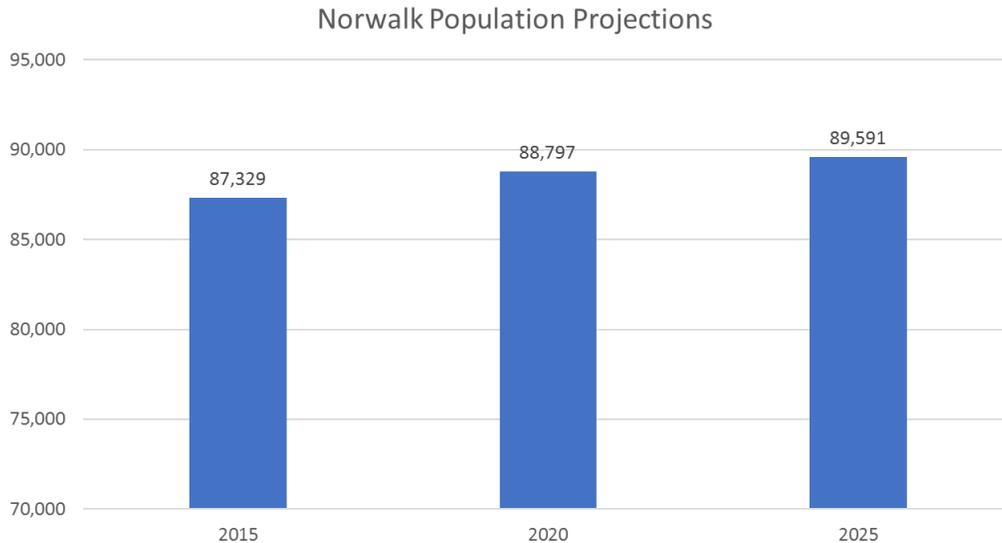


Norwalk Existing Conditions: Economic & Real Estate Market

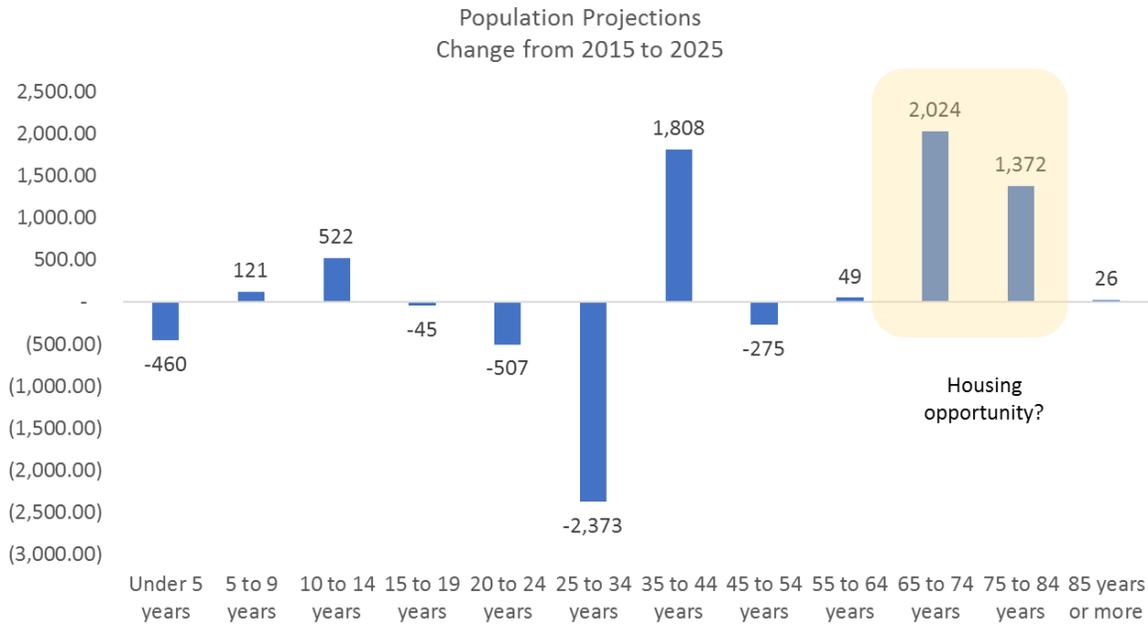
POPULATION PROJECTIONS:

A modest 3% increase in population is projected for Norwalk adding 2262 people.



