisingly), and Education – Health Care.

This forecast is in sharp contrast to the last four years in which the state added 20,678 jobs between 2003 and 2005 and 48,844 jobs between 2005 and 2007. Moreover, state economists point out that the state and the nation could potentially tip into a more protracted downturn or an extended period of stagnation which could prolong the period of negative or flat growth into 2010 or further. Such an outcome could prove very difficult for Connecticut if past history with recessions is any indicator. Over the last 38 years, the state and nation have experienced 6 downturns (not including the current cycle) with the state exceeding the nation in length of downturn in all but one recession. The average length of the employment downturns in Connecticut equaled 24 months as compared to 13.3 months for the nation.

Exhibit 4.17



Source: Connecticut Dept. of Labor

Industrial Demand vs. Employment Growth

Prior to 1960, manufacturing provided more than 50% of US and Connecticut non-farm employment. Within the state, this rate had dropped to nearly 25% by 1985 and by 11.1% in 2008. A similar trend was noted for the Bridgeport-Stamford labor market area, which includes Newtown, where by 2008 manufacturing reflected a 9.5% share of the total employment.

While these declines are precipitous, economists are noting a leveling off trend in the decline in manufacturing jobs in recent years. In fact, in some labor markets in the state there was an actual up-tick in in 2007 and even into 2008 despite the economic slowdown.

Traditionally future market strength for industrial real estate was reflected in large part by employment trends for manufacturing. More recently this sector has been more influenced by growth in transportation and warehousing and wholesale trade. Discounting the impact of the current economic downturn, projections anticipate stabilization in manufacturing overall, with companies investing in production equipment but not in large workforce growth. Furthermore, the related industries of transportation, warehousing and wholesale trade are expected to generate additional employment. Employment gains in these related industries are expected to offset in part trends in manufacturing and will generate demand for development suited to their needs.

According to a ten year economic forecast for the state, prepared by the Connecticut Department of Labor in January 2004, the manufacturing sector is one of only two sectors projected to lose jobs by 2014[3], although those loses are projected to be much lower than the decreases in the 1990's. Most of the manufacturing jobs lost will be in larger businesses and on the production side rather than the development side of operations. Consequently, the manufacturing labor force will continue to evolve towards a white collar rather than blue-collar skills base. Some industries, such as pharmaceutical and biomedical and high tech related industries are expected to expand as are smaller, more specialized manufacturing companies. Net decreases in manufacturing employment are expected to moderate towards the end of the decade, with employment expected to aggregate 186,730 jobs by 2014, or close to 10% of total employment (higher than the 8.2% projected for the nation).

The warehouse and storage industry, by contrast, is expected to continue expanding as manufacturers turn to outsourcing storage and distribution, and as retail continues to rely on ever more responsive supply and distribution channels. Bradley International's expansion will continue to support growth in ground transportation as well as air transportation businesses. The transportation, warehouse and storage industries are expected to expand employment by 7.8% through 2014, with about 44,000 expected to be employed in this sector by that time.

Wholesale trade businesses, which serve the construction and manufacturing industries as well as retail, are also expected to expand employment through year 2014, especially wholesalers of durable goods that include commercial equipment and machinery. Sales of drugs and food products will support growth of jobs in the non-durable subsector.

[3] Utilities is the other sector.

Growth Potential for High Tech - Research

Nationally, much has been written and reported of the rising wave of new technologies and applications entering the marketplace. In large part this growth is linked with the rapid advances in research and development associated with computing and high-value-added, high tech manufacturing. Connecticut has already taken a leadership position in supporting such technology advances, particularly in areas of bioscience, aerospace and information technology presenting opportunities to fulfill demand for space to house such facilities.

In 2002, high tech occupations typically associated with R&D accounted for 4.7% of all jobs in Connecticut with a projection to rise to 5.9% by 2012.

Exhibit 4.18
Employment Projections for High tech/R-D occupations 2002-2012

	High Tech Employment 2002	High Tech Employment 2012	Employment Change	Employment Change as %
Connecticut	83,570	94,750	11,180	13.4%

Source: CT Department of Labor

Statewide, significant employment increases (2004-2014) in the high tech sector are projected for computer software engineering (32%), computer and information systems managers (14%), and network systems and data communications analysts (24%). The number of engineers in Connecticut is also expected to grow by up to 14%, depending on discipline. Meanwhile, Connecticut's average annual growth rate in industry R&D expenditures has been increasing at more than 11% per year, according to the National Science Foundation.

A report from AeA,, a technology trade association, shows employment in the high tech sector increased by over a thousand jobs in Connecticut in 2006, the most recent data available. That represents a 2% rise. It contrasts with a previously falling trend, between 2000 and 2005, when the number of tech jobs in the state declined by 20% principally due to the internet collapse early in the decade. In recent years, computer systems design and services showed the most growth according to AeA.

Within the state, the high tech and research base is still more nascent than well-established in comparison to other high tech centers in the country which generally cluster around concentrated areas of education which provide access to educated labor and proximity to research institutions. . In Connecticut, efforts have been made to promote high tech with linkages to schools of higher education in New Haven and the Hartford-Springfield region dubbed the Knowledge Corridor, with the latter including some of the most prestigious colleges and universities in the nation (altogether 27, including Amherst, Wesleyan and Trinity, as well as UConn and UMass). When Yale is included at the southern end of the I-91 corridor, the potential for innovation and partnerships in university generated R&D and tech transfer is extensive.

High tech, emerging industries that already have a presence in the region and the state include optics and instrumentation, photonics, laser technologies, and fuel cell technologies, all of which are engineering-driven industries and may represent potential markets for the Newtown site. In 2005, Connecticut ranked 7^{th} in the nation on the Progressive Policy Institute's State New Economy Index. High tech jobs already account for 16% of total state employment. The State is rated highly on the index in high tech areas that include science and engineering doctorates, patents, university research and development spending, and venture capital investment.

In order to support business development of such industries in the region, the state and the Connecticut Economic Resource Center, as well as a coalition that includes Massachusetts, have undertaken a marketing program to promote high tech and R&D growth. Additionally, in Massachusetts, the Regional Technology Corporation was formed in 2003 with a mission to increase the number of technology- and biotechnology-based businesses in the region while the Connecticut Innovation Center was created to provide a source of venture capital for new and start-up high tech firms. A number of other organizations in Connecticut are also marketing the state for technology and research including the Connecticut Technology Council, CURE, the Bioscience Cluster, and the Connecticut Economic Resource Center.

Summary & Conclusions Regarding Economic Trends

- Newtown and much of immediate region experienced positive population and household gains between 1990 and 2000 signaling a shift north along corridors Route 25 and Route 8 and east-west along Interstate 84. The most significant growth occurred in Newtown where population grew by an average of 2% annually in the last decade, but is estimated to have moderated slightly to a 1.2% pace between 2000 and 2008.

- Residents in Newtown and immediate region are well educated to meet a wide range of job opportunities. According to the 2000 census, 76.4% of the adult resident base in Newtown reported some college or a higher education degree suggesting an orientation to white collar jobs. Within the immediate commuting region, defined as 15 to 35 minute drive time to Subject Property, a more diversified educational profile is found with a greater concentration of residents with "high school education only" as compared to Newtown (27% vs 18% for Newtown).

- Commuter data indicates that Newtown functions primarily as a bedroom community but also supports an important jobs center for the region. In 2000, 65% of all jobs in-town were met by workers living outside Newtown, while 75% of local residents commute outside the town for jobs.

- Newtown offers a stable labor force with unemployment generally below neighboring suburban towns and well below the state. Meanwhile, labor force has grown by 10% between 2001 and 2008 which compares favorably to the 7.5% increase for the state.

- Labor Force growth in the three labor force market areas that serve Newtown – Bridgeport-Stamford LMA, Danbury LMA and Waterbury – have also been positive jumping by 6.5%, 7.7%, and 6.2%, respectively, in the 2001-2008 period.

- An examination of regional workforce characteristics by industry and occupation point to adequate job skill diversity to respond to potential labor force needs of the proposed park (with possible exception of highly specialized trades). Based on a labor pool defined by drive times of 15 to 35 minutes, more than 21% of the workforce is blue collar where job skills are concentrated in construction, manufacturing, wholesale trade, transportation and utilities. By comparison, Newtown reports a blue collar base of 14.1%, while the state is 16.3%

- While service jobs in Newtown have consistently grown in the last 20 years at the expense of blue collar jobs, manufacturing, wholesale trade, transportation and utilities continue to represent a surprisingly important part of the economic base for Newtown community. In 2005 these industries accounted for close to 20% of all Newtown's local jobs. In the same year, the Bridgeport-Stamford LMA reported only a 16.1% share of total jobs for the same industries.

- The Newtown region (Bridgeport-Stamford LMA and Danbury LMA) has reported steady job growth since 2004 after losing 21,400 jobs following the recession of 2001. The Waterbury LMA, on the other hand, has experienced a more see-saw trend in employment growth. Unlike the state which achieved full job recovery of lost jobs by 2007, the region has yet to fully recover from the last recession having gained back only 14,700 jobs since the recovery began. While full job recovery has been elusive, remarkably employment growth in the region has progressed into 2008 for Bpt-Stamford and Danbury LMA despite evident drag on the economy from the fall out of the housing collapse and subsequent credit crunch. Most state economists however believe such gains will be short-lived and will soon be followed by flat to negative growth that will persist through the middle of 2009. This is already the case in the Waterbury LMA which has witnessed a 1.6% drop year-to-date in 2008.

- The job forecast for the state over the next year is grim with the latest scenario pointing to a slim 0.1% gain by year end 2009. State economists warn that a real potential exists for a more severe downturn in light of all the negative forces working on the economy (persistent housing decline, fragile credit markets, oil and commodity spike and slowdown in global economy).

- Connecticut is expected to see a rise in high tech and R&D jobs over the next five years increasing the share of such jobs to total employment from 4.7% to 5.9% by 2012. This growth is expected to be led by Professional and Business Services and Information Services while Manufacturing high tech jobs are projected to show modest decline. As of 2006 Connecticut ranked 24th in the country in number of high tech jobs. By comparison Massachusetts ranked 6th and New Hampshire 36th. High tech employment in Connecticut accounts for 48 of every 1,000 private jobs ranking the state 22nd nationwide in concentration of such jobs.

- Manufacturing employment which in 1960 accounted for nearly one-half of all jobs in the region now contributes less than 10% of total employment in 2008. Job loss in manufacturing nationally and locally is expected to continue through the end of the decade but at a pace below the sharp drop experienced in the 1990s. Most of the job losses are expected to be with larger businesses and on the production side as opposed to operations. Manufacturing companies are expected to continue investing in production equipment but not in large workforce growth. This shrinkage of manufacturing workforce and production capacity has impacted size and configuration of manufacturing space with demand centering on smaller, more versatile and energy/cost-efficient facilities.

- The employment in transportation, warehouse and storage industry is growing and is expected to expand by 7.8% between 2004 to 2014. Factors contributing to growth include outsourcing of storage and distribution by manufacturing, demand by retail for more timely distribution of goods, and growth and expansion of Bradley International Airport which has expanded the flow of goods and product in the region and state. Meanwhile, wholesale trade employment is projected to grow by 8.5% over the same period of time. The employment growth of both sectors implies continued demand will continue for industrial space in the region to house new workers.

V. Industrial Market Assessment

National Trends

Following several years of stability and growth, the industrial market both nationally and regionally is exhibiting visible signs of weakness due to a sharp downturn in the economy. Vacancy rates have started to rise, exacerbated in part by the influx of new supply even as demand is waning. Meanwhile industrial property sales have fallen off significantly in part due to the credit squeeze that is limiting access to capital for acquisitions.

The one glimmer of positive news is the recent boost in exports and international trade as the result of a steeply de-valued dollar over the last six months that is providing somewhat of a cushion against the worst affects of the downturn. But even this trading advantage could be curtailed as the Federal Reserve begins efforts to strengthen the dollar in order to head off inflation.

According to Grubb & Ellis, the national vacancy rate was 7.9% in first quarter 2008, up from 7.6% in third quarter 2007. The highest vacancy rates nationally are in the R&D flex space category, with nearly 13% vacancies nationwide. The lowest rates are in manufacturing space at 6% vacancy. Based on forecast by Grubb and Ellis and other analysts, rising vacancies are anticipated through the end of 2008 and into 2009, although it is not anticipated to reach heights seen in the recession and subsequent slowdown of 2001-2003 when the rates hovered between 11% and 12%. Industrial property sales on the other hand are expected to see a dramatic decline in activity as credit markets continue to struggle with deteriorating balance sheets and underwriting standards tighten. The total volume of sold industrial properties in first quarter 2008 dropped 35% as compared to first quarter 2007.

Investment Environment for Industrial Properties

Although the current credit turmoil has dampened investment activity for industrial property, investor interest reportedly remains positive in large part due to renewed stability of industrial assets. Investment demand however has shifted away from short term appreciation that was driven by easy credit to stronger focus on property fundamentals that emphasize rent gains and potential for lowered vacancy.

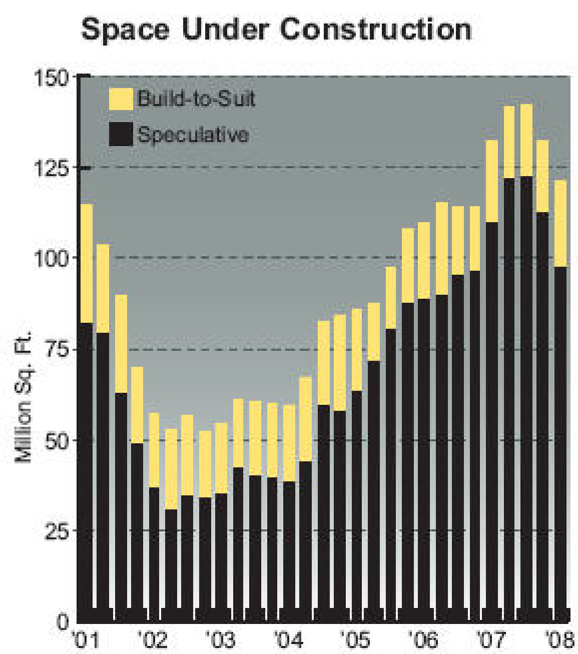
This stabilizing trend noted until recently within the industrial property market is encouraging in light of the continued losses in manufacturing employment throughout this decade. One reason for this is that new industrial supply was sharply curtailed for much of the first part of the decade, though construction activity picked up dramatically from 2005 and on. A second reason is that industrial trends nationwide have become more dependent on build-up of inventories driven by consumer demand than a pick-up in job growth, according to a senior analyst at Merrill Lynch. A third reason linked to the second is that manufacturing uses of industrial property continue to decrease in favor of distribution and warehousing uses.

Warehouse/distribution

Increasingly sophisticated warehouse and distribution space requirements that cannot be met in older buildings, even if retro-fitted, are responsible for much of the new construction growth in the industrial market. Two factors have contributed to the rise in warehousing and distribution space. The first relates to efforts being undertaken by the retail industry to optimize distribution networks that streamline supply management and reduce supply chain costs with a focus on distribution hubs. Additionally, the rapid growth of international trade volume due to recent globalization of markets and more recently by weakness in the dollar has generated additional demand for warehousing-distribution facilities, particularly near ports and international airports. Even in a softening economy, Cushman and Wakefield sees increasing demand for a new generation of big box distribution centers, which feature taller ceiling heights, more loading docks, and sophisticated technology systems to support the increasing use of robotics in warehousing.

