Chapter 4 – Market Analysis

EXECUTIVE SUMMARY

New transit-oriented development (TOD) is expected to be a significant catalyst to City Center revitalization by supporting a series of initiatives that foster, facilitate, and encourage new construction. Even in light of today's weak economy and real estate market, the City of Meriden has numerous existing strengths and opportunities:

- **Central location –** Meriden is close to Hartford and New Haven metropolitan areas.
- **Strong access –** The city offers convenient rail capacity and close proximity to the Interstate highway.
- **Historic character –** The city offers a rich blend of homes, businesses, and public spaces that are unique to the area and support a unique and vibrant cultural environment that is not found in the surrounding suburbs.

City Center is the **ONLY** location that is equidistant from Hartford and New Haven and offers multimodal access to both major cities. This theme of access, location, historic character, and the quality of life are strong attributes that can be promoted both to the developers and to the residential and commercial communities.

Distinct infrastructure and market opportunities that can spur future City Center development include the following:

- **Increased rail capacity as early as 2016 and growing acceptance of transit –** Commuters and other travelers are becoming increasingly cognizant of the benefits of using mass transit.
- **Increased preference for downtown living and working –** Empty-nesters, young professionals, and pioneering renters tend to prefer urban living, and these groups are growing segments of the population.
- **Strong rental market conditions –** The tight rental market has increased the economic feasibility of increasing the number of new-construction apartments in the area.

In light of these attractive development opportunities, the City should aggressively market the enhanced rail capacity/service to residents and commuters who value being part of a vibrant historic community and who are seeking a positive urban-living experience. On the supply side, the City should facilitate new economic development by streamlining the process and offering a broad and innovative range of incentives that will stimulate new residential and commercial development. The HUB Park and new station will upgrade the city's transportation network and improve public access to the City Center's desirable assets and location. Additional suggestions for enhancing the City Center's environment, infrastructure, and public appreciation and awareness are discussed in this chapter.

Overall market-based TOD Plan Strategy: Based on the above development strengths and market-based opportunities, the City Center should be positioned primarily as an **origin** rather than a destination. Specific suggestions include re-zoning the area for higher-density use on parcels using the new station and increased rail service; increasing the City Center population by building more moderately priced apartments; promoting vibrant, mixed-use and mixed-income developments; facilitating retail and other commercial development that will follow as the population grows; utilizing short-term phasing, strategically based on market conditions and parcel-specific strengths; and maintaining flexibility regarding long-term development opportunities, such as expanding the commercial base.

MARKET ANALYSIS AND STATION AREA DEVELOPMENT POTENTIAL

Background and Objectives

The City of Meriden is located in central Connecticut midway between the larger metropolitan areas of Hartford (1.2 million population) to the north and New Haven (862,000 population) to the south. The city of 60,000 people (2010) is well served by I-91 (the major north-south Interstate highway in the state) and I-691 (a short east-west connector between I-91 and I-84 near Waterbury to the west). In addition, the Wilbur Cross Parkway (US Route 15) from southwest Connecticut terminates at I-91 in Meriden. Route 5 and Route 71 also add to the City's strong access.

Amtrak and Metro-North Railroad (commuter rail) serve the city with six passenger trains daily in each direction with almost 36,000 boardings/alightings at Meriden Station in 2010, which is the fourth-highest number of the eight stations presently served on the 62-mile-long line between New Haven, CT, and Springfield, MA.

Despite this good accessibility, the City Center has not prospered due in part to a number of competing developments on the periphery of the city:

- The Westfield Shopping Center, less than ½ mile away on I-691 has drawn retail demand away from downtown.
- Midstate Medical Center, located across from the shopping center, has absorbed most new health-related office-space demand.
- Research Parkway, a research/office park located east of the City Center (despite some properties that are available due to the recession and other competitive factors) has captured most larger-scale non-retail commercial demand due to the availability of land and good highway access.
- Hotels/motels near the Interstates have absorbed room demand.

To capitalize on enhanced rail service and the potential catalyzing benefits it can provide, Meriden has undertaken an extensive Transit Oriented Development (TOD) planning process centered on the proposed Meriden Intermodal Transit Center (ITC), the adjacent "HUB" site (a major open space and water resources project), and the surrounding City Center area located within one-half mile of those sites. The area will compete locally with retail, medical, and office concentrations outside the downtown area (as described above) and regionally with other similar medium-sized cities in central Connecticut with rail access to New Haven, Hartford, and the larger cities beyond, many of which have similar goals to Meriden's. In this context, this market analysis effort is designed to assist in determining future repositioning and redevelopment potential and to answer the following key questions:

- How can the TOD plan capitalize on near- and long-term market potential with regard to land uses and densities?
- Are there other nearby catalytic sites in the Downtown that will support future TOD opportunities at the ITC and HUB Park?

To answer these questions, the following analytical tasks were conducted:

- Identification of achievable goals that would support a framework for revitalization of the City Center
- A market analysis and review of existing regional and local real estate and economic conditions
- A review of regional and national TOD redevelopment comparables
- Interviews with City officials, Meriden Chamber of Commerce representatives, Middlesex Community College (Meriden Center), developers, and others familiar with the economic condition of Meriden
- An analysis of strengths, weaknesses, opportunities, and threats (SWOT) for new real-estate development potential, and strategic recommendations
- A study of available land area and assessed area-specific development opportunity
- Preparation of a development framework and phasing strategy

City Center: Goals and Vision

The following list of goals has been developed, restating and supplementing those previously developed with substantial input by the City and the public for the Meriden City Center Initiative (CCI) in 2001 – 2005:

- Develop a vibrant City Center
- Create a safe, attractive and centrally located green space that will draw residents and visitors to the City Center
- Resolve chronic flooding concerns and improve transit and parking infrastructure
- Identify and foster private sector driven opportunities
- Improve and expand the availability of affordable residential development that is accessible to public transit and regional commuting options
- Provide a zoning and regulatory framework that will encourage and assist private investment and improve quality of life in the City Center

The goals presented above represent overarching objectives for the City Center area that can be addressed through the strategies that are outlined in the implementation section of this report. These implementation tactics are specific to land use planning and public-private partnership development and pertain to specific design elements of the station.

Assessment of Development Strengths, Weaknesses, Opportunities, and Threats

New real-estate development will be a key component of the ongoing revitalization of the City Center. A consistent finding from both the market analysis and interviews with developers is that the City Center is not considered a competitive location for new development due to perceived weakness in economic, demographic, and real estate supply conditions. In the process of attracting new development, Meriden will face strong competition from other areas along the rail line with varying strengths and weaknesses.

Although increased rail service at the ITC and the HUB Park will be desirable amenities for households and employers, they alone are not enough to spur development. The increased transit service and open space amenity can be a catalyst for significant new development only if they are combined with a realistic strategy, including an extensive list of ongoing public investments in the TOD district that serve to engage private-sector investment and facilitate development.

To be effective, efforts by the City to engage the private sector must be strategic in nature and factor in the area's overall SWOT for new development. In this context, the following implementation guidance first applies a development analysis to ensure that the City receives the most value for its investment in the City Center. The most effective approach for the City to help foster new development is to strategically leverage the identified internal strengths and external opportunities while aggressively mitigating the internal weaknesses and external threats to new development.

Development Strengths

From a development perspective, the set of primary strengths and weaknesses of the City Center core are somewhat typical of urban centers that were once vibrant but are now in need of revitalization. The current strengths include the following:

- **Central location –** The Meriden core is centrally located in the region, between the major metropolitan areas of New Haven to the southwest and Hartford to the northeast as well as centrally located between the New York and Boston metropolitan regions. Although economic activity is relatively limited in the immediately surrounding areas, this proximity to these larger economic hubs of activity represents a strength that can be leveraged in the context of redevelopment.
- **Strong access –** The proximity of the City Center to I-91, Route 15, and I-691, with connections to I-84, combined with its commuter rail station, make it very accessible. This strength complements its central location. Households seeking multiple modes of transportation to commute to the nearby major markets could be drawn to the City Center. Businesses that benefit from access to these nearby large markets and desire good access for their employees could be attracted as well.
- **Historic character –** The immediately surrounding area has numerous historically relevant structures that add character and quality to the local area not found in nearby suburban or greenfield development opportunities.

Development Strength Recommendation

Create a consistent theme/vision/message focused on these strengths – The City should constantly emphasize these key, unique features to the broader regional audience. To best leverage these strengths, developers should be made aware of them in any discussion of the City Center as a target for new development. Marketing and other communication messaging must drive home the point that this location not only represents the best access to both Hartford and New Haven, but provides multiple modes of transportation to access these places and other destination points. That no other location offers this unique set of strengths is a message that needs to be repeated at every opportunity.

Development Weaknesses

Notwithstanding that the City Center location has strengths from a development standpoint, it also suffers from weaknesses that detract from its development potential that should be identified and addressed:

- **Existing physical conditions and surrounding land uses –** The area is a typical semi-urban core that has devolved over decades as economic activity and households migrated to the outlying suburban areas as part of a national trend. This trend has resulted in under-utilized buildings and vacant properties, unattractive housing, and infrastructure needs.

Development Weaknesses Recommendations

Every effort should be made to offset these weaknesses, with the understanding that change will not occur overnight but gradually.

Ensure delivery of the HUB Park– The HUB Park reuse represents an important large-scale effort to begin transforming the area, and efforts should be made to accelerate its delivery. Upon completion, it will be a centerpiece and focal point in the City Center area and will help offset or mitigate weaknesses.

Upgrade/disperse affordable housing – Investing in improvements and/or mixing some of the below-market housing units from downtown to dispersed smaller mixed-income developments will immediately improve development opportunities in the surrounding area and upgrade the housing stock available to Meriden residents. Specifically, the Mills Apartments east of the HUB Park could be redeveloped as market rate/mixed-income housing, possibly with mixed uses and other properties in the area could be upgraded to provide improved housing opportunities.

