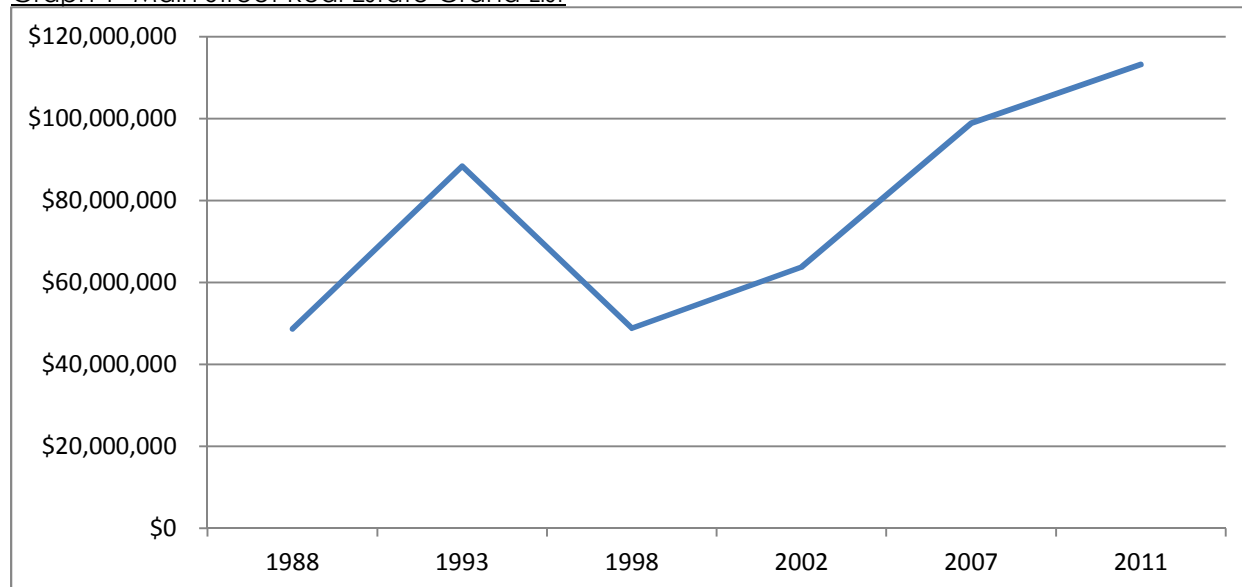


Main Street and Grand List Values: 1988-2011

The past 25 years has seen a significant change in Main Street's economic potential. Recent trends in values reflect the optimism city official, residents and business owners. Middletown seems to have reversed the drop in property values in the 1990s.

Reviewing the property values of Main Street is important since it is the economic heart and face of Middletown. The economic health and wellbeing is directly reflected in the value of these properties. Middletown consists of 27,072 acres. Main Street properties comprise only 0.14% of this total land mass, but represent 4% of total value on the grand list. Taken together Main Street would represent the 3rd largest value on the 2011 Grand List.

Graph 1- Main Street Real Estate Grand List



Taken as a whole Main Street has a higher grand list value, higher per square foot value, and comprises a higher percentage of the City grand list versus the peak recorded in 1993. In the recession of the 1990s, Main Street lost value at a rate of -8.9% per year, nearly falling by 50% in 5 years. During the current recession Main Street values continued to grow, but at a slower pace of 3.6% per year.

Table 1- Main Street Real Estate Grand List

| | Entire Main Street Value | \$/Sqft | % of City | Annual % Chg. |
|-------|--------------------------|---------|-----------|---------------|
| 2011* | \$113,199,840 | \$61.97 | 3.9% | +3.6% |
| 2007 | \$98,794,643 | \$60.55 | 3.4% | +11% |
| 2002 | \$63,736,300 | \$35.90 | 3.3% | +7.6% |
| 1998 | \$48,809,929 | \$32.73 | 3.5% | -8.9% |
| 1993 | \$88,299,400 | \$49.57 | 5.2% | +16.3% |
| 1988 | \$48,658,436 | \$30.10 | 5.7% | |

Breaking Main Street into three sections provides some surprising insights.

