

**ECONOMIC DEVELOPMENT COORDINATOR'S REPORT 5/19/2011**

**Submitted by Joseph Seacrist**

- 1. Attended P&Z meeting on 5/4/2011 at which Drubner and Associates requested a zoning change from residential to commercial for a lot at the corner of Straits Turnpike and Bunker Hill Road. The public hearing was held that evening and three members of the public, mostly neighbors, spoke in opposition. The commission had several questions for the developers, primarily centered around the proposed uses for the property. Drubner Associates indicated that they were not prepared that evening to discuss specific plans for the parcel. The public hearing was closed, and before the commission could vote on the proposed zone change, Drubner and Associates withdrew their application, indicating that they would re-apply when they were prepared to indicate exactly what type of structures they intended to erect.**
- 2. Discussed with Lou Proto of proto Realty the use of several properties in town. He is actively looking for purchasers for the 10.5 acres on Straits Turnpike between Stop and Shop and LaBonne's market, which is zoned as business shopping center.**

**Also discussed with Proto a possible tenant for property at 1100 Buckingham Street, the Emerson Process Control building. Proto has a potential tenant who was looking for warehouse/industrial. Minimum 20,000 sf with 2,000 sf office space, fully air conditioned, 16-18 foot ceilings, 1-2 loading docks. He promised to get back to me as to whether the possible tenant is interested in that location.**

- 3. Spoke with a representative of Triple Play restaurant. Their business is prospering and they were inquiring about using the adjacent "open space" land for additional parking. I spoke with the Town Manager, and he indicated that the property was part of a detention pond and drainage system and was deed restricted from any use except open space. The restaurant would have been willing to put just gravel for over flow parking, but the Town held firm that the property could not be used for anything but open space.**
- 4. Spoke with the business manager of Fascia's Chocolate about a possible re-location of their manufacturing and retail business to Watertown. They are currently unhappy with their lease and will be moving in two years. They ideally seek a property with visibility and easy access from 84 and route 8. I pointed out several available properties in town and they indicated they would be interested,**

although their preference right now is to remain in Waterbury where their primary customer base is located.

5. Received word from CEDS and the state Department of Economic and community Development that the state has approved the regionalization of EDC's in this area. The approval is still awaiting the approval of the State office of Policy and Management.
6. Spoke with the project manager for the commercial debris recycling center proposed for Frost Bridge Road (former Watertown Drive in) property. Since they received approval from the state DEP, they have been sued by the property owner who maintains that they were not prompt enough in receiving the remediation permit. Frost Bridge Associates, the developer, indicated to me that they believe they have a solid contract and that they intend to proceed with closing on the property this Spring. We'll see what happens with the law suit.
7. CL&P indicates that they have approved a lighting fair to be operated in conjunction with the Watertown Farmer's Market on July 28 from 8am until noon. At the lighting fair, CL&P and its vendors offer deeply discounted light fixtures and CPL light bulbs for sale.
8. Am in the process of updating the current list of businesses in Watertown which pay personal property tax on their equipment, to keep current with new businesses and businesses which have left the tax rolls in the last several years. The current excel spreadsheet shows 1080 lines of business tax payers in the town. Some of those are home based small businesses as well as the larger retailers and manufacturers.
9. Please find attached the third quarterly survey on Connecticut real estate conditions, conducted jointly by the Connecticut Business & Industry Association (CBIA), the Connecticut Economic Resource Center (CERC), and DataCore Partners LLC.

One of the most significant findings was as of February 2011, the state's economy has added almost 30,000 jobs since the employment low of early 2011, equating to a recovery rate – jobs gained back expressed as a percentage of jobs lost – of roughly 25%.

**The third quarterly survey on Connecticut real estate conditions,  
conducted jointly by the Connecticut Business & Industry Association  
(CBIA), the Connecticut Economic Resource Center (CERC), and DataCore  
Partners LLC,**

The third quarterly survey on Connecticut real estate conditions, conducted jointly by the Connecticut Business & Industry Association (CBIA), the Connecticut Economic Resource Center (CERC), and DataCore Partners LLC, reflects continued improvement within the State's commercial real estate sector. The U.S. economic recovery is now almost two years old, but Connecticut commercial real estate has struggled in many areas due to sluggish job expansion and meager income growth. While improvement is evident in many parts of the state, gains thus far can be characterized as being "modest."