Implement physical/visual improvements – Invest in physical/visual improvements through façade programs, streetscaping, lighting, and seasonal decorations.

Target pioneering niche tenants to occupy vacant spaces – Attracting unique tenants seeking a more urban setting with excellent means of transit would add life to the vacant buildings and streetscapes.

Improve pedestrian and automobile access – Improving mobility within the area would make it a more inviting location for pedestrians and drivers. Implement pedestrian improvements to the Intermodal Center and street reconfiguration per the TOD Master Plan. Encourage connectivity to the HUB area, to the planned city wide linear trail, and to other city recreational opportunities.

Development Opportunities

Development opportunities represent external forces that will serve to facilitate development in the City Center if they are properly identified and steps are taken to effectively leverage these opportunities within the local context.

Increased commuter rail capacity and consumer preference for transit options – The enhanced rail service will serve to bolster the aforementioned development strength of accessibility if it is optimized with appropriate plans for station area development in the immediately surrounding area. The City clearly recognizes this opportunity and is undergoing an extensive TOD planning process centered on the ITC. Furthermore, trends in metropolitan regions across the country suggest that households are beginning to recognize that once the cost of transportation is factored into the equation, houses located on the suburban fringe are not as affordable as once perceived. While the majority of households will continue to demonstrate a preference for driving, a growing segment is recognizing the principle of livability and the benefits that walkability and transit-oriented living provide both financially and in terms of quality of life. Furthermore, the development of workforce and affordable housing near the transit station will potentially position Meriden as a location that can offer high quality affordable / workforce housing that is accessible to local and regional public transit systems.

Socioeconomic trends favoring downtown redevelopment and revitalization – Many formerly vibrant urban centers around the country began to suffer during the second half of the 20th century, as preferences and development trends increasingly favored auto-centric suburban locations to the detriment of urban ones. However, in recent years many urban locations have seen a reversal in this trend as certain market audiences have demonstrated a preference for the lifestyle and amenities that urban living offers.

Although there will always be certain segments of the population such as growing and mature families that prefer the suburban residential format, this segment is not nearly as prevalent as it was in the past. Demographic trends suggest increasing demand for urban living from two large and growing segments: empty nesters and "Echo Boomers."

As the Baby Boomer generation continues to age, the large segment of mature family households (those with older children) are transitioning into empty nester households and no longer need the amount of space their current house supplies. These move-down buyers are seeking smaller, low-maintenance residential offerings that offer better proximity to amenities and services and are typically identifying the best residential options in more urban locations. They are, however, generally less willing to relocate to more pioneering or transitioning areas, and can typically afford more-established locations.

Echo Boomers (also commonly referred to as Generation Y and Millennials) represent the other key to the recent turnaround in many urban centers. This rapidly growing segment comprises the children of Baby Boomers who are reaching adult age and seeking their first residence. They are generally attracted to urban locations offering a broad range of activities, but because they are in the early stages of their careers, they are typically financially constrained and more willing to consider pioneering locations, especially rental units with access to transit. Desired locations typically offer some combination of cultural amenities and affordability.

Residential market conditions that suggest that new rental apartments are feasible – The boom and resulting bust in For Sale housing has served to create a market opportunity for new rental apartments. From a demand perspective, household preferences are shifting from owner to renter for numerous reasons. In the face of declining price trends, homeownership is no longer perceived as a risk-free investment. Furthermore, in a weak economy in which an employee may need to seek work wherever he or she can find it geographically, the transaction costs of buying and selling a home serve to limit mobility, thereby limiting the worker's pool of job opportunities. Lastly, numerous households have found themselves in homes they eventually could not afford. This segment is gradually shifting back to the rental demand pool.

Supply conditions are favorable for new rental development as well. During the housing boom, a higher proportion of For Sale units were developed and rental apartments were delivered at a far lower rate compared to historical trends. Now, as demand preferences are shifting back from owner to renter, the relatively low level of new rental construction over the past decade is resulting in tight rental markets throughout the country. In 2010, the apartment vacancy rate in the Meriden submarket (which includes Meriden, North Haven, and Wallingford) hit a 10-year low of 2.1 percent.

Development Opportunity Recommendations

Aggressively market the enhanced rail service, primarily targeting pioneering renters – In light of the above development opportunities, the City should aggressively market the enhanced rail service, underscoring the convenience, affordability, and enhanced quality of life it will provide as an alternative to commuting via automobile. The focus of this message should be on the convenience of the service, including the following details:

- An increase in service to 52 arrivals and departures per day
- Service every 30 minutes during peak hours and every hour during off-peak times
- Connections to high-speed trains to New York, New England and beyond
- Reduced travel times from Meriden to Hartford and Meriden to New Haven

The timing of this effort should be aligned closely with the delivery of the enhanced service, currently scheduled to launch in 2016. Initially the most optimal approach would be to target this message towards younger, more pioneering professional households willing to consider an area in transition that has a unique set of strengths and offers affordability and multiple modes of transit.

As the area continues to evolve, it will be more feasible to target more affluent empty nester move-down buyers seeking lifestyle living. There is likely a captive audience within the suburban submarkets of Meriden and beyond who will eventually begin considering a move-down purchase to a smaller, lower maintenance home. This audience, however, will generally not accept an area with a substantial amount of weaknesses for residential living. Targeting this group will become feasible assuming the development weaknesses identified previously are properly mitigated.

Long range forecasts suggest that the City of Meriden is poised to grow by approximately 130 households per year through 2040. Assuming the effective implementation of strategies to leverage the area's strengths and opportunities and mitigate its weaknesses and threats, the area will be well positioned to capture a growing share of these new households.

Development Threats

Threats to new development in the City Center come from external forces that have the potential to detract from the overall development opportunity in the area. Properly identifying the most significant threats and devising a strategy for the City to overcome these issues is essential for new development to take place in the area.

Ongoing weak market conditions – In today's real estate climate, developers are struggling to develop even the best projects in the best locations. In light of current supply and demand conditions, a city such as Meriden can employ all of the above recommendations to leverage its strengths and opportunities, and mitigate its weaknesses, and still struggle to attract new development. As such, market risk represents the most significant threat to development in downtown Meriden and requires the most comprehensive set of recommendations.

Negative perception of Downtown Meriden – Consistent findings from interviews and other anecdotal sources suggest that Downtown suffers from negative perception throughout the region. Following through on all of the recommendations above and successfully mitigating the identified weaknesses and threats will be ineffective to spur development if this negative perception persists. This threat of continued negative perception is directly linked to the market conditions threat in that it will serve to weaken overall demand for new development. In terms of overall real estate market opportunity, the target audiences to focus on changing perceptions include the end user (households and businesses in the region) on the demand side and the regional development community on the supply side, and messages to each group should be specifically tailored.

Development Threat Recommendations

Strategically position the Meriden City Center as an origin rather than a destination – Based on the findings from the market analysis (found in Appendix 1), assessment of existing conditions, and land area analysis, positioning Downtown as an "origin" rather than a "destination" will yield the strongest TOD redevelopment opportunity. This positioning means increasing residential supply in the area as opposed to attempting to make the area an employment destination. A development program driven substantially by residential uses would help build ridership, support existing downtown businesses, and attract new retail and service businesses. More importantly, this strategy inherently involves an increased proportion of multifamily residential units, which is responsive to market conditions.

Recognize the demographics: target pioneering renters in early phases, and affluent empty-nesters in later phases – Residential supply and demand conditions suggest this approach would be most successful with rental apartments as opposed to For Sale multifamily product. With minimal new rental development in the area and market conditions indicating ongoing strong rental demand, apartment development represents a viable land use at the site and fits well with the downtown-as-origin concept. Furthermore, the area could initially be considered somewhat pioneering to prospective new residents. Such target audiences would be more willing to make a short-term commitment to an apartment as opposed to committing to purchasing.

Mitigate weak market conditions by actively facilitating development – Put simply: make it easy to develop in Downtown. The City should consider the following steps to encourage or accelerate development:

- *Offer a broader range of development incentives* – The City offers tax abatements and deferrals within a defined State of Connecticut approved Enterprise Zone. The City's Enterprise Zone Ordinance offers tax deferrals for any new housing or commercial construction or renovation projects. The deferral applies to any increase in assessment resulting from these projects. As it stands, a landlord must pass the tax abatement on to tenants that relocate to the new or rehabbed construction, thereby providing an incentive for businesses to relocate to the Enterprise Zone, potentially increasing demand for commercial space in the area. The City should consider offering a broader "menu" of incentives, including some more directly tied to incentivizing new development. These incentives could include:
  - *Tax increment financing (TIF)* – As opposed to a tax abatement, which simply halts tax revenues for a set period of time, TIF is a mechanism for capturing all or part of the increased property tax paid by a subset of properties within a defined area. TIF is neither an additional tax nor does it deprive governments of existing property tax revenues up to a set base within the TIF district. If structured to catalyze development, these incremental revenues can be applied to certain development costs borne by the developer. Market conditions suggest that any new development scenario in the City Center carries a high risk threshold for a developer. Offsetting certain costs, such as land acquisition or construction costs, through a TIF is one way to reduce this risk. However, because TIF utilizes future tax revenue, it will not be effective in conjunction with a tax abatement incentive.
  - *Shared parking* – Construct a large parking garage per the TOD Master Plan close to the station and consider offering shared parking to nearby projects as a development incentive. Offsetting parking costs would be another method of reducing development project cost and risk and represents a way to incentivize structured parking, which may not be otherwise financially feasible in light of current market conditions.
  - *Land assemblage and/or joint development* – Should other efforts to facilitate development yield minimal results, the City should get actively involved in the process. The City should consider acquiring and preparing land strategically and/or entering into public-private joint developments on selected parcels to both facilitate the delivery of development-ready sites to developers and potentially offset developer costs. In the development process, developer construction costs such as materials and labor have a floor in terms of how much they can be reduced, so the local jurisdiction, such as a city or state, can have the most impact on the costs associated with acquiring/finishing the land. The local jurisdiction can also minimize costs and timing associated with the approvals process.