Table 2- Main Street Properties by Area- Total Values

| | # of Properties | Acres | Sqft of Buildings | Floor/Area Ratio |
|--------------|-----------------|-------|-------------------|------------------|
| North End | 49 | 9.9 | 509,505 | 1.18 |
| Central Core | 29 | 6.8 | 410,067 | 0.72 |
| South End | 25 | 20.5 | 547,437 | 1.63 |
| Total | 103 | 37.2 | 1,467,009 | 1.10 |

The North End, all the properties north of Washington Street, consist of 49 properties totaling 9.9 acres with 509,505 square feet of building floor area. This area has for the past 25 years been considered a drag on economic growth of downtown. This view point is no longer accurate. The North End of Main Street has grown by 253% in value since 1988. It did lose approximately 28% of value during the 1990s, but has been outpacing the rest of the downtown for growth during the 2000s.

The Central Core is bound by Washington Street to the north and College Street/Dingwall Drive to the south, consist of 29 properties totaling 6.8 acres with 410,067 square feet of building floor area. The Central Core has been a retail, services and government center of the downtown. This section was comparable in value to the South End in 1993 and more than doubled the value of the North End in 1993. However, 1990s devastated the value of the Central Core and it has yet to fully recover. Based on the 2011 grand list the central core is only worth 62% of the value of the Central Core in 1993.

The South End is bound by College Street/Dingwall Drive to the north and Union Street to the south, consist of 25 properties totaling 20.5 acres with 547,437 square feet of building floor area.. The South End was and continues to retain the most value of the downtown. While the increases have not matched the spectacular rises seen in the North End it is more than double the 1988 peak values.

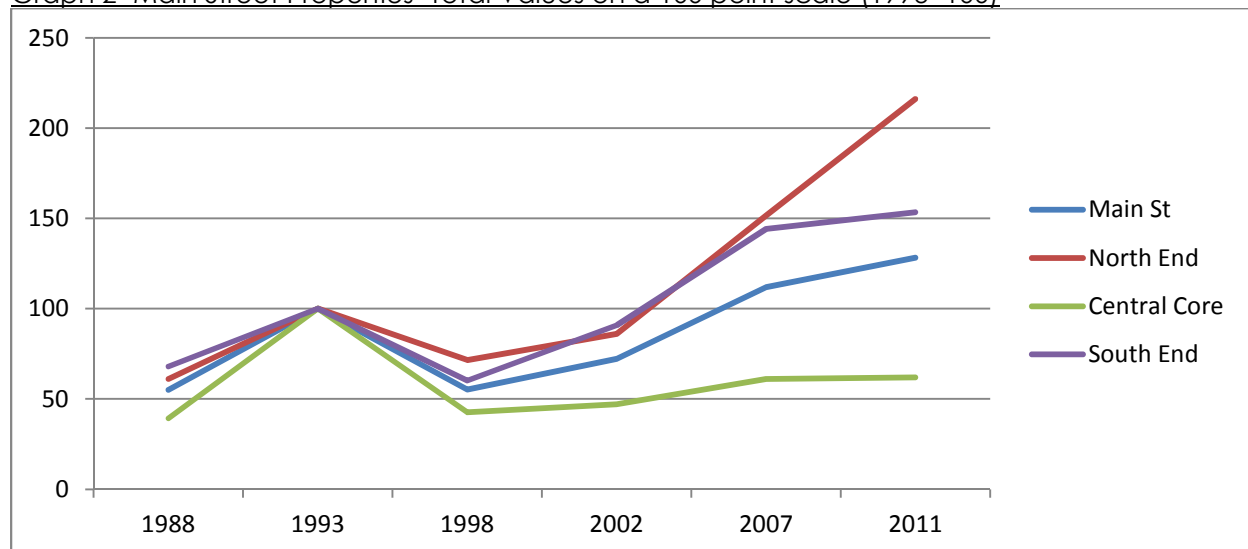
Table 2- Main Street Properties by Area- Total Values

