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Looking forward by evaluating the rear view mirror of immediate past success

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Looking forward always requires awareness of from where you have come, perhaps some quiet reflection through the lens of the rear view mirror to provide perspective. However, I have become a firm believer in the concept that there is no better indicator of future performance than past performance as it relates to individual's actions, and perhaps it applies to the economy. It is well documented that the economy is cyclical, yet when it is in decline, there is little optimism that recovery is achievable, especially when the decline hits close to home via high unemployment and lost real estate equity. From my perspective, the rear view mirror helps create optimism.

These past several years have been particularly challenging for Norwich, Connecticut (the largest city in eastern Connecticut), especially since several major employers shed employees as they adapted to the economic circumstances. However, 2015 gives us great cause for confidence that this region is emerging from the hollows and that new opportunities will arise for businesses and developers. Here is a look back at 2014, why we are so optimistic about 2015 and what opportunities may be in line for you:

Stanley Israelite Business Park occupancy reaches 10-year high

The Stanley Israelite Business Park in Norwich, Connecticut is named after a local icon who passed on in December of 2014. Stanley was a legend and the work that we are doing with NCDC today was only enabled because of his efforts. He will be missed.

The Business Park occupies about 450 acres in the city and has about 1.8 million s/f. In 2014, a new 15,000 s/f building was added to the Park, and four buildings were acquired, three of which involve occupancy by end users. This brings the occupancy rate to 93%, which is the highest in the past decade! It is particularly exciting because one building had been vacant for 15 years, primarily because of unresolved environmental contamination.

In addition, for the three new businesses that are moving into the Park (Norwich Beverages, Sheffield Laboratories and Nutmeg Companies), these moves represent an expansion of their business operations. From our perspective, this means that new jobs will be created from existing, well-known business people that have a track record for success. Occupied buildings plus new jobs equals a confidence builder for southeastern Connecticut.

The city of Norwich took steps to prepare for new opportunities:

- * Increased power reliability and redundancy
- * Installation of 3 microgrids
- * Installation of 70+ miles of fiber optic cable
- * Updating policy documents (e.g., long-term plans, zoning).

Mohegan Tribe invests \$160 million
at their Mohegan Sun Casino

The Mohegan Tribe owns the Mohegan Sun casino, located in abutting Uncasville. They are working to add a 400-room hotel (\$110 million) to their campus with plans to create a \$50 million entertainment district. This project was originally planned to be completed in 2012, but was halted during the recession. With an estimated 10,000 employees, the Mohegan Sun is a significant economic driver from the region, and their approaches to adapt to trends in the gaming industry elicit hope that they will remain competitive as new competition emerges.

New outlet mall Foxwoods Casino

Just down the road from Norwich, the Mashantucket Tribe is also taking steps to adapt Foxwoods Resort Casino, the second largest casino in the world. Tanger Outlet Centers is building a \$115 million 300,000 s/f outlet mall on the campus.

The combination of new retail and lodging will create employment opportunities and increase the demand for housing. Norwich has already seen demand for rental housing, and this trend is anticipated to continue. A 2012 analysis of the historic Downtown Norwich neighborhood indicated that at least 22 housing units could be absorbed per year, and with only 18 units added, that provides an active deficit of 70 market rate units. Consider national trends towards hip urban areas, this could be an opportunity for creative developers.

\$17.6 billion contract awarded

to Electric Boat

This past August brought the close of a great summer and an announcement that the U.S. Navy awarded a \$17.6 billion contract to Electric Boat to build 10 more Virginia-class attack submarines. Electric Boat will build two submarines per year for the next five years, which will provide employment through 2023, when the last submarine is expected to be delivered. The majority of this work will be completed in Groton, Connecticut and nearby Quonset Point, Rhode Island.

Looking forward by evaluating the rear view mirror of immediate past success provides a grounded optimism about the southeastern Connecticut economy and opportunities here in Norwich, Connecticut. We would love to have an opportunity to explore opportunities with you. Check us out at askncdc.com.

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