  Often in underdeveloped areas in need of revitalization, private landowners may not have the incentive to sell or participate in development with land values that make new development financially feasible. As a result, the redevelopment needed to help revitalize the area does not occur or is slow to occur on otherwise key parcels of land. A local jurisdiction seeking to facilitate new development should consider acquiring/assembling these key parcels and marketing them to developers at prices that may make new development financially feasible. The jurisdiction may lose money from the transaction, but will achieve the goal to revitalize the area. In that light, the transaction loss can be seen as an investment in revitalizing the area.

The City should aggressively pursue the use of incentives to spur development in the City Center. A pioneering new development combined with the planned new amenities in the area will likely be the catalyst to spur more development in the future. Developers willing to take on the risk to be that pioneer should be adequately rewarded for helping to further stimulate momentum in the area. Once a critical mass is established and development momentum exists, the City will be in the position to be more selective with respect to incentivizing development.

The City should increase its capacity to proactively manage and market all aspects of the Downtown Development Project – The City should consider such options as supplementing the staff of its current Economic Development Office to allow a singular downtown focus, forming and financially supporting a downtown-oriented redevelopment agency, adding consultant expertise at various implementation phases and working with the Chamber of Commerce to serve as an organizer and liaison with existing downtown businesses/property owners. Expertise in economic development and real estate development will be critical as will having a single point of contact with developers and continued networking with the development community. This enhanced capacity must include the ability to form and structure public/private partnerships and in structuring such complicated deals as TIFs and joint developments.

- Create zoning overlays – Create a zone that allows for denser development and the flexibility of a variety of uses so that the real estate market can adjust quickly to market conditions in the area.
- Overcome weak market conditions by identifying potential institutional partners/tenants – Institutional tenants are far less exposed to real estate market conditions and economic cycles, making them viable targets in areas facing otherwise weak real estate development conditions. The City should continue to engage in conversations with Middlesex Community College to determine if a new parcel in the defined area fits with the college's plans for expansion (600 students now; 1,200 in 5-6 years).

Effectively communicate with the development industry that the area is changing – Members of the regional development industry need to be kept well informed of the ongoing planned improvements to the area and how they will ultimately make the City Center an attractive target for new development. The City should provide this audience with a thorough understanding of what is happening in the area in the form of a marketing materials and media specifically targeting the development community. In light of the above key topics, it should include the following information:

- A detailed summary of the increased commuter rail capacity, along with the exact location of the new station and an explanation for why this will serve as a compelling amenity, thereby increasing the market potential/opportunity for new residential development in the immediately surrounding area. This message should emphasize the growing household preference for walkability, access to multiple modes of transit, and other qualities not associated with the conventional suburban development model.

- A description of the HUB Park and its progress, including images, plans, and any other visually appealing documents available. Before-and-after image comparisons will serve to drive home the extent to which this area is changing and evolving. Early versions can include artist renderings but as soon as possible, the document should be updated on an ongoing basis to include actual progress at the HUB Park. Even early site preparation work (i.e., “moving dirt”) will show that the plans are being implemented, and that change is happening in the City Center. During construction of the HUB Park, a more interactive method of demonstrating this change could include broadcasting an on-site web-cam on the City’s website, or animating the construction changes with time-lapse imagery.
- A complete list of the efforts being made by the City to improve the center city area. When applicable, this list should include quantifiable information that the audience can latch onto. The City should document all funding sources, verify that funding is in place, and detail the status, start dates, and completion dates for all major public improvements in the area.
- A “menu” of available incentives that would foster new development. These incentives could come in different forms but for each it should be clear how the incentive will facilitate development and what the specific benefit would be to the developer.

Focus on changing the perceptions of the end user to improve demand potential for new development – Similar to the marketing message to developers, a focused message highlighting the important changes happening in the area, targeting the most likely audiences willing to consider the downtown Meriden area, will help begin to change perceptions of the area.

Aggressively driving traffic to the City Center through programming numerous special events will enhance the area’s visibility. As such, the City should display large-scale, visually appealing signage in strategic higher-traffic downtown locations, conveying the vision of the future City Center area, with images of the HUB Park, ITC, and any other planned improvements. This signage represents another opportunity to reinforce the message of the area’s strengths (regional location and access) and the benefits of the future enhanced rail service.

Program events that strategically target demographics and businesses likely to consider relocating to Downtown Meriden – In programming special events, think strategically about the audience drawn to the event. While the area will benefit from the increased traffic and visibility from any event in general, programming events that draw visitors that fall into the demographic segments identified as the most viable near term target markets for residential, such as young pioneering renters, will yield the most value.

The SWOT analysis, conclusions, and recommendations are summarized in Table 4-1. These recommendations outline the steps that the city should consider in developing marketing materials for developers, emphasizing the mitigating steps the city plans to take to address the development communities perceived weaknesses and threats.

Table 4-1. Summary of SWOT Analysis Conclusions and Recommendations

Strengths	Recommendations
• Central location • Strong access • Historic character	• Create a consistent theme/vision/message focused on these strengths
Weaknesses	**Recommendations**
• Existing physical conditions and surrounding land uses	• Take aggressive, comprehensive measures to mitigate these weaknesses • Upgrade housing stock • Implement physical/visual improvements • Target pioneering niche tenants to occupy vacant spaces • Begin improving pedestrian and automobile access
Opportunities	**Recommendations**
• Increased commuter rail capacity and increasing consumer preference for transit options • Socioeconomic trends favoring downtown redevelopment and revitalization	• Aggressively market the enhanced rail service, primarily targeting pioneering residents
Threats	**Recommendations**

• Ongoing weak market conditions
• Perception of Downtown Meriden
	• Position Meriden’s City Center as an origin rather than a destination point
	• Target pioneering renters in early phases and empty nesters later
	• Actively facilitate development
	   ▪ Offer a broader range of development incentives
	   ▪ Create full-time position dedicated to City Center development
	   ▪ Create zoning overlays
	• Identify potential institutional partners/tenants
	• Communicate with development industry that the area is changing
	   ▪ summary of the increased commuter rail capacity
	   ▪ description of the HUB Park and its progress
	   ▪ list of the efforts made by the City to improve Downtown
	   ▪ “menu” of available incentives
	• Focus on changing the perceptions of the end user to improve demand potential for new development
	• Program events that strategically target demographics and businesses likely to consider relocating to Downtown Meriden

LAND AREA ANALYSIS AND AVAILABLE LAND ESTIMATE

Other than the HUB Park and a minimal amount of publicly owned vacant parcels, at this stage it is unclear how much of the surrounding land will be available for redevelopment. In this context, existing City Center surrounding land uses and development patterns were reviewed, and it was determined which areas represent the strongest opportunity based on numerous criteria, including but not limited to the following:

- **Potential proximity to the new rail station** – At this stage the specific rail station location is undetermined but based on recent proposed concepts, it is assumed to be located on the eastern edge of the rail line near the geographic midpoint of the HUB Park. It is assumed that planning and design efforts will mitigate any potential noise issues associated with increased commuter rail traffic.
- **Proximity to the planned HUB open space amenities** – Preliminary drawings suggest there will be some development that takes place within the boundary of the HUB Park, although it is assumed that any development taking place on the site will be confined to the periphery due to the proposed retention pond located at the HUB.
- **Total contiguous area** – Some of the defined areas have more vacant available land for development than others.
- **Site-specific strengths and weaknesses for residential and commercial development** – These include attributes such as current and likely future street traffic and complementary surrounding land uses.
- **Potential barriers to redevelopment –** Examples of barriers include the presence of existing viable businesses, historic architecture, and important community services (e.g., schools and affordable housing).

Based on these criteria, 12 areas were analyzed and are highlighted in Figure 4-1. Key assumptions factored into the parcel dimensions above include the following:

- The structure on parcel 12 will be preserved and not available for redevelopment.
- Parcel 7 eliminates Miller Street between Pratt Street and Catlin Street, and incorporates the small triangular open space on the other side of Miller Street.

Based on findings from interviews and feedback from stakeholders, five preliminary development districts were defined and identified by color in Figure 4-1.

- **The HUB Park –** Identified by the green boundary will be mostly green space with two development sites on the periphery, areas 9 and 11.
- **Station Area –** Identified by the red boundary, areas 1 and 3 represent the strongest potential for TOD because it includes the ITC.
- **Residential/Mixed Use –** Identified by the area bounded in blue (areas 6, 7, 8, 10, and 12), represent likely candidates.

- **Artist District –** Identified by orange boundaries, areas 2, 4, and 5 represent viable candidates for a potential artists' district, with residential and cultural uses positioned to target artists, musicians, and performing artists.
- **College Expansion District –** Areas 3 and 5 **also** represent potential locations for the expansion of the Middlesex Community College near the ITC. The college is expecting to increase from 600 students to 1,200 in the next five years.

These areas represent preliminary land use and development guideline. As market conditions evolve and development opportunities arise, the City should maintain flexibility in terms of these proposed areas.