| | North End Main St | Central Core Main St | South End Main St |
|-------|-------------------|----------------------|-------------------|
| 2011* | \$35,895,870 | \$22,130,900 | \$55,173,870 |
| 2007 | \$25,178,571 | \$21,780,186 | \$51,835,886 |
| 2002 | \$14,286,786 | \$16,807,143 | \$32,642,371 |
| 1998 | \$11,883,129 | \$15,255,871 | \$21,670,929 |
| 1993 | \$16,614,543 | \$35,712,900 | \$35,971,957 |
| 1988 | \$10,157,840 | \$14,042,987 | \$24,457,609 |

Table 3- Main Street Properties- Total Values on a 100 point scale (1993=100)

| | Entire Main Street | North End Main St | Central Core Main St | South End Main St |
|-------|--------------------|-------------------|----------------------|-------------------|
| 2011* | 128 | 216 | 62 | 153 |
| 2007 | 112 | 152 | 61 | 144 |
| 2002 | 72 | 86 | 47 | 91 |
| 1998 | 55 | 72 | 43 | 60 |
| 1993 | 100 | 100 | 100 | 100 |
| 1988 | 55 | 61 | 39 | 68 |

Graph 2- Main Street Properties- Total Values on a 100 point scale (1993=100)



Analyzing the numbers on a square foot basis yields similar result, but is a better apple to apples comparison. The entire downtown has seen square foot values increase by 25% since 1993 and more than doubled since 1988. The North End has seen them increase by 40% since 1993. The per square foot values for the Central Core have increased, but it is the lowest increase of the three downtown areas at 11%. The South End has been a strong retainer of value with a square foot value topping \$100.

Table 4- Main Street Properties- Median Square Foot Values

| | Entire Main Street | North End Main St | Central Core Main St | South End Main St |
|-------|--------------------|-------------------|----------------------|-------------------|
| 2011* | \$61.97 | \$60.04 | \$54.58 | \$105.60 |
| 2007 | \$60.55 | \$59.03 | \$54.05 | \$99.30 |
| 2002 | \$35.90 | \$34.35 | \$33.35 | \$59.58 |
| 1998 | \$32.73 | \$30.45 | \$29.69 | \$51.25 |
| 1993 | \$49.57 | \$42.61 | \$49.17 | \$85.59 |
| 1988 | \$30.10 | \$24.36 | \$29.01 | \$57.60 |

Table 5- Main Street Properties- Median Square Foot Values on a 100 point scale (1993=100)

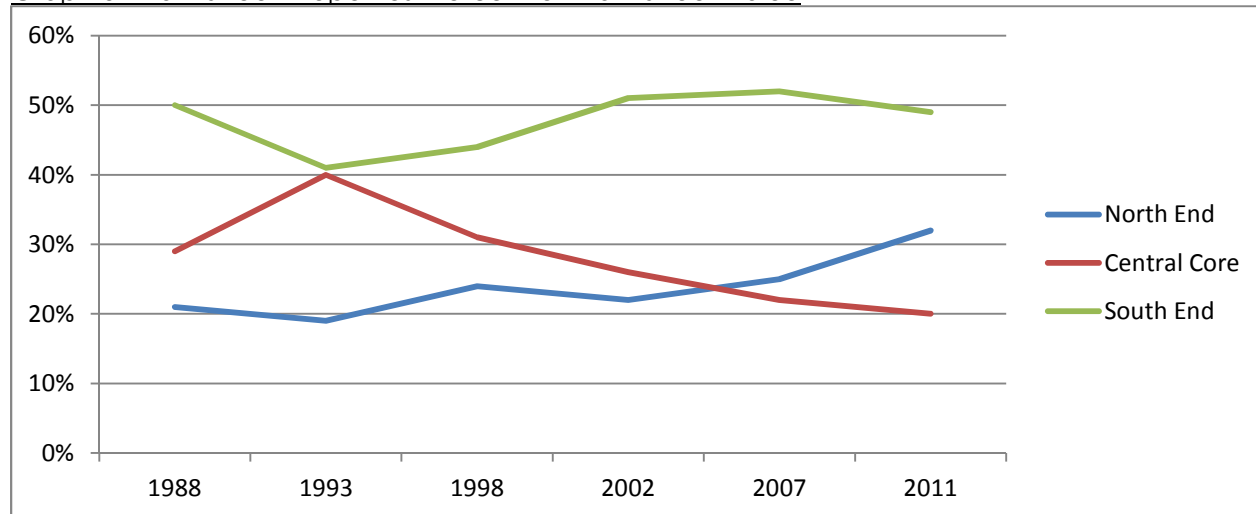
| | Entire Main Street | North End Main St | Central Core Main St | South End Main St |
|-------|--------------------|-------------------|----------------------|-------------------|
| 2011* | 125 | 141 | 111 | 123 |
| 2007 | 122 | 139 | 110 | 116 |
| 2002 | 72 | 81 | 68 | 70 |
| 1998 | 66 | 71 | 60 | 60 |
| 1993 | 100 | 100 | 100 | 100 |
| 1988 | 61 | 57 | 59 | 67 |

