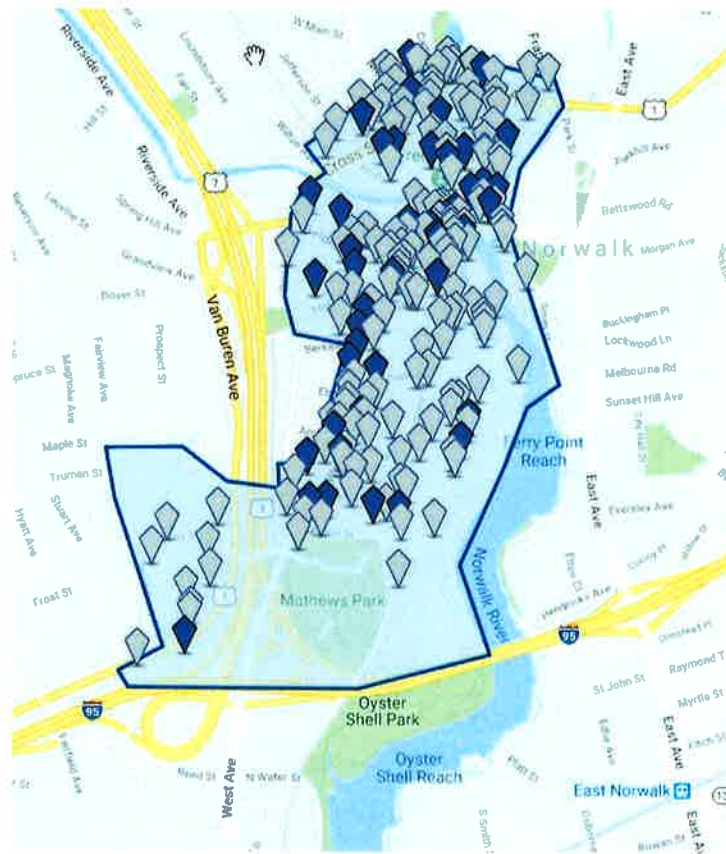


Wall Street – West Avenue Neighborhood Plan A Flawed Analysis

The following is a market analysis of the key determinants of a real estate market's health – rental rates and vacancy rates.

In this analysis we take into consideration a comparison of the Overall Norwalk Market Area vs. the Wall-West Avenue Neighborhood Plan area (“Wall-West Plan Area”, or “Plan Area”) as noted in the following map. The data presented is the unadulterated empirical data from CoStar¹ in chart format for each comparison on a market by market basis (overall, office, retail, industrial).



Wall-West Plan Area with CoStar datapoints noted

Notably market influences such as the Great Recession are clearly seen in the data reflected in this analysis and should be taken in stride. All markets nationwide were affected by that recession with a notable downturn in market parameters.

¹ CoStar is a proprietary data source available nationally and provides the most comprehensive market data available to real estate market professionals.

Wall Street – West Avenue Neighborhood Plan A Flawed Analysis

This report will be broken down into four sections (Overall, Office, Retail, Industrial). Each section will contain a comparison of the city-wide data vs. that same data for the Plan Area. Summary and guidance notes and conclusions will be included at the end of each section. Notably, the housing market has not been analyzed as that market segment's health and well-being are self-evident.

Purpose of the report

The purpose of this report is to provide the Common Council ("CC") members a more accurate picture of the overall health of the Wall-West Avenue Plan Area. Our reason for providing CC members with empirical, accurate data, is to balance the mis-information being submitted by the RDA about the Plan Area.

We have reviewed the work completed by the RDA with emphasis on the Appendix A sections which contained the RPA Blight Analysis and the Harriman Deterioration Analysis. We believe both Appendix A reports are substandard, flawed, and ultimately mis-leading for the following 5 reasons.

