

RM Bradley Market Report

Greater Hartford Office

Year-End 2014

CITY OF HARTFORD OFFICE MARKET OVERVIEW

2014 continued to bring positive change to Downtown Hartford on the office leasing, entertainment and residential fronts. Companies have demonstrated faith in doing business in the city as several large tenants chose to relocate to the CBD. The opening of Infinity Music Hall, located in the newly bustling Front Street district, progress on several downtown housing developments along with the City's announcement to build a Double A baseball stadium and Entertainment district has invigorated Downtown Hartford. In 2014, construction began on many of the highly anticipated residential apartment conversions in downtown Hartford with the expected delivery of over 1,000 new units in the next two years and over 700 in 2015 alone. These projects include the conversion of three Class B office buildings, 201 Ann Street, 777 Main Street, and 179 Allyn Street, the conversion of the former Sonesta Hotel on Constitution Plaza, and the newly constructed apartments at Front Street.

The City of Hartford ended 2014 with its Class A Vacancy Rate at 14.2% or just over 860,000 square feet of vacant space in the City's Class A towers. A large contributor to the decrease in vacancy was Cohn Resnick's decision to consolidate their suburban office locations in Farmington and Glastonbury and move over 200 employees into 50,000 square feet at Metro Center. Additional downtown leases signed during 2014 include; Bracewell & Guiliani's relocation to City Place I; Ernst & Young's relocation to 20 Church Street, and The Small Business Administration's 5,200 SF lease at 280 Trumbull Street. The largest block of contiguous space in the Downtown Market continues to be at 280 Trumbull Street and

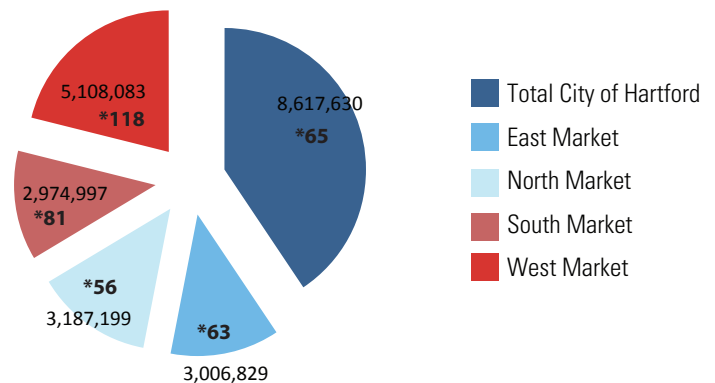
Hartford CBD Class A Buildings	
185 Asylum St, CityPlace II - 272,124 SF	
One Constitution Plaza - 282,578 SF	20 Church Street - 391,234 SF
One State Street - 486,162 SF	225 Asylum Street - 331,371 SF
10 State House Square - 333,882 SF	242 Trumbull Street - 309,686 SF
90 State House Square - 379,914 SF	280 Trumbull Street - 700,000 SF
100 Constitution Plaza - 221,410 SF	350 Church Street - 290,325 SF
100 Pearl Street - 281,866 SF	755 Main Street - 609,000 SF
185 Asylum St, CityPlace - 885,000 SF	One American Row - 345,687 SF

totals approximately 176,000 square feet.

Renewals in the CBD accounted for almost 470,000 square feet of space in 2014. Major Tenants renewing in the market included, United Technologies, The Travelers, Citibank, XL Insurance, Halloran & Sage, Brown Rudnick, and Mayo Crowe.

GREATER HARTFORD SUBURBAN OFFICE MARKET OVERVIEW

SUB-MARKET SIZE (SF)



* Represents the number of buildings tracked in each sub-market

GREATER HARTFORD EAST MARKET

Glastonbury & East Hartford

The East submarket contains a total of 3,006,829 square feet. The Class A market consists of 2,323,988 square feet of multi-tenant space. The Glastonbury market, and, particularly the Somerset Square development, continues to be one of the primary markets for upscale tenancies in the East market and is one of the strongest markets in Greater Hartford as a whole.