Comparing the three sections of Main Street to see what percentage of value they contribute to the overall Main Street reflects the trends commented above. However the graph is dramatic is showing the continued weakness that exists in the Central Core.

Table 6- Main Street Properties- Percent of Main Street Value

| | North End Main St | Central Core Main St | South End Main St |
|-------|-------------------|----------------------|-------------------|
| 2011* | 32% | 20% | 49% |
| 2007 | 25% | 22% | 52% |
| 2002 | 22% | 26% | 51% |
| 1998 | 24% | 31% | 44% |
| 1993 | 19% | 40% | 41% |
| 1988 | 21% | 29% | 50% |

Graph 3- Main Street Properties- Percent of Main Street Value



Looking at values in relation to area is somewhat misleading. The values represented and change over time reflect the ability to attract investment and the willingness of existing property owners to invest in their property. A building built or renovated since 1990 have a median square foot value of \$98.89 and an average square foot value of \$101.40. All other properties built or renovated before 1990 have a median square foot value of \$60.33 and an average of square foot value of \$73.56. The Central Core is now the section of downtown with the "oldest" building stock, in terms of when a building was built or had a major renovation. The South End is by far the youngest by also 40 years, which likely explains the most of the value differences.

Table 7- Age of Properties and Commercial Grade

| Area | Year built or major renovation | Commercial Grade |
|-----------------------------|--------------------------------|------------------|
| Area | Average Age | Commercial Grade |
| Entire Downtown average age | 1930 | C+ |
| North End | 1921 | C |
| Central Core | 1918 | C+ |
| South End | 1968 | B- |

The conclusions to be drawn from the analysis of grand list values from 1988 to 2011 are that Middletown has successfully invested in the North End to create grand list value. Partnering with the private sector to create three new buildings added significant value. The South End's high grand list values supported the construction of 10 Main Street.

The City has completed four significant public/private partnerships on Main Street where the city provided incentives, such as free land, grants or tax abatements to grow the grand list. The following table shows the results of these deals.