Pipeline – National

Grubb & Ellis notes that there is 121 million square feet of industrial space under construction in first quarter 2008, representing a 15% decline from the peak in second quarter 2007, a period that immediately preceded the credit collapse. The growth in smaller industrial buildings is related to the business and job growth of small and mid-sized companies. Demand is strongest for buildings that support the productivity enhancements that have allowed manufacturers to remain competitive. The highest vacancy rates are in the R&D/flex space category, with nearly 13% vacancies nationwide. The lowest rates are in manufacturing space at 6% vacancy.



Source: Grubb & Ellis Company

Northeast Regional Market Trends

Regionally in the Northeast, availability is a mixed picture according to CB Richard Ellis. Within Connecticut, the Hartford region is above the national average of 10.5% with availability of 13.9%, which is a slight decline from the fourth quarter of 2007 when the rate stood at 13.7%. Further north in the region, the Boston market, which was hard hit early in the decade by the bursting of the dot com bubble, the market is once again experiencing significant softness, particularly with R&D/high tech space. Availability in the Boston region increased to 18.1% in the first quarter of 2008, up from 16% in the fourth quarter of 2007.

The Stamford-Fairfield County market, of which Newtown is a part of, has also seen its industrial vacancy rate increase jumping from 12.8% a year earlier, to 14.8% in first quarter 2008. In contrast, a much tighter market exists in the mid-New Jersey and northern New Jersey markets with 7.6% and 11.1%, respectively. Moreover, unlike much of the Northeast, availability rates actually decreased slightly in both markets in 1st Quarter 2008 vs end of the year 2007. Over the years, vacancy rates in the New Jersey region have been healthy and counter to general market trends, largely due to the strategic advantage of warehouse and distribution locations there serving the New York metro area.

Similarly, the New York metro market presents a relatively tight market, and when compared to the high vacancy of Boston noted above, illustrates the two-tiered nature of the industrial market in the Northeast. The New York area represents one of the largest national distribution hubs in the country and thus more affected by national and international trade flows than local economic conditions. As such, availability in the Westchester/Mid-Hudson region was a relatively low 8.0% in first quarter 2008, while the Long Island region reported a 6.7% vacancy. Boston, on the other hand, has seen vacancy fluctuate between mid to high teens reflecting the impact of local demand and economic conditions. Stamford and Hartford, like Boston, are also tied to local conditions.

As local conditions have not been robust in the last nine months, it is not surprising that Stamford/Fairfield County's industrial market has been flat. However, because the market was not overbuilt, conditions have not worsened dramatically. Moreover, analysts such as CB Richard Ellis now expect the Fairfield County area will be in a good position to continue to capitalize on increases in demand from a variety of sectors once the economy rebounds. As noted nationally, Stamford/Fairfield County is becoming a more diverse marketplace and home to a broader spectrum of industrial users.

Grubb & Ellis however does warn that the Stamford region and the entire northeast are vulnerable to negative absorption from the consolidations and down-sizing's that continue to take place in the industrial sector. As the Connecticut economy continues to shift to service sector industries, demand for industrial space will increasingly focus on modern high bay multi-loading dock warehousing and distribution space, as well as back office, service support and flex space uses.

Fairfield County Area Industrial Market

According to Torto Wheaton Research (business unit of CB Richard Ellis), the Fairfield County Metro Industrial Market consists of three submarkets totaling 54 million square feet of space. Manufacturing space accounts for 50% of total inventory, followed by warehousing at 33% and R&D-high tech at 17%.

The majority of the space in this market is centered in the Eastern Fairfield Submarket consisting of nine towns with 30.3 million square feet. Greatest concentration of industrial space within this submarket is found in Bridgeport with nearly 50% of total inventory, or 14.1 million square feet of industrial space. Bridgeport is also the top supplier of industrial space within the greater Fairfield County metro market with 25.7% of the total market.

The Lower Fairfield Submarket, consisting of four towns, reports an inventory of 14.9 million square feet, with Stamford the major contributor with 58% of the total, followed by Norwalk with 39%. The smallest industrial submarket in the region is the Upper Fairfield Submarket with 9.3 million square feet. This submarket is anchored by Danbury (4.5 million sf or 47.7% share of the market), with Newtown a distant second with 21.3%, or 1.9 million sf. (Refer to Chart on following page)

As previously noted, overall availability of space increased within the Fairfield County metro industrial market from 12.8% the previous year to 14.8% by the end of the first quarter of this year. Projections provided by Torto Wheaton Research suggest this rate is likely to continue rising over the next several years in response to a downward economic cycle before stabilizing in 2012-13. Rent inflation is also expected to be moderate, if not in fact anemic over this same time period

Availability of space in the Fairfield metro's submarkets at the end of the first quarter ranged from 19.3% in the Upper Fairfield submarket to 6.3% in the Lower Fairfield submarket. Meanwhile the Eastern Fairfield Submarket's vacancy rate stood at 18.2%. Notably, vacancy/availability rate in Newtown ranked among the highest of all towns in the region according to Torto Wheaton at 27.6%.

Few towns in any of the submarkets experienced year to date positive absorption of space and only one submarket, the Lower Fairfield submarket, recorded net positive absorption of available space– and that was limited to 6,000 SF. The Fairfield metro market overall saw 374,000 SF return to the market in first quarter 2008, split equally between Eastern Submarket and Upper Fairfield submarket.

Not surprisingly given the current sluggishness of the economy very little was added to the market in 2008 year to date. Overall, a total of 62,000 square feet was completed with 45% of the inventory built in Upper Fairfield County submarket.

Exhibit 5.1: Fairfield County Area Industrial Submarkets, First Quarter 2008

Submarket	Inventory	Submarket Share (%)	Completions	YTD Absorption	Availability (%)	Net Asking Rents ($/sf)
Bridgeport	14,076,000	46.5%		-226,000	20.4	7.38
Fairfield	1,000,000	3.3%		8,000	15.9	10.13
Monroe	512,000	1.7%		-11,000	3.3	13.50*
Shelton	4,030,000	13.3%		72,000	11.9	5.84
Stratford	6,649,000	21.9%		-7,000	8.6	6.07
Trumbull	4,030,000	13.3%	23,000	-31,000	5.7	18.16*
Eastern Fairfield	30,297,000		23,000	-195,000	18.2	
Greenwich	201,000	1.3%		5,000	9.0	17.00
Norwalk	5,778,000	38.7%	11,000	10,000	10.4	12.23
Stamford	8,610,000	57.7%		-9,000	3.7	17.18*
Wilton	339,000	2.3%		0	0.0	n/a
Lower Fairfield	14,928,000		11,000	6,000	6.3	
Bethel	1,319,000	14.1%	11,000	11,000	16.0	6.87
Brookfield	1,360,000	14.5%	17,000	21,000	20.5	7.50
Danbury	4,472,000	47.7%		-23,000	15.8	9.49
Newtown	1,998,000	21.3%		-194,000	27.6	7.30
Ridgefield	218,000	2.3%		0	28.9	n/a
Upper Fairfield	9,367,000		28,000	(-185,000)	19.3	
Total	**54,832,000**	**100%**	**62,000**	**(-374,000)**	**14.8%**	**$7.84**

Source: Torto Wheaton Research
* Gross Rent

Within the overall Fairfield County Industrial market highest vacancy is associated with warehouse space at 16.7%, followed by manufacturing space at 14.7%. R&D space is the tightest at 12.2% (refer to Exhibit 5.2 on following page). Until very recently, much of the warehousing/distribution vacancy was tied to access to easy credit for build-to-suit opportunities that typically resulted in consolidating operations into newer, more modern buildings. This in turn would leave a substantial amount of older warehousing space vacant. In the case of manufacturing a sizeable portion of vacant industrial space is associated with older space not adapted or adaptable to current industrial requirements.

Exhibit 5.2 – Fairfield County Area Industrial Space by Type -First Quarter 2008

Type of Building	No. of Bldgs.	Total SF (000's)	Availability	Net Absorption	Asking Rents
Manufacturing	371	27,270	14.7%	-144,000	$7.25 net
Warehouse	456	18,068	16.7%	-242,000	$7.56 net
R&D	164	7,954	12.2%	-47,000	$20.06 gross
Total	**1,401**	**54,832**	**14.8%**	**(-374,000)**	**$7.84**

Source: Torto Wheaton Research

When looking at space availability by type of use within individual towns in the three submarkets, we find extensive market variation. For example, despite a regional availability rate for R&D space of 12.2%, seven of the 15 towns in the region reported rates above 13% with three above 30%, including Newtown at 50%. The relatively low R&D rate is explained in large part by the fact that much of the R&D space in the region is concentrated in Stamford where vacancy stands at 2.1%.

Exhibit 5.3: Fairfield County Area Industrial Submarkets Availability First Quarter 2008

Submarket	Inventory	Total Availability (%)	MFG Availability (%)	Warehouse Availability (%)	R&D Availability (%)
Bridgeport	14,076,000	20.4	20.9	19.4	28.4
Fairfield	1,000,000	15.9	9.7	28.4	7.0
Monroe	512,000	3.3	0.3	0.0	12.8
Shelton	4,030,000	11.9	14.5	11.9	10.4
Stratford	6,649,000	8.6	7.6	13.0	6.9
Trumbull	4,030,000	5.7	0.0	30.8	12.8
Eastern Fairfield	30,297,000				
Greenwich	201,000	9.0	0.0	0.0	30.0
Norwalk	5,778,000	10.4	4.4	8.3	21.5
Stamford	8,610,000	3.7	2.2	5.7	2.1
Wilton	339,000	0.0	0.0	0.0	0.0
Lower Fairfield	14,928,000				
Bethel	1,319,000	16.0	16.7	15.2	16.5
Brookfield	1,360,000	20.5	2.0	32.7	13.6
Danbury	4,472,000	15.8	20.2	14.9	7.8
Newtown	1,998,000	27.6	33.8	26.9	50.0
Ridgefield	218,000	27.6	0.0	0.0	55.3
Upper Fairfield	9,367,000				
Total	**54,832,000**				

Source: Torto Wheaton Research

Within Newtown, relatively high vacancies are noted for all three industrial uses. However availability appears to be skewed in part by large blocks of space available in each sector. This is particularly the case for Warehouse and Distribution which recently saw the addition of 100,000+ sf of Distribution space on the market with the announcement by Pitney Bowes that they were moving their distribution operations in Newtown to Indiana. Similarly, in manufacturing, a vacant 129,628 sf general manufacturing building located at 101 South Main Street is for sale or lease, as well as several buildings on Peck Lane with significant space for sale or lease. According to Torto Wheaton, total vacancy of industrial space in first quarter 2008 in Newtown equaled 551,500 square feet.

I-84 Corridor Industrial Market

Newtown Industrial Market

Newtown overlaps three metro areas with Danbury region to the west, Waterbury/Naugatuck Valley region to the east and the Greater Bridgeport region to the south. Though principally a bedroom community, the town's access to I-84, Route 25, Route 34 (with linkages to Route 8) and I-95 contribute to Newtown's desirability within the region as an industrial – business location.

Newtown's 2007 net Grand List totaled $3.6 billion, of which $1.76 billion or 92.3% was comprised of real estate. The Assessor's classification code for industrial properties as of the 2007 Grand List reflects $48.9 million in industrial property assessment, or 1.4% of all real estate by value. This value actually represents a decline from 2002 Grand List when industrial property was valued at $55.6 million.

Exhibit 5.4
Newtown Grand List by Category, 2002 & 2007

Category	Net 2004 Grand List	% of Total	Net 2007 Grand List	% of Total
Real Estate	$2,530,681,370	90..5	$3,610,440,859	92..3
% residential	95.7		89.5	
% commercial	5.4		6.8	
% industrial	**2.3**		**1.4**	
% vacant land	1.3		2.2	
% Apart	N/A		0.1	
% Use (Farm)	0.02		0.02	
Motor vehicles	$188,019,848	6.7	$219,243,037	5.6
Personal Property	77,091,220	2.8	$83,370,725	2.1
Net Grand List	**$2,795792,438**	**100%**	**$3,913,054,621**	**100%**
% Business Assessment	*Estimated sum of all categories*	*9.8*		*10.2*

Source: Assessor's Office, Newtown

The majority of the industrial properties in Newtown date back to the 1960s and 70s and are concentrated off Route 25 in southern Newtown and off Route 6 along Commerce Road which provides easy access to I-84. Just east of Commerce Road in Sandy Hook, a newer industrial park, Curtis Corporate Park, has been built off Toddy Hill Road with easy highway access consisting of 12 lots. Begun in 2001, the broker representing Curtis Corporate Park has indicated strong interest in the last remaining building lot (4.74 acres) listing for $1.6 million.

Industrial Supply & Market Rents - Region

Much of the available industrial space in Newtown is found in smaller configurations ranging from 2,000 to 15,000 square feet. A large bloc of space recently came on the market in Newtown with the announcement that Pitney Bowes would be vacating its Truck Terminal and distribution building on Edmond Road and moving its operations to Indiana.

Lease rates for industrial space in Newtown range from $5.00 to $10.00, and average $7.50/sf, with most leasing at triple net. Highest asking rent for industrial space in Newtown was identified with warehouse storage units at 5-9 Dusty Lane in two recently constructed buildings located off Route 25. New construction space was also identified in two new buildings at Curtis Corporate Park (Turnberry Lane) with asking rents of $7.50/sf. Lease rates generally reflect the age of the properties, with low-ceilinged, small bay buildings coming in at the low range of the market. Many of the properties are available in subdivided units, but the larger ones were not conceived as flexible expansion spaces. In addition to leased space, a number of properties are up for sale in Newtown with asking prices that fall between $40 to $85/sf for the larger bloc properties.

Within the region, lease rates generally fluctuate between $5.50 and $7.50/sf, with Naugatuck reporting the highest concentration of affordable industrial space. The most expensive space on the market was found in Trumbull where much of the office/R&D is located in the Trade Area and to a lesser degree in Monroe. R&D space rents in Trumbull go as high as $21.50/sf.

The following Exhibit provides a listing of currently available industrial property in the Trade Area.