As of December 31, 2014, the overall Class A office direct vacancy rate in the east market was 11.0% up from 7.6% on December 1, 2013. Major tenants CohnResnick and Bank of America left Glastonbury in late 2014 but tenants are already quickly backfilling these spaces and the higher vacancy rates should be reduced significantly in 2015. New deals in 2014 to back fill that vacant space included Mahoney Sabol's 12,639 SF lease at 180 Glastonbury Blvd; May Bonee & Walsh's 4,948 SF lease at 180 Glastonbury Blvd; CNA's 12,252 SF lease at

200 Glastonbury Blvd; and Final Site's 16,000 SF lease at 655 Winding Brook Drive in Glastonbury.

Other Leases worth noting in the East submarket in 2014: United Bank's 12,000 SF expansion at 95 Glastonbury Blvd; University of Connecticut's 12,424 square foot lease at 800 Connecticut Boulevard in East Hartford; A J Gallagher's 10,000 SF lease at 55 Hartland Street; Autumn Transportation's 9,150 square foot lease at 52-64 Oakland Ave in East Hartford; Parsons Brinckerhoff's 8,654 square foot lease at 500 Winding Brook Drive in Glastonbury; ZAG Interactive's 7,000 square foot lease at 148 Eastern Blvd in Glastonbury; Progress Digital's 3,500 square foot lease at 300 Winding Brook Drive in Glastonbury; Fujitsu's 4,000 square foot lease at 115 Glastonbury Blvd in Glastonbury and Beacon Hospice's 2,500 square foot lease at 111 Founders Plaza in East Hartford. Notable renewals in the East market included Jefferson Radiology's 24,000 square foot renewal at 111 Founders Plaza in East Hartford, Janney Montgomery Scott's renewal for 5,508 square feet at 180 Glastonbury Blvd in Glastonbury, Symantec's 2,178 square foot renewal at 200 Glastonbury Blvd in Glastonbury and Washington Trust's renewal for 1,305 SF at 180 Glastonbury Blvd in Glastonbury.

The weighted average rental rate for available space in the Glastonbury market has actually increased from \$20.67 to \$21.29 in 2014. The addition of high cost space on Glastonbury Boulevard accounts for the increase.

GREATER HARTFORD NORTH MARKET

Bloomfield, East Windsor, Enfield, Windsor

The North market contains a total of 3,187,199 square feet of Class A & B office space in the submarkets of Bloomfield, Enfield, East Windsor and Windsor. The North market saw a decrease in vacancy from 15.5% to 13.3% at year-end 2014 as 32,080 square feet of vacant space was absorbed in the market. The Bloomfield submarket experienced the most significant drop in vacancy in the North market from 20.6% to 16.22%, largely affected by the sale of 120 Mountain Avenue, a vacant 31,000 square foot office building which sold to The Duncaster Retirement Community. Duncaster's plan for the long vacant office building is to convert the space into apartments expanding their campus footprint on that end of town. Also positively impacting absorption in Bloomfield

was the lease-up of 340 West Newberry Road to Community Solutions, New Horizons and Life Choice Donor Services. Vacancy rates have remained stable in the East Windsor and Enfield office markets during 2014, recording 12.1% and 10.4% respectively. Activity is slim in these historically underperforming markets and they both make up a very small percentage of the total North market.

The Windsor submarket, the largest and traditionally best performing northern submarket recorded a slight drop in vacant space at the end of 2014 with a 13.1% vacancy rate down from 14.6% in 2013. Leases worth noting in Windsor for 2014: Regus' 12,022 square foot lease at 360 Bloomfield Avenue; Technology Group's 13,520 square foot lease and L+R Benefits 7,000 square foot lease both at 100 Northfield Drive

GREATER HARTFORD WEST MARKET

Avon, Farmington, Simsbury, Southington, West Hartford

The vacancy rate in the West Market recorded a change for the first time in three years dropping from 20.2% to 17.1%. The two submarkets contributing to the drop in vacancy were the Farmington and Avon markets. Avon's vacancy rate fell to 18% in 2014 from 26.9% at year-end 2013, recording 65,000 square feet of positive absorption. Leases in Avon contributing to this change: 100 Avon Meadow Lane (sold to an owner user CSC Realty on 11/2013), The Farmington Valley Academy Montessori leased 30,000 SF at 150 Fisher Drive, Benistar leased 13,638 SF at 10 Tower Lane and Paragon Holdings leased 7,500 SF at 35 Nod Rd.