Source: UCONN population projections

However, population change is uneven across age groups. The forecast suggests a substantial population loss in mid twenty and early thirty somethings with a potential increase in the 35 to 44 age cohort. This offsetting population change raises important questions about the housing typology needed in Norwalk since these age groups are entering the life stage related to family formation which has substantial change for housing requirements. The other notable population change is the increase in retirees and seniors. This raises the question about the potential role of aging in place and senior housing models to support this population.



Source: UCONN population projections

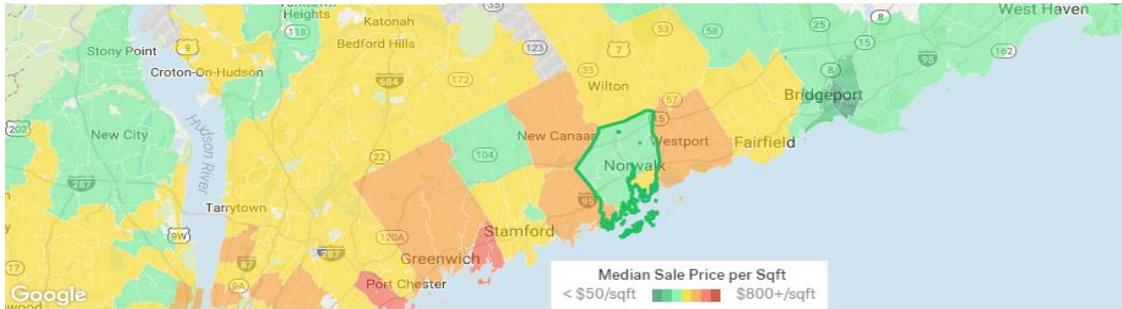
RESIDENTIAL MARKET¹:

Median household income in Norwalk is approximately \$77k. This is approximately \$7k below the median household income of Fairfield County. Approximately 62% of Norwalk households own their homes. This is below the 68% ownership rate of Fairfield County overall.

All real estate analyses reflect a snapshot in time and reflect what product mix is available at that time and should be viewed accordingly. Norwalk is among the most affordable communities in Fairfield County and the northeastern edge of the metro New York market. Sales prices per sq foot range from \$245 / \$257 per sq ft. By comparison Westport and New Canaan sales prices are \$403 to \$414 respectively.

On the rental side, units are available with median rental rates between \$800 to \$1300 per bedroom with proximity to water & town center and single family residence versus multi-family being the primary drivers for more expensive units. By comparison in neighboring Westport rental units start at a median price of \$1200 per bedroom ranging as high as \$3100 per bedroom for single family residences.

¹ Housing market data is based on NP analysis of Trulia Housing Market Data sets 5/16/17



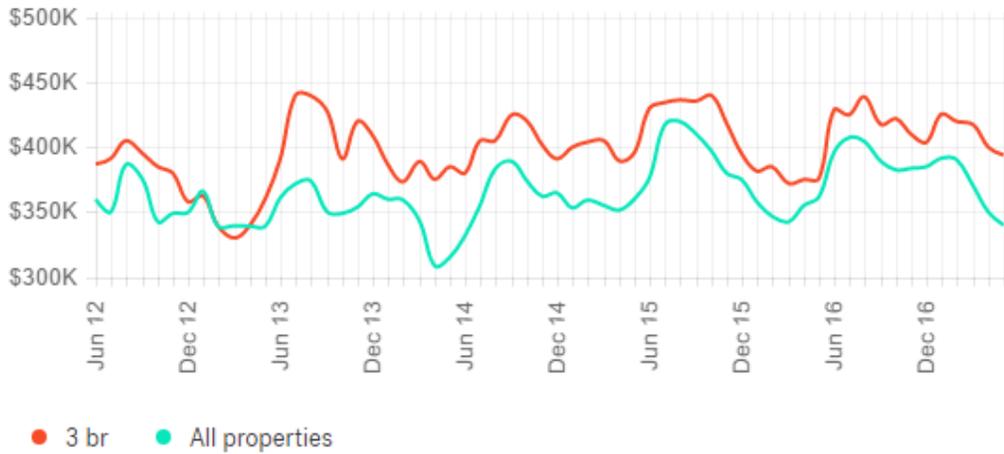
For Purchase Market

There is a substantial inventory of single family homes on the market in Norwalk.