Figure 4-1. Total Potential Redevelopment Area at the Proposed ITC and HUB Site by Development District

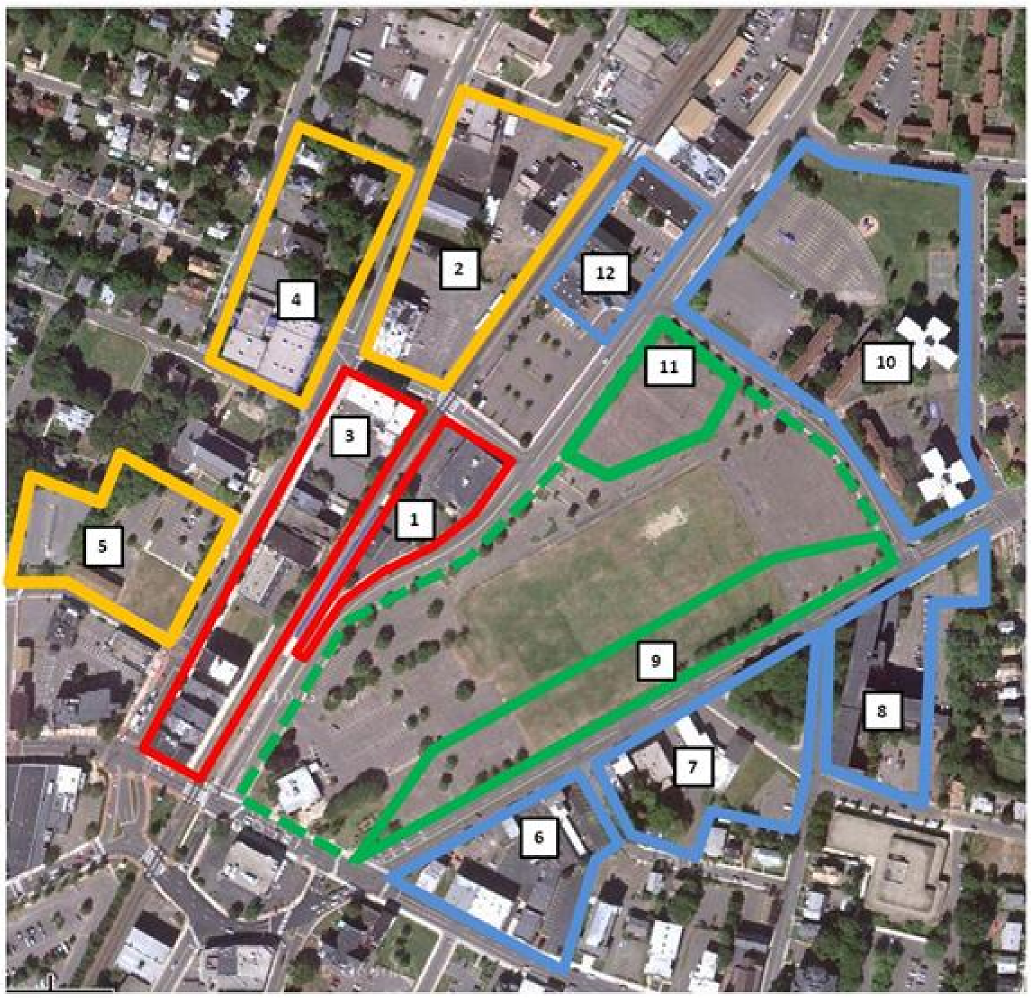


Table 4-2 provides details on the estimated minimum and maximum developable acreage of each area and a description of each area's boundary. Total land area is approximately 32 acres, although it is assumed that not all of this area is available for redevelopment given the presence of existing land uses and structures.

Table 4-2. **Parcel Description and Size Summary**

Parcel	Boundaries (streets, rail, structures, etc.)	Developable Acres Minimum - Maximum
1	Brooks/State/rail	0.9 - 1.2
2	Brooks/Colony/Cross/rail	1.2 - 2.7
3	rail/Main/Colony/Brooks	0.8 - 2.7
4	Washington/Lincoln/Foster/Colony	0 - 2.9
5	South half of Colony/Church	2.2 - 2.3
6	Main/Pratt/Benjamin	0.4 - 2
7	Benjamin/Pratt/Miller/Catlin plus triangular park space	1.2 - 2.7
8	Miller/Catlin/Pratt/Twiss	1 - 3
9	SE edge of Hub along Pratt	3.2 - 3.2
10	State/Park/Twiss/Mill	3.9 - 7.1
11	NW Corner of Hub site	1.6 - 1.6
12	rail/Cross/State/Structure	0.4 - 0.4
	Total Hypothetical Developable Acreage	**17 - 32**
	Likely Developable Acreage	**13 - 25**

Assuming continued use of existing structures, approximately 17 acres of land would be available for redevelopment. This minimum area accounts for existing undeveloped land, surface parking lots surrounding existing structures, and other underutilized land areas. In each case, it is assumed that both the hypothetical minimum and maximum figures are likely higher than what is feasible in terms of actual redevelopment, and that a more reasonable range of developable land is closer to approximately 13 acres at a minimum and 25 acres maximum.

Parcel Strengths, Weaknesses, and Potential Barriers to Redevelopment

Each parcel was analyzed based on the various site criteria most likely to impact the market potential for residential and commercial development. Table 4-3 summarizes this analysis.

Based on this assessment, the parcels with greater strengths than weaknesses and potentially low barriers to redevelopment appear to include 1, 5, 7, 8, 9, and 11 (highlighted blue in the table). This preliminary assessment is not meant to imply the other parcels are not viable from a development perspective, but rather to shed light on those areas that may face greater hurdles in the process due to either less than optimal site strengths, higher barriers to redevelopment, or some combination of the two. Parcel-specific assessments could change dramatically depending on various factors, especially the final decision on the station location and treatment of existing public housing.

Table 4-3. Area Strengths, Weaknesses, and Potential Barriers to Redevelopment

Area	Strengths	Weaknesses	Potential Barriers to Redevelopment
1	Close proximity to station; adjacent to HUB Park	Southern portion of site may be too narrow to develop on	Likely low: has existing structure zoned as office
2	Close proximity to station; relatively large area	Physically separated from HUB Park by tracks	Moderate: structures to north underutilized although building to southwest is viable
3	Close proximity to station; relatively large area	Mostly built out with existing historic structures	High: only small vacant portion likely to be available for redevelopment
4	Close proximity to station; Relatively large area	Mostly built out with existing structures that may be challenge to redevelop	Potentially high: children's community facility to south and residential to north
5	Relatively large site; minimal structures	Westernmost side relatively distant from station and HUB Park	Moderate: consists of parking lot, capacity of which would need to be maintained
6	Adjacent to HUB Park and Main Street	Relatively distant from station	Moderate: numerous existing structures
7	Adjacent to park; larger parcel	Relatively distant from station	Low to moderate based on existing land uses
8	Adjacent to park; larger parcel	Relatively distant from station; close to public housing	Low to moderate: existing older multifamily buildings would require relocation
9	On HUB Park; large parcel	Minimal	None; existing open space
10	Adjacent to park; very large site	Inability to redevelop existing public housing would diminish opportunity	Moderate: would require relocating existing public housing
11	On HUB Park; close to station	Minimal unless parcel 12 public housing remains	None; existing open space
12	Potentially close to station	Relatively distant from HUB Park, especially if parcel 13 developed	High: existing modern structure; redevelopment limited to undeveloped surfaces

Development Framework and Phasing Strategy

The following sections use information obtained from interviews and the market assessment and apply these insights to specific development areas in the station area to estimate quantities of development and likely timing of specific parcels.

Encourage Mid- to High-Density Residential with Small-Scale Commercial in Early Phases

In light of current market conditions, any new downtown retail opportunity would be primarily contingent upon new residential development and be limited to smaller-scale ground-floor formats. Although there are vacancies in existing downtown spaces, the most viable retail opportunities will likely exist in the ground-floor spaces of new multifamily construction. The new households will bolster demand to some extent, but more importantly, more credit-worthy regional and national retail tenants will be drawn to the modern retail footprints in the new construction. Independent, local, and regional chains could still be drawn to the existing historic spaces, but it is often challenging to attract larger chains to such spaces given their unique dimensions. As a critical mass of residents is achieved, some of the unique, historic downtown spaces that are currently vacant could eventually be repositioned as art galleries, antique shops, or small restaurants.

Based on this overall development strategy, the physical vision of the redevelopment in the area consists primarily of three- to four-story multifamily structures with ground-floor retail. Table 4-4 summarizes the variations in densities of these prototypical structures.

Table 4-4. Redevelopment Density Assumptions

Development Type	Description	DU/Acre	Commercial FAR
High-Density Mixed Use	3-4 story multifamily over retail	45	0.35
High-Density Residential	3-4 story multifamily	45	NA
Mid-Density Mixed-Use	2-story, residential over retail	20	0.2
Mid-Density residential	Attached residential ("urban" towhomes)	20	NA

These densities and formats are preliminary general guidelines for development, and when applied to the specific identified areas, yield a quantifiable range of potential residential and commercial development. It is recommended that the highest-density development is delivered on parcels surrounding the eventual location of the station, and that density decrease slightly on parcels that are more distant from the station.

Approach Short-Term Phasing Strategically Based on Combination of Market Conditions and Identified Site-Specific Strengths

Given that the area will initially be somewhat pioneering to potential target market audiences, the highest quality parcels with the best set of site-specific strengths should be developed first in order for the area to accelerate absorption and establish critical mass. Although the final station location is yet to be determined, it is assumed that parcels closest to the rail will generally have the best access to the station. Table 4-5 summarizes their recommended densities and resulting range of residential and commercial development quantities.

Table 4-5. Short-Term Redevelopment Opportunities

Area	Development Type	Developable Acres Min. -	Max.	Density (DU/acre)	Min. Units -	Max. Units	Comm. FAR	Min. SF -	Max. SF
1	High Density Mixed-Use	0.9 -	1.2	45	41 -	54	0.35	13,700 -	18,300
2	High Density Mixed-Use	1.2 -	2.7	45	54 -	122	0.35	18,300 -	41,200
3	Mid Density Mixed-Use	0.8 -	2.7	20	16 -	54	0.2	7,000 -	23,500
11	Mid Density Mixed-Use	1.6 -	1.6	20	32 -	32	0.2	13,900 -	13,900
					143 -	**262**		**52,900 -**	**96,900**

This preliminary analysis suggests that 140 to 260 residential units along with 53,000 to 97,000 square feet of commercial space could be viable on the selected parcels. Given the potential constraints to redeveloping the entire area, it is likely the high end of this range will be somewhat lower than what is shown in Table 4-5. It is important to note that the residential unit and commercial square footage totals above represent build out assumptions based on the recommended densities/zoning, and not necessarily market demand. Nevertheless, long-range forecasts suggest that Meriden will grow by approximately 130 households per year. Assuming a five-year phasing period, absorbing 190 to 300 units would require a capture rate of Meriden household growth ranging from 20 to 40 percent.

