

# Quarterly Real Estate Review

OCTOBER 2008

## FOR SALE OR LEASE



### 609 Silver Street Agawam, MA

97,700 SF industrial facility on 17.49 acres for sale or lease. This property is suitable for manufacturing or warehouse distribution with 20' ceilings and 6 loading docks. Will sub-divide to 47,280 SF. Excess acreage. *Contact Keith Kummick*

## FOR LEASE



### 1699 King Street Enfield, CT

This 46,810 SF office building on 9 acres available immediately for lease. This building was built in 1986 and renovated in 1996. The second full floor is 27,310 SF. Will subdivide to 2,000 SF on the first floor. *Contact Philip Gagnon*

## Who is Colliers International?

### *A Guide to Understanding the Colliers Organization*

Colliers is one of the largest commercial real estate firms in the world, with 293 offices in 61 countries on six continents around the globe. Our 11,000 professionals handled over \$73 billion in transactions in 2007 and we collectively manage over 800 million square feet of commercial real estate. All the knowledge and resources of this world class organization are available on the local level, providing our staff with a powerful edge in dealing with any real estate issues that our clients may have.

More important than our size and resources, is the way we do business: One organization made up of independently owned firms that can move quickly and autonomously. Colliers is a partnership of the strongest local players and we use this local market expertise to the benefit of our clients. Real estate is inherently a local business, therefore a customized approach, based on local market conditions is better than a single national platform.

If one of our local corporate clients has a lease expiring in Nashville, with a one phone call we can provide our client with knowledgeable local representation. If a local retail client wants to expand into new markets we can coordinate an entire nationwide expansion from our Hartford office. If you're interested in diversifying your investment portfolio by buying property in Asia, we can show you what's available in the market and walk you through the transaction process. If you need property management services for your building out on the west coast, we can respond immediately, providing the necessary services to secure the property, provide tenant services, and preserve/increase asset value.

Let us know about your real estate needs and we will develop local, national, or worldwide solutions.

## FOR LEASE



### 205 Church Street New Haven, CT

Historical landmark building prominently situated across from the Green in New Haven's Central Business District. 70,000 SF available for lease. 10,000 SF floor plates will subdivide to 500 SF. Proximity to courthouses, banking, restaurants, and Yale University. *Contact John Keogh*

## FOR SALE

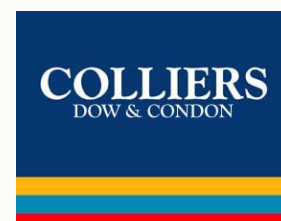


### 88 Long Hill Road East Hartford, CT

This 515,000 SF industrial/office facility is an excellent investment opportunity. There is a mix of industrial and office tenants in place at Net leases. Located near the CT Southern Railroad. The property is 58% leased. *Contact Nick Morizio*

## 3<sup>rd</sup> QTR GREATER HARTFORD CLASS A OFFICE MARKET SUMMARY

Class A	# Bldgs.	Total SF	Available SF	% Vacant	Avg. Rate	\$ Range	Sublease	% of Total	% of Avail.
North	16	188,886	485,736	40.86%	\$17.97	\$16.00 - \$20.00	33,957	2.86%	6.99%
South	19	1,551,266	278,435	17.95%	\$20.99	\$16.00 - \$24.50	22,869	1.47%	8.21%
East	30	2,215,657	230,484	10.40%	\$21.79	\$16.75 - \$25.50	8,178	0.37%	3.55%
West	56	3,183,218	330,786	10.39%	\$21.80	\$16.00 - \$30.00	83,994	2.64%	25.39%
CBD	17	6,290,825	840,337	13.36%	\$23.79	\$22.00 - \$25.00	124,633	1.98%	14.83%
<b>Total</b>	<b>138</b>	<b>14,429,852</b>	<b>2,165,778</b>	<b>15.01%</b>	<b>-</b>	<b>-</b>	<b>273,631</b>	<b>1.90%</b>	<b>12.63%</b>



**3<sup>RD</sup> QUARTER MARKET OVERVIEW**

**OFFICE: Activity Level – 2.5**

Market activity continued to slow down from the previous quarter. The elongated decision making process for companies active in the marketplace continues. Tenants are demanding more concessions and Landlords are beginning to make compromises. Both Tenants and Landlords are attempting to renew leases early, 18-24 months before lease expiration. Tenants see this as an opportunity to lock in lower long-term rates in a down market and Landlords want to secure cash flow for the next 3 -5 years. Overall vacancy rates increased slightly this quarter.