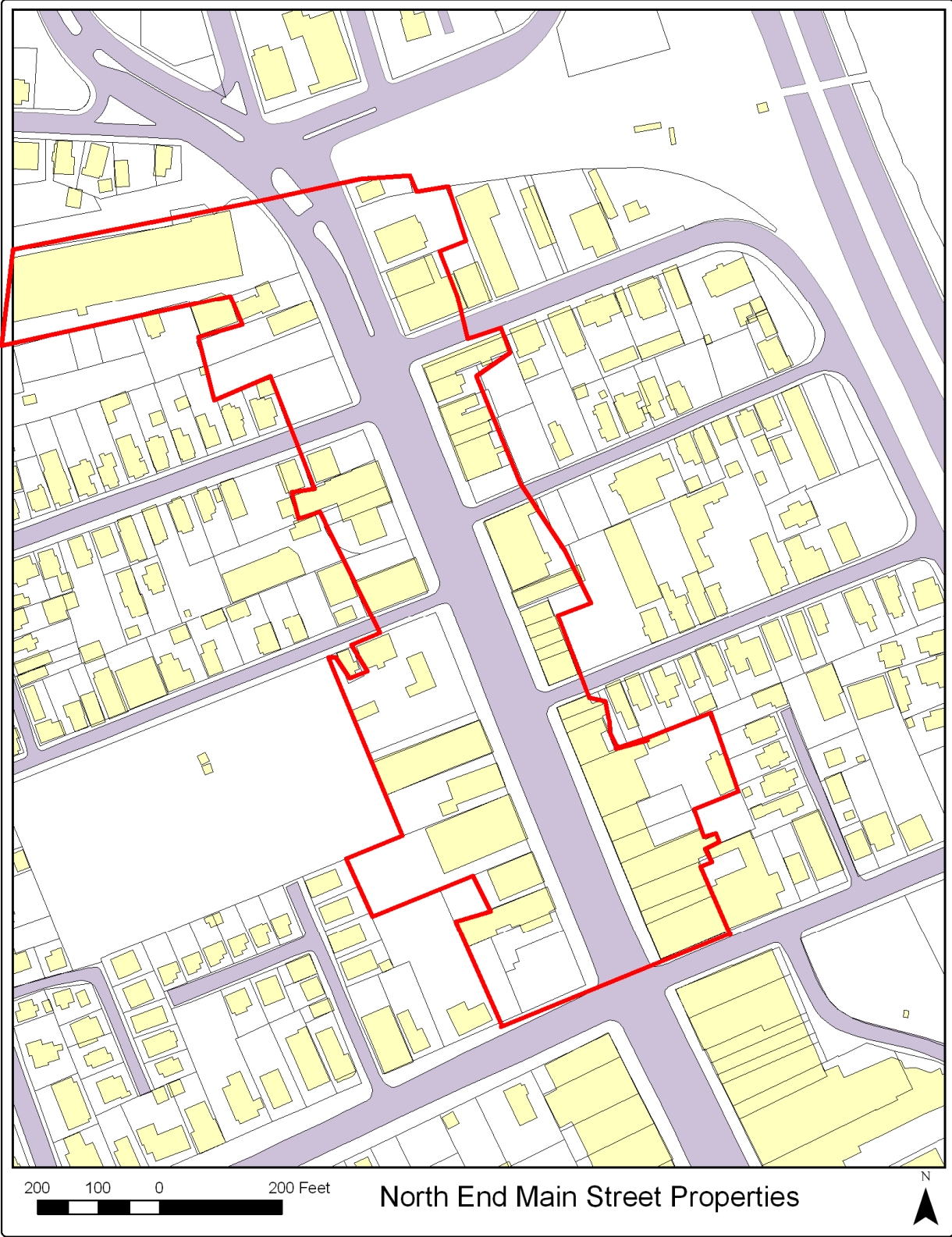
Table 8- Main St Public/Private Development

| Address | Pre-development | Post-development | % change | Area |
|---------------------------|-----------------|------------------|----------|-----------|
| | Value | Value | | |
| 70 Main Street- Inn | \$239,371 | \$7,695,700 | 3,115% | South End |
| 575 Main Street- ION | \$470,000 | \$3,402,660 | 624% | North End |
| 675 Main Street- CHC | \$136,500 | \$7,091,000 | 5,095% | North End |
| 728 Main Street- O'Rourke | \$91,557 | \$157,750 | 72% | North End |