Exhibit 5.5
Available Industrial Properties in I-84 Corridor Study Area

Address	Total Building SF	Available Building Area SF	Lease Price $/ SF	Prop. Type	Comments
Newtown					
5 Dusty Lane	10,320	2,000	$10.00	Ind/Ware.	Storage Units
9 Dusty Lane	10,000	5,000	$10.00	Ind/Ware.	Storage Units
21 Commerce Park	4,260	4,260	For Sale Only	Ind/Ware.	S.P -$675,000, 2.58acres
11 Edmond Lane	211,000	211,000	$9.00/	Truck Terminal/WH	Pitney Bowes Bldg
101 S. Main St	129,628	129,628	For Sale Only	Mfg Bldg.	S.P - $9.722 million
30 Pecks Lane	60,720	60,720	$6.75	Ind/Ware.	S.Price-$4.9 million
31 Pecks Lane	134,165	81,675	$5.00	Ind/Ware.	S.Price-$5.5 million
10 Turnberry Lane	25,885	16,552	$7.50	Ind/Ware.	Space also for sale $100/sf
3-6 Simm Lane	83,311	30,009	$6 to $6.50	Mfg/Flex	Multi-tenanted

Source: Brokers, Costar, CERC

Exhibit 5.5 (cont'd)
Available Industrial Properties in I-84 Corridor Study Area (Cont'd)

Address	Total Building SF	Available Building Area SF	Lease Price $/ SF	Prop. Type	Comments
Bethel					
7 Francis J. Clarke Circle	30,000	30,000	$7.75	Mng Bldg	
25 Francis J. Clarke Circle	4,072	4,072	$7.95	Ind/Ware.	
14 Francis J. Clarke Circle	94,002	8,800	$7.75	Mng/Ware.	
149 Grassy Plain Rd	20,000	2,100	$12.00	Ind/Ware	
32 Henry St	360,000	94,400	$5.50	Ind/Ware	
18 Taylor Ave.	9,120	4,375	$7.25-$10.30	Ind/Ware	
3 Trowbridge	16,000	1,500	$14.00	Ind/Ware	
2 Turnage Lane	10,520	10,520	$8.25	Ind/Ware	
101 Wooster St	20,420	4,782	$7.50	Ind/Ware	
107 Wooster St.	9,000	9,000	$7.25	Ind/Ware	
Brookfield					
71 Commerce	21,600	10,800	$7.50	Ind/Ware.	
81 Commerce	21,000		For Sale only	Ind/Ware	Sale Price:$2.2 million
594 Federal Rd	6,000	3,000	$10.80	Ind/Ware.	
595 Federal Rd	160,219	160,219	$7.25	Ind/Ware	Formerly Pitney Bowes
48 Old Grays Bridge	16,142	6,700	$6.50	Ind/Ware.	
2-6 Sand Cut Rd	17,250	17,250	For Sale Only	Ind/Ware.	Condo Units
Second Lane	2,760	2,760	$10.80	Ind/Ware.	
65 Vale Rd	10,000	5,000	$6.95	Mng/Ware.	
Danbury					
51 Austin St	12,000	12,000	$8.00	Ind/Ware.	
16 Beaver Brook Rd	24,000		For Sale Only	Ind/Ware.	S.Price.-$1,950,000
28 Eagle Rd	20,500	9,500	$12.75	Flex	
4-9 Finance Rd	55,000	54,000	$8.00	Ind/Ware.	
15 Great Pasture Rd	75,000	27,780	$7.50-9.00	Mng/Ware.	
30 Henry St	12,200	1,200	$14.70	Ind/Ware.	
36 Kenosia Ave	55,000	15,000	$7.50	Ind/Ware.	
39 Newtown Rd	25,000	17,000	$7.75-12.00	Showroom Bldg	
15 Old Newtown Rd	139,246	139,246	For Sale Only	Mng/Ware	S.P-$5,160,000, 7.17ac
25 Plumtree Rd	10,000	2,000	$12.00	Ind/Ware.	
22 Shelter Rock Lane	126,466	20,500	$7.00-7.50	Flex	
40-48 Shelter Rock Lane	144,000	50,000	$7.50-12.50	Ind/Ware.	
84 Shelter Rock Lane	17,382		For Sale Only	Mng/Ware.	S.P-$1,200,00, 1.43ac
90 Shelter Rock Lane	15,612	10,689	$5.70-8.20	Ind/Ware.	
35 Starr Rd	23,550	1,520	$9.90	Ind/Ware.	
30 Taylor St	9,600	9,600	$7.00	Ind/Ware.	
93 Triangle St	98,351	7,200	$7.50	Mng/Ware.	
Monroe					
74 Enterprise Dr	13,300	8,859	$10.75	Ind/Ware	
453 Pepper St	25,000		For Sale Only	Ind/Ware	S.P-$3,200,000,4.1 ac
580 Pepper St	23,702	23,702	$11.00	Ind/Ware	

Source: Brokers, Costar, CERC

Available Industrial Properties in I-84 Corridor Study Area (Cont'd)

Address	Total Building (SF)	Available Building Area (SF)	Lease Price $/SF	Prop. Type	Comments
Naugatuck					
154 General Pulaski Walk	32,000	5,000	$5.50	Mng/Ware	
7 Grant Hill Rd	28,100	28,100	$5.50	Ind/Ware	
99 Grant Hill Rd	78,1114	30,000	$4.50	Mng/Ware	
259 Grant Hill Rd	25,000	25,000	$3.95	Ind/Ware	
50 Rado Dr	106,429	32,000	$5.25	Ind/Ware	
550 Spring St	86,432	16,000	$8.50	Mng/Ware	
6 Rubber Ave	400,000	332,000	$4.00	Ind/Ware	
Oxford					
195 Christian St	72,000	72,000	For Sale Only	Mng/Ware	S.P-$4,000,000, 5.6 ac
353 Christian St	44,000	1,730	$8.50	Mng/Ware	
115 Hurley Rd	11,500	3,500	$7.50	Mng/Ware	
119 Hawley Rd	20,000	4,800	$12.00	Ind/Ware	
11 Robinson Lane	13,000	6,800	$7.50	Ind/Ware	
106 Willenbrock Rd	6,400	6,400	$7.25	Mng/Ware	
Trumbull					
60 Commerce Dr	82,660	44,162	7.50	Ind/Ware	
25 Lindeman Dr	51,800	13,100	9.95	Flex	
30 Nutmeg Dr	72,500	24,500	7.50	Ind/Ware	
35 Nutmeg Dr	278,655	79,582	14-20.00	R&D	
25 Trefoil Dr.	107,000	20,000	10.00	Mng/Ware	
126 Monroe Tpke	42,650	6,314	19.00	R&D	
225 Reservoir Ave.	25,100	22,600	21.50	R&D	

Source: Brokers, Costar, CERC

I-84 Corridor Study Area - Industrial Market – Building Sales Trends

We have analyzed industrial building, R&D and warehouse sales trends for the following Upper Fairfield County submarket area towns: ***Newtown, Bethel, Brookfield, Danbury, Naugatuck, Oxford, Trumbull, and Southbury.*** The period reviewed encompasses the years 2002-2007 and included sales of buildings over 3,000 square feet. No industrial sales were identified in the town of Monroe during the study period

Overall a total of 97 industrial building sales were recorded in these towns between 2002 and 2007, representing an average of 16 transactions per year. In general, sales activity within the submarket was fairly consistent on a yearly basis ranging from 12 sales in 2006 to 18 sales in 2002 and 2007. The bulk of the building sales in the submarket (40%) targeted properties between 10,000 to 30,000 sf in size.

During the years analyzed, Brookfield and Danbury dominated the market in sales volume with 23 and 27 sales, respectively. The balance of the towns in the submarket recorded between 8 to 10 sales with the exception of Southbury reporting only 3 sales. Newtown had 8 sales over the six year period analyzed.

Sales transactions for the submarket averaged $63.13 per square foot with Oxford posting the lowest average at $44/sf and Trumbull the highest at $148/sf, with the latter most often associated with R&D buildings and single tenant office. Newtown's eight sales averaged $52 per square foot.

Discussion with brokers and real estate professionals indicates that while 2007 reflected considerable activity, much of it occurred in the first part of the year with significant drop-off noted in the second half of 2007 that coincided with the housing crisis, credit crunch and economic downturn. Brokers also contend that sluggish industrial growth, even within the warehousing and distribution sector, has resulted in modest or flat rents that have made it difficult to profitably invest in speculative buildings. Thus transactions continue to be with buyers and tenants from the general area, upgrading or expanding their space, rather than new or relocating businesses.

Exhibit 5.6
Industrial Building Sales Trends (>3,000 SF)
I-84 Corridor Study Area

Town	2002	2003	2004	2005	2006	2007	Total Transactions
Newtown							
# of sales	0	3	2	0	2	1	8
Total SF	0	261,246	82,439	0	141,420	160,797	266,154sf
Ave. Sale Price	N/A	$59	$31	N/A	$51	$67	$52
Bethel							
# of sales	1	2	1	2	2	1	9
Total SF	17,628	22,960	17,864	55,618	72,740	11,570	193,380sf
Ave. Sale Price	$34	$49	$55	$43	$66	$46	$48
Brookfield							
# of sales	7	2	2	3	2	7	23
Total SF	114,858	74,851	37,383	41,518	20,980	120,029	538,167sf
Ave. Sale Price	$72	$54	$56	$77	$83	$72	$69
Danbury							
# of sales	5	4	6	6	3	3	27
Total SF	462,676	74,851	225,623	279,517	74,714	39,351	1,156,732sf
Ave. Sale Price	$41	$74	$64	$68	$69	$76	$65
Naugatuck							
# of sales	3	1	1	3	0	1	9
Total SF	117,079	55,494	5863	108,496	0	3,268	290,200sf
Ave. Sale Price	$48	$20	$81	$50	N/A	$122	$64
Oxford							
# of sales	1	0	1	3	0	3	8
Total SF	18,385	0	10,080	19,744	0	69,506	117,715sf
Ave. Sale Price	$62	N/A	$61	$86	N/A	$68	$69
Trumbull							
# of sales	0	2	3	1	2	2	10
Total SF	0	51,579	168,854	41,358	126,875	346,628	735,294sf
Ave. Sale Price	N/A	$77	$162	$255	$163	$82	$148
Southbury							
# of sales	2	0	0	0	1	0	3
Total SF	38,588	0	0	0	8,452	0	45,038sf
Ave. Sale Price	$69	N/A	N/A	N/A	$36	N/A	$53
Total Transactions	**19**	**14**	**16**	**18**	**12**	**18**	**97**
Total Square Feet	**769,214**	**540,981**	**548,106**	**546,251**	**445,181**	**751,149**	**3,342,680sf**

Source: ConnComp, AMS Consulting, LLC

I-84 Corridor Industrial Market –Land Availability/Sales Trends

Given the risk in attempting to summarize value on industrial land sales data due to unknown factors -- level of buildable acreage, environmental issues or determination of an "arms length transaction"--, we have thus focused primarily on land actively being marketed within industrial parks to gauge prevailing land market values.

Although there is extensive inventory of existing industrial buildings for sale and lease, we identified very few industrial parcels on the market located in existing industrial parks in the region. This suggests some tightness in the availability of such lots. The singular exception is Oxford where a number of new industrial parks have recently started marketing in and around the Oxford Airport.

In Newtown, a 4.74 acre lot located in the Curtis Corporate Park on Turnberry Lane in Sandy Hook is selling for $1.6 million or $348,100/acre. This lot represents the largest parcel in the 12-lot industrial park which began development in 2001 by adjacent business owner Curtis Packaging. It is also the last parcel unsold, although the broker for the property indicates strong interest in the lot with a possible sale in the works. Though much of the park is developed, a number of lots in the park still remain unimproved though several are owned by the developer/owner of the park for future expansion of its business. Meanwhile, a combined lot on Commerce Road is being marketed for $675,000, or a per acre sale of $148,788. One of the lots, however, is improved with a 4,260 square foot light industrial building.

Outside of Newtown, listing and sales values per acre for land transactions varied dramatically from town to town and from site to site, but some consistency in market value is noted within the more established industrial parks in Danbury, Brookfield and Bethel. On average, lots listed or sold for $191,865 per acre and generally ranged from $165,000 to $280,000 an acre, though in some cases have sold for significantly more. Significantly cheaper industrial land parcels were found in Oxford where listings on lots range from $75,000 to $85,000 an acre (most with public water and sewer). Meanwhile in Trumbull, where R&D and single tenanted office space prevails, per acre listings exceed $400,000 per acre for prime subdivided industrial land in desirable locations.

See Following Exhibit for survey of listings and select sales of Industrial Land within the I-84 Corridor Study Area.

Exhibit 5.7
Available & Sold Industrial Land – I-84 Corridor Study Area

Address	Acres	Asking Price	Sold Price (Year)	$/Acre
Newtown				
19-21 Commerce Rd*	4.63	$675,000		$145,788
Turnberry Lane Lot 7**	4.74	$1,650,000		$348,100**
Turnberry Lane Lot 9	2.82		$324,000 (2007)	$114,894
Turnberry Lane Lot 8	1.00		$210,000 (2005)	$210,000
Turnberry Lane Lot 6	1.00		$212,500 (2005)	$212,500
Bethel				
64 Francis J. Clarke	1.96	$450,000		$229,592
Brookfield				
533 Federal Rd	2.60	$350,000		$166,667
457 Federal Rd	1.2		$133,000 (2003)	$110,000
4-10 Pocono Rd	3.77	$995,000		$263,786
71 Pocono Rd	4.85	$325,000		$67,000
Danbury				
147-148 Park Ave	6.5	$975,000		$150,000
2 Ye Old Rd	1.51	$375,000		$248,344
Shelter Rock Ln	10	$2,100,000		$210,000
17 Commerce Dr	1.0		$281,400 (2003)	$281,400
Oxford				
Donovan Rd @ Bala Rd.	22	$1,914,000		$87,000
Donovan Rd/Christian, #1	2.8	$249,000		$89,250
Donovan Rd/Christian, #2	3.07	$199,000		$65,114
Morse Road Lot #3	3.25	$276,250		$85,000
Morse Road Lot #4	3.78	$283,500		$75,000
Morse Road Lot #8	3.37	$325,000		$96,139
5 Morse Road	2.5		$185,000 (2007)	$74,000
24-46 Nichols	28	$2,800,000		$100,000
Fox Hollow Ind. Park #1	4.44	$368,520		$83,000
Fox Hollow Ind. Park #2	5.56	$444,800		$80,000
Fox Hollow Ind. Park #8	2.63	$223,550		$85,000
Trumbull				
254 Shelton Rd	4.76	$20,000,000		$420,168

Source: Area Brokers, CERC, CoStar

* Price includes adjacent parcel – 21 Commerce Rd which is improved with a 4,260 sf structure.

** Reportedly under contract or strong buyer interest.

VI. Survey of Industrial Parks – Existing & Proposed

Overview

Industrial Park development along the I-84 and Route 25 corridors is constrained by the lack of appropriate land. Zoning restrictions and the skyrocketing value of land for retail/commercial and residential development increase costs are generally out of reach for industrial property development. The exception is large, national corporations that seek pristine campus settings and proximity to the executive labor pool in Fairfield County.

According to the region's primary planning organization, the Housatonic Valley Council of Elected Officials (HVCEO), the stretch of I-84 between Brookfield and Waterbury presents the greatest opportunities for future industrial development. However, a survey of the corridor and conversations with brokers and government officials suggests very limited potential for large scale development, citing Oxford and the few land assemblages in Newtown off I- 84 as the only existing property with industrial park potential.

Searches for available industrial properties or land within industrial or business parks, as well as town documents listing vacant properties, appear to confirm the lack of opportunities in the region. Vacant land for development of an industrial park of more than 40-50 acres is especially difficult to find, and is unlikely to be available for industrial uses. In part, the state's policy of steering economic development incentives to the reuse of existing brownfields influences the choices of communities that might otherwise partner with the state in new industrial park development.

The existing industrial parks in the region may not be brownfields, but they are primarily located in sections of communities that are less attractive for other development that include residential or retail-commercial. Frequently, the industrial parks are butted up against infrastructure, such as major highways and rail lines, and in some cases are contiguous with public works facilities including sewage treatment plants, dumps and transfer stations.

Despite the difficulty of finding locations and overcoming other obstacles to new park construction, the industrial park developers' greatest advantage is often the community itself. Industrial space customers are often anxious to see projects completed quickly, which can only happen with the cooperation of town government and residents. Oxford, for instance, is promoting its speedy handling of all permitting and approvals; the town claims most transactions can be moved through the process in 5-6 weeks.

Newtown

Newtown has benefited from one of the newest industrial parks built in the area with the development of Curtis Corporate Park in 2001 off Toddy Hill Road in Sandy Hook area. Reportedly strong buyer interest is being shown for the last remaining lot in this 12-lot development (note: several of the lots are held back by developer-owner of the property who also owns the adjacent business Curtis Packaging Company).

