

East Hampton Village

Economic & Market Assessment

Prepared By: AMS CONSULTING, LLC
Bridgeport, CT

Purpose of Study

- Purpose of this study is to provide an economic and market basis for Brownfield recommendations in Study Area.
- Specific focus on understanding demographic and economic forces affecting the region and town.
- Evaluation undertaken of market conditions, opportunities and climate for growth for specific submarkets: industrial, office, retail and housing.

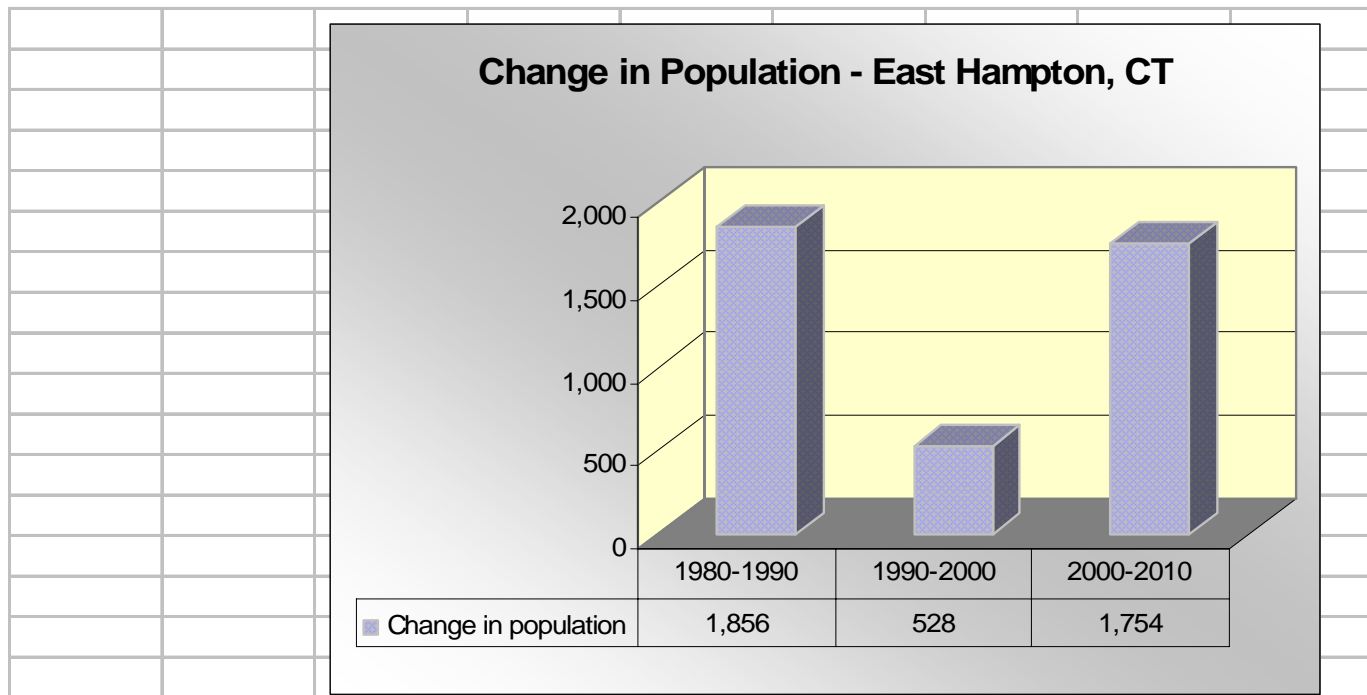
Demographic Trends

- East Hampton has witnessed rapid population growth in past five years (10.8%) representing the fastest growing community in the immediate region and far exceeding the 5% increase of last decade. .
- Projections through 2010 indicate some moderation but still above the rate of growth for Middlesex County and State.
- Household expansion has increased at even faster rate of 12.5%

Area	1990 Pop.	2000 Pop.	2005 Pop.	% Annual Change 90-00	% Annual Change 00-05
E. Hampton	10,428	10,956	12,141	0.50%	2.21%
Middlesex County	129,017	143,196	155,071	0.80%	0.51%
State	3,287,116	3,405,565	3,510,998	0.36%	0.65%

Sources: US Census & ESRI, Inc., State
Dept. of Public Health

Population Changes- East Hampton



Source: US Census, ESRI

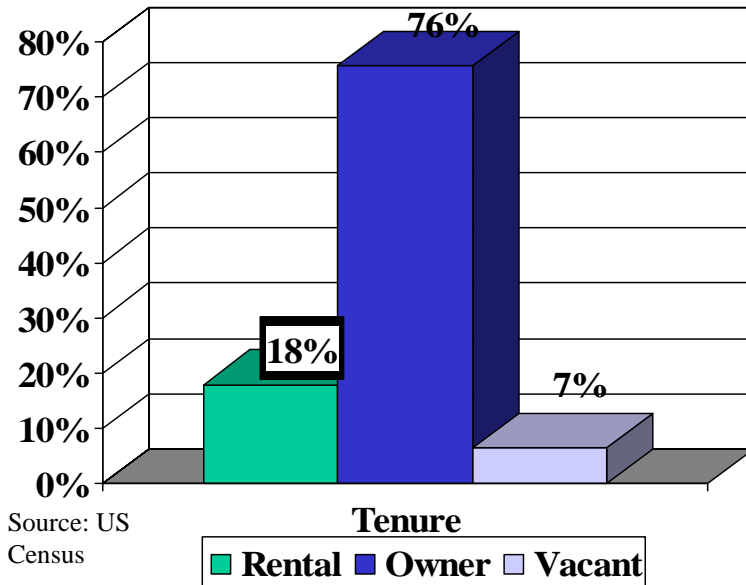
Income

Median HH Income - Year	East Hampton	Middlesex County	State of CT
1990	\$48,000	\$43,212	\$41,721
2000	\$65,496	\$59,175	\$53,915
2005	\$78,236	\$69,127	\$63,462
2010	\$91,339	\$79,645	\$74,938

Source: US Census, ESRI

Housing

2000 Housing Tenure



EH Housing Type Mix

78% - Single Family Homes

16% 2-4 MF Home

9 % MF 5+

Housing Production

- Significant jump in housing production/permits in last five years averaging 107/year. This compares to 70/year in previous four years.
- Virtually all production has been associated with single family homes since 1999.