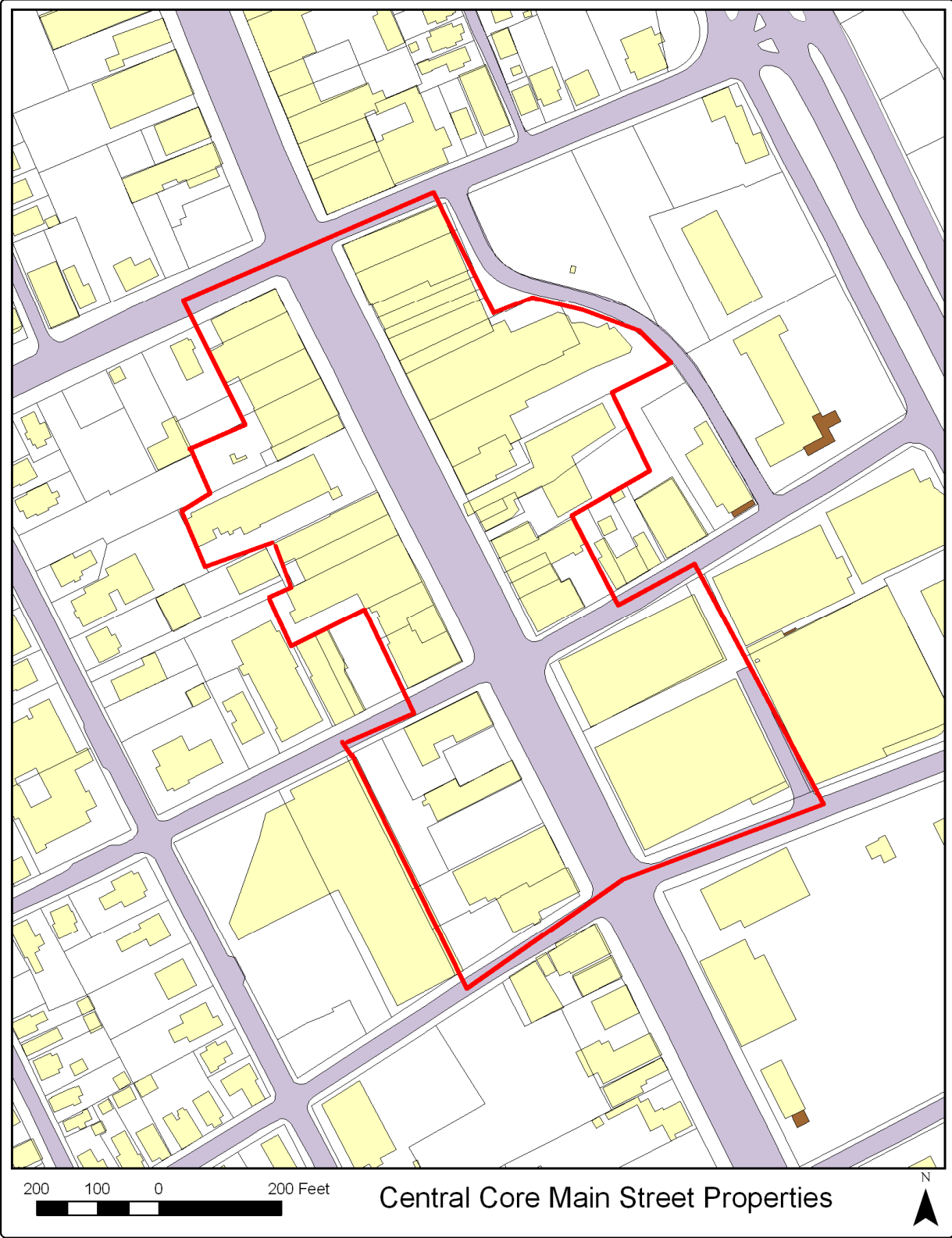
While not all deals resulted in new tax revenue directly, they certainly resulted in future higher values for nearby properties in future revaluations.

What is troubling is the weakness between the North End and the South End. The Central Core is not operating to market potential and the need for a private/public development seems to be called for. The most significant opportunity to support adding value to the grand list is to revitalize the Bob's Building. Partnering with the private sector has been a successful strategy in the North End and can be replicated here.

Map 1- North End Main Street Properties



Map 2- Central Core Main Street Properties



Map 3- South End Main Street Properties