One broker noted that Newtown has a large amount of existing space available, but most of it in large blocks. The recent decision by Pitney Bowes to give up its 150,000 square foot facility added to an already sizable inventory for a town its size. According to the listing broker, most of the inquiries for the Pitney Bowes space are coming from smaller, service businesses that need to be in the area. To date, there haven't been any large business inquiries to this broker.

Outside of the recently developed Curtis Corporate Park, much of the available industrial park space is older, and in buildings that don't meet today's industrial/warehousing requirements. In some cases, older structures have been converted to accommodate demand for flex-space as best seen in the Simm Lane Business Park.

Danbury

Danbury is a built-out older city with few opportunities for new industrial development at any scale. The existing parks and industrial development are part of the fabric of the city rather than discrete, isolated properties wholly dedicated to industrial uses. Even named parks are so intertwined with other commercial and residential uses it is difficult to define their exact boundaries. Berkshire Corporate Park, which straddles Danbury, Brookfield and Bethel, has property available and offers the best opportunity for future expansion.

Berkshire is privately owned by the Steiner family. According to Richard Steiner, the park has another 15-20 years worth of expansion potential. Vacancies and turnover in general have been very low. The company is seeing a downturn in inquiries from R&D and high tech firms, but not a decrease in general inquiries from light industrial, wholesaling/distribution and service oriented end-users.

The Union Carbide Campus could offer Danbury an opportunity of park growth. The former 1.2 million square foot headquarters building, which includes significant R&D and manufacturing space, currently has 18 businesses leasing space. The uses include pharmaceutical, including a division of Boehringer & Ingleheim, manufacturing, R&D, and services. According to local development officials, there are 500 available acres on the campus, although 265 acres of this total have recently been rezoned residential. The remaining acreage holds the potential of developing up to 600,000 square feet of industrial space.

Danbury is fortunate to have a number of well-known national companies, as well as smaller, often high tech firms doing cutting-edge R&D, which serve the larger entities. These high value-added companies are well-positioned to trade-off slightly higher costs for proximity to their customers.

Brookfield

Brookfield is primarily a residential community, with commercial corridors that have some industrial/warehousing uses. There are three named parks, but they are small and hard to identify as parks. Silvermine Industrial Park is strung along Federal Road, with no discernable boundaries. Del Mar is a more conventional park, but has been built out since the 1960s. Berkshire Corporate Park has at least 75 acres in Brookfield, but no development.

The potential for additional industrial parks in Brookfield is constrained by the high cost of real estate, the lack of large tracts of potential park land and the resistance of residents to additional industrial development.

Bethel

Bethel has two very successful industrial parks. The Berkshire Corporate Park is home to a variety of major companies and represents the primary development location within the 3-town park. With companies like Duracell, Berkshire represents a high-end park that offers prestige as well as space. The developer's vision to always have as diverse a mix of large and small users as possible, in addition to service businesses, is aimed at weathering downturns in any particular industry.

Berkshire has benefited from the expansion of regional firms such as Memry, which moved from a 12,000 square foot facility in Brookfield to a 40,000 square foot build-to-suit in Bethel.

Less prestigious, perhaps, but very successful, is the Francis J. Clarke Industrial Park located off Route 54. This older development has recently experienced a spurt of growth associated with newer industrial facilities configured for high bay flex space, often sold as condos , which is generating high interest from smaller companies. Brokers and town officials throughout the market area cite the lack of inquiries from large, single occupant businesses as the impetus for the growth of the flex space market. The fact that Connecticut's growth in recent years has been almost entirely within businesses of 50 or fewer employers underscores the trend.

Bethel's Economic Development Director said she regularly fields calls from local or regional companies looking for space, often for expansion of existing businesses. She contends that, "If I had lots to offer, I could easily sell them for industrial, warehousing and commercial uses." Calls from outside the region are few because Bethel has done little marketing due to lack of product. The community is exploring options for increasing the available industrial property by looking at town-owned properties.

Oxford

Oxford represents the exception to the industrial-land-poor towns in the market area. More than 25 years ago, Oxford zoned 3.5 square miles of land, or 2,500 acres, as industrial property, when it was primarily farmland. All of the properties in Oxford are “greenfields” which require no remediation. There are approximately 500-600 acres still available for development, all of which are privately owned. Oxford has eight named parks in its industrial district loop, most of which have access to public water and sewer, gas, and in some cases, high speed telecommunications via linkage to a fiber optic line. Interstate 84 is also within easy driving distance of most of the parks.

The industrial zone surrounds Waterbury/Oxford Airport, a general aviation facility with the second longest runway in the state. The airport has recently seen hangar construction and other infrastructure improvements. There are currently 31 private jets based there, and the ConnDOT 5-year plan calls for more than doubling that number.

Oxford is a low-cost alternative to the more expensive towns of neighboring Fairfield County. The average price of industrial land is $75,000 - $80,000, which represents an increase of $15,000 - $20,000 in the past three years. The town’s taxes are reasonable at 20 mils. The Economic Development office offers developers modest tax abatements, refunding 30% of taxes the first year, 20% the second and 10% the third year, before phasing out.

The town’s Economic Development Director says, “Oxford is on fire.” The combination of affordability and availability has made Oxford a standout in terms of industrial park development in the region. In addition, the town has committed to expedite developer’s permitting processes to create an unusually swift turnaround that can be as short as 5-6 weeks. In the past year, 20 buildings have been under construction or completed, adding 400,000 square feet to the town’s industrial inventory. The majority of this space has been taken by small locally-based companies, often family-owned.

Monroe

Monroe has sizeable areas of industrially zoned land and property available, however, infrastructure constraints tend to limit the long-term potential of some of the properties. Neither Pepper Street Industrial Park nor the Victoria Drive Business Park, the primary industrial sites in town, has access to public sewer. When Swiss Army built its Victorinix headquarters, they were required to install a sewage treatment facility onsite. One Monroe local official noted for the parks to gain access to public sewage, a pipe would have to go through Trumbull and connect to Bridgeport’s system, which he deemed unlikely.

The Victoria Drive area is relatively small, and there is a great deal of ledge that is currently being leveled for eventual building. Pepper Street is a much more developed area, with several older sites, but a spate of new light industrial construction. The buildings are being built as flex space for the most part, although the developer has had some build-to-suit projects.

The Pepper Street Industrial Park, which is abutted by a mix of older industrial uses, as well as residential and commercial, is well underway with the first of 3 phases of development. The 28 lots in this 1st phase are moving quite well according to the developer, who first considered an age-restricted residential development before being convinced by the town to do an industrial park. It was noted by the developer, John Kimball, that customers have usually searched for available buildings to purchase before deciding to custom built at his development after finding existing product does not meets their needs.

Trumbull

Trumbull's industrial parks grew out of the exodus of large, national businesses from the New York metro area to the campus settings afforded by the suburbs. The planning and implementation were geared toward high end single users who wanted, and could afford, well-landscaped, beautifully finished parks. This is especially true of Trumbull Corporate Park, where manufacturing and administrative offices are often indistinguishable.

The success of Trumbull Corporate Park led to the purchase and development of Trefoil Industrial Park on the Monroe border. While the overall park environment is not as opulent as Trumbull Corporate, Trefoil, which is owned and managed by First Boston Fund, has heightened sensitivity to aesthetics that is not found in many suburban developments.

In addition to its locational advantages, Trumbull also offers some of the best tax advantages in the market area, starting with a 7-year tax abatement which declines from 70% to 10% in that time period. In addition there are selective credits to stimulate the creation of R&D facilities. Despite these incentives, the cost of land and buildings in Trumbull has helped stimulate development further north up the Routes 8 and 25 corridors.

Trumbull has recently approved new zoning regulations that will provide more incentive for businesses to select the community. One important zone change is the allowance of office buildings 75 feet tall within Trumbull Corporate Park, which will significantly influence future development and clearly a response to the success of office development in nearby Shelton. Another rule allows restaurants within 1,500 feet of each other within industrially zoned areas, which could lead to new "restaurant rows".

Newtown Industrial Parks

Commerce Park, Newtown

Commerce Park, located off Route 6, is an older, well developed commercial/industrial park developed in the 1970s and presently contains a mix of uses among its 15 companies. While there are manufacturing uses, other uses include a health and fitness center, car care, banking, a childcare facility, and construction-related service businesses as well as a sewage treatment plant. Two buildings formerly used by GE are up for sale in the park.

16 Commerce Road, one of the GE buildings on the market

5K Industrial Park, Newtown

Just up the road from Commerce Park on Edmond Road is 5K Industrial Park which runs between Route 6 and School House Hill road and parallel to I-84. At 3 Edmond Road, newly constructed flex space of 40,500 square feet is available with a minimum subdivide of 1,500 square feet. Lease rate is $9.00 -$10.00 per square foot, based on the size of the unit.

New Flex Space at 3 Edmond Road

At 11 Edmond Road, a 211,000 square foot truck terminal building that previously used by Pitney Bowes, is offering either the entire building or 105,500 square feet for lease at $7.95 per square foot.

Curtis Corporate Park, Newtown

Curtis Corporate Park is a much newer project located on 23 acres, with 12 lots, most of which are sold. It was developed by an existing business, Curtis Packaging Co., which maintains its facility in the park as well as own two of the lots for future expansion or development. The one remaining parcel for sale, Lot 7, which is 4.74 acres, has reportedly received strong buyer interest recently, despite its listing price of $1,650,000, or $348,101 per acre. Notably, Curtis Corporate Park does not offer public water and sewer.

Uses within the Curtis Park include Stock Building Supply (with ample outside storage), American Stair, and Environmental Energy Services. Also, TnT' Expense Management is close to completing construction of its new 24,600 sf corporate HQ building at 12 Turnberry Lane which will include a fitness center and cafeteria and double its employment. The park is closely surrounded by new housing created by another developer, although the park itself is traditionally laid out in cul-de-sacs. The lack of developable property in Newtown has created a situation where demand outstrips supply. According to one commercial broker, “Newtown has so few opportunities, the right space goes quickly.”

In addition to TnT’s new building , a new industrial/manufacturing flex space facility at 10 Turnberry Lane is on the market with space for sale or lease. The 24,696 square foot building offers a minimum subdivide of 3,100 square feet. Sale price is $100.00 per square foot; lease rate is $7.50 per square foot. The building is also being marketed as warehouse or laboratory space.

10 Turnberry Lane in the Curtis Corporate Park

Simm Lane Business Park, Newtown

As the name implies, the Simm Lane Business Park is located off Simm Lane and is actually one 85,000 square foot multi-tenant facility. 23 businesses are listed as tenants and offer everything from manufacturing, warehousing and distribution to service industries. Only 12,800 square feet of space is available, and that can be subdivided to a minimum of 1,139 square feet.

Peck's Lane off South Main St has two buildings for sale, with space for lease, as well. 31 Peck's Lane is on 23.95 acres and was built in the 1960's. The price has recently been reduced from$5,500,000 to $4,250,000. The building has 134,165 square feet overall, with 81,675 available for lease at $5.00 per square foot.

31 Peck's Lane, Newtown

Across the street, 30 Peck's Lane is also for sale or lease. The 60,720 square foot building has 30,000 square feet available at $6.75 per square foot. Its sale price was also recently reduced from $5,464,800 to $4,995,000. This much newer facility was built in 1997 on 10.64 acres of land, and features an estimated 40,000 square feet of expansion space.

30 Peck's Lane, Newtown

Near the Monroe border, just north of that town's Pepper Street Industrial Park, at 40 High Bridge Road, a building constructed in 1965, but extensively updated in 2005 is on the market for $3,125,000. The 56,170 square foot building is on 6.0 acres. It lacks public water and sewer, but does feature a self-contained sewage treatment plant.

40 High Bridge Road, Newtown

In the same part of town, the ***Batchelder property*** at 44 – 46 Swamp Road, has a 100,000 square foot obsolete industrial smelting plant on 33.4 acres of land.

This brownfield site has been studied, and it is estimated that it requires $1.3 million in remediation expenses. The town controls the property due to back taxes. The site has no public water or sewer, but it is on a rail line.

Barnabas Road, just off I-84 and Route 25 in the Hawleyville section of town, has several industrial, mixed use buildings. Notably, CL&P has a large facility in this area. At 64 Barnabas Road is a flex space building of 10,000 square feet, with units available from 1,350 square feet at a cost of $20.00 per square foot. The building was erected in 2005.

Danbury Industrial Parks

Orchard Industrial Park – Kenoisa Ave, Danbury

Danbury has a good deal of industrial activity spread throughout the city, but there are really only 2 defined industrial parks. Orchard Industrial Park is a small cluster of industrial and mixed uses set just behind the Danbury Fair Mall along Kenosia Avenue and Ye Olde Road. The retail development around the mall is encroaching on available space as well as service related uses such as the medical center Urology Associates and real estate brokerage Coldwell Banker.

Kenosia Business Center, industrial condos on the edge of Orchard Industrial Park

Commerce Park, Danbury

Commerce Park is a more traditional industrial park. Users include: Pitney Bowes, a Dunkin Donuts manufacturing plant, Pepperidge Farms, WIND, plus engineering, graphics, construction, restaurant supply, plumbing supply, R&D, and other manufacturing/distribution uses. Also found in the park is Tilcon extraction plant, a sewage treatment plant, dog pound and town mulching facility.

4-9 Finance Drive, Danbury is available for $4,500,000.

Smaller spaces within larger buildings are also available, such as 10,000 square feet in a 55,000 square foot building at 4 Finance Drive, which is leasing for $8.00 per square foot. That property, on 6 acres, is also for sale at $4,500,000.

South of Commerce Park industrial properties available include ***2 Great Pasture Lane,*** where Fuel Cell Energy and a mailing fulfillment company are already located. The property has a build-to-suit opportunity for 80,000 square feet of additional space.

Most of the other Danbury listings are along streets, such as ***Shelter Rock Lane, Plumtree Road, and Sandpit Road***, which also include business centers on individual properties. On Shelter Rock Lane, there is a build-to-suit opportunity on 10 acres for a 52,000 square foot facility, which can be subdivided to 24,000 square feet, with a lease price of $9.50 per square foot. ***Shelter Rock Business Park*** in Danbury is less a discrete park, and more a strip of commercial/industrial uses within an industrially zoned area.

Berkshire Corporate Park (Danbury section)

The Danbury section of Berkshire Corporate Park is generally undeveloped. There is one business, General Electric Capital Corp., at 4-10 Riverview Drive. The 4-story brick office building on 14.99 acres, has 172,288 square feet of space. It was built in 1998.

Additional lots appear on town records, owned by Berkshire LLC, which is a Steiner Family company. The Steiner's own Berkshire Corporate Park in all three communities. The additional lots are 18.25 acres at 12 Riverview Drive, 13.37 acres at #2, 12.75 acres at #1, and 13.6 acres at a lot known only as Riverview. Development potential within these tracts is considerable, although company and town officials suggested the likelihood that it would be targeted to office development, if at all.

A Steiner Group executive suggested that the company is so busy with other parts of the Berkshire Corporate Park, as well as with residential communities in other areas, that they are not marketing the Danbury parcels. When they do, they plan to do build-to-suit buildings and retain ownership of the properties.

Brookfield Industrial Parks

Berkshire Corporate Park (Brookfield section)

Berkshire Corporate Park is located within three communities, Brookfield, Danbury and Bethel with each containing roughly 1/3 of the overall site. The Brookfield section of the park has not been built out. The industrial properties in Brookfield, for the most part, are not within parks, but along major town roads, including Federal Road, Vale Road and Commerce Road.

