

New Haven Office Market Report 2nd Quarter 2009

In the early 1940s, more than 40,000 people worked at New Haven's Winchester Repeating Arms Company, manufacturing firearms and ammunition for use by U.S. troops in World War II. The main factory building from that era is still standing at the corner of Winchester Avenue and Munson Street, its windows boarded over and its entrances fenced and locked.

More than 60 years later, the sprawling manufacturing campus is stirring again. Construction crews abound. Excavators load dump trucks with contaminated soil. Clean fill and construction materials are hauled in.

Known for the last 30 years or so as Science Park, the Winchester complex is the most active hub of new economic activity in New Haven. Tenants, mostly departments or affiliates of Yale University, have leased more than 400,000 square feet of office, lab and industrial space there over the last year and a half. Winstanley Enterprises – which purchased the building known as 25 Science Park and the 250,000-square-foot factory building where rifles were manufactured from 1981 until 2006 – is building a 1,300-car parking garage with space for shops and restaurants.

In the last quarter, Science Park accounted for both the largest volume of new leasing activity in the city and the largest move out of town. Various tenants, including Yale and Connecticut Innovations, the state-sponsored patron of new technology companies, took 11,000 square feet of new space at 25 Science Park. Meanwhile, Carestream, the Kodak spinoff that specializes in medical imaging, made plans to vacate its 25,000 square feet at 4 Science Park on November 1, when it will move to 30,000 square feet of office and lab space in Woodbridge.

All told, the New Haven's office market registered 9,000 square feet of positive net absorption in the 2nd Quarter, a figure that appears underwhelming until it is considered against the backdrop of the Carestream departure and the generally dismal national and regional economies. Office vacancy in the city stands at 13.2 percent, its lowest level in the last 20 years.

One key contributor to the market's strength has been the decision by Yale to relocate its Human Resources and Information Technology Departments to 25 Science Park, vacating two buildings on Whitney Avenue that will be razed to make way for a new School of Management campus. That move, involving more than 500 employees who will occupy 167,000 square feet of office space, seems to have given the complex the critical mass that it has struggled to attain since its inception as a technology center in the 1970s. With its large employee population and the amenities that will follow, the park will be perceived less as an outpost and more as an extension of the nearby Yale campus.

Still to be determined is the fate of the mothballed factory at the corner of Winchester and Munson. Encompassing 900,000 square feet on 7.35 acres, the building is the centerpiece of the complex. More than a year ago, Science Park Development Corporation, which owns all of the land and most of the buildings in the park, selected Forest City Enterprises as its preferred developer to convert the building to a combination of residential and commercial uses. That project, though, has been stalled by the languishing economy

(Market statistics appear on reverse page)



New Haven Office Vacancy, 2nd Quarter 2009

Central Business District

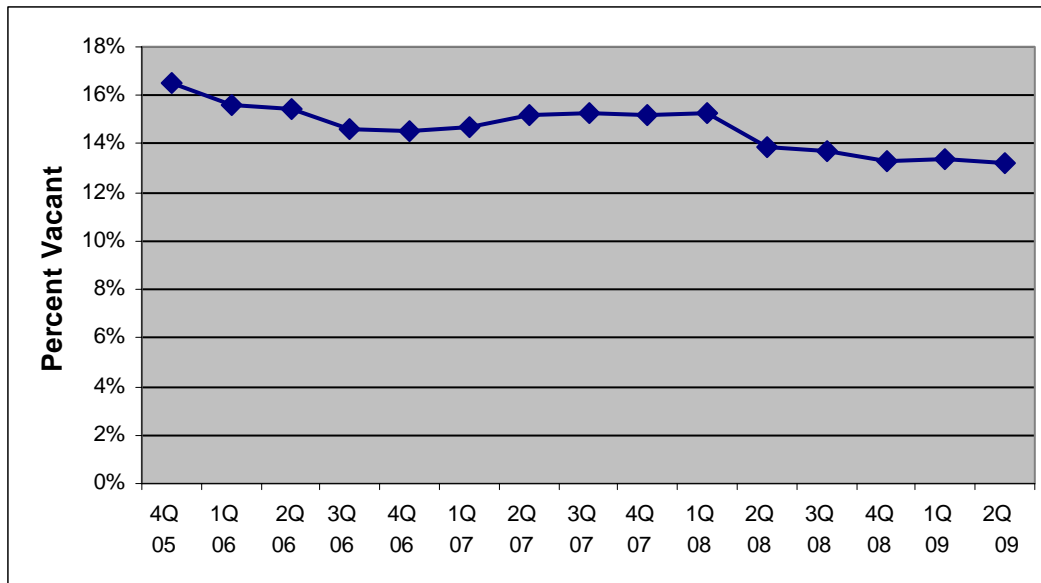
	Space Inventory	Direct Space Available	Sublet Space Available	Total Available Space	Vacancy %
Class A	1,233,265	104,315	6,550	110,865	9.0
Class B	1,556,725	132,683	0	132,683	8.5
Total	2,789,990	236,998	0	243,548	8.7

Non-CBD

	Space Inventory	Direct Space Available	Sublet Space Available	Total Available Space	Vacancy %
Class A	687,052	174,656	0	174,656	25.4
Class B	1,688,039	240,515	23,830	264,345	15.7
Total	2,375,091	415,171	23,830	439,001	18.5

Total Office Market – New Haven

	Space Inventory	Direct Space Available	Sublet Space Available	Total Available Space	Vacancy %
Class A	1,920,317	278,971	6,550	285,521	14.9
Class B	3,244,764	373,198	23,830	397,028	12.2
Total	5,165,081	652,169	30,380	683,549	13.2



Despite the recession, office vacancy rates in New Haven are trending lower.

Colliers Dow & Condon tracks occupancy levels in 53 office properties throughout the City of New Haven and reports the results on a quarterly basis. Buildings are included in the survey if they are intended for occupancy by more than a single tenant, contain at least 5,000 square feet of rentable office area, meet the generally accepted standards of a Class A or B facility and are occupied principally by non-medical space users. We appreciate the cooperation of the building owners, managers and rental agents who provide information for this report.

To receive this report regularly or for help leasing, buying or selling commercial real estate, please contact:

John Keogh
 Colliers Dow & Condon
 205 Whitney Avenue, Suite 300
 New Haven, CT 06511
 Phone: (203) 497-3953
 Fax: (203) 562-0549
jkeogh@dowcondon.com