Median Sales Price	\$339,125
Price Per Square Foot	\$260
Houses on Market	842
Single Family	566
Condo/Townhomes	245
Other	31

Trends in Norwalk show a -8% year-over-year drop in the median sales price of homes. Housing prices while fluctuating, are trading within a range rather than showing a discernible trend over a 5 year period.

Median Sales Price



Overall housing for sale market performance shows a mixed picture when examining the market by number of bedrooms. Pricing is down year over year in nearly all categories except 1 bedroom units. Prices are still above their 5 year benchmark (with the notable exception of large 4 bedroom houses).

No. Bedrooms	Mar 15 - Jun 14	y-o-y	3 months prior	1 year prior	5 years prior
1 Bedroom	\$211,500	+ 14.3%	\$204,000	\$185,000	\$204,250
2 Bedroom	\$276,750	-2.0%	\$295,000	\$282,500	\$255,000
3 Bedroom	\$414,500	-3.6%	\$408,500	\$430,000	\$385,000
4 Bedroom	\$452,500	-12.1%	\$527,500	\$515,000	\$470,000
All Properties	\$375,000	-6.7%	\$359,500	\$402,000	\$345,000

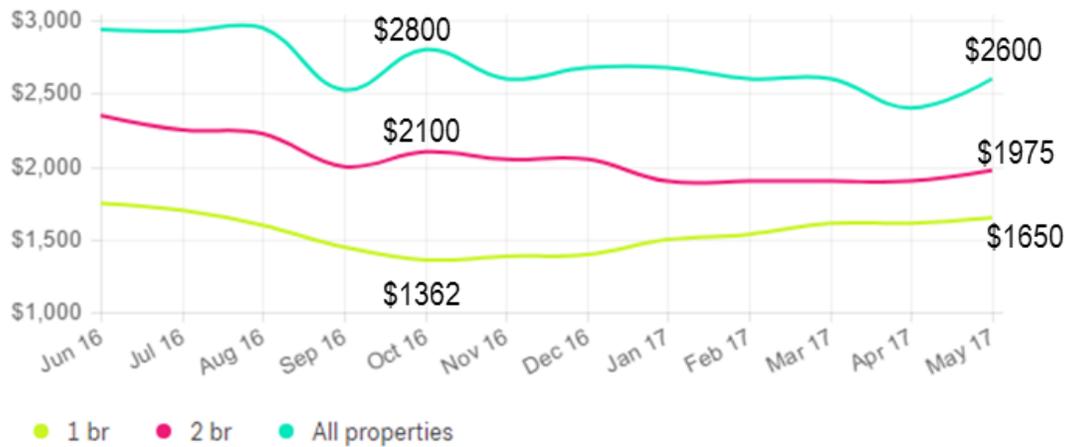
Rental Market

Rental market conditions show very little 1br/2br rental product available which is reflective in the increasing rental costs of those units. Approximately 1/3 of the rental market are 2 bedrooms or fewer. Available 1br/2br unit inventory is fairly stable.

