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Trevor Davis Commercial releases Middletown Commercial Real Estate Report

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Trevor Davis Commercial Real Estate has released its Middletown Commercial Real Estate Report for the first quarter of 2011.

Office

0.0% is an almost astonishing vacancy rate for a downtown, but that is exactly what Middletown's Class A measurement was on April 1 of this year. The five newer buildings had 7.1% available two years ago.

The Downtown Class B market, those older buildings with elevators, also is extremely low at 9.2%. When adjusted for an 8,500 s/f lower level space, the rate goes well below the 7.7% vacancy of two years ago.

Perhaps most surprising is the Class C market, those "walk-up" offices with no elevators. In most cities that vacancy rate is over 30%, but in Middletown it is down to 9.1% from 18.2% two years ago. The demolition of 505 Main St., whose roof famously collapsed in February from the snow and rain load, had only 6,480 s/f of office space.

The suburban office market is up dramatically because one building, 245 Long Hill Rd., is under foreclosure and has emptied out. If the former the 75,000 s/f Weekly Reader building is removed from our survey, the availability rate jumps to 4.4% from 19.9% as measured. The 1.2 million s/f Aetna building, currently being demolished, has never been included in our numbers because it is considered owner occupied.

When contrasted with Hartford rates in the 21% to 35% range (according to Cushman & Wakefield's 1Q11 statistics), Middletown seems like Oz.

Industrial

The industrial space market continues to be balanced with availability rates on the low side, but remaining mostly stable. Middletown's rate is down to 8.0% compared to 8.5% two years ago. Cromwell's industrial availability rate is 12.1%.

The most notable new construction is Norpaco's 51,000 s/f food manufacturing facility at 80 Bysiewicz Dr., a new commercial subdivision with nine remaining lots off Middle St. in Middletown.

Next year we hope to divide the industrial space into three categories to provide better differentiation of rental and availability rates: warehouse/distribution; manufacturing; and high technology.

Summary

The continued softness in the real estate markets for residential and other commercial areas make

it hard to believe how little space is available in the central Connecticut area of Middletown and Cromwell. Expect these low rates to exert upward pressure on rental rates and even some speculative development. The first is a green office condominium under construction at Centerpoint on Industrial Park Rd.

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