Silvermine Industrial Park, Brookfield

The privately owned Silvermine Industrial Park has a 160,219 square foot manufacturing, warehouse/distribution building available for lease. The space is subdividable into two units, one is 74,369 square feet, and the other is 85,850 square feet. Lease rate is $7.25 per square foot. Silvermine is right off Route 7, near I-84 and the New York state line. The building has fiber optics and public utilities. The property is professionally managed by owner Roy Young.

Delmar Industrial Park, Brookfield

Delmar Industrial Park is a small privately owned cluster of manufacturing and warehousing businesses. The approximately 50-acre park has 10 lots, up to 6 acres. None of the buildings or properties are available. Target Flavors, a long-time R&D and manufacturing business in the park, has two buildings, one 25,000 square feet, the other 6,000 square feet, with plans for continued expansion.

The other users include a self-storage complex and a moving/warehousing company, with the balance in manufacturing and heavy equipment repair.

Bethel Industrial Parks

Francis J. Clarke Industrial Park, Bethel

Francis J. Clarke Industrial Park is an older development located off Route 53, just bordering Redding, that has seen a fresh infusion of new building. The current activity is a mix of build-to-suit and flex spaces. The pace of development continues with the relocation of existing firms to larger buildings, such as the recent move by a video game manufacturer, Starstruck, to a larger, higher tech build-to-suit after starting in a smaller space within the park in a flex building.

Aduromed at 3 Trowbridge Drive, is a medical waste facility with 11,800 square feet of space. There are few additional properties available for development, the exception being a potential build to suit of up to 100,000 square feet.

Flex construction, such as 7 Francis Clarke Circle, has attracted a great deal of interest, and encouraged further flex-space construction, according to brokers. Customers prefer clean and open space, specifically designed to be flexibly functional, to altered spaces in older buildings that require potential trade-offs in efficiency and convenience.

7 Francis Clarke Circle, Bethel, a new building featuring flex spaces.

The headquarters of the highly regarded Cannondale Bicycle is at 16 Trowbridge Drive in Francis J. Clarke Industrial Park. It is located in an industrial park, but has a "country barn" look to the administrative building. To the rear, behind the trees, is the large, more conventional, research & development space. All manufacturing was moved to a facility in Pennsylvania.

Berkshire Corporate Park (Bethel Section)

Bethel is the primary location for development within the 3-town highly landscaped and professionally managed Berkshire Corporate Park (which dates back to 1970's). There is a wide mix of uses, including R&D, Flex, light industrial, warehousing and service industries, as well as the corporate HQ of Duracell. The 64 acres of the park within Bethel is not accessible to public water resources, although the owners provide sewer and water, as well as electrical and fiber optic facilities.

6 Riverview Drive is envisioned as a corporate style office building within Berkshire Corporate Park.

Typical of the direction of the Berkshire Corporate Park is development of higher-end facilities. Above is the proposed 6 Riverview Drive, which is slated to be a three-story brick office building. Plans call for a cafeteria, an on-site fitness center. This street, which leads to the rear of Duracell's new headquarters, represents the latest phase of development in the park.

2-4 Research Drive, Bethel (Berkshire Corporate Park)

This building above at 2-4 Research Drive was built in 1973. It is used as a combination of office and warehouse space. The 82,260 square foot building is on nearly 8 acres of land and the combined land and building are valued at $5, 598,600.

The 43.8-acre Duracell facility, built in 1995, has 298,114 square feet of space and is valued at $78,751.000. It was designed by Herb Newman and Partners, and was the winner of major national awards for green design, based on its setting, use of advanced methodology for sewage treatment, and passive solar design throughout.

The Duracell Headquarters on Research Drive in Berkshire Corporate Park.

At 2-4 Parklawn Drive, an office/industrial warehouse building with 35,600 square feet of space on 5 acres is primarily used for office space, with just over 8,000 square feet used for warehousing purposes. It was built in the early 1980s. An empty parcel currently being improved on less than 1 acre is approved for a 27,570 square foot building.

2-4 Parklawn Drive in Berkshire Corporate Park.

1 Park Ridge Road is a 3.74 acre parcel with a 25,000 square foot office building built in 2000. Just beyond it on Park Ridge Road, are several available parcels, ranging in size from 1.8-3.5 acres, which are linked to on site water and sewer, but have not been cleared or made development-ready.

1 Park Ridge Road. (*Berkshire Corporate Park).*

Trumbull Industrial Parks

Trumbull Corporate Park

Trumbull has four designated light industrial areas, including the Trumbull Corporate Park, Trefoil/Spring Hill Park, Reservoir Ave./Oakview Drive, and Quarry Road, off Route 25, south of the Merritt Parkway. There are, however, only two real industrial parks within these areas, although there is industrial activity in all of them.

Trumbull Corporate Park is in a highly desirable location just over the Bridgeport line off Route 8. The traditionally clustered park is separate from residential or other uses. There are 16 lots in the park, with only one vacant. The individual lots contain a large number of users, many of which are familiar names in Fairfield County, including Pilot Pen, General Re, Unilever and NASDAQ. The attraction for many of these companies, aside from proximity to lower Fairfield County and the availability of space, is the excellent fiber optic and redundant power supplies in the park, which are of special importance to companies, such as General Re, which run heavy-duty computer operations centers.

Within the park, many of the lots include multiple users. For instance, at 30 Nutmeg Drive, which is home to Novamed, Stamford Wrecking, Unilever (which has properties throughout the park) and Bargain News, there is currently one space available for 24,500 square foot space and listing at $7.50 per square foot. The broker said that this has been a quiet time for leasing and that many companies seem to be putting their expansion plans on hold. He has had interest from one company already in the park, and another from West Chester, New York.

Unilever, which has had a large presence at the park since moving its corporate offices from Stamford and Greenwich, owns 322,000 square feet space in three buildings, and leases a combined total of 112,000 square feet at 45 and 50 Commerce Drive. According to brokers, some of this space was accumulated for eventual expansion. Recent company decisions not to relocate certain operations from New Jersey will result in more space on the market at 30 Nutmeg Drive, although they will maintain space at 35 Nutmeg Drive.

35 Nutmeg Drive, Trumbull NASDAQ building,

At 35 Nutmeg Drive, the NASDAQ building sold last year for $31,700,000; with 80,000 square feet of space available for lease by the new owner. Current tenants in the well-appointed space include Gartner Group, Avery Worldwide, ITT, Flygt, Connecticut Magazine, several smaller high technology companies, a medical-related facility and a sports performance center.

Trefoil Park, Trumbull

Trefoil Industrial Park, linked to Route 25 via Route 111, is a less traditional park composed of 6 properties, comprising 260,000 square feet of space. The contiguous streets include a mix of old and newer non-industrial uses and are intermingled with residential. The park properties, owned by New Boston Fund, are on Trefoil Drive, Spring Hill Road, and Main Street, near the Monroe Town Line.

The loss of its former highest profile tenant, Cadbury-Schweppes, will put 60,000 square feet of primarily research & development space on the market this summer at $12 per square foot. The broker's expectation is that the space will be sub-divided for flex space.

Trefoil has 257,201 square feet of space that includes tenants such as Mold Manufacturing, Engineering Design Center, United Health Care and a YMCA. The buildings are generally not very large, and the layout of the park is not especially conducive to warehouse/distribution uses.

The former Trumbull Printing Plant on Spring Hill Road is vacant and available. The 61,890 square foot building was built in 1969. In addition, there is 20,000 square feet of warehouse space within a 107,000 square foot building at 25 Trefoil Drive offering 36 foot ceilings that is on the market at $10 per square foot gross. Also, at 100 Corporate Drive, a total of 19,680 square feet of office/flex space, sub-dividable to 1,640 square feet, is available for sale or lease. The 1,640 square foot space is for sale at $279,900, while a 4,960 square foot space is available for $675,000.

Monroe Industrial Parks

Pepper Street Industrial Park, Monroe

Monroe's central location on Route 25 between I-84 and I-95 is spurring park development. The Pepper Street Industrial Park is a 300-acre site that is being developed in phases. The first phase consists of 28 lots, many of which are sold or under contract. Developer John Kimball is currently seeking approval for Phase 2, which includes 5 lots, 3 of which are reportedly committed. After these phases, the park will still have 144 acres remaining to develop in the future, with overall park potential of more than 50 lots.

According to the developer, action has been brisk and properties are moving quickly, despite the lack of public sewer. Three build-to-suits have been completed and are occupied. Among the users choosing the park are a tool & die manufacturer, tree service, metal fabricator, military paint distributor, mailing fulfillment and a label maker. The largest building thus far is 50,000 square feet. The developer credits the project's success to a combination of location, the right price ($150,000 per acre), and the town's reasonable taxes. According to the developer, some of the potential customers have been looking for warehouse space that exceeds capacity in the park ranging from 250,000 to 1 million square feet. The largest approved building size in the park is 100,000 square feet.

Most of the new occupants are existing businesses from elsewhere in Fairfield County, in an expansion mode. They are generally 2nd and 3rd generation family businesses which are cashing in on the value of their current properties to retail developers, and making the move up Route 25. Some of the buildings are being overbuilt for future expansion, with excess space being sublet as flex space for reportedly $10-$12 per square foot.

Pepper Street Industrial Park, Monroe

At 74 Enterprise Street, which is under construction, only 2 units are still available - one at 2,953 square feet and the other 5,906 square feet. There is an adjacent parcel approved for an additional 13,000 square feet of industrial space.

Just outside the park, at 500 Pepper Street, 7.16 acres of raw industrial land is available for $849,000. The broker said there have been “nibbles” and a lot of general activity, but no deal yet. The property is being marketed as a potential site for a 24,000 square foot building.

Main Street/Victoria Drive, Monroe

Begun as the site of Victorinix new Swiss Army headquarters, and including a large landscaping distributor, this park is being prepared for further development. One 5.5 acre parcel will soon be available on Victoria Drive, the rest of the “park” is at the Main Street intersection.

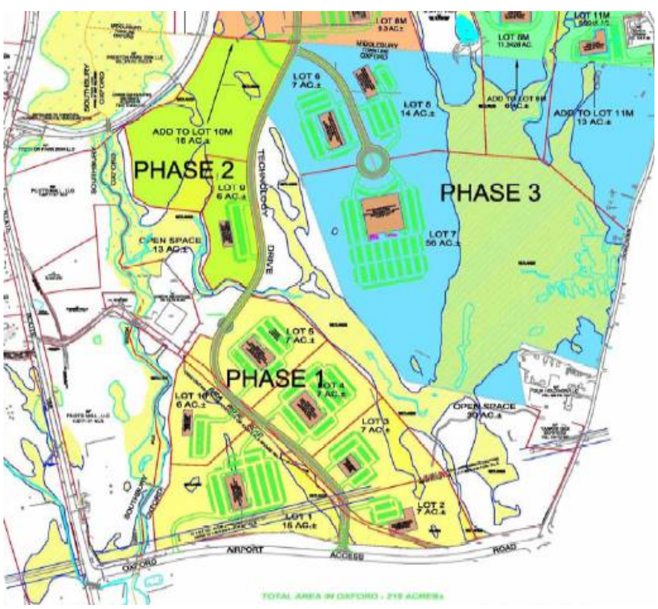
Victoria Drive, Monroe

At 200 Main Street, 28,500 square feet of new construction has attracted printers, an instrument manufacturer, and a security services company. There is still 18,000 square feet of flex space remaining in this complex.

200 Main Street, Monroe

Oxford Industrial Parks

Technology Park, Oxford



The 200-acre Technology Park, which have been in the works for many years, is located northwest of the airport and is owned by Pilots Mall LLC of Stamford, a subsidiary of Omega Engineering. Pilot's Mall has plans to develop a high tech park in phases with an emphasis on manufacturing and data centers with up to 720,000 square feet of space. There are 4 lots from 6-21 acres which can accommodate 8 buildings in the first phase. Pilot's Mall is reportedly looking to build a 1.8 mile road through the property, which will connect Airport Access Road with Benson Road in Middlebury.

Technology Park Site Plan

Woodruff Hill Industrial Park, Oxford

Woodruff Hill Industrial Park, in the northeast corner of the loop, is a 17-lot town-owned park. Major users include power-related industries including Duke Energy and GE, who take advantage of the park's location on the natural gas pipeline. The GE subsidiary, Towantic Energy, which is building a gas-fired plant, is currently constructing a 4,500 foot roadway into the property. The subdivision plan for Woodruff Hill was finalized 2 years ago, with an eye to attracting more generating facilities. The town is attempting to create an Energy Improvement District within the park to make it even more attractive to generating companies. Woodruff Hill has capacity to accommodate 500,000 square feet of space.

Morse Road Industrial Park, Oxford

Morse Road Industrial Park, located east of the airport, has eight lots, of which 4 are still available at $75,000 per acre. The first building is 30,000 square feet of corporate/industrial flex space located directly on Morse Road. A 6,250 square foot unit is available for lease at $10 per square foot or for sale at $274,000. Demand is such that XAL, an architectural lighting manufacturer, took 13,500 square foot space while awaiting the construction of their 54,000 square foot building in Fox Hollow Industrial Park. A second flex-space facility is being built directly next door. The other two lots were sold to G.P. Industries of New Milford, which is planning a large industrial building to house their plastic injection molding business. At 3 Morse Road, space is listed from 2,000-8,989 square feet with leases at $8.00 per square foot, or for sale at just over $100 per square foot.

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3 Morse Road, Oxford (Morse Road Ind. Park)

Commerce Park, Oxford

Commerce Park, which is owned by Sippins Fuel, began with a 36,000 square foot flex building at 1 Jack's Hill Road. Commerce Drive, which was built to service the park, has construction plans for an additional 48,000 square foot flex building. Additional properties within the 95-acre park are available for build-to-suit purposes. Six lots from 6-22 acres are listed as available.

Willenbrock Industrial Park, Oxford

100 Willenbrock Road, Zackin Publishing

Willenbrock Industrial Park is home to a number of users, with an emphasis on flex spaces from 2,000-12,000 square feet. One company, G&F Rentals has completed 5 buildings for flex uses. In addition there are a number of individual end users that include printers, mail fulfillment companies, and a 34,000 square foot manufacturing facility for Kenneth Lynch & Sons.

Jack's Hill Industrial Park, Oxford

The Jack's Hill Industrial Park is a 95-acre parcel with a 6-lot subdivision. Lots range in size from 2.5 to10 acres and each is capable of handling 40,000 square feet of industrial space. Lots have sold out and only one building is left to be built. Tenants include a pizza box manufacturer, wood design, a pool company, a packaging company, and insulation distribution. There is also a flex building with a couple of small spaces available.

1 Jack's Hill Road, Oxford

Hurley Farms Industrial Park, Oxford

Hurley Farms Industrial Park is a multi-tenanted business center that is built out and largely occupied. Recent additions to the park's original 110,000 square feet of space include several 14,000 square foot buildings flex buildings which brought the total to nearly 160,000 square feet. There are spaces available from 2,500-4,800 square feet, leasing at $6.50-$7.00 per square foot.

Fox Hollow Industrial Park, Oxford

Fox Hollow Industrial Park is a new 90-acre development with 9 approved building lots from 2.8 to 6.8 acres. A roadway and infrastructure is in place, and 4 buildings are currently under construction. CED, an industrial engineering firm, is building a 30,000 square foot facility. Beer United International, an experimental brewery, is building 50,000 square feet. Earthworks, which has developed other properties in Oxford, is moving from Beacon Falls into a 12,000 square foot building and Martino Fuel Oil is taking 10,000 square feet in another building in the park. XAL, also located Morse Road Industrial Park, will have a 54,000 square foot building. In all, 5 of the 9 lots have reportedly been sold within the past several years.

