

City of Middletown



Mayor Sebastian N. Giuliano

Economic Development Report

Fiscal Year 2004-2005

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EXECUTIVE SUMMARY

The economy of the City of Middletown continued to experience growth in both attracting new businesses and the expansion of existing Middletown businesses during Fiscal Year 2004-2005. The population, labor force and median income statistics indicate a competitive future workforce.

The demand for commercial land has encouraged real estate developers to create new commercial subdivisions. The successful renewal of the Central Business District continues to attract new development and capital to the district.

ECONOMIC DEVELOPMENT HIGHLIGHTS

- Three new companies moved to the city occupying 52,000 square feet of space and creating 100 new jobs. (Table 1). One Middletown company expanded by constructing a new 27,000 square foot building.
- Projects under construction include 210,035 square feet of commercial/industrial space. (Table 2)
- Future projects for years 2006-2008 total 571,378 square feet of commercial/industrial space. (Table 3)
- Middlesex County has surpassed Fairfield County and the nation and now has the highest Median Household Income of \$61,770 compared to \$56,409 for the State of Connecticut and \$43,318 for the United States.

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LABOR, POPULATION & INCOME

Middletown has experienced steady population growth since the first census in 1790 and has never experienced a decline. This steady growth in population and labor force is a significant factor in future economic growth. Median household income continues to demonstrate the strength and quality of jobs in the marketplace.

Chart 1 Labor Force

	June 2002	June 2003	June 2004	June 2005	Change
Labor Force	23,793	24,751	23,559	25,903	9.95%
Employment	23,839	23,368	22,360	24,529	9.70%
Unemployment rate	4.0%	5.6%	5.3%	5.3%	0

Source: Connecticut Department of Labor

Chart 2 Population

	Middletown	Change	Middlesex County	Change	State of Connecticut	Change
July 1, 2004	47,157	3.5%	162,295	4.66%	3,503,604	2.88%
April 1, 2000 (Corrected)	45,563		155,071		3,405,602	
April 1, 2000 (Census 2000)	43,167		155,071		3,405,565	

Source: US Census Bureau, Population Estimates Program

Chart 3 Median Household Income

	1999	2003	Change
Middletown	\$47,162	\$51,630	9.47%
Middlesex County	\$59,175	\$61,770	4.39%
State of Connecticut	\$53,935	\$56,409	4.59%
United States	\$44,389	\$44,400	0.02%

Sources: US Census Bureau, CERC

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HOUSING

The strong housing market continued to be a significant driver in the Middletown economy.

Middletown's first active adult housing development, Sonoma Woods, comprised of 68 units of housing priced from \$400,000, attracted strong sales activity. Sonoma Woods represents significant economic development for Middletown in that the roads and all utilities are private and the over 55 year old residents will incur no education costs. The annual fiscal benefit of the development to the city will be almost \$450,000 in taxes per year. One additional active adult development project is approved and one is in the permitting process.

Chart 4 Housing Permits

Year	2000	2001	2002	2003	2004	Change
Housing Permits	179	165	191	203	229	+12.8%

Source: Connecticut Department of Economic and Community Development

Chart 5 Housing Prices

Year	2003	2004	Change
Average Sales Price (Single family)	\$ 232,856	\$ 252,523	8.45%

Source: Greater Hartford Association of Realtors

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COMMERCIAL DEVELOPMENT

Middletown continues to attract numerous precision skilled manufacturing companies. Many of these businesses come from nearby towns and tend to be family owned operations that have outgrown their current location and need land to expand, build and own a new facility. Relocating companies choose Middletown citing skilled labor force, available land for development, and the "pro development" stance of the city. New businesses seeking office space often cite the easy access to I-91 and the positive image a Middletown address conveys to their clients and staff.

INTERSTATE 91 BUSINESS CORRIDOR

The city's primary office/industrial zone continues to attract new and expanding business. In the past 10 years over a million square feet of new commercial space was constructed bringing hundreds of jobs and new tax revenue to the city. Continued demand for new commercial space has sparked developers to announce plans to create two new industrial subdivisions at Kenneth Dooley Drive and Middle Street. M. F. DiScala & Company and The Flatley Company are actively pursuing tenants for the proposed construction of over one million square feet of commercial space.

SPECIAL INDUSTRIAL ZONE

Kleen Energy, Inc. has received all approvals to begin construction of a \$250 million 520 MW gas fired turbine power plant. Completion is planned for 2007.