Number of Rentals

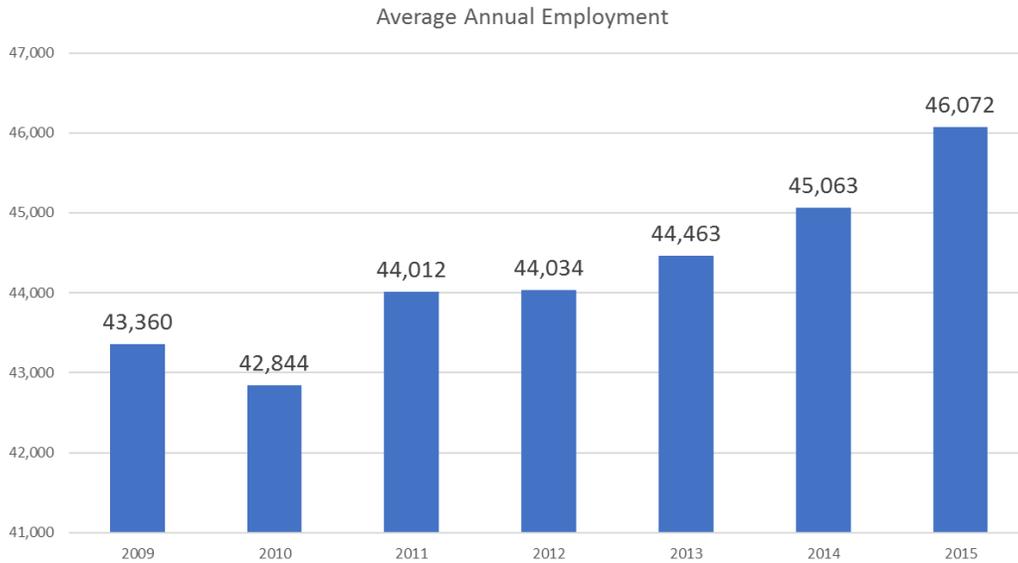


Median Rent



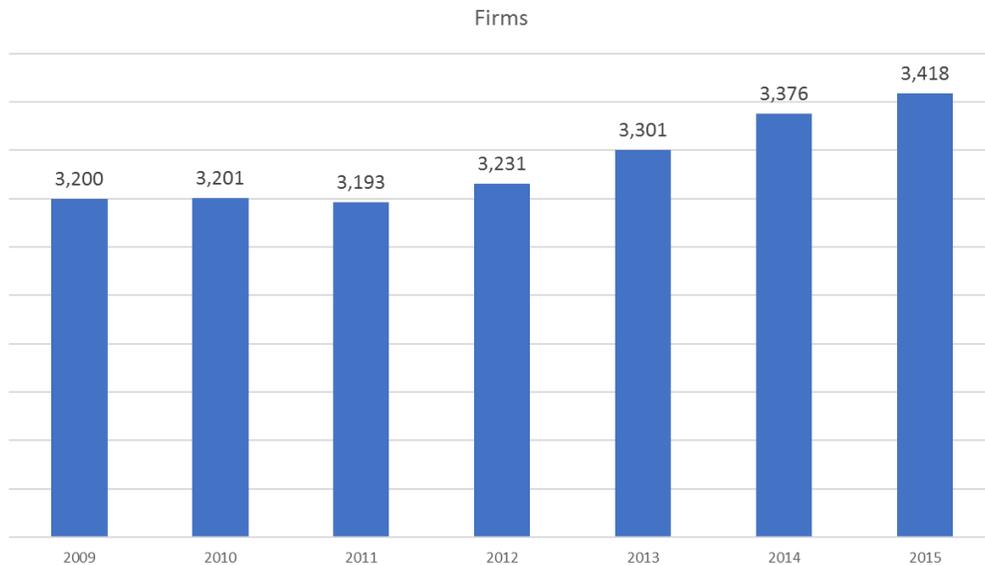
EMPLOYMENT AND INDUSTRY

For purposes of a real estate analysis, we examine employment and industry from three perspectives. We examine employment trends, establishment trends and industry types. Employment trends give you a sense of the scale of facilities Employment has increased by 6% since the 2010 seeing a substantial increase of almost 2000 jobs since 2012.



Source: NP analysis of CT LMI data

More than 200 new firms have been formed in Norwalk coming out of the recession.



Source: NP analysis of CT LMI data

Establishment Trends: Norwalk has added 218 businesses since the end of the recession in 2009. 26% or 57 have been in Other Services which typically consist of household services such as landscaping as well as other personal services like hair salons, spas, or laundry services. Hospitality related businesses (restaurants and hotels) represent another 40 businesses.