East Hampton Commutation

Inbound	Number	%		Outbound	Number	%
East Hampt	1,150	68.6%		Middletown	1,578	21.1%
Middletown	110	6.6%		East Hampton	1,150	17.8%
Haddam	69	4.1%		Hartford	648	9.6%
Colchester	64	3.8%		East Hartford	251	7.5%
Essex	60	3.6%		Portland	216	4.9%

East Hampton Employment

Employment	2001	2005	Share - 2005	% Change
Agriculture	30	23	1.0%	-23%
Construction	621	590	26.7%	-4.9%
Manufacturing	223	232	10.5%	4.1%
Trans, Com. Uti	132	101	4.6%	-23.5%
Trade	517	449	20.4%	-13.1%
Fin. RE, Ins	64	82	3.7%	28.1%
Services	558	645	29.6%	17.2%
Government	85	74	3.4%	-12.9%
Total	2,230	2,206	100%	-1.1%

East Hampton Village Market Considerations

- East Hampton's limited access to markets and major transportation corridors plus issues with infrastructure (water) is a constraining element to business growth.
- Population growth and income expected to rise faster in East Hampton and many East of the River communities compared to region and state impacting on demand for retail, services & housing.
- Village lacks critical mass and is not well defined in terms of function and identity but has great potential.
- Small business growth contributes to the bulk of job growth in region and state, representing opportunity and possible focus for East Hampton.

Industrial Market Assessment

- Industrial Market improving over last three years in region and state.
- Industrial vacancy rates in Hartford region *south submarket* under 11% compared to 15% a year ago.
- Wholesaling, Distribution, Flex office driving most demand.
- Little industrial supply in immediate region; very few established industrial parks in region.
- Limited Transp. access and labor force issues constrain local industrial growth. Low market rents and activity discourage investment.
- Future demand for East Hampton likely to evolve from existing base. Construction & Trades an important sector.
- Most existing space in Village functionally obsolete; inexpensive single story incubator- flex space in most demand.

Office Market Assessment

- In region, demand for office space has been flat due to lack of growth in white collar jobs last three years.
- East Hampton's office market considered small and largely confined to professional and business services driven by local demand.
- Present demand for office space in East Hampton estimated at over 50,000 square feet is met comfortably with existing supply.
- Future office opportunities linked with service based demand associated with population growth.
- Medical services & education are potential niche markets. Some opportunity seen for local home-based businesses outgrowing existing space.

Retail Market Assessment

- Dramatic shifts in the region and expansions in retail occurring in East of the River communities. Retail following population growth.
- 73 retail and service businesses identified in a 3 mile radius to the Village (19 food & drink); 121 businesses in a 5 mile radius. Rental rates are competitive and few vacancies noted.
- Substantial unmet demand found at neighborhood level for most goods & services in East Hampton (\$76 billion). Unmet demand translates into capacity for an additional 100,000 to 150,000sf based on 50% capture.
- Strongest retail potential linked to Route 66 with its good access, traffic counts, and visibility.
- Less opportunity for chains/larger stores in Village due to lower traffic counts but could support smaller, unique, independent-owned establishments if critical mass achieved.

Housing Market Assessment

- Housing market saw exceptional growth in last four years; projected to be more subdued over the near term.
- No signs of inventory overhang in the market despite slowdown; soft landing appears to have occurred.
- East Hampton's median sales price for Single Family homes jumped 57% from 2001 to 2005 (\$159,000 to \$250,000).
- SF Transactions in town averaged 220 a year since 2000 as compared to 146 sales annually between 1995 and 1999.
- Condo market experiencing a major revival regionally; East Hampton has modest market averaging 43 sales a year. Median condo price in town increased 75% between 2001-2005 (\$166,000).
- Regional rental market affected by rush to ownership and low employment growth 2000-2004, but now rebounding.

Housing Market (cont'd)

- EH rental market integral part of town housing supply with 20% share.
- Changing demographics and rising population east of the river will continue to exert pressures on housing in East Hampton region.
- Ownership housing will grow in demand but rising prices and growing interest rates pinching capacity to purchase.
- Condos an option in the Village but modest price thresholds impacts economics for multi-family ownership housing.
- Rental housing market firming-up with improved economy and new demand from boomlet population.
- Mill conversions work best with rental housing vs ownership

Summary

- **East Hampton seeing positive demographic and economic trends.**
- **Locational, Access & Infrastructure Issues impacting market options**
- **Industrial growth in immediate region limited by low building supply providing opportunity for East Hampton (warehousing, contractors and trades). Overall market, however, modest and demand mostly for flex space.**
- **Office opportunity limited; Mostly service based-demand – financial, business to business, healthcare, education services or residence-based businesses looking to expand.**
- **Retail opportunity strong for EH but mostly for Route 66. Market potential for Village seen for small, independent owned stores (Main Street theme) – but need critical mass and stronger identity for Village.**
- **Rising housing demand expected for both ownership and rental units with population growth. Rental housing possibly viable for mills as lofts (popular option), live-work space or mixed-use conversions.**