The Farmington submarket's vacancy rate fell from 16.9% to 13.2% in 2014. A large contributor to positive absorption of space was UTC's move to 8 Farm Springs early in 2014. Other new leases worth noting in the Farmington submarket: Ducci Electric's 16,000 SF lease at 74 Scott Swamp Road; and Evarient's 6,000 SF expansion at 314 Farmington Avenue. Notable renewals in Farmington include Beazley USA's 26,000 SF renewal at 30 Batterson Park Rd and UTC's renewal at 9 Farm Springs Rd.

The vacancy rate in West Hartford remained stable during 2014 as the amount of available Class A space remains low. This year we saw the start of construction on the new, three story, 19,000 square foot office building located at 15 N Main Street at the corner of Brace Road in West Hartford Center.

Janney Montgomery Scott has leased 6,000 SF on the 3rd floor. The building will be completed and ready for occupancy in August of 2015.

GREATER HARTFORD SOUTH MARKET

Rocky Hill, Newington, New Britain, Wethersfield

The South Market finished the year off with 14,340 square feet of negative absorption, translating to a year-end vacancy rate of 15.00% up from 14.5% at year-end 2013. Rocky Hill's submarket was the only market to record an increase in vacancy and negative absorption. The vacancy rate reached a high of 17.9% up from 14.7% last year. CNA's move to Glastonbury out of 500 Enterprise Drive in Rocky Hill was a large contributor.

Wethersfield had a successful leasing year recording over 27,000 square feet of positive absorption and a vacancy rate of 8% down from 12% in 2013. New England Financial Group leased 1,244 SF and Vanasse Hangen Brustlin leased 12,915 SF at 100 Great Meadow Road in Wethersfield

Throughout the suburban office markets, average asking rental rates across all classes of space have decreased slightly to an average of \$17.77 per square foot, down from \$18.82 last year. The average asking rates per square foot for Class A buildings are a bit higher. Suburban Class A asking rates range from a high of \$35.00 per square foot in markets like West Hartford Center to \$17.00 per square foot in North market towns of Windsor and Bloomfield.

GREATER HARTFORD OFFICE MARKET STATISTICS

Market	Town	buildings	Sum of Total SF	Sum of Vacant SF	Vacancy %	AVG Asking Rental Rates	YTD Absorption
CBD	Hartford Class A	15	6,120,239	867,218	14.17%	\$23.07	130,376
	Hartford Class B	18	1,138,770	329,351	28.92%	\$16.78	4,358
CBD Total		33	7,259,009	1,196,569	16.48%	\$21.34	134,734
Outside CBD		32	1,358,433	132,551	9.76%	\$17.36	2,473
Total City of Hartford		65	8,617,442	1,329,120	15.42%	\$20.94	137,207
East	East Hartford	21	1,359,952	225,186	16.56%	\$12.10	(58,713)
	Glastonbury	41	1,646,877	229,372	13.93%	\$21.29	(29,431)
East Total		63	3,006,829	454,558	15.12%	\$16.73	(88,144)
North	Bloomfield	22	514,578	83,486	16.22%	\$16.45	(5,863)
	East Windsor	1	60,600	7,329	12.09%	\$18.00	0
	Enfield	3	177,793	18,447	10.38%	\$16.95	815
	Windsor	29	2,434,228	318,881	13.10%	\$15.26	37,128
North Total		56	3,187,199	428,143	13.43%	\$15.61	32,080
South	Rocky Hill	37	1,517,724	271,039	17.86%	\$21.26	(48,528)
	Newington	9	228,012	20,155	8.84%	\$8.09	7,010
	New Britain	8	547,945	100,748	18.39%	\$15.33	0
	Wethersfield	25	681,316	54,750	8.04%	\$15.33	27,178
South Total		81	2,974,997	446,692	15.01%	\$19.24	(14,340)
West	Avon	26	733,812	131,991	17.99%	\$18.70	65,265
	Farmington	52	2,516,464	334,360	13.29%	\$20.98	91,089
	Simsbury	9	497,545	37,104	7.46%	\$20.09	0
	Southington	3	264,327	264,327	100.00%	\$13.93	0
	West Hartford	28	1,005,935	90,194	8.97%	\$22.95	(1,659)
West Total		118	5,018,083	857,976	17.10%	\$18.63	154,695
Total Suburban		318	14,187,108	2,187,369	15.42%	\$17.77	84,291
Grand Total		383	22,804,550	3,516,489	15.42%	\$18.97	221,498

* Please note that the vacancy percentage is calculated on actual vacant space in the market. Rate does not include available space currently occupied.