Although the long-range forecasts suggest that the majority of household growth will take place in the outlying areas of Meriden, this estimate is likely weighted heavily towards areas with currently available developable land as opposed to the kind of urban infill redevelopment that this project represents. Furthermore, Meriden officials have expressed an interest in encouraging growth to take place in the urban core as opposed to the outlying fringes. As such, the City will need to take steps to help guide development in Downtown, including aggregation of parcels, incentivizing developers, marketing to key demographic segments, and improving public infrastructure (including safety) in addition to the rail and HUB Park projects.

Maintain Flexibility with Long-Term Development Opportunity

The remaining areas are assumed to be longer-term redevelopment opportunities. Applying the same set of calculations with varying density assumptions shown in **Table 4-6** yields the following long-term residential and commercial development quantities:

Consider Higher Proportion of Commercial Uses in Longer-Term Phasing

Office development may become more viable in the long-term, as the critical mass of increased residential and retail create a critical mass and make it more of an inviting destination. Small office users would find the area to be more appealing, offering opportunities for walkable and transit-oriented commutes for employees as well nearby options for lunch and basic services (e.g., dry cleaning, banking, etc.). As such, the above range of commercial square footage (83,000 – 170,000) in the long-term scenario is assumed to include more of a mix of both office and retail uses as opposed to the short-term commercial range which is assumed to be primarily retail driven.

Table 4-6. Long-Term Redevelopment Opportunities

Area	Development Type	Developable Acres Min. -	Max.	Density (DU/acre)	Min. Units -	Max. Units	Comm. FAR	Min. SF -	Max. SF
4	High Density Mixed-Use	0 -	2.9	45	0 -	131	0.35	0 -	44,200
5	Mid Density Mixed-Use	2.2 -	2.3	20	44 -	46	0.2	19,200 -	20,000
6	Mid Density Mixed-Use	0.4 -	2	20	8 -	40	0.2	3,500 -	17,400
7	Mid Density Mixed-Use	1.2 -	2.7	20	24 -	54	0.2	10,500 -	23,500
8	Mid Density Mixed-Use	1 -	3	20	20 -	60	0.2	8,700 -	26,100
9	Mid Density Mixed-Use	3.2 -	3.2	20	64 -	64	0.2	27,900 -	27,900
10	High Density Residential	3.9 -	7.1	45	176 -	320	0	0 -	0
12	Mid Density Mixed-Use	0.4 -	1.3	20	8 -	26	0.2	3,500 -	11,300
					344 -	740		73,000 -	170,000

MERIDEN TOD

Meriden Transit Oriented Development Master Plan APPENDICES

April 2012

Prepared for
City of Meriden
Economic Development Office
142 East Main Street
Meriden, CT 06450

Prepared by
Parsons Brinckerhoff

In conjunction with
Arrowstreet
Luchs Consulting Engineers, LLC
Zared Architecture

Chapter 4

Market Analysis Appendices

Appendix 1: Market Analysis and Existing Conditions

ECONOMIC AND DEMOGRAPHIC OVERVIEW

To achieve an understanding of the population living and working in Meriden, historical and projected household, employment, and income data were examined for the City of Meriden, downtown Meriden, and New Haven County. "Downtown" Meriden is defined as the area immediately surrounding the future Meriden Transit Center. By understanding historical and projected demographic trends for the area, future demand for development in the Meriden area was estimated. Moreover, this understanding helped frame a TOD plan that will position Meriden's City Center for a revival based on the planned rail service and infrastructure improvements.

POPULATION

The City of Meriden has experienced essentially no growth over the previous twenty years, increasing by less than 1 percent between 1990 and 2010. During the same period, New Haven County has grown from 805,000 to 863,000.

Future projections, however, indicate a much stronger relative growth for Meriden, with population increasing over 16 percent to nearly 70,000 in 2040, while the County is expected to realize just 2 percent growth between 2010 and 2020, with virtually no growth thereafter.

While the area is expected to accelerate in growth relative to the last 20 years, the majority of Meriden's population growth is currently expected to occur in the more suburban areas of the city. As demonstrated by Table 1, the population in that area will grow by over 8 percent between 2010 and 2040 under current projections compared to 16 percent for the city as a whole.

Table 1 . Historical and Projected Population by Area

Area	1990	2000	2010	2020	2030	2040
Downtown	NA	NA	7,804	8,015	8,232	8,455
10-year CAGR				*0.27%*	*0.27%*	*0.27%*
Meriden	59,479	58,244	59,827	62,898	66,127	69,522
10-year CAGR		*-0.21%*	*0.27%*	*0.50%*	*0.50%*	*0.50%*
New Haven County	805,678	826,161	863,685	888,311	894,347	887,767
10-year CAGR		*0.25%*	*0.45%*	*0.28%*	*0.07%*	*-0.07%*

Source: Global Insight, South Central Regional Council of Governments (SCRCOG), Parsons Brinckerhoff Analysis

HOUSEHOLDS

Meriden experienced just 2 percent growth in total households in the two decades beginning in 1990, reaching 23,600 in 2010. During the same period, New Haven County has grown from 304,000 to 334,000, or nearly 10 percent. However similar to its population, Meriden's total households is projected to increase by over 16 percent to 27,400 in 2040, while the County is expected to grow by only 3 percent during the same period.

Similar to population projections presented above, the majority of Meriden's household growth is expected to occur outside the downtown area. As demonstrated by Table 2, City Center households will grow by nearly 9 percent between 2010 and 2040 under current projections, reaching a total of just over 3,800.

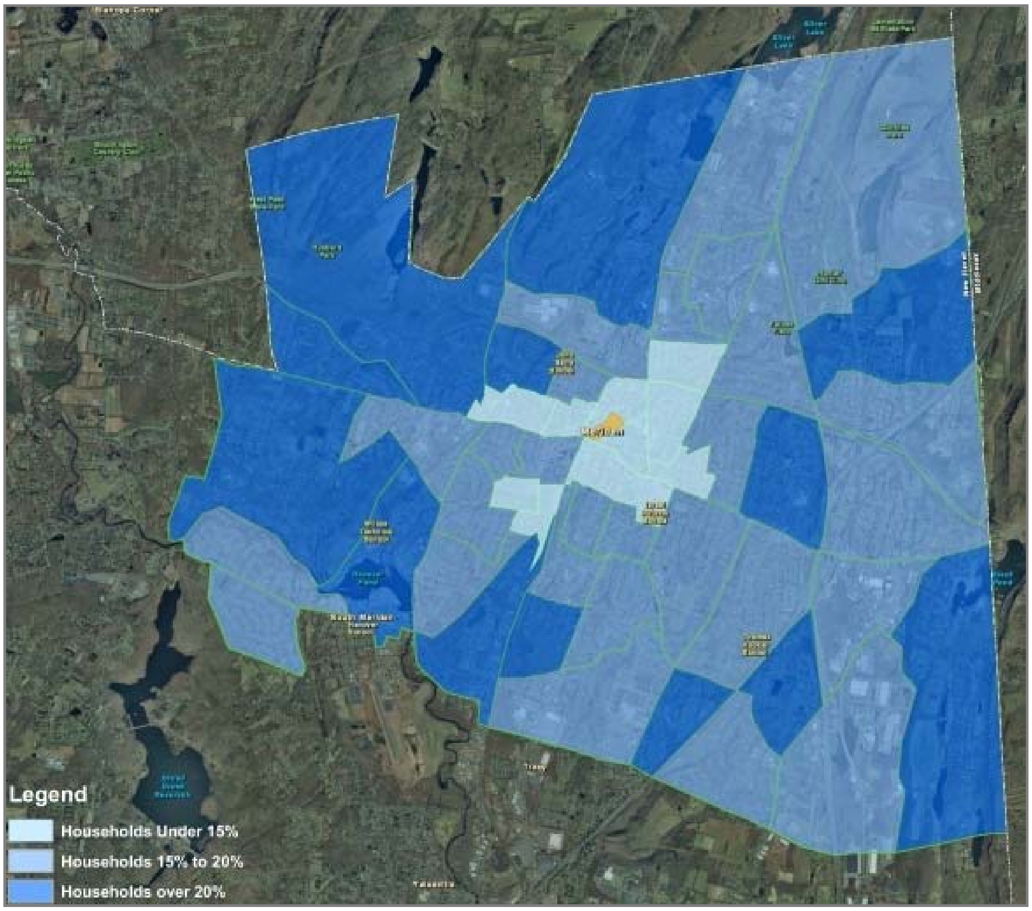
Table 2. Historical and Projected Households by Area

Area	1990	2000	2010	2020	2030	2040
Downtown	NA	NA	3,519	3,619	3,723	3,829
10-year CAGR				*0.28%*	*0.28%*	*0.28%*
Meriden	23,108	22,951	23,601	24,819	26,099	27,446
10-year CAGR		*-0.07%*	*0.28%*	*0.50%*	*0.50%*	*0.50%*
New Haven County	304,509	320,107	334,715	349,010	349,887	346,375
10-year CAGR		*0.50%*	*0.45%*	*0.42%*	*0.03%*	*-0.10%*

Source: Global Insight, SCRCOG, Parsons Brinckerhoff Analysis

Figure 1 highlights where in Meriden-area household growth is forecasted to take place. The darkest areas represent traffic analysis zones (TAZ) where household growth is forecasted to be highest (greater than 20 percent), and the lightest areas where growth is forecasted to be weakest (less than 15 percent) during the forecast period. Growth is forecasted to be the strongest in the outlying areas of Meriden, where developable land still exists for residential construction. Growth is forecasted to be slowest in the urban core of Meriden surrounding the subject site, primarily due to the fact that the area is largely built out and minimal development opportunities exist relative to fringes of the city.