**INDUSTRIAL: Activity Level – 2.75**

Demand for owner-occupied buildings ranging from 10,000-30,000 continues to have some activity. However, similar to the office sector, the decision making process and due diligence is taking much longer. The Aerospace sector continues to remain strong, however overall there is hesitation in the market based on the uncertainty of the economy. The good news...the lower U.S. Dollar and the recent drop in oil prices will help to continue to make Connecticut manufacture's much more competitive worldwide.

**RETAIL: Activity Level – 2.0**

This sector continues to slow as most retailers brace for below average holiday sales. As consumer confidence continues to wane, retail expansion plans have been put on hold and many companies have begun downsizing; vacancies are expected to increase further throughout the suburban markets. There continues to be little/no retail activity in Downtown Hartford.

**LAND: Activity Level – 2.0**

Activity continues to remain flat. Warehouse/distribution users are curtailing expansion plans, and even the few prime parcels featuring highway access and visibility are not seeing much activity. Residential land sales also continue to be very quiet. Rural areas, i.e. Eastern CT/I-395 corridor, where the supply of available sites substantially increases (all types), is still showing some minor activity from users/developers who are planning projects 2-3 years down the road.

**INVESTMENT: Activity Level – 2.0**

For the most part activity continues to remain quiet as Sellers continue to value their property at 2007 prices. Investors are moving slowly and cautiously trying to determine the future path of the economy and financial markets. The major concern in this sector is when are we going hit bottom? Connecticut real estate has not yet significantly dropped in value; therefore cash investors continue to wait on the sidelines for the bargains to begin. With the cost of money increasing, we do expect investment capitalization rates to move towards 9% as we approach 2009.

**ACTIVITY LEVEL RANKINGS**

Very Active	5
Strong	4
Status Quo	3
Quiet	2
Very Slow	1

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**\*\*PROPERTY MANAGEMENT\*\***  
**\*\*PROJECT MANAGEMENT\*\***

We offer a variety of services on a permanent, temporary, contract or as-needed basis, including financial review, property inspections, expense analysis, construction management, etc.  
 Call us to arrange a property analysis.

**MARKET NEWS**

**Greater Hartford Office Report  
 3<sup>rd</sup> QUARTER 2008**

No argument from anyone who pounds the pavement for a living, the third quarter of 2008 would have been a good time to take an extended vacation. Limited activity in the real estate sector; sales or leasing; a real sleeper.

Negative absorption again permeated the office sectors of the CBD and Metro Hartford as some 85,000 SF of additional space became available. However, a closer look reveals that about 50,000 SF of this new inventory was attributable to owner occupied product coming onto the market.

The market held onto it's 280,000 SF of sublease space representing about 1.9% of total inventory and 12.6% of availability; the same amount as the previous quarter. Sublease inventories are still not an influential factor in defining market movement and rents. The only exception is noted in the Western Sector where sublease inventory as a percentage of total availability is slightly over 25%. This could present a competitive influence in the direct deal market as we move into the last quarter of the year in a strong sector.

Overall vacancy for the County moved upward by .03 %, closing at 17.00%. Class A vacancy (overall) was also up about .54% for the Quarter closing at 15.01%.

Weighted average rental rates for Class A product in the CBD slipped for the 3<sup>rd</sup> consecutive month to \$23.79; down \$.04 for the Quarter and \$.18 from YE 2007 reporting. Class B product held fast at \$18.73 PSF. The weighted average for suburban "A" product moved up a penny to \$21.10; up \$.32 PSF over the last 4 quarters. These are both full-service rental numbers.

Operating Expenses (including property taxes) for the CBD "A" properties increased slightly to \$12.00 PSF. Suburban "A" buildings were also more expensive to run; now averaging around \$10.00 PSF. We expect these operating numbers to continue to rise as utility costs and property taxes increase. We project that rates and vacancy levels will lower slightly for the last quarter of 2008.

In the County, only one (1) Class A office building sold in Q3. A 60,000+ SF, suburban property sold at \$75 PSF; probably one-third of replacement value. Cap rates estimated at 9.15%.

Our prognosis for the remainder of CY 2008 continues to be for increased Owner concessions on lease deals, fewer number of transactions, elongated marketing and decision processes, increasing sublet inventories, and higher capitalization rates.

**"Turbulent Times Offers Opportunity"**. From a Tenant's perspective, a Colliers Dow & Condon Broker can assist you in maximizing owner concessions and securing a favorable long-term lease deal that will lower your overall operating costs. From the Owner's perspective, our Brokers can specifically target companies whose leases are expiring, sell them on the property's features, and negotiate a lease/sale that will meet the Owner's current needs.

**Contact Our Office Today!**

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