1. Neither RPA or Harriman have, on staff, professions with the qualification to make a determination as to blight or deterioration – particularly as it pertains to the methodology used in the Harriman Report – the use of the assessor's indication of depreciation.
2. We interviewed Bill O'Brian of the Norwalk assessor's office and he believes that to use the depreciation estimate as found in the 2018 assessment would not be an accurate indication of the level of deterioration (if any) in the Plan Area.
3. The assessor's own analysis indicates the values in the plan area have all increased for every property except three. Therefore, the area is not deterioration. Deterioration would have a negative impact on value.
4. We interviewed Steve Cecil, the principal who crafted the Harriman Report. Mr. Cecil could not provide any citations as to his claim that 30 percent depreciation rendered a property as "undesirable". This was the sole criteria used to underpin the entire Wall-West Avenue Plan.
5. The data provided to the CC members of both the Ordinance and Planning Committees by RDA Staff was cherry picked and mis-leading.

Conclusions

- The Retail market in the plan area performs on Par with Norwalk's overall retail market in terms of vacancy rates with lower rental rate more conducive to Mom & Pop retailers.
- The Plan Area office market outperforms the overall City of Norwalk office market in terms of Vacancy Rates. In fact it outperforms the broader Fairfield County office market
- The industrial market here is thriving with constant upward pressure on rental rates.
- Overall, the strong market fundamentals for the Plan Area clearly indicate this area is not deteriorating.

As such, we are formally requesting that the Wall Street- West Avenue Neighborhood Plan be tabled until such a time as an accurate depiction of level of blight/deterioration can be determined in the plan area.

Section One - Overall Property Analysis

The following analysis compares the overall market place for the Wall-West Avenue Plan Area vs. the City of Norwalk with respect to market rental rates and vacancy rates. Both key indicators of a real estate market's overall health.

Market Rental Rates – All Properties

Wall – West Plan Area



City of Norwalk



Section One - Overall Property Analysis

Market Vacancy Rate – All Properties

Wall – West Plan Area



City of Norwalk



Key Points

- Both the City and the Plan Area have overall property vacancy rates of under 10 percent which reflects a healthy marketplace
- The rents in both cases tracked the increases through 2007, the fall from 2008-2013 and the subsequent steady increase from 2013 to present.

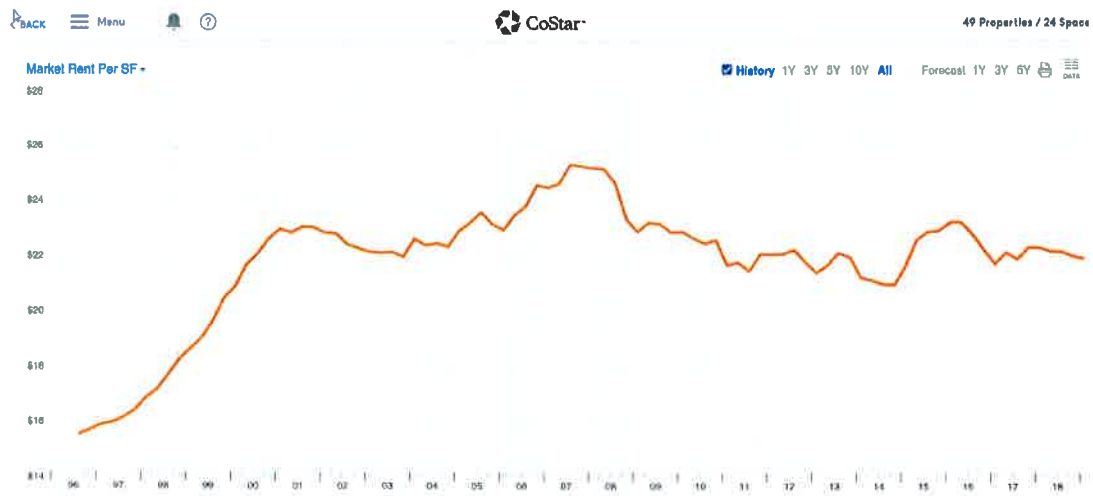
Conclusion – based on the market rental rates the Wall-West Plan Area tracks the overall Norwalk market and is a healthy market servicing the small business sector.