Figure 1: Projected Household Growth by TAZ: City of Meriden; 2010-2040



Source: SCRCOG, Parsons Brinckerhoff Analysis

EMPLOYMENT

New Haven County was impacted heavily by the recent recession. Between 2000 and 2010, the City lost over 11 percent of its total employment and the County lost nearly 2 percent. Future projections, however, indicate a rebound for the County, increasing nearly 13 percent to 405,000 jobs in 2040. Meriden is projected to rebound more strongly, increasing its total employment from just under 25,000 in 2010 to over 32,000 in 2040, a 30 percent increase.

Despite much of the City's industrial and retail activity occurring outside the downtown area, downtown Meriden is expected to essentially keep pace with the City's employment growth. As shown in Table 3, downtown employment is expected to increase by 25 percent between 2010 and 2040, though this only accounts for about 1,000 new jobs.

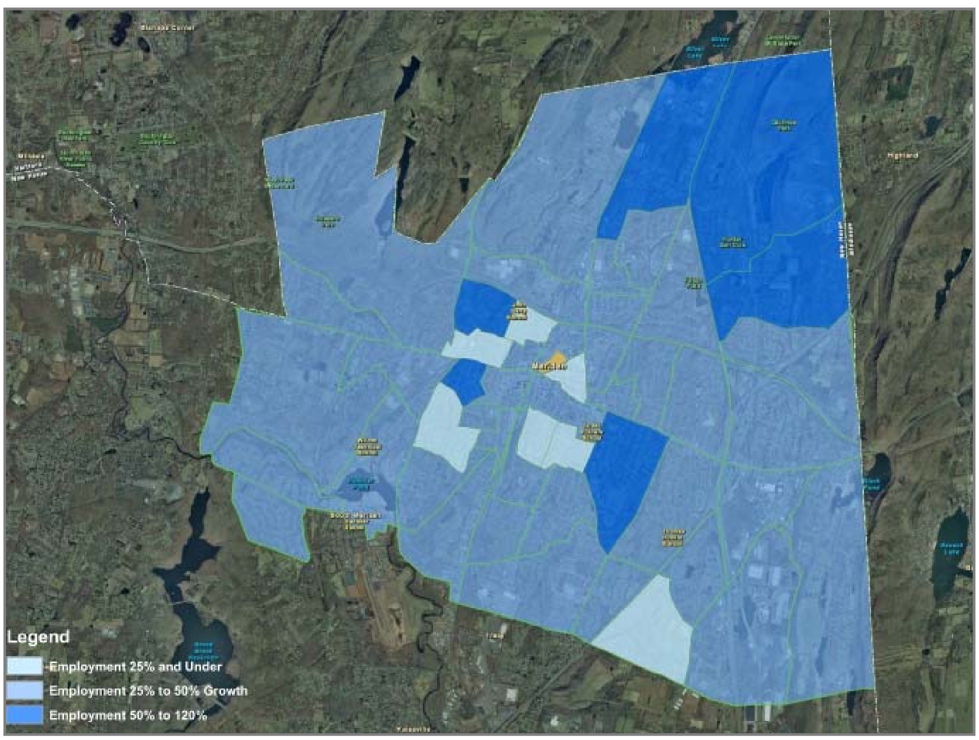
Table 3: Historical and Projected Employment by Area

Area	1990	2000	2010	2020	2030	2040
Downtown	NA	NA	5,710	6,153	6,631	7,145
10-year CAGR				*0.75%*	*0.75%*	*0.75%*
Meriden	NA	28,103	24,907	27,186	29,674	32,390
10-year CAGR			*-1.20%*	*0.88%*	*0.88%*	*0.88%*
New Haven County	365,364	381,181	359,134	388,244	397,819	405,292
10-year CAGR		*0.42%*	*-0.59%*	*0.78%*	*0.24%*	*0.19%*

Source: SCRCOG, Parsons Brinckerhoff Analysis

Figure 2 highlights where in the Meriden area that employment growth is forecasted to take place. The darkest areas are where employment growth is forecasted to be highest (greater than 50 percent), and the lightest areas are where growth is forecasted to be weakest (less than 25 percent) during the forecast period.

Figure 2: Projected Employment Growth Rate by TAZ: City of Meriden; 2010-2040



Source: SCRCOG, Parsons Brinckerhoff Analysis

In contrast to the forecasted household growth pattern, growth of employment is forecasted to be located in places with direct interstate access. The majority of the city is forecasted to experience moderate growth (25 to 50 percent) although some of the slowest growth areas are along the outlying perimeter of the downtown core.

Meriden's long-range economic and demographic forecasts include strong growth relative to historical trends. This departure from recent historical trends is based on numerous factors, including Meriden's central location between Hartford and New Haven. It is likely that in the longer term, forecasts assume that growth emanating from these two cities will take place on the outlying fringes, particularly along interstate corridors. As such, Meriden would be the beneficiary of outlying growth from two major cities, suggesting that it is poised to capitalize on its central location. In this regional context, a TOD in the downtown area that is focused around convenient access to both cities and beyond via commuter rail could be achieved with proper planning and developer incentives.

REGIONAL AND LOCAL SUPPLY OVERVIEW

To better understand historical market trends and existing conditions, Parsons Brinckerhoff examined relevant residential and commercial trends for Meriden and the surrounding regional submarkets. This analysis helped assess downtown Meriden's relative competitiveness to the surrounding region, and grounds the anticipated downtown TOD redevelopment opportunity in market realities while factoring in the potentially catalytic impact of the increased rail service and HUB Park redevelopment.

For-Sale Residential

Like the majority of the nation, the For Sale residential market is currently weak in Meriden and the surrounding sub-markets. Historical permitting activity for Meriden and New Haven County show that both areas reached peaks in residential construction development in 2004, followed by dramatic declines as the housing market collapsed. In 2010, New Haven County experienced its first year-over-year increase since 2004, suggesting that a slight rebound may be taking place. However, Meriden experienced a 10-year permitting low in 2010, with only 17 single-family and multifamily permits issued.

Table 4. Historical Residential Permits; City of Meriden and New Haven County, 2001-2010

Area	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	10-Year Avg.
Meriden	46	73	97	323	126	60	70	25	28	17	87
New Haven County	1,586	1,701	1,826	2,534	2,251	1,654	1,256	920	509	1,019	1,526
Meriden Share	3.4%	4.4%	7.1%	7.6%	7.0%	5.0%	8.4%	4.1%	7.1%	3.8%	5.7%

Source: US Census, Parsons Brinckerhoff Analysis

Sales volume demonstrated a similar pattern over the past five years in downtown Meriden, the city of Meriden, and New Haven County. Figure 15 shows that all three areas experienced sharp declines from highs in 2005, each with slight improvements in 2010. Downtown's recent historical share of sales volume has averaged 11 percent of total Meriden sales while the city of Meriden has averaged a 7.3 percent share of New Haven County.

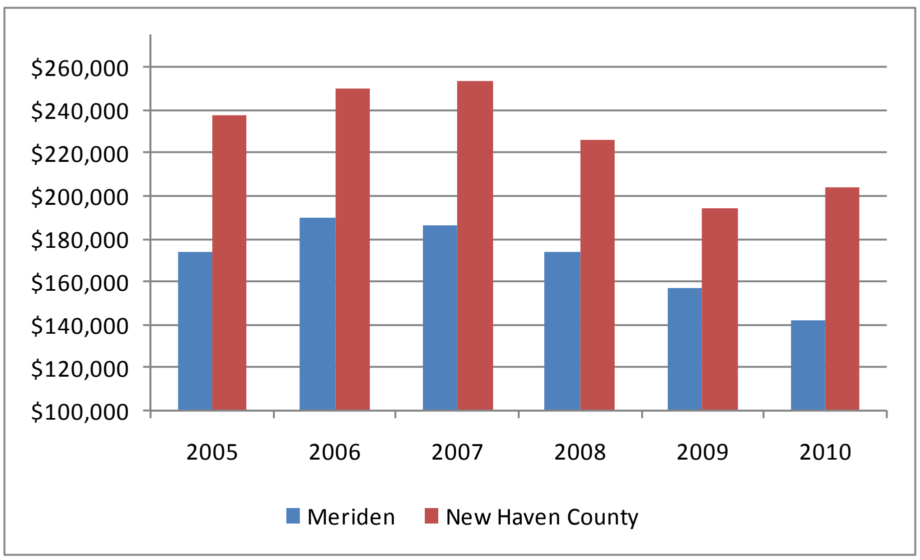
Table 5. Historical Sales Volume; Downtown Meriden, City of Meriden, and New Haven County; 2005-2010

Area	2005	2006	2007	2008	2009	2010	5-Year Avg.
Downtown Meriden	151	123	79	78	70	85	98
Meriden	1,260	1,127	892	642	731	742	899
Downtown Share	12.0%	10.9%	8.9%	12.1%	9.6%	11.5%	10.9%
New Haven County	17,134	14,988	12,762	9,462	9,141	10,611	12,350
Meriden Share	7.4%	7.5%	7.0%	6.8%	8.0%	7.0%	7.3%

Source: Hanley Wood, Parsons Brinckerhoff Analysis

Figure 3 highlights historical median price trends for Meriden and New Haven County. Meriden prices are significantly lower than the county average and both areas have experienced ongoing price declines over the period. While the county experienced an increase from 2009 to 2010, Meriden continued to decline over the same period.