Exhibit 5.8

SURVEY OF REGIONAL BUSINESS PARK S

Town	Park or Subdivision	Types of Businesses	Total Acres	Total Lots	No. of Lots Remaining	Acres Remaining	Parcel Size range in acres	Recent Activity
Newtown	Commerce Park	Manufacturing, public works, service comp.	70 (est)	19	2	13.11 (town – owned)	2-6+	
	Curtis Corporate Park	Light industrial, service	22.4	12	1 (but might be under contract)	4.6acres	1-5	Last lot, 4.74 acres, listing for $1,650,000, could support 50,000 sf
Oxford	Fox Hollow Industrial Park	Manufacturing, service	90	9	5	28.7	2.8-6.8	New and under construction
	Morse Road Industrial Park	Manufacturing, corporate, service	25	8	4	12.5	2-4	
	Willenbrock Industrial Park	Light Industrial, Flex office,	75	10	0	0	2-5	
	Technology Park	Light Industrial, R&D	349	10 – 4 in phase 1	10	200	6-21	Potential for 720,000 sf of space, roads being built
	Woodruff Hill Industrial Park	Heavy Industry, Manufacturing, light industrial	200	17	15	112	5.4-77.1	Potential for 500,000 sf of space, attempt to create an Energy Improvement District
	Commerce Park	Manufacturing, service	95	7	6	85+	6-22	One 36,000flex building on site, plans for another 48,000 sf flex space
	Jack's Hill Industrial Park	Manufacturing, service, distribution, flex	95	6	0	0	2.5-10	One building left to be built
	Hurley Farms Industrial Park	Industrial, warehousing, flex	15	3	0	0		160,000 sf of flex space from 2,500-4,800 sf
Monroe	Pepper Street Industrial Park	Manufacturing and distribution	300	50	21 (most in subsequent phases)	100(est)	2-8	Only 2 available lots that is building ready
	Main Street/Victoria Drive	Light industrial, corporate, service	80	3	2	69	3-10	Swiss Army HQ, one5.5 acre site prepared, more to come, plus Main St Buildings
Trumbull	Trumbull Corporate Park	Corporate, Service R&D	320	16	1	19	10-20	General RE ops to stay
	Trefoil Industrial Park	Manufacturing, R&D, office, service	15	6 properties	0 (But expansion potential remain in adjacent Spring Indu. Park)	0	NA	Cadbury Schweppes creates vacancies,

Source: Local Brokers, Realtors, Developers, Planning & Zoning officials, AMS Consulting

REGIONAL BUSINESS PARK SURVEYSUMMARY (cont'd)

Town	Park or Subdivision	Types of Businesses	Total Acres	Total Lots	No. of Lots Remaining	Acres Remaining	Parcel Size range in acres	Recent Activity
Brookfield	Berkshire Corporate Park shared by Danbury Bethel and Brookfield		75 acres, with 300, 64 acres in Bethel	NA, hasn't been divided into lots	NA	75	NA	Marketing site for end user, before subdividing,
	Silvermine Industrial Park Federal Rd	R&D, warehousing, manufacturing, health club	40	9	3	15	5-10	Feel's like a park, but all properties face main roads
	Del Mar Industrial Park	Target Flavors (R&D/mfg), other mfg/warehousing uses	50	12	0	0	1-6	Older park. built in 60s
Bethel	Berkshire Corporate Park	Duracell HQ, light industrial, services, nursing home, day care	70	16	4	20	3-10 acres	Several larger industrial buildings now used for flex space, no empty buildings
	Francis J. Clarke Industrial Park	Manufacturing, light industrial, warehousing,	220, original,	33	0, but some owners are planning to subdivide	Potential to expand into additional town land up to 60 acres	2- 6	Mature park with growth potential, lots of flex being created in older buildings
Danbury	Orchard Industrial Park, Kenoisa Drive	Manufacturing, light industrial, service	165	15	0	0	NA	
	Commerce Industrial Park	Manufacturing, high tech, R&D, an art gallery,	280	35	0	0	2-20	
	Berkshire Corporate Park	Undeveloped	25	NA, hasn't been divided into lots		0		GE Capital a recent addition

Source: Local Brokers, Realtors, Developers, Planning & Zoning Officials, AMS Consulting

VII. Marketability of the Proposed Business Park Location

Competitive Factors

Lot Availability

Competitive, ready-to-go lots in industrial/business parks are in short supply in this marketplace.

This is not to say there is lack of inventory of industrially zoned land in areas outside of developed parks that could be developed (particularly those with frontage on public roads). But in many cases within this region, these areas are more often than not being encroached on by a mix of uses, including residential. And such land that does exist is either infill in nature or constitutes large raw parcels lacking subdivision approval.

In the competitive communities of Danbury, Bethel, Brookfield, Monroe, Trumbull, and Oxford[4], we identified roughly 389 acres out of a total 2,484 acres of industrially zoned land in surveyed Business Parks, most with sewer and water – though not all, which could be developed in a relatively short time frame if buyers were identified (in other words infrastructure in place). However, based on our survey over 65% of the inventory of ready to build lots in the region is in Oxford, located primarily in four relatively new industrial parks. Meanwhile a fifth park, the 300-acre Technology Park, is in the planning and permitting stage in Oxford (note: Technology Park also overlaps into Middlefield).

Outside of Oxford, Monroe offers the largest inventory of land for sale in a business/industrial park with 21 lots in the Pepper Street Industrial Park, with future phases that could expand the park to 50 lots. Though relatively successful to date, Pepper Street Industrial Park is constrained partly due to lack of public water and sewer and immediate access to a highway[5]. Trumbull is also making a bid to expand its r&d and office base that could be built on the modest amount of land inventory remaining in its existing older business parks with new zoning that allows for heights up to 75 feet, though interest to date has been tepid.

Based on our survey, the net amount of ready to go lots in the region is estimated at 47 lots, though in some cases subsequent phases of existing parks not started could generate additional lots in relatively short time. For the present, most of the ready to build lots are concentrated in Oxford with 30, followed by Brookfield with 9 lots. Monroe has an estimated 3 lots ready go, though construction has started on a new five lot phase, while Newtown has possibly one unsold lot in Curtis Corporate Park. Newtown has two lots available in Commerce Park but both are town-owned and would be used to access the proposed Subject property (it is also noted that on Edmond Road north of Commerce Park, several industrial lots are being marketed for build to suit). Neither Danbury nor Bethel appear to have much inventory, however, owners of the Berkshire Corporate Park which overlaps these two communities are prepared to expand residual capacity of their park based on demand.

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[4] No business parks of any significance were identified in Southbury, CT.
[5] Peeper Street Industrial Park is however within reasonable driving distance of Interstate 84 and the highway portion of Route 25.

Locational Factors

Along with competitive factors, marketability of a business park is a function of proximity to major transportation corridors, access to markets, availability and quality of workforce, quality of local infrastructure along with zoning and site characteristics as it relates to development capacity and cost. In all of these respects, the subject location would appear to be very marketable, though zoning and environmental site constraints would appear to be more restrictive for the Subject Site compared to other opportunities in competitive parks. The relative success of nearby Curtis Corporate Park, however, does provide some evidence of the type and level of business development interest that could be generated for the proposed business park.

<u>Positive marketability factors</u> relative to Subject site and location are:

- Newtown occupies a central location between not only Danbury, Bridgeport and Waterbury, but also New York and Boston.

- The proposed location of the park is less than ¾ of a mile from the I-84 interchange, exit 9 in Newtown, representing one of the few industrial park opportunities along the corridor with such ready access to the turnpike.

- Route 25 can be quickly reached via Route 6 providing access south to I-95. Route 34, another important regional transportation corridor, is also easily accessible providing a link into Naugatuck Valley and Route 8.

- Westchester County Airport, which is served by eight airlines, is roughly 30 miles west.

- Newtown's equalized mill rate is on par with neighboring competitive communities, though not the lowest (Danbury and Brookfield are lowest according to Sate Dept of Taxation)

- The site will offer an abundant level of open space appropriate for walking, jogging and biking trails that could serve as an on-site recreational amenity to workers.

- Workforce availability is relatively good though for some higher skilled occupations potentially more expensive than in other parts of the state. Meanwhile workforce accessibility is excellent from all directions

- The site is accessed from an existing road serving exclusively industrial and commercial businesses thereby mitigating any conflicts that might arise from abutting residential uses.

- Public water and sewer along with gas would be available to the site, which is in contrast to a number of business parks in the area where on site septic and water are required (Curtis Corporate Park in Newtown and Pepper Street Industrial Park in Monroe).

On the whole, location and existing conditions are very positive for the subject property, though a number of market constraints exist with the site and use of the site that are both physical and strategic. For the most part, these constraints are not considered formidable but must be taken into consideration relative to the marketability of the proposed development, particulalry as it may affect sales absorption potential.

<u>Marketability constraints </u>relative to Subject site and location are:

- Zoning for the site falls under M-5 which is more restrictive in terms of building and lot coverage of the two industrial zones in Newtown best suited for business parks (the other being M-4).

- It is unclear as to whether the town's sewage treatment facility located at the end of Commerce Road will be visible to the park and if so, if it will detract from the image of the proposed Business Park. Even without direct visibility, the knowledge of the sewage treatment plant's existence at the terminus of Commerce Road could be a marketing hurdle for some prospects concerned about the issue of smell.

- In response to environmental concerns on and off site, the present concept for the park is to limit the range of acceptable businesses even beyond what would be restricted by existing zoning. While this will elevate the quality of users, in effect it reduces the pool of potential prospects and will prolong absorption and full build-out.

- Along the same lines, any concept for the park which ties developers or end users to a time period for undertaking construction should be avoided. Only if the town were to provide a substantial incentive for development would such a concept be acceptable in the marketplace. Typically such deals are spelled out in a land disposition agreement which represents a quid pro quo arrangement (stimulating development interest with more generous tax abatement, more flexible zoning ect, but binding developer to performance standards otherwise he/she loses right to property).

- Lot and building development costs are likely to be higher than most other industrial parks due to imposition of building design standards more in keeping with an upscale park. On the other hand these design standards will be important in attracting and keeping office, high tech, service and professionally oriented end users which are the primary target market for the development.

Newtown's Location and Labor Pool Advantages

- Newtown is centrally located in the region with excellent highway access, a major reason businesses might be attracted to the town.

- Newtown has easy access to workers in three labor markets areas: Bridgeport-Stamford LMA, Danbury LMA, and the Waterbury LMA.

- Although a Newtown location may not be best for labor intensive businesses, which are more likely to locate in Bridgeport or Waterbury– it should be deemed very desirable to more highly skilled workers due its ease of access and positive town image.

- Oxford, and to a lesser extent Monroe represent the main competition to a Newtown location for lot development, though Danbury and Bethel represent sizable markets of existing industrial space.

- Newtown's location along I-84, which provides important east-west orientation through the region, and access to Route 25 and Route 34, providing north-south linkages to Route 8, the Merritt and I-95, is a formidable competitive advantage in the region.

- Despite Newtown's predominant bedroom community profile, the town offers basic business services locally and hotels in nearby towns (principally Danbury) which are important to companies looking to relocate or expand.

- Newtown is perceived as a safe and secure business location, in contrast to more urbanized locations often requiring more extensive exterior safety measures and added security for workers.

Receptivity to New Business; New Business Characteristics

- It is expected that 70% of the business development interest in Newtown will be derived from existing business in the town and region. In many cases, start-up business in a park will expand within the same park if space is available. This phenomenon is well recognized by business park developers and is the principal reason they look to accommodate smaller users in the park.

- Newtown is business friendly, though concerns about land use and environment are upper most and important to the town. Despite Newtown's openness to business expansion, competition is likely to be significant from nearby communities for much the same pool of prospects. Most communities have well organized business recruitment strategies in place, including incentive packages. Moreover, Newtown will have to compete against cheaper lots in Oxford and more established industrial-business markets in Bethel and Danbury.

- Increasingly, companies intending to be owner-occupiers are designing buildings with an eye to maximizing the usefulness to other potential owners should they need to sell – not wanting to be stuck with a single purpose facility. If building is for industrial use, important features are 18'-20' ceiling heights, clear floor space, and one to two docks plus drive-in door which would accommodate reuse as a warehouse.

- Multi-unit, high bay Flex space units sold as condos or leased are increasingly becoming popular in the region. This is a product type that can respond to wide range of users. Flex space can accommodate smaller space needs and in some cases can be combined to allow for expansion without moving. Flex space condo rates in the region range from $100 to $150/sf.

- In general, a business' timeline for relocating and expanding can sometimes be very short. Infrastructure must be in place on time to allow companies to move quickly. Also, opportunities can be lost the longer it takes to approve or permit uses in the park. Oxford has recognized this issue as a major hurdle and has instituted steam-lined process for permitting. While Newtown enjoys a central location with good transportation access, so do several nearby towns, which are marketing hard the same advantages.

- Though high tech jobs are gaining a foothold in Connecticut and beginning to grow after sliding in numbers following the dot.com collapse, it is unclear as to whether Newtown has the requisite locational advantages to compete effectively for these jobs which are fiercely sought after by communities statewide. To the extent the proposed park will be labeled Technology Park, consideration should be given to possibly incorporating redundant capacities for electric and fiber optic or incentives specifically targeting high tech uses.

- Given Newtown's well known sensitivity to environmental issues, as evidenced by the proposed site plan for the Business-Industrial Park, there may be a niche market to promoting the Subject Property to established and emerging companies that are building and servicing "green technology".

Summary of Industrial Market Assessment

National Highlights

- Following several years of stability and growth, the industrial market nationally is exhibiting visible signs of weakness due to a sharp downturn in the economy. Vacancy rates have started to rise, exacerbated in part by the influx of new supply even as demand is waning. Meanwhile industrial property sales have fallen off significantly in part due to the credit squeeze that is limiting access to capital for acquisitions.

- The one glimmer of positive news is the recent boost in exports and international trade as the result of a steeply de-valued dollar. This is providing somewhat of a cushion to the industrial market against the worst affects of the downturn (and in fact was a principal contributor the GDP, along with healthcare, in the 2^{nd} quarter 2008). But even this trading advantage could be curtailed if and when the Federal Reserve begins efforts to strengthen the dollar in order to head off inflation – a step which is anticipated to start in 2009.

- According to Grubb & Ellis the industrial vacancy rate on a national level was 7.9% in first quarter 2008 up from 7.6% in third quarter 2007. The highest vacancies were found in R&D with nearly 13%.

- The total volume of industrial product sold nationally in first quarter 2008 dropped 35% as compared to first quarter 2007.

- Investment interest in industrial property has shifted away from benefits accrued from short term appreciation and easy credit to stronger focus on property fundamentals.

- Strongest demand nationally has been smaller and mid-size space and buildings that support the productivity enhancements that allow manufacturers and businesses to be more competitive.

- Both nationally and regionally, warehousing and distribution command much of the new construction market for industrial space driven by changing needs in space requirements and expansion of supply and distribution channels. Not surprisingly, strongest markets for warehousing have focused around areas of major transportation portals in the country including seaports and airports- the latter driven in large part by the resurgent growth in exports.

