

*Pratt & Whitney
Southington, CT.*

*Environmental Property Acquisition
Real Estate Review*

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Acquisition Report Outline

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3. *State and Enterprise Zone Economic Incentives Analysis*
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Regional and State Economic Analysis

The New England region has benefited greatly from the nation's economic growth. With regional unemployment at all time lows, this potentially *labor-constrained* economic market continues to experience exponential growth in both the service and trade industry sectors.

The Connecticut economy is on track to continue to parallel the unprecedented service and trade sector growth of both the region and the nation. A constrained labor market is applying upward pressure on wages, which potentially could inhibit growth at the state level; however, significant reductions in the State's corporate tax rate should compensate for the increased cost of labor.

New England:

- *National pay growth in 1996 outpaced the national average gain of 3.7% for the second consecutive year. Average annual pay increases grew to 4.4%, up from 4.0 in 1995*
- *Annual pay growth "varied widely by industry." Finance/Real Estate (FIRE) led the way at 8.3%. FIRE was followed by Wholesale trade at 4.9%. Manufacturing was tied with Construction for third at 4.7%, with retail pay increases following at 3.6%*
- *At \$40,826, the average pay for manufacturing is at a 12.67% premium over the national average of \$36,235*
- *The hourly compensation rate was more than \$2.00 higher than the US average of \$17.97, and was the highest among the four census regions in 1996*
- *Unemployment rate has remained below that for the nation since February, 1995*
- *Non-Farm employment gain of 154,000 jobs (1997), an increase of 2.4% compared with national average of 2.7%*

Connecticut:

- *Total compensation employment cost for private industry workers for the twelve month period from September 1996 - September 1997, rose at rate equivalent to 81.25% of that of the national average for the same period*
- *Of the six New England region's states, Connecticut was second only to Massachusetts in job growth by state. Massachusetts and Connecticut accounted for for 75% of the region's job growth during calendar 1997, with Connecticut accounting for 30.5% of that growth*
- *Of the 25 metropolitan areas in the region, Waterbury was third in relative job growth during 1997 at 4.2%. It should be noted that the subject property is located equidistant between Hartford and Waterbury, with no big block competitors identified south of the subject property in the Hartford MSA competitive property analysis*
- *The State had the second highest pay level in the US behind New York, and at \$36,579 was at a 26% premium over the national average of \$28,945 in 1997*
- *Per Capita income rose 5% to \$29,588 for the period December 1994 through December 1995*
- *Governor Rowland has cut taxes by \$1.2 billion, including a 33% corporate tax reduction*
- *State's corporate tax rate being reduced from 9.5% in 1998 to 7.5% in 2000*
- *The State's unemployment rate has dropped 1.3% during the period December 1996 through December 1997*
- *Since 1977 the State has stayed at or below the United States average for unemployment*