Section Two - Office Market Analysis

Like the above analysis, this section will detail the historical market rental rates and vacancy rates within the office market sector. Again, we will compare the Wall-West Plan Area office market to the overall Norwalk Office market.

Market Rental Rates

Wall-West Ave Plan Area



City of Norwalk

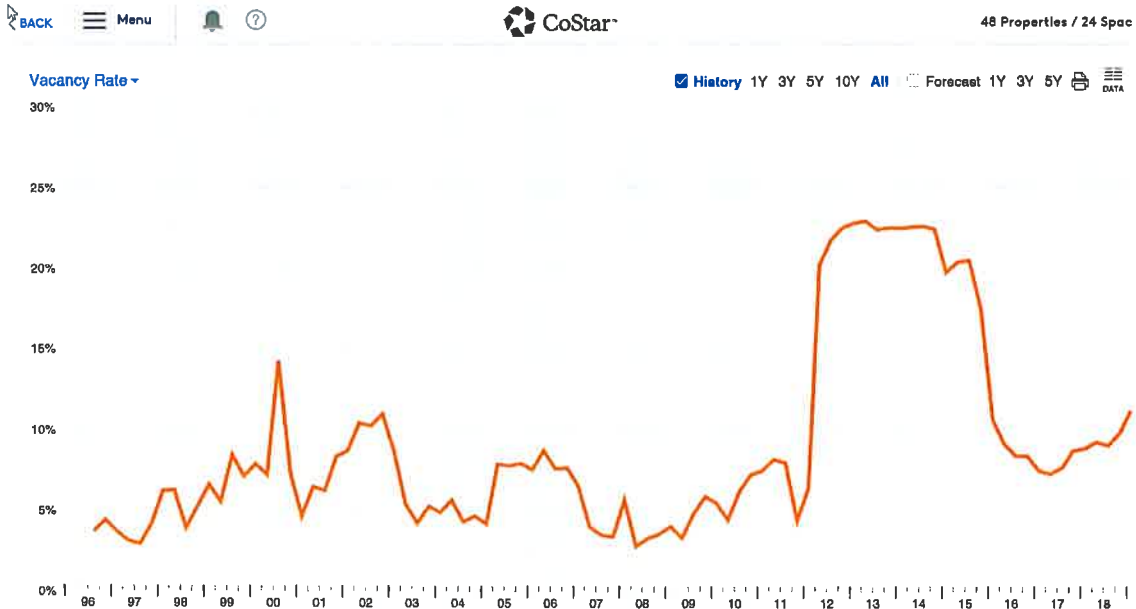


Section Two - Office Market Analysis

Vacancy Rates – Office Market

The large aberration bulge in the vacancy rate for the Plan area appears to be unsuccessful marketing attempts for the 2-6 floors of the Riverview Plaza.

Wall-West Plan Area



City of Norwalk



Section Two - Office Market Analysis

Key Points – Office Market

- Overall Norwalk office vacancy rate is much higher, and unhealthy, when compared to the Wall-West office market
- Data goes back to 1996, Big shift in rents from 1996-2000 with steady growth thereafter through 2008
- Drop in rents from 2008-2013 tracking the national market Rents bottomed in 2013 reflecting end of great recession
- Steady uptrend in rent from 2013 to current
- The long history of office vacancy rates below 10% in the Plan Area suggest a healthy office market overall
- Much of the repositioning of office space in the Plan Area was completed by 2007 as the market responded to meeting the needs to the small business sector
- Rent levels in the Plan area well suited to attracting small business of sub 2,000 SF. The ideal tech start-up size

Conclusion – Superior to the Overall Norwalk Market.