Food manufacturer is planning to build a 100,000 square foot manufacturing facility bringing 100 jobs to the City in 2006.

INDUSTRIAL REDEVELOPMENT AREA

The city is continuing the renovation and remediation of the city owned 184,000 square foot brownfields site at 180 Johnson Street. A matching grant from the State of Connecticut DECD and profits from the operation of the facility are funding the project. New water and sewer lines will be constructed in the coming year. The city owns and operates the building and realizes a profit of approximately \$120,000 per year which is used for capital improvements and other economic development projects.

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CENTRAL BUSINESS DISTRICT

The concerted efforts over the past decade by the city and business community to recreate a thriving downtown have proven successful.

Development in the CBD has entered a new phase with a second wave of investors and seasoned entrepreneurs moving new business and capital investment to the district.

In an effort to build upon the successful renewal of Main Street, new initiatives are guiding the next phase of downtown development.

1. The Downtown Business District, a special services district, has become a positive force in managing and marketing promotions, recruitment and beautification.
2. To capitalize on the demand for commercial space, the city engaged a preferred developer to create new office, retail and parking space.
3. The city is working to develop a comprehensive transportation/parking plan to determine the priorities in the use of recently announced \$18 million in Federal Transportation funds awarded to the City.

GENERAL BUSINESS DISTRICT

Phase I of Route 66 reconstruction is nearing completion and Phase II construction has been awarded. The opening of the new Home Depot is attracting renewed interest from retailers seeking sites on Route 66 including active discussions for a new grocery store. Neighboring Middletown Plaza has begun a \$1.0 million façade renovation and CT Beverage Plaza has announced plans for an additional 16,000 square feet of retail space.

Along East Main Street and Main Street Extension, there is renewed interest from retailers with the opening of Marshall's and the build out of the new Bob's and Dollar Tree stores.

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INSTITUTIONAL DEVELOPMENT

Middlesex Hospital and Wesleyan University continue to develop and upgrade their facilities creating opportunities for employment and enhanced quality of life.

HEALTH CARE SECTOR

In 2005, Middlesex Hospital was named one of the top 100 community hospitals in the country by Solucient. The hospital is planning a major expansion of the Emergency Department and new parking. The continued growth of the hospital into a regional healthcare center is creating a positive economic impact while attracting new practitioners and patients to the city.

Along the Saybrook Road Medical Corridor, developers opened two newly constructed medical office buildings totaling 80,000 square feet and submitted plans to receive permits to construct two additional buildings totaling 30,000 square feet.

WESLEYAN UNIVERSITY

Wesleyan University is in the midst of \$280 million in construction to implement the Campus Renewal Master Plan. Completed projects include the new Film Studies Center and the expansion of the Freeman Athletic Center. Under construction are a new Asian Studies building, Butterfield & Fauver Field housing and the 72,625 square foot Usden Campus Center.

REDEVELOPMENT INITIATIVES

THE NORTH END

With the opening of Wesleyan University's Green Street Arts Center and the impending construction of a \$22 million, 96-unit apartment complex by the Richman Group and 46 units of home ownership opportunities offered by Broad Park Development Corp. the North End neighborhood is moving forward. The North End Action Team is working to galvanize the commercial businesses into a force to promote the area as a multi cultural arts and dining district. The area is attracting interest from commercial and housing developers.

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FUTURE ECONOMIC DEVELOPMENT PLANNING

RIVERFRONT PROPERTIES-SOUTH COVE DEVELOPMENT AREA

SullivanHayes and Faison Enterprises, preferred developer of the South Cove Project, are proceeding with the planning for the \$200 million, 85-acre mixed-use development. The project will create 400,000 square feet of new retail and entertainment space and several hundred units of housing. A critical element of the project's design is the connection of the Central Business District with the Connecticut River waterfront. The developers have found substantial interest for the retail portion of the development.

CT ROUTE 9 RECONSTRUCTION

The Connecticut Department of Transportation is working closely with the city in planning the reconstruction of the highway. The project was divided into two sections: the northern Arrigoni Bridge CT Route 66 interchange and the southern CT Route 9 & 17 interchange. Both projects are under EPA environmental review. The southern interchange will provide essential access to the riverfront and the downtown districts. A committee was established to study the possible construction of a second bridge over the Connecticut River. A second bridge would result in easier access from the east and a greatly expanded market for Middletown.