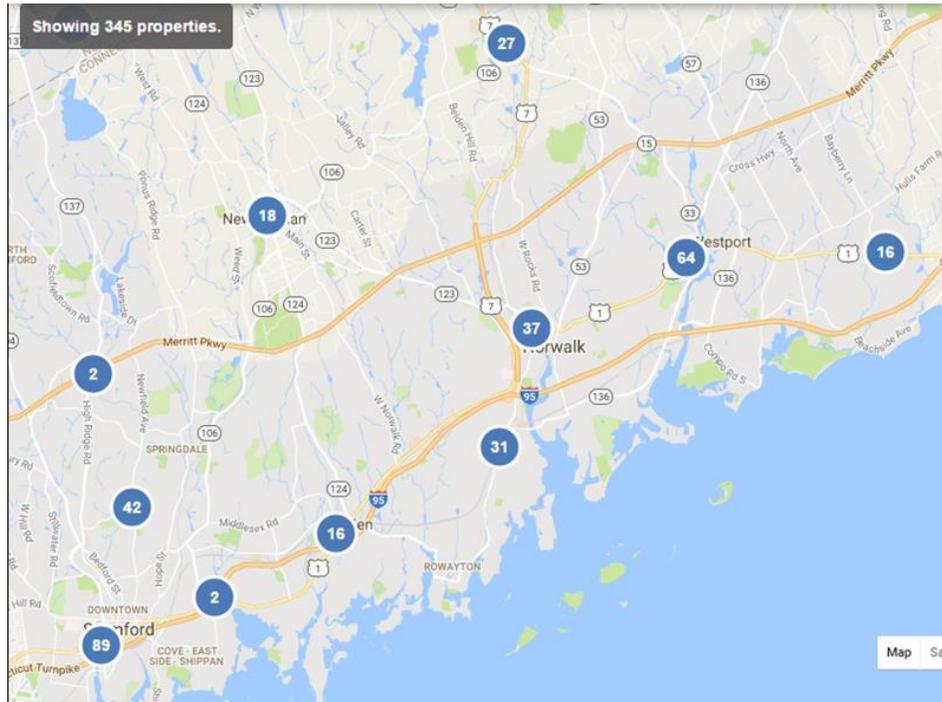
Other service businesses typically need warehouse and storage type space if they are landscaping services or small retail storefronts if they are laundry or hair salon services. They typically cannot serve as the financial underpinning for a new development but can play a role for infill situations.

Industry	Units 2015-2009	Change in Employment 2015-2009
Total Private	218	2712
Utilities	5	92
Construction	-16	205
Manufacturing	-15	-1363
Wholesale Trade	33	87
Retail Trade	-26	395
Transportation and Warehousing	-7	1
Information	9	1227
Finance and Insurance	4	698
Real Estate and Rental and Leasing	16	74
Professional, Scientific, and Technical Services	37	-140
Management of Companies and Enterprises	4	-182
Admin Svcs & Waste Management	31	-236
Educational Services	5	-101
Health Care and Social Assistance	17	717
Arts, Entertainment, and Recreation	14	414
Accommodation and Food Services	40	566
Other Services (except Public Administration)	57	111

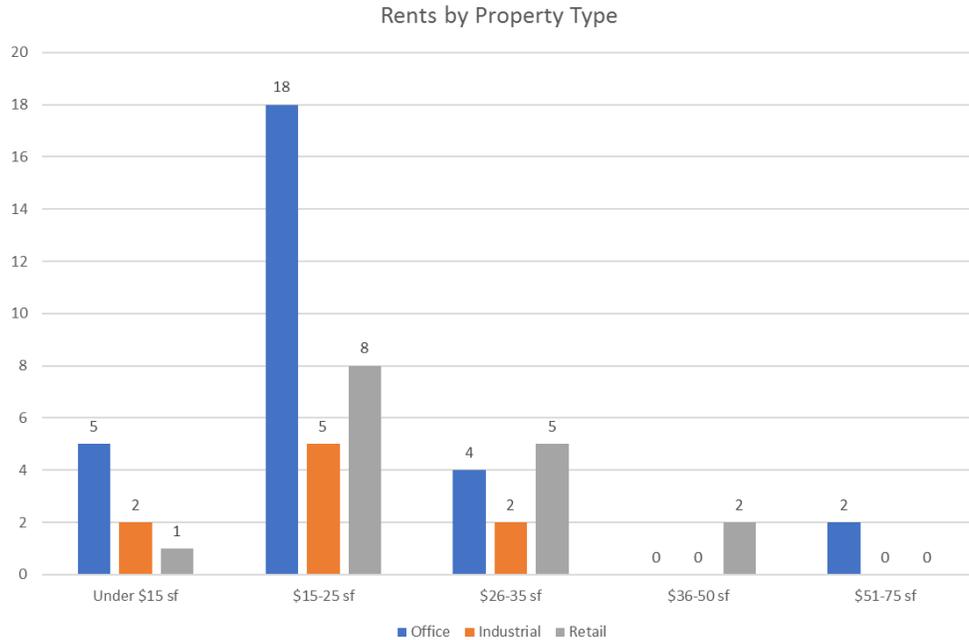
Source: NP analysis CT LMI data

There has been some growth in office driven sectors such information, healthcare, finance and insurance and professional services but will this trend continue? The increase in information establishments and employment may have created demand for leases (9 new leases for the companies, approximately 184ksft to house the employees). However, the growth in professional technical establishments created increased demand for space due to the creation of new businesses but the shrinkage in employment indicates that the spaces are likely smaller. This interplay between establishment creation and employment levels has important implications for the commercial market.