** Please note that Absorption has been calculated based on the change in vacant square feet in the market from one period to the next.

NOTABLE 2014 GREATER HARTFORD SALES TRANSACTIONS

- City Place II, a 277,000 square foot downtown office tower, sold at auction to CityPlace II LLC for \$19,600,000 or \$67/SF
- 1 State Street, a 486,000 square foot office tower in downtown Hartford sold to anchor tenant and ground lessor Hartford Steam Boiler for \$80,000,000 or \$171/ SF
- A 95% interest in 20 Church Street was purchased by Shelbourne Global on a value basis of \$45,000,000 or \$109/SF
- Trinity College purchased 200 Constitution Plaza, the former Travelers Training Center, a 135,000 square foot building for approx. \$2,000,000 at auction or \$15/SF
- Albany Road Real Estate Partners purchased 1690 New Britain Avenue in Farmington, a 165,200 square foot office building for \$20,500,000 million or \$124/SF
- 777 Main Street, a 370,000 SF vacant Class B office building downtown sold for \$7,500,000 to 777 Main Street LLC. Construction started this spring on converting the office building to apartment units.
- The former Fuller Brush Building, 3580 Main Street in Hartford sold to 3580 Main St LLC for \$3,900,000 or \$14/SF.
- 2080 Silas Deane Highway, a 41,000 SF office building in Wethersfield sold to CJC Enterprises LLC for \$3,800,000 or \$92/SF
- Eastpointe Dorset Buyer LLC paid \$3,400,000 for 10 acres of land at Dorset Crossing in Simsbury for the construction of a 168 unit apartment complex.
- 855 Winding Brook Drive, a 33,000 SF building in Glastonbury sold to The Nutmeg Group LLC for \$3,200,000 or \$97/SF
- Yisroel Rabinowitz purchased a 4 building portfolio from an investor - Mill Crossing in Berlin and 546 Cromwell Avenue in Rocky Hill for \$4,625,000. 546 Cromwell Avenue is a 12,000 SF fully leased office building and Mill Crossing is a multi-building office complex totaling over 35,000 SF
- 2080 Silas Deane Hwy in Wethersfield, a 44,000 square foot fully leased building sold to 2080 Realty LLC for \$2,800,000 million or \$63/SF
- 200 Executive Boulevard sold in a foreclosure auction to Executive Two Hundred LLC in June for \$2,500,000 or \$17/SF. 200 Executive Boulevard is a 150,000 SF vacant office building in Southington
- Goodwin College purchased 1137 Main Street in East Hartford, a 28,000 SF office building for \$2,135,000 or \$76/SF
- The American School for the Deaf sold a 30,000 SF school building to The Montessori School of Greater Hartford for \$1,450,000 or \$48/SF
- 371-379 Naubuc Avenue, a 6,300 square foot medical building in Glastonbury has sold to investors Gary Schulman and Magdalena Tauber for \$1,400,000 million or \$222/SF
- 760 Hopmeadow Street, a 14,000 SF vacant office building in Simsbury and former Administrative Headquarters for Simsbury Bank sold for \$1,100,000 or \$78/SF to HOP760 LLC
- 449 Silas Deane Highway, a 18,756 square foot office building in Wethersfield, sold to Wethersfield Holdings LLC for \$1,000,000 or \$53/SF
- 30 Avon Meadow Lane, a 10,000 SF office condominium in Avon sold to ADN Properties LLC for \$985,000 or \$99/SF
- 47 Jolley Drive, a 9,400 square foot medical building in Bloomfield sold to Comedo Realty LLC for \$827,750 or \$88/SF
- The Duncaster Retirement Community purchased 120 Mountain Avenue in Bloomfield, a vacant 30,000 SF office building for \$800,000 or \$27/SF
- 11 Mountain Avenue, a 13,000 square foot office building in Bloomfield sold to Lighthouse for Humanity Inc. for \$415,000 or \$32/SF
- 88 Day Hill Road, a 13,000 SF office building in Windsor sold to Day Hill Professional Center LLC for \$400,000 or \$29/SF

**FOR ADDITIONAL
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