- Analysts near term forecast point to further softening in the industrial market with rising vacancies though not to heights reached in the high tech meltdown of 2001-2003 when rates pushed through 11 to 12%. Industrial property sales on the other hand are expected to see a dramatic decline in part due to decline in activity in the credit markets.

Northeast Regional Trends

- The Northeast region is a mixed picture. Boston metro area which never fully recovered from the high tech meltdown of 2001-2003 has seen vacancies rise to 18.1% in first quarter 2008, up from 16% in fourth quarter 2007. Metro New York, a national distribution hub is faring better due to concentration of warehouse and distribution which has benefited from surging export trade.

- The Stamford-Fairfield County market, like Boston, is more influenced by local demand as opposed to national and international trade flows more typical of New York metro area. With the current economic downturn, the Stamford-Fairfield County market has witnessed softer conditions but is in better shape compared to Boston which is somewhat overbuilt. According to CB Richard Ellis, vacancy in Stamford-Fairfield County was 14.8% in first quarter 2008, up from 12.8% a year earlier.

- Leasing and sales trends in the local and regional industrial market mirrors a national trend towards growing diversity of business users in industrial parks. While demand for warehousing and distribution remains high, there is increasing demand from business, scientific, technical and professional service sector for industrial/flex space. In Connecticut, economists have identified sectors that involve bio-science, health sciences, software development, and emerging energy technologies as representing strong growth potential. There will diminished demand for large low bay, traditional manufacturing buildings.

Fairfield County and Local Submarket Industrial Market

- According to Torto Wheaton Research (business unit of CB Richard Ellis), the Fairfield County Metro Industrial Market consists of three submarkets totaling 54 million square feet of space. Manufacturing space accounts for 50% of total inventory, followed by warehousing at 33% and R&D-high tech at 17%.

- Lease rates in the Fairfield County metro market for industrial space tend to be higher than most other areas of the state averaging $7.84 a square foot. Rents for R&D space approach conventional office space averaging $20 sf.

- The region’s industrial vacancy rate of 14.8% is well above the national rate of 10.5% (per CB Richard Ellis). Projections provided by Torto Wheaton Research suggest Fairfield County Metro vacancy rate is likely to continue rising over the next several years in response to current downward economic cycle and on-going systemic declines in manufacturing employment before stabilizing in 2012-13

- Newtown with 1.9 million square feet is located in the Upper Fairfield submarket which is anchored by Danbury (4.4 million sf) and also includes Bethel, Brookfield, and Ridgefield. Total industrial inventory in Upper Fairfield submarket is 9.3 million sf with Newtown accounting for 23.1%, ranking it second to Danbury with a 47.7% submarket share.

- Within the Upper Fairfield region, Newtown reports the highest industrial vacancy with 27% due in large part to sizeable blocks of space on the market including Pitney Bowes transportation facility, the 129,000 sf available at 101 South Main Street (Young Industries) and the 100,000 sf available at the Brownfield site on 44 Swamp Road.

- Few towns in any of the submarkets experienced year to date positive absorption of space in first quarter 2008. And only one submarket, the Lower Fairfield submarket, recorded net positive absorption of available space– and that was limited to 6,000 SF. The overall Fairfield metro market saw 374,000 SF return to the market in first quarter 2008, split equally between Eastern Submarket and Upper Fairfield submarket.

- Within the overall Fairfield County, the industrial market's highest vacancy is associated with warehouse space at 16.7%, followed by manufacturing space at 14.7%. R&D space is the tightest at 12.2%.

- Until very recently, much of the warehousing/distribution vacancy was tied to access to easy credit for build-to-suit opportunities that typically resulted in consolidating operations into newer, more modern buildings. This in turn would leave a substantial amount of older warehousing space vacant. In the case of manufacturing, a sizeable portion of vacant industrial space is associated with older space not adapted or adaptable to current industrial requirements.

Newtown and Region Industrial Supply and Sales Trends

- Newtown has a somewhat established industrial market with more than 1.9 million square feet of space consisting of 37 manufacturing firms, 179 construction and trade establishments, 48 businesses identified with wholesaling and distribution and 17 associated with communication and utility services. Historically and to this day much of this industry has located on or adjacent to Commerce Road and southern part of Route 25, although more recent growth is found off Toddy Hill Road (Curtis Corporate Park) just off Exit 11 – Interstate 84.

- Newtown has witnessed a notable increase in its non-residential tax base in the last five years indicative of the town's capacity to capture such growth, though much of this is reflective of retail expansion. Between 2002 and 2007, non residential assessment grew from 7.7% to 8.2% of total real estate. Commercial real estate assessment increased from 5.4% to 6.8% of total assessment. Industrial, meanwhile, declined from 2.3% to 1.4%.

- Much of the available industrial space in Newtown is found in smaller configurations ranging from 2,000 to 15,000 square feet. A large bloc of space recently came on the market in Newtown with the announcement that Pitney Bowes would be vacating its

Truck Terminal and distribution building on Edmond Road and moving its operations to Indiana.

- Lease rates for industrial space in Newtown ranges from $5.00 to $10.00, and averaging $7.50/sf, with most leasing at triple net. Highest asking rent for industrial space in Newtown was identified with warehouse storage units in two recently constructed buildings located off Route 25 (5-9 Dusty Lane). New construction space was also identified in two new buildings at Curtis Corporate Park (Turnberry Lane) with asking rents of $7.50/sf.

- In addition to leased space, a number of industrial properties are up for sale in Newtown with asking prices that fall between $40 to $85/sf.

- Within the region, the most expensive space on the market was found in Trumbull and where much of the office/R&D is located in the Trade Area. R&D space rents in Trumbull go as high as $21.50/sf.

- Within the seven town area along I-84 corridor that encompasses Newtown, Bethel, Brookfield, Danbury, Naugatuck, Oxford, Trumbull, and Southbury, a total of 97 industrial building sales were recorded between 2002 and 2007, representing an average of 16 transactions per year. In general, sales activity within this submarket was fairly consistent on a yearly basis ranging from 12 sales in 2006 to 18 sales in 2002 and 2007. The bulk of the building sales in the submarket (40%) targeted properties between 10,000 to 30,000 sf in size.

- Sales transactions for the submarket averaged $63.13 per square foot with Oxford posting the lowest average at $44/sf and Trumbull the highest at $148/sf, with the latter most often associated with R&D buildings and single tenant office. Newtown’s eight known industrial building sales averaged $52 per square foot.

- Discussion with brokers and real estate professionals indicate that 2007 was mixed year with considerable activity occurring in the first part of the year followed by significant drop-off in the second half of 2007 coinciding with a deepening housing crisis, credit crunch and economic downturn. Brokers also contend that modest industrial growth has led to flattening of rent growth. Most transactions continue to be with buyers and tenants from the general area, upgrading or expanding their space, rather than new or relocating businesses.

Newtown and Region Land Availability and Sales Trends

- Although there is extensive inventory of existing industrial buildings for sale and lease in the marketplace, we identified very few industrial parcels ready to build and on the market located in existing industrial parks within the region suggesting some tightness and low supply in ready to build lots. The singular exception is Oxford where a number of new industrial parks have recently started marketing in and around the Waterbury-Oxford Airport.

- On average industrial lots in the region listed or sold for $191,865 per acre and generally ranged between $165,000 to $280,000 an acre, though in some cases have sold for significantly more. Significantly cheaper industrial land parcels were found in Oxford with lots ranging from $75,000 to $85,000 an acre. In Newtown, per acre prices have listed or sold from $114,000 to as high as $348,000 (last lot in Curtis Corporate Park)

Survey of Industrial Parks –Upper Fairfield County I-84 Corridor

- Much of the marketplace currently offers very little ready to build (shovel ready) land for industrial use even in established parks. Some spot land inventory, in many cases raw or semi-improved, is offered by individual owners in the market area. In many cases, considerable site work and improvements are needed.

- Over the last decade, zoning restrictions and the skyrocketing value of land for retail/commercial and residential development have constrained Industrial Park development along the I-84 west of Waterbury and Route 25 corridors by pushing costs of land generally out of reach for industrial property development.

- According to the region's primary planning organization, the Housatonic Valley Council of Executive Officials (HVCEO), the stretch of land off I-84 between Brookfield and Waterbury presents the greatest opportunities for future industrial development. However, a survey of the corridor and conversations with brokers and government officials suggests very limited potential for large scale business park development in this area due to lack of infrastructure, zoning, and/or current build-out. The exceptions are the few land assemblages in Newtown off I- 84.

- A survey of industrial parks within towns located along the I-84 Corridor (west of Waterbury) or Route 25 (Newtown to Trumbull) indicate significant new activity and interests among potential end users according to interviews with brokers and developers of parks. The one exception is Trumbull where most parks are tailored to office and R&D which has seen little new development in recent years. Areas of greatest activity were found in the successful Curtis Corporate Park in Newtown, the Francis J. Clarke Industrial Park and Berkshire Corporate Park in Bethel, Commerce Park and adjoining industrial area in Danbury, Pepper Street Industrial Park in Monroe and in Oxford where five parks were recently developed or under construction.

Conclusions on Industrial Market Assessment

- National as well as local trends support business park development for a widening variety of business uses ranging from high tech to back office, business and professional services, healthcare and education, service support, construction and even recreational uses along with traditional uses associated with manufacturing, warehousing, storage and distribution.

- Although demand is somewhat tempered due to current economic downturn, few opportunities exist for build to suit industrial space within established parks among towns surveyed along I-84 (Waterbury to Danbury).

- Location of proposed Newtown business park is well suited to attract businesses and industries by virtue of its accessibility to key corridors in the region that include I-84 with an interchange nearby, Route 25, and Route 8 via Route 34.

- The proposed park offers the advantages of on-site public water and sewer as well as access to gas.

- The proposed park is convenient and accessible to workers in overlapping labor markets living east and west between Waterbury and Danbury and south to Bridgeport.

- While the current downturn has had a subduing affect and could in fact deepen, the industrial market within the region has generally experienced positive growth over the last three years providing testament to its potential. Moreover, the region is not hampered by any overhang in new construction of industrial space (unlike the Boston market) which could function as a drag on the market in the current downturn. State analysts project a more favorable market environment will emerge by mid to late 2009 with some growth and recovery in manufacturing, however, wholesaling and distribution will be the primary beneficiary.

- Demonstrated sales activity associated with industrial lots at Curtis Corporate Park in Newtown over the last five years compared to area towns illustrate both the viability of the marketplace and the locational advantages of Newtown, particularly with sites offering easy access to the highway.

- Much of the inventory in the immediate region is found in larger buildings that are difficult to convert to smaller sub-tenant and multi-lease format. Core demand in the area is for mid-sized and smaller facilities of under 20,000 square feet which are in less supply.

- Preliminary determination of useable land value in the proposed park is estimated between \$150,000 to \$200,000 an acre.

- Although few opportunities for new construction in established parks exist locally in Newtown, competition for new industrial users could emerge with the development of subsequent phases at Pepper Tree Industrial Park in Monroe (though this site does not have public sewer). Sales prices for developable lots in this park average $150,000 an acre. Oxford has also demonstrated success in promoting its numerous business parks by offering significantly cheaper lots ($80,000 and acre), and a stream-lined permitting process. Oxford, however, appears to be catering to industrial demand from existing users in the Waterbury-Naugatuck Valley market which would unlikely to cross over the Housatonic River to Fairfield County and Newtown.

- Most significant demand for existing space is expected to come from small to mid-size users ranging from 2,000 to 5,000 square feet in size, with expansion options (typically in multi-tenanted facilities) – suggesting opportunity for development of flex-space investment property. Stand alone facilities serving one user are expected to fall within the 10,000 to 20,000 sf range with expansion potential. Investment properties associated with new multi-tenanted high bay flex space is gaining favor due to respectable lease rates in the region as well as growing interest by end users to purchase as a condo. Moreover, it is anticipated that demand will come from an eclectic business mix, as opposed to traditional industrial space users, looking for low cost but functional space.

Market Potential

Thus based on an assessment of the industrial market in Newtown and surrounding towns, we would project a positive market response to development of the subject property for a Business Park for industrial, service and professional service use. Build-out and absorption, however, could lag behind more conventional industrial parks due to proposed restriction above existing zoning (thus diminishing number of prospects). The current proposal for stricter design standards on building and land use could also discourage interest from some prospects (increasing costs). However, Newtown's competitive mill rate, the subject property's proximity to highway and well-regarded labor markets, availability gas and public water and sewer, and the paucity of buildable lots in the region should result in steady interest if lots are competitively priced (estimated between $200,000 to $250,000 per buildable acre).

Although the regional industrial market has not had the level of activity this decade associated with housing and retail, it nevertheless has proven to be steady and growing in the region, even as manufacturing jobs have declined. Moreover, market thresholds in terms of rents averaging $7.50 and more make undertaking new construction of investment property a possibility once the economy improves and credit markets revive. Thus, to the extent such demand for build-to suit emanates in the region, the subject property is well positioned to capture such growth. For smaller users typically seeking multi-tenanted space, condominium units represent an alternative if sales prices can be converted into rent yields at competitive rates.

APPENDIX

Targeted Industries

In order to identify targeted industries for the proposed business park, we first begin by identifying the core industries that compose the region's economic base and support its economic health. Especially important are those industries that produce goods and services which are then sold outside the region, thus importing income into the area. One of the most commonly used techniques for evaluating the economic base of an area is the Location Quotient technique.

The Location Quotient technique was developed in part to offer a slightly more complex model to the variety of analytical tools available to economic base analysts. This technique compares the local economy to a reference economy, and in the process attempts to identify specializations in the local economy. The location quotient technique is based upon a calculated ratio between the local economy and the economy of some reference unit. This ratio, called an industry "location quotient or LQ", gives this technique its name

An LQ that is greater than one suggests the presence of an industry cluster or economic concentration that can be the focus of an economic development program for industry expansion and recruitment. Industries with the highest LQs signify industry sectors of greatest importance to the area being studied.

Using the Location Quotient technique, a four step process is used to identify target industries for Newtown. First we examine the economic base of the region (in this case Fairfield County[6]) as compared to the State of Connecticut to determine relative sector strengths on a statewide basis. This analysis can be helpful in part in highlighting possible emerging industries in the region that may not be showing up in the state (but only if the industry has seen significant regional growth). Secondly, we compare the economic base of both the region and the state with the nation overall to identify dominant export-base industries. Next we analyze statewide projections for employment growth by sector which is cross-tabulated with the results of the Location Quotient analysis to determine which core sectors are most likely to expand in the region. Finally, we filter the data on potential target industries against criteria on targeted size and growth potential.

[6] The source data for Location Quotient Analysis is the US Bureau of Labor Statistics. The county is the smallest geographic area that can be used for Location Quotient Analysis using this source data.

Regional Industry Strengths Compared to State

As noted above, the first step in identifying targeted industries for the proposed park begins with an evaluation of the region's industry base (Fairfield County) in relation to the state.

Based on this analysis, the region's strength relative to the state is in business services, information services, management of enterprises, professional and technical services, real estate services, utilities, and the manufacturing industries of: electrical equipment and appliance, chemical manufacturing, machinery, furniture and related products, and computer & electronic products. Notably the region also reflects a high concentration of employment in motion and sound recording industries, representing an emerging industry, which will certainly benefit from the recently passed filmmaking tax credit in 2006.

The area reports low economic strength compared to the state in sectors associated with data processing, educational services, trucking and warehousing, printing and related support services, primary metal manufacturing, lumber & wood products, food products, paper products, fabricated metal products, wholesale electronic markets, communications and health services sectors.