Based on the office analysis and the empirical data provided herein, it appears the Plan Area office market is much healthier than is the overall office market. This is particularly notable in the vacancy rate section. The Plan Area office market is well suited to meeting current market demands for small office space users, most notable the tech sector.

Section Three - Retail Market Analysis

Market Rent

The following two charts reflect the market rental rates for the two areas. Notably, the Plan Area rent is lower than is the city-wide market rent. This creates an ideal climate for small business to thrive as they would be normally priced out of the more traditional Connecticut Avenue and Westport Avenue sub-markets.

Wall-West Plan Area



City of Norwalk

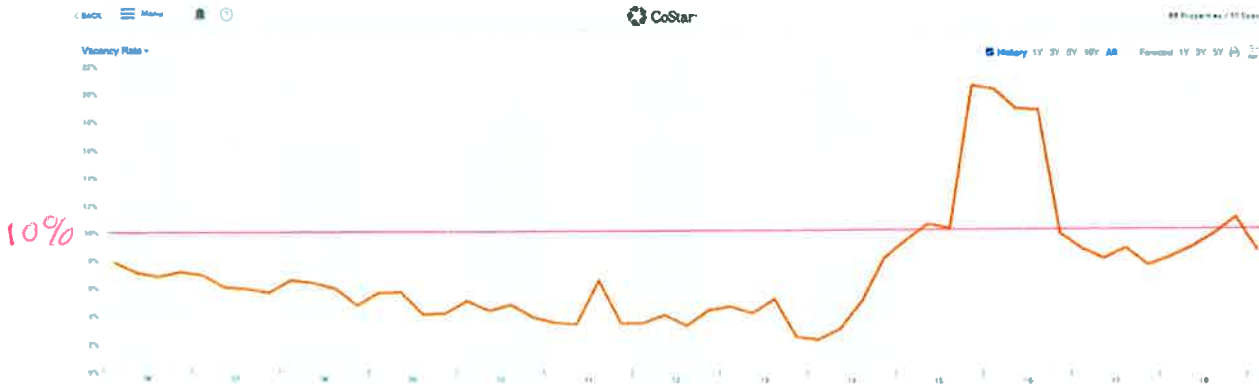


Section Three - Retail Market Analysis

Vacancy Rates

The following analysis focused on the vacancy rates in each area. Vacancy rates are a key indicator of a market's health. Aberrations in this area can often mean the addition of a new property such as Waypointe onto the market. A vacancy rate that is at or below 10 percent reflects a healthy marketplace.

Wall-West Plan Area



City of Norwalk



Section Three - Retail Market Analysis

Key Points

- Retail rents fell between 2008 and 2012 which tracked the local and national markets – national retail market bottomed in 2012
- Retail rents have been steadily increasing since 2013
- Rents in the Plan Area are in the ideal “Mom & Pop” range which allows for a wide variety of smaller retailers to participate without being priced out of the market.
- Regarding vacancy rates the City of Norwalk has been consistently lower than 10 percent for the entire analysis period.
- The Plan Area vacancy rate increased above 10 percent in 2015-2016 during the marketing period for Waypoint of which a significant portion has been leased. It is now back below 10 percent

Conclusion – The Plan Area retail market reflected a healthy market place based on market rental rates which closely tracking the overall Norwalk rents, albeit a bit lower, and the vacancy rates which are below 10 percent. And all this given the headwinds faced via the lease up of Waypointe, and the problems created by both the Duleep building and POKO.

Deterioration in this market segment is unsupported based on empirical evidence

Section Four - Industrial Market Analysis

The industrial market is and has experienced a very strong market performance as is indicated in the following chart. Given the constant upward trend in the market rental rates here we can conclude that this market segment is performing very well.

Wall -West Ave Plan Area



Key Points

- Steady market increase from 1996 to current data
- Slight downward trend from 2008-2013 tracking the Great Recession

Conclusion – No deterioration in this market segment.