Another critical measure of the CT COMpREhensive survey, the Farmington Bank/ O'Connor Davies Munns & Dobbins LLP Commercial Real Estate Index, shows consecutive gains in both the fourth quarter of last year and the first quarter of this year. The latest data reflects a commercial real estate market that is still facing challenges in the form of cautious consumer spending, and higher energy and oil prices. Moreover, area retailers are facing rising competitive pressures from Internet retailers with lower overhead costs.

"The consensus is that economic recovery is apt to strengthen during 2011 as many local economists now believe that the Connecticut economy is poised to add jobs and see modest growth in real disposable income, the broadest measure of consumer spending power," said John Patrick, President & CEO of Farmington Bank.

"Barring any major and unforeseen impacts to the domestic economy, the expectation is that Connecticut commercial real estate conditions are apt to improve though the balance of the year," added Bruce Blasnik, Partner at ODMD.

As of February 2011, the state's economy has added almost 30,000 jobs since the employment low of early 2011, equating to a recovery rate – jobs gained back expressed as a percentage of jobs lost – of roughly 25%. Other findings include:

- People are generally pessimistic with respect to the near-term **outlook for the Connecticut economy** over the next three months. The majority expect the economy here to be "poor." Local economists have stated that the levels of both consumer and business confidence, as well as job growth, will be instrumental in bolstering economic activity during 2011.
- Connecticut's **Office Market** is improving as tangible new employment growth has increased. The state added 5,400 new jobs in February and 29,700 new jobs over the last 13 months; a major emphasis on temporary hires. Sales

transactions are expected to increase but sales prices are expected to decline; and lease prices are expected to show similar trends.

- Connecticut's **Industrial Real Estate Market** continues to benefit from increased demand for Connecticut exports, which rose 14% for all of 2010. Manufacturing employment fell 2.9% last year. Currently, the state has 166,100 manufacturing jobs, most in durable manufacturing. Higher oil prices are likely to pressure manufacturing activity over the near-term.
- Many of those polled believe that industrial sales transactions and prices within the industrial market are expected to decline. Opinions about industrial lease prices are expected mixed.
- Overall **consumer confidence** fell to one of the largest one-month declines in recent memory in part by the energy prices spike. Consumer spending power is now up a mild 0.7%; many opt to shop over the Internet. Brick and mortar retailers are struggling to compete.
- The state's **Retail Sector** has 600 jobs over the last year given February 2011 data, equating to a 0.6% rise. Food and beverage stores have added 1,100 jobs over the last year, while general merchandise stores reported 300 new jobs. The number of sales transactions with the retail sector is expected sales to increase, and sales prices are expected to decline
- Expectations regarding sales and leases in the Connecticut **Investment Real Estate** are mixed. Most respondents expect sales prices within the investment market to decline to varying degrees over the next three months. Lease prices on investment real estate are expected to be relatively flat in coming months.
- Regarding **Residential Real Estate**, median sales prices are firming, rising while sales volumes posted double-digit gains. Regional consumer confidence measures are trending upwards. Residential sales transactions are expected to rise between 0%-5%, while another 18% expect sales prices to grow more than 5%.

"The slow recovery we are seeing in the job market is translating into the sentiments of the real estate community with the results of this survey," said Alissa DeJonge, director of research at CERC.

"It's encouraging to see our surveyed experts feeling more confident about the future outlook for commercial and industrial real estate," said Peter Gioia, vice president and economist at CBIA. "However, the low readings on current activities show that we have a long way to go before the market fully recovers."

"Economic recovery is becoming more tangible across the board and this quarter's survey results are reflecting a renewed sense of optimism. We're clearly facing headwinds from higher energy prices, but I don't expect it to derail economic recovery," said Don Klepper-Smith, chief economist and director of research at DataCore Partners.

The survey was conducted during the first quarter of 2011 and polled real estate professionals in all eight Connecticut counties, asking for opinions and perspectives regarding local real estate conditions in both the residential and commercial markets. There were a total of 126 respondents who participated in the most recent survey, and included real estate brokers, real estate developers, bankers, appraisers, and economic development officials from around the state.

The executive summary of this quarter's **CT COMpREhensive** and **Farmington Bank/ODMD Index** is available at [www.cerc.com](http://www.cerc.com) and [www.cbia.com](http://www.cbia.com)