Exhibit A.1 shows the industries in the Region with the largest LQ values as compared to the state.

Exhibit A.1: Current Regional Industry Strengths Relative to Connecticut

NAICS	Industry	Region LQ
523	Securities, commodity contracts, investments services.	3.09
551	Management of companies and enterprises*	1.85
511	Publishing Industries, except Internet	1.66
519	Other Information services	1.58
454	Non-store retailers	1.56
522	Credit intermediation & related activities	1.46
325	Chemical Manufacturing	1.45
713	Amusements, gambling, recreation	1.42
541	Professional & Technical services	1.26
561	Administrative and support services	1.20
333	Machinery Manufacturing	1.19
334	Computer & Electronic Product Manufacturing	1.19
512	Motion picture and sound recording industries	1.17
531	Real Estate	1.13
532	Rental & Leasing services	1.11
22	Utilities	1.10
335	Electrical Equipment & Appliance Manufacturing	1.06
337	Furniture & related Product Manufacturing	1.04
236	Construction of Buildings	1.00

*** Note: NC represents Not calculable due to data does not exist or equals zero**
**** Note: Industry Classification for "Management of Companies and Enterprises" primarily refers to corporate, subsidiary and regional management offices.**

Regional & State Industry Strengths Compared to Nation

The following exhibit presents the results of the location quotient analysis for the region as compared to the national economic base, listing all regional industries with LQ's greater than one. The exhibit also provides the corresponding LQ's for the state as benchmarked against the nation. This analysis is often used to help identify the prominent export industries of the region in which goods and services are sold nationally if not globally. Export industries typically generate a greater positive economic impact for the region or area in which that industry is located.

Not surprisingly, many of the regional industries listed in the previous analysis with LQ's over one also reflect positive LQ's when compared to the national economic base. Several important additions to this list suitable for the proposed business park include the following industries: internet publishing, general publishing, waste management and remediation services, education services, and ambulatory health services. Notably, more than half of the regional industries presented below reflect LQ's greater than the state (13 out of 22) providing testament to the economic importance of Fairfield County to the overall economy of the state.

Exhibit A.2: Current Regional and State Industry Strengths Relative to United States

NAICS	Industry	Region LQ	State LQ
523	Securities, commodity contracts, investments services.	**6.10**	2.04
516	Internet Publishing & broadcasting	**3.00**	NC*
454	Non-store Retailers	**2.78**	1.72
551	Management of companies and enterprises**	**2.21**	1.15
485	Transit & Ground Passenger Transportation	2.17	2.31
335	Electrical Equipment & Appliance Manufacturing	**2.15**	2.07
325	Chemical Manufacturing	**2.11**	1.45
519	Other Information services	**2.05**	1.73
525	Funds trusts & other financial vehicles	1.78	NC
511	Publishing Industries, except Internet	**1.77**	0.99
333	Machinery Manufacturing	**1.49**	1.21
562	Waste Management & remediation services	1.36	1.42
336	Transportation Equipment Manufacturing	1.32	2.02
524	Insurance carriers & related services	1.29	2.40
624	Social Assistance	1.29	1.38
541	Professional & Technical services	**1.24**	0.96
522	Credit intermediation & related activities	**1.22**	0.86
611	Educational services	1.22	1.22
623	Nursing & residential care services	1.14	1.59
334	Computer & Electronic Product Manufacturing	**1.10**	0.88
621	Ambulatory health care services	1.09	1.09
221	Utilities	**1.04**	0.96

*** Note: NC represents Not calculable due to data does not exist or equals zero**
**** Note: Industry Classification for "Management of Companies and Enterprises" primarily refers to corporate, subsidiary and regional management offices.**

Source: US Department of Labor, Bureau of Labor Statistics

Employment Growth Projections

Exhibit A.3 on following page presents the state of Connecticut's latest employment projections for all industries in the state for the period 2004 to 2014. Those industries that are highlighted in yellow represent the core base industries of Fairfield County as determined by earlier Location Quotient Analysis when compared against the state and the nation. In order to address the problem of overstating industry growth with percentage changes or understating it with absolute changes, we have combined the two into a single rate for each industry that incorporates both (multiply absolute change by percent change). Highest combined rates represent industries with highest growth potential.

Exhibit A.3 CONNECTICUT PROJECTED EMPLOYMENT by INDUSTRY GROUP

			Projected			
		2004	2014	Net EMP.	% change	Growth
	Connecticut Total, All Industries	1,760,690	1,910,870	150,180	8.5%	Factor[7]
624	Social Assistance	33,600	44,420	10,820	32.2%	3484.04
621	Ambulatory Health Care Services	71,710	87,000	15,290	21.3%	3256.77
54	Professional, Scientific, and Technical Services	87,760	100,780	13,020	14.8%	1926.96
523	Securities, Commodity Contracts, Other Financial	18,400	23,850	5,450	29.6%	1613.20
561	Administrative and Support Services	78,210	88,470	10,260	13.1%	1344.06
61	Educational Services	152,290	165,260	12,970	8.5%	1102.45
713	Amusement, Gambling, and Recreation Industries	38,900	45,260	6,360	16.3%	1036.68
623	Nursing and Residential Care Facilities	57,200	64,360	7,160	12.5%	895.00
444	Building Material, Garden Equipment and Supplies Dealers	16,010	18,670	2,660	16.6%	441.56
238	Specialty Trade Contractors	45,410	49,590	4,180	9.2%	384.56
425	Wholesale Electronic Markets and Agents and Brokers	12,850	15,010	2,160	16.8%	362.88
512	Motion Picture and Sound Recording Industries	2,220	2,980	760	34.2%	259.92
515	Broadcasting (except Internet)	4,510	5,490	980	21.7%	212.66
531	Real Estate	13,500	15,080	1,580	11.7%	184.86
511	Publishing Industries	12,470	13,960	1,490	11.9%	177.31
493	Warehousing and Storage	6,040	7,050	1,010	16.7%	168.67
518	Internet Service Providers, Web Search, and Data Processing	4,190	5,030	840	20.0%	168.00
481	Air Transportation	1,850	2,400	550	29.7%	163.35
562	Waste Management and Remediation Service	6,040	7,030	990	16.4%	162.36
813	Religious, Grantmaking, Civic, Professional, and Similar Organizations	15,610	17,140	1,530	9.8%	149.94
423	Merchant Wholesalers, Durable Goods	31,570	33,690	2,120	6.7%	142.04
525	Funds, Trusts, and Other Financial Vehicles	4,750	5,550	800	16.8%	134.40
312	Beverage and Tobacco Product Manufacturing	1,090	1,450	360	33.0%	118.80
711	Performing Arts, Spectator Sports, and Related Industries	4,770	5,520	750	15.7%	117.75
485	Transit and Ground Passenger Transport	11,590	12,740	1,150	9.9%	113.85
524	Insurance Carriers and Related Activities	65,640	68,310	2,670	4.1%	109.47
488	Support Activities for Transportation	3,700	4,290	590	15.9%	93.81
522	Credit Intermediation and Related Activities	31,660	33,320	1,660	5.2%	86.32
811	Repair and Maintenance	14,500	15,610	1,110	7.7%	85.47
424	Merchant Wholesalers, Nondurable Goods	21,370	22,680	1,310	6.1%	79.91
712	Museums, Historical Sites, and Similar Institution	2,000	2,330	330	16.5%	54.45
55	Management of Companies and Enterprises	25,490	26,640	1,150	4.5%	51.75
519	Other Information Services	1,190	1,420	230	19.3%	44.39
325	Chemical Manufacturing	17,290	18,030	740	4.3%	31.82
517	Telecommunications	13,770	14,410	640	4.6%	29.44
337	Furniture and Related Product Manufacturing	3,460	3,740	280	8.1%	22.68
236	Construction of Buildings	14,060	14,460	400	2.8%	11.20
321	Wood Product Manufacturing	1,810	1,940	130	7.2%	9.36
484	Truck Transportation	7,090	7,280	190	2.7%	5.13
532	Rental and Leasing Services	6,070	6,190	120	2.0%	2.40
327	Nonmetallic Mineral Product Manufacturing	2,690	2,750	60	2.2%	1.32
454	Nonstore Retailers	9,290	9,260	-30	-0.3%	-0.09

[7] Growth Factor represents the integrating of absolute change and percentage change (absolute change multiplied by percentage change)

Exhibit A.3 CONNECTICUT PROJECTED EMPLOYMENT by INDUSTRY GROUP
(Cont'd)

			Projected			
		2004	2014	Net EMP.	% change	Growth
	Connecticut Total, All Industries	**1,760,690**	**1,910,870**	**150,180**	**8.5%**	**Factor**
482	Rail Transportation	1,960	1,880	-80	-4.1%	-3.28
314	Textile Product Mills	1,300	1,230	-70	-5.4%	-3.78
237	Heavy and Civil Engineering Construction	6,340	6,160	-180	-2.8%	-5.04
22	Utilities	8,660	8,410	-250	-2.9%	-7.25
332	Fabricated Metal Product Manufacturing	33,730	33,200	-530	-1.6%	-8.48
492	Couriers and Messengers	7,250	6,990	-260	-3.6%	-9.36
331	Primary Metal Manufacturing	4,560	4,350	-210	-4.6%	-9.66
326	Plastics and Rubber Products Manufacturing	7,630	7,280	-350	-4.6%	-16.10
311	Food Manufacturing	7,200	6,780	-420	-5.8%	-24.36
336	Transportation Equipment Manufacturing	43,130	41,300	-1,830	-4.2%	-76.86
339	Miscellaneous Manufacturing	12,570	11,540	-1,030	-8.2%	-84.46
335	Electrical Equipment, Appliances and Component Mfg	10,410	9,190	-1,220	-11.7%	-142.74
334	Computer and Electronic Product Manufacturing	15,370	13,860	-1,510	-9.8%	-147.98
322	Paper Manufacturing	5,620	4,700	-920	-16.4%	-150.88
317	Printing and Related Support Activities	8,410	7,180	-1,230	-14.6%	-179.58
313	Textile Mills	1,050	570	-480	-45.7%	-219.36
333	Machinery Manufacturing	18,690	16,540	-2,150	-11.5%	-247.25

Note: Industries highlighted in yellow represent sectors in the region with LQ's over one (core industries of region)

Source: CT Department of Labor

Potential Targeted Industries

Economic Base Analysis is traditionally used in identifying economic strengths in the region and is a logical starting point for identifying targeted industries for Newtown. However, further filtering is needed to focus on those industries that are growing and fit appropriate size criteria for the Newtown Business Park site. The following filters were developed to refine the number of industries that have the greatest potential in the proposed Business Park.

- First, non-retail industries with the exception of NAICS 454 (Non-store retailers) were identified in the region that have positive Location Quotients in the region. NAICS 454 was included since no retailing is conducted on-site with this industry. Additionally, NAICS 423/424 (Merchant Wholesalers- Durable and Non-Durable Goods) were added, despite LQs below one, as representing expanding industry sectors that are becoming an important component of the state's industrial base. This sector would also find the proposed Newtown business park's proximity to highway a significant advantage.

- Secondly, each industry's projected growth for employment and output were calculated on a statewide basis, and those with positive employment or growth prospects between 2004 and 2014 remained as potential industry targets. The exception to this filter was NAICS 221 (Utilities) and NAICS 334 (Computer & Electronic Products) given their relative prominence in the region. NAICS 545 (Non-Store Retailers[8]) was also included due to recent rise in growth in the county and common inclusion of this industry in business parks

- Next, average employment base per establishment had to be 40 workers or less. It is assumed that the proposed Industrial Park would cater to operations with smaller space needs (around 10,000 to 30,000 square feet), and smaller companies typically require less space. The three exceptions to this filter were NAICS 236 (Construction of Buildings), NAICS 334 (Computer & Electronic product manufacturing) and NAICS 551 (Management of Companies and Enterprises).

- Finally, the remaining industries were checked for local appropriateness.

After 59 industries were put through the analysis, 23 three-digit NAICS industries remain as potential targets for the Newtown Business Park as seen in Exhibit A.4.

[8] Non-store retailers typically serve customers at their place of business or residence and can include telemarketing and in-home sales, catalog sales, fulfillment centers, mail order centers, vending machine businesses as well as sales of specialty products such as home heating fuels.

Exhibit A.4: Potential Industry Targets for Proposed Newtown Business Park

NAICS	Industry	LQ >1	Average Establish. Employment <40	Positive Growth Momentum	Local Appropriateness
221	Utilities	☑	☑		☑
236	Construction of Buildings	☑		☑	☑
334	Computer & Electronic Product Manufacturing	☑			☑
423	Merchant Wholesalers Non-Durable Goods		☑	☑	☑
424	Merchant Wholesalers Durable Goods		☑	☑	☑
454	Non-store Retailers	☑	☑		☑
511	Publishing Industries, except Internet	☑	☑	☑	☑
512	Motion Picture and sound recording industries	☑	☑	☑	☑
516	Internet Publishing & broadcasting	☑	☑	☑	☑
519	Other Information services	☑	☑	☑	☑
522	Credit intermediation & related activities	☑	☑	☑	☑
523	Securities, commodity contracts, invest. services.	☑	☑	☑	☑
524	Insurance carriers & related services	☑	☑	☑	☑
525	Funds trusts & other financial vehicles	☑	☑	☑	☑
531	Real Estate	☑	☑	☑	☑
532	Rental & Leasing Services	☑	☑	☑	☑
541	Professional & Technical services	☑	☑	☑	☑
551	Management of companies and enterprises	☑		☑	☑
561	Administrative & Support Services	☑	☑	☑	☑
562	Waste Management & remediation services	☑	☑	☑	☑
611	Educational services	☑	☑	☑	☑
621	Ambulatory health care services	☑	☑	☑	☑
624	Social Assistance	☑	☑	☑	☑

Sources: US Bureau of Labor Statistics, Connecticut Department of Labor

Growth Potential from Emerging and Reviving Industries

The above analysis on potential target industries for Newtown Business Park is driven in large part by historical and current trends in employment and business growth. We have attempted to improve this analysis by highlighting those industries which are expected to grow as forecasted by the state through 2014. Those industries deemed in expansion mode and also representing areas of strength (LQs above 1) for the region are furthered filtered with respect to average size presenting potentially the best opportunities for growth in Newtown.

While this analysis helps refine targeted industries in today's market, it does not take into consideration the possible opportunities for growth from emerging industries or even sectors which have recently declined but may be poised to rebound. A prime example is the nascent fuel cell industry, centered largely in Connecticut, which can only benefit from the recent rise in energy costs. The State of Connecticut is also giving consideration to extending the tax credit program which so recently helped boost the movie industry in state to emerging industries that have the greatest promise for job growth and investment that could include businesses developing alternative energy, environmental remediation, optics and photonics, life sciences and devices, and nanotechnology. In many cases these emerging industries are clean, high tech and focused on highly skilled labor thus representing strong candidates for Newtown.

Moreover, state economists note that even though state manufacturing is shedding jobs many are also modernizing through advanced technology, thereby becoming more competitive and productive. Ultimately this is expected to lead to new growth in manufacturing jobs with most requiring advanced training, skills and education.

Therefore while state jobs in manufacturing are projected to decline by 9% between 2004 and 2012, state economists project a gain of over 8,000 jobs in manufacturing between 2006 and 2012[9]. Even if this projection for job growth is likely to be extended out to 2014 due to the current downturn, it nevertheless bodes well for possible capture of high tech industry in the proposed Newtown Business Park.

[9] Connecticut's Evolving Economy, Connecticut Dept of Labor