Commercial Market: There is a substantial amount of commercial space available in the region 345 available properties are available with Norwalk representing 22% of the regional available space.



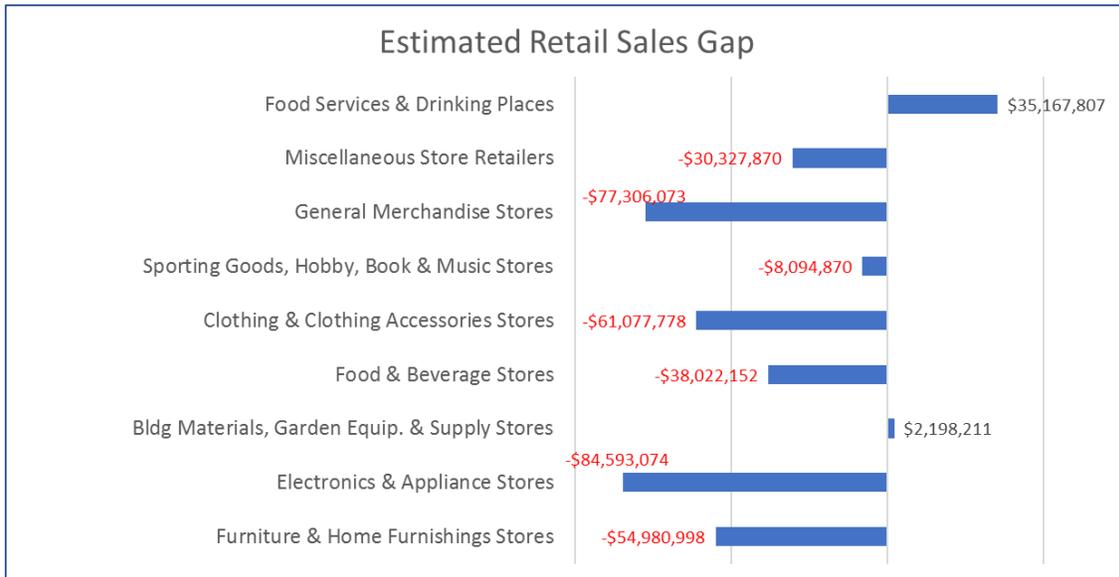
New office construction typically requires rents above \$28 to break even before land acquisition costs. However, in Norwalk and nearby markets 38 properties are below \$25.00 per sqft. Based on the available space on the market, market pricing as well as overall lending requirements related to commercial real estate any new office construction will likely require an anchor tenant to be identified and preleased before financing will be finalized.



Retail Market: A high level retail analysis shows that Norwalk is highly dependent on bringing in outside spending to support its retail capacity. Of the nine major retail categories seven categories show approximately \$354m in sales in excess of demand that can be supported solely within Norwalk. For perspective on how much square footage that level of sales represents at \$250 per sqft on average it equates to 1.4m sqft of space. Several of these categories are also subject to substantial online retail competition. Retail has increased but establishments have shrunk in Norwalk since 2009. Firms are down by 26. However, employment is up by 395 people.

New retail concepts are always coming forward and therefore, it is difficult to say there is not room for additional retail. However, at a community-wide level there is a possibility that any additional retail could cannibalize existing businesses unless it was a concept that fit an unmet market need or was a unique destination that expanded the sales potential for the area.

There appears to be additional room for food services capacity. Food services represents a range of restaurant types from sit down table service concepts to fast casual chains.



IMPLICATIONS FOR DEVELOPMENT

Based on market trends and conditions residential is the most likely driver of reuse of this property. However, this analysis does not preclude a curated, targeted development either as a build to suit office situation or some other unique development idea brought forth by a developer. Those are difficult to forecast.

Given the associated cleanup costs, a fairly dense development model would be required to offset the land preparation costs. Given the access questions how much density can be supported by the infrastructure is an important consideration.

An open question is the potential for a high end development where density would be reduced because the price points would be higher. The viability of this approach depends in part on how much of the plant infrastructure remains, what happens with the coal ash sites and storm surge / resiliency questions.