Figure 3: Historical Annual Median Sales Price; City of Meriden and New Haven County; 2005-2010



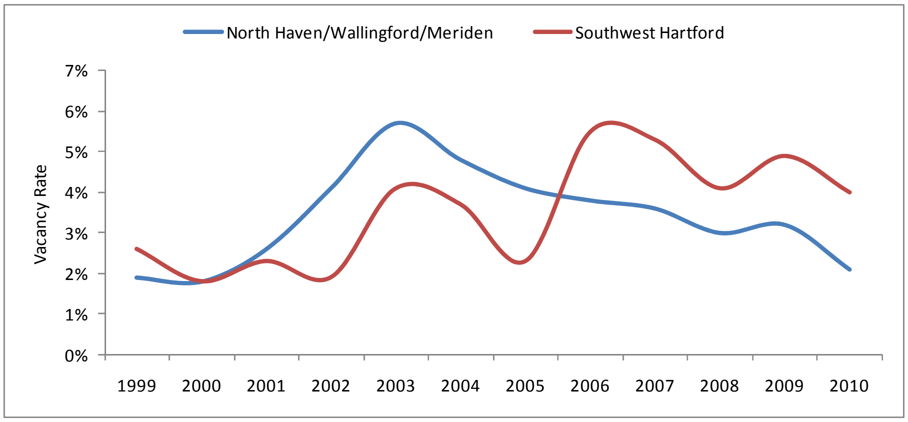
Source: Hanley Wood, Parsons Brinckerhoff Analysis

These price trends indicate that not only that Meriden trails the overall county in terms of achievable pricing, but that it is also still suffering from declines while the larger market has rebounded slightly.

Rental Apartments

Much like trends regionally and nationally, apartment vacancies in the Meriden submarket reached a 10-year low of 2.1 percent in 2010, and the nearby Hartford Southwest submarket hit a 5-year low of 4 percent, as shown in Figure 4.

Figure 4: Historical Apartment Vacancy Rate; North Haven/Wallingford/Meriden Submarket and Southwest Hartford Submarket; 1999-2010

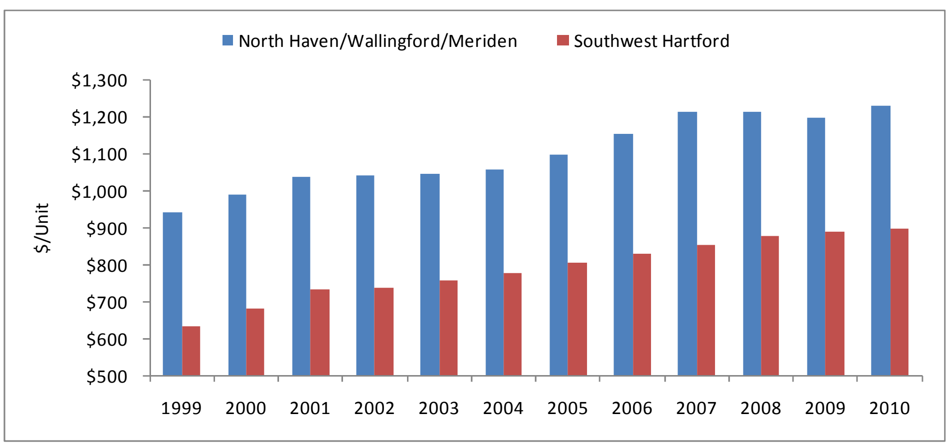


Source: REIS, Parsons Brinckerhoff Analysis

Ongoing weakness in the For Sale market combined with socioeconomic trends has sparked an increase in rental apartment demand in recent years. Furthermore, supply is somewhat constrained due to a lack of apartment development during the housing boom earlier in the decade.

As vacancies have declined, rents have gradually increased since 1999. The North Haven/Meriden submarket had rents grow at an annual rate of 2.5 percent from 1999 to 2010, with average rents just above $1,200.

Figure 5: Historical Average Monthly Apartment Rent per Unit; North Haven/Wallingford/Meriden Submarket and Southwest Hartford Submarket; 1999-2010



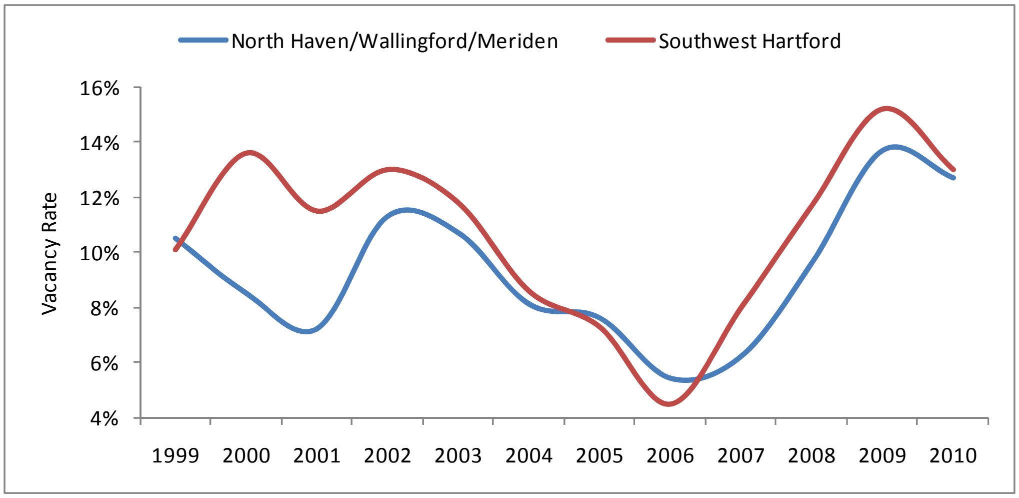
Source: REIS, Parsons Brinckerhoff Analysis

Meriden has experienced minimal new rental apartment development over the past decade. Newbury Village, built in 2005, is the only new apartment community delivered in Meriden over the past ten years. Located 3 miles southeast of downtown Meriden, the project has strong access, with close proximity to both I-91 and I-691. Rents range from $1,175 for a 658-SF studio ($1.79/SF) to $1,825 for a 1,319-SF 2-bedroom unit ($1.38/SF).

Retail Space

Retail conditions in the Meriden submarket and in downtown are currently weak. Both the North Haven/Wallingford/Meriden and Southwest Hartford submarkets experienced vacancy rate lows in 2006 and peaks in vacancy in 2009, with slight declines in 2010. This trend is similar to retail trends regionally and nationally.

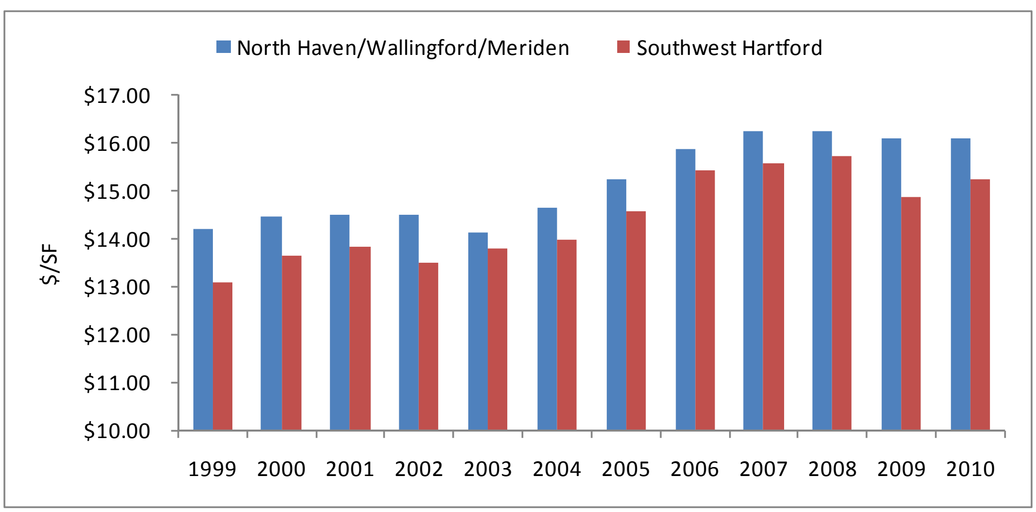
Figure 6: Historical Retail Vacancy Rate; North Haven/Wallingford/Meriden Submarket and Southwest Hartford Submarket; 1999-2010



Source: REIS, Parsons Brinckerhoff Analysis

Both submarkets had periods of positive net absorption from 2003 through 2006. Asking rents reflect these trends, with rents increasing over the same period, peaking in 2008, followed by a period of declining rents.

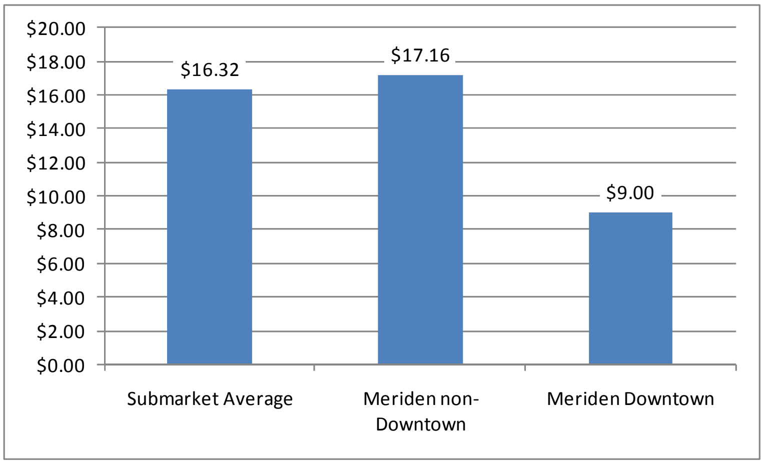
Figure 7: Historical Average Retail Rent; North Haven/Wallingford/Meriden Submarket and Southwest Hartford Submarket; 1999-2010



Source: REIS, Parsons Brinckerhoff Analysis

Downtown Meriden's retail market appears to be generally weaker than the submarket as a whole. Average asking rents as of the 1st quarter 2011 for the North Haven/Wallingford/Meriden submarket were $16.32 per square foot. However, asking rents for available space in downtown range from $6.00 to $11.50, a significant discount to the submarket average. Furthermore, asking rents in Meriden spaces located outside of downtown average over $17.00 per square foot.

Figure 8: Average Retail Rent per Square Foot; North Haven/Wallingford/Meriden Submarket, Meriden non-Downtown space, and Downtown Meriden; 1st Quarter 2011



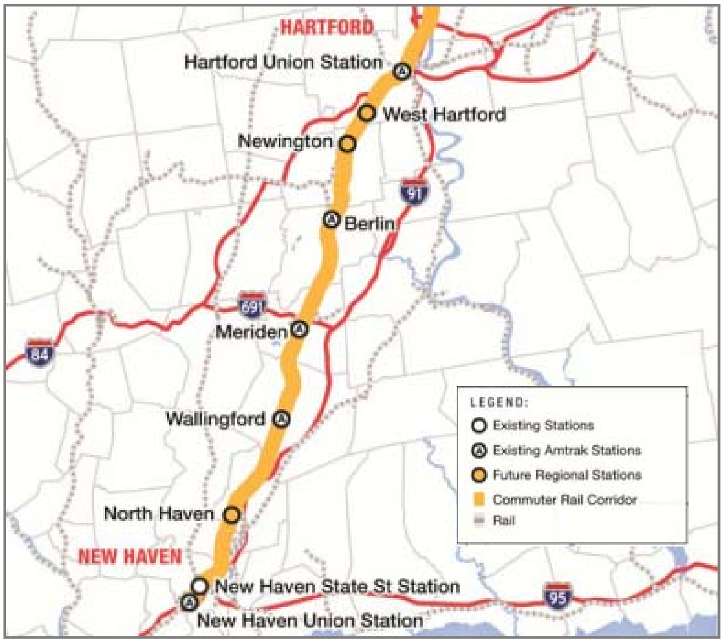
Source: REIS, Parsons Brinckerhoff Analysis

Regional retail demand is being met by the Westfield Meriden Mall (with current asking rents of $20 to $25 per square foot) while neighborhood- and community-serving retail demand is served by newer retail developments on more heavily-trafficked arterials outside of the downtown Meriden area. As such, the current retail opportunity in downtown is limited to demand from daytime population comprised of local employees at some of the nearby office spaces.

Regional Competition

While historical downtown market conditions suggest a relatively unproven development opportunity, the HUB redevelopment, planned expansion of Middlesex Community College, and increased rail capacity should in combination serve as a major catalyst to jumpstart demand in the area. However, the same logic holds for other areas in the region that stand to benefit from the increased rail capacity. As such, the most likely direct competitors to the Meriden TOD include potential TOD developments at other nearby station areas along the New Haven-Hartford-Springfield rail corridor.

Besides Meriden, there are currently two other existing Amtrak stations between New Haven and Hartford, in Wallingford to the south and Berlin to the north. Furthermore, between New Haven and Hartford, three new commuter stations are planned in nearby cities and towns along the corridor: North Haven, between the New Haven and Wallingford stops; Newington and West Hartford, between the existing Berlin and Hartford stations.



Source: New Haven – Hartford – Springfield Rail Project

Geographically, Wallingford and Berlin represent the most direct potential competition for potential TOD development. The planned/proposed stations in North Haven and Newington will likely attract households and employment seeking suburban locations near New Haven and Hartford, respectively. As such, any planned large-scale TOD at these stations could impact demand for similar products in Meriden.

Wallingford – The Wallingford station is located in the town's central business district, which is located along the eastern side of the rail line. Land uses in the CBD near the station are primarily commercial, including retail, services, and some smaller-scale office. The areas immediately surrounding the station are built out yielding minimal TOD opportunities, although some small-scale redevelopment opportunities exist. Wallingford officials are, however, considering relocating the station to a site that has walkable proximity to a larger concentration of households than the current station has, in order to better optimize some of the station area benefits.

Berlin – The historic Berlin Railroad Station is surrounded by a mix of lower density residential and industrial uses. The station was recently renovated and adopted plans indicate that the town of Berlin is pursuing TOD redevelopment opportunities in areas immediately surrounding the station. The plans identify underutilized parcels that could be redeveloped into mixed-use TOD. Although the effort has backing from city officials and TOD redevelopment potential exists, the station area opportunity is likely weaker than that of Meriden because it is relatively distant from Berlin's CBD. However, this relative site weakness is somewhat offset by the likelihood that the station's surrounding parcels could face lower barriers to redevelopment relative to those in Meriden.

Appendix 2: Regional and National Comparables

As part of its analysis, case studies were sought to identify and conduct relevant local and regional best practices for the planning and implementation of TOD. Despite a lack of local TOD projects that perfectly parallel Meriden's case, the projects in this section all offer examples of successful planning, coordination, and/or implementation of TOD projects. The projects range from large-scale transit HUBs and employment centers to suburban commuter stops; these examples demonstrate that when planned carefully, the same TOD principles can be implemented successfully across a wide range of settings.

STAMFORD, CT, HARBOR POINT

Construction is currently underway in the City of Stamford on the Harbor Point mixed-use development, which occupies 80 acres along the city's South End waterfront and is accessible to Downtown Stamford and I-95. Harbor Point is a 10-minute walk from the Stamford Transportation Center, which provides Amtrak and Metro-North Railroad rail service along the Northeast Corridor. The Smart Growth practices employed at Harbor Point were outlined in the State Conservation and Development Policies Plan, which encourages community and environmental revitalization centered on existing infrastructure and a commitment to providing public open spaces.

New development at Harbor Point features six million square feet of new development, including 4,000 housing units (10 percent affordable housing) and one million square feet of office, hotel and retail space. The plan also includes 16.5 acres of open space and a 1.5-acre school site.

Development at Harbor Point began in 2008 amidst the deep economic recession and nears completion today. At full build out, the Harbor Point TOD is expected to generate $22.6 million in annual property tax revenue, $18 million in sales and other taxes, $38 million in fees and create 2,900 permanent jobs in the City of Stamford.

BETHEL, CT RAIL STATION

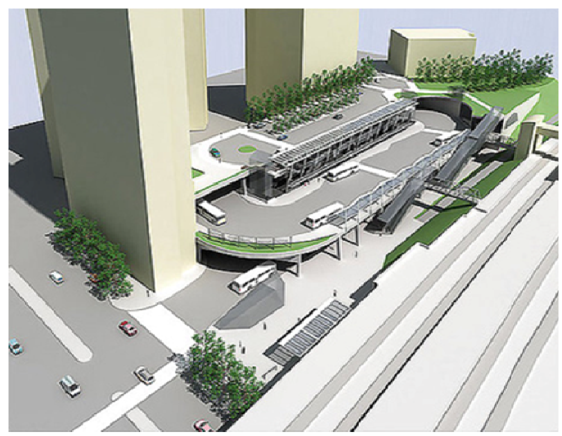
The Bethel Rail Station TOD is a proposed 20-acre mixed-use development centered on the town's Metro-North Railroad rail station on the northern end of Bethel Village Center. The site was designed in response to the growing numbers of local residents commuting south to Stamford and New York City and will offer pedestrian-friendly commercial, office, institutional, and multi-family residential properties. Bethel Village Center is home to significant retail activity and as such, current plans call for little new retail development.

The Rail Station TOD was formally supported in 2007 in the Bethel Plan of Conservation and Development, which proposed changes to Town zoning laws allowing for higher density mixed-use development, pedestrian-friendly infrastructure, and cosmetic changes such as water fountains near the rail station. An emphasis was placed on moderately-dense residential developments with integrated transit options.

In 2010, the Housatonic Valley Council of Elected Officials (HVCEO) released updated conceptual plans for the TOD in its Bethel Rail Station Transit-Oriented Development Feasibility Study, which call for approximately 200,000 square feet of office property, 130 to 200 dwelling units and 1,100 to 1,300 new parking spaces to support park and ride activity on the rail line. Plans also included recommendations on steps needed to move forward with the new development. In addition to public outreach and zoning changes, the study also recommended upgrading the local transit infrastructure, including the addition of a west platform at the station to benefit reverse commuters travelling to office and retail locations within the TOD.

The Feasibility Study estimated that the future TOD would generate annual property tax revenues ranging from $880,000 to $1.1 million, which is between 6.9 and 8.6 times the property's current yield. Plans for the Bethel Rail Station TOD are currently under further consideration.

SILVER SPRING, MD



Source: WMATA

Silver Spring's 22-acre downtown redevelopment centers on its Metro stop, part of Washington, DC's subway system. The TOD began in 1998, when after several decades of decline, the public sector teamed with private developers to target the area directly surrounding the City's metro station for new development. Between 2000 and 2010, the public and private sectors teamed to invest $1.8 billion in new development in the area, generating $3.6 million in added property tax revenue in the first four years (2000 – 2004) alone. In the first 10 years of development, over 800,000 square feet of office space was added to the area, retail space increased by 80 percent, and 2,700 housing units were added. During this process, over one million square feet of existing buildings were renovated.

While some of this investment was fueled by strong regional growth during the period, Silver Spring helped guide development by creating a town center focused on mixed-use and higher densities, which has helped make the Silver Spring Metro Station become the busiest Metro stop in Maryland. Local and county incentives have included tax credits on expansions and improvements, priority inspections and permitting, a "Live Near Your Work" program providing funding for residents who purchase homes locally, and local business services. This year, Montgomery County will continue its investment in downtown Silver Spring with the opening of a new Transit Center (above), a multi-modal facility with access to bus and rail services, including future access to the upcoming Purple Line light rail.

BRUNSWICK, ME

After lying vacant for 20 years, the town of Brunswick purchased the 3.88-acre former rail yard in 1998 with plans to eventually rehabilitate the contaminated site. Plans for commercial development of the property along with 20 adjacent acres did not begin until 2004. Success of the project is attributed to Amtrak's Downeaster rail service between Portland and Boston and heavy local interest in the property's central location. The city's foresight in acquiring the property and positioning it for redevelopment was critical to the TOD's success.

The Maine Street Station TOD is now a 24-acre redevelopment project in downtown Brunswick, Maine centered on the town's rail station serving the Maine Eastern and Amtrak beginning in 2012. Still under development, the completed project will increase economic activity and access to other parts of the state. The project will feature 130,000 square feet of mixed-use development, including 26,000 square feet of residential units, 36,000 square feet of office, and 27,000 square feet of retail property.