

Miner & Silverstein

Appraisal Company

Division of Miner & Silverstein, LLP

Marina Market Analysis

Upper Connecticut River Marina Market Study – Winter 2005-2006

The following presents a winter 2005-06 market study of the Upper Connecticut River marina market that was prepared by Miner & Silverstein Appraisal Company. Rights to this study are reserved. It may not be duplicated without permission.

This market area includes marinas in the Towns of Haddam, East Hampton, Portland and Glastonbury. Miner & Silverstein has maintained an on-going survey of marinas in this market on an as-needed basis.

Towns	Marinas Telephoned	Marinas Participating	Percentage Participating
Glastonbury	1	1	100%
Portland	6	6	100%
East Hampton	1	0	0%
Haddam	3	2	67%
Combined	11	9	82%

The upper Connecticut River marina market has two major components, a local market which rents slips and uses the upper river for recreation, and a winter market that uses area marinas and boatyards for servicing and storage in the winter while cruising in Long Island Sound and beyond in the summer. There is overlap between these two markets, but it is a fact that the trip to Long Island Sound takes about 2 hours by motor. This area's marinas are more likely to be closer boater's homes in central Connecticut than Long Island Sound.

There are few tourist destinations in this area of the river—the river itself is the draw. A waterfront restaurant in Middletown provides dockage and Hartford's waterfront is in the process of being developed into a park with some transient slips. The U.S. Army Corps of Engineers maintains a main ship channel comprising about 35 bar channels and naturally deep water that stretch 52 miles upstream from the river mouth in Old Saybrook to Hartford. The depth of the channel is 15 feet. The channel width is 150 feet from the Old Saybrook/Old Lyme railroad bridge to Hartford. The Corps also maintains a channel anchorage basin at Wethersfield Cove in Wethersfield four miles south of Hartford.

Christopher A Miner
MAI, SRA
E-Mail: chrism@msac.com

322 Captain's Walk
New London, CT 06320
Tel. 860-443-8405 Fax 860-442-9306

Robert H. Silverstein
MAI, SRA
E-Mail: roberts@msac.com

MARINA MARKET ANALYSIS

Most marinas on the Connecticut River are located along its southern length, close to Long Island Sound. The Town of Haddam, located on both sides of the river, has some smaller marinas north of the Route 82 swing bridge to East Haddam. This bridge's limited opening hours during recent repainting frustrated some sailors unable to clear its 22-foot high span. Haddam and East Hampton are largely rural-to-suburban towns. Their marinas are smaller than those both upstream and downstream in more developed areas.

Portland is an older industrial town and a suburb of Middletown to which it is linked by the Arrigoni Bridge with 92 feet clearance. The town is not noted as a tourist attraction except for its scenic brownstone quarries which are flooded and open to canoeists. Portland's marinas have developed along a stretch of the town's south-facing waterfront and farther north along north-facing waterfront.

Wet Slip Rental

The following statistics demonstrate the changes we have observed. The occupancy statistics are for the peak summer period. Occupancy is expected to increase next summer with additional slips coming online. Some marina managers said that poor spring weather kept boaters away and that late summer gas price shocks reinforced that.

Rental differentials are generally not notable within the market and are not based on location on the River, but appear based on the size of the marina and ancillary services provided. One marina in the market is increasing its number of slips by 200% over last summer.

Surveyed Summer Slips	2004	2005	2006
Estimated Capacity	564	564	604
Slips Surveyed	536	536	576
Percent Occupied	97%	90%	97%
Average Rate/foot of boat	\$59.97	\$62.00	\$65.03
Average Boat Length	26.38	26.38	26.38

The 2005 rates per foot of slip ranged from lows of \$40± to twice that, with an average of \$62. The lowest rates were for smaller marinas in substandard condition without amenities and marinas which focus on boat sales and service. The highest prices were recognized by marinas located mid-river without close competition or marinas with many amenities. Distance up-river and amenities impact the rental rates when comparing the upper river market with that of the lower river. As most marinas are full we expect rental rates to increase by 5% for 2006 and occupancy to continue to be essentially full.

MARINA MARKET ANALYSIS

Transient Dockage

The income from transient boaters is ordinarily a small portion of a marina's income. That is the case with upper Connecticut River marinas which see this as irregular income which is based on the availability of open slips. Some marinas see larger boats coming to the region in the spring and fall when being repositioned between seasonal cruising grounds.

Moorings

Much of the Connecticut River is shallow except for the channel. Mooring fields are located near only a couple of the marinas.

On Land Outdoor Winter Storage

The following table presents the trends for the recent past. The rate has remained steady over the three year survey period. Occupancy is high and thus price advances for this category of storage might be expected. The rates quoted below include hauling, washing, blocking and lunching. These services are sold as a long haul and a wash, at retail, for \$8.00-\$13.00 at the different marinas. The average cost of the land rent was then \$18.60/LF for 2005-06.

Outdoor Winter Storage	2003-04	2004-05	2005-06
Estimated Capacity	1,615	1,615	1,615
Capacity Surveyed	1,550	1,550	1,550
Occupancy	87%	93%	85%
Average Rate	\$27.21	\$27.36	\$27.36
Average Length	30.86	30.86	31.14

Wet winter storage had been an economical alternative to hauling and is also preferred by some boat owners. Due to the exposed nature of many marinas it is not practiced much on the upper Connecticut River, only one marina reported having winter wet slips, but only for large steel boats they could not haul.

During the week of October 7 – 15, 2005 the State of Connecticut was struck by two very heavy rainfall events which caused extensive flooding on the Connecticut River. Many marinas reported damage to their docks. The heavy flow, combined with limited opening hours at the Route 82 bridge, delayed the hauling season. Some marinas reported hauling continuing after up until Christmas while another attributed a decline in winter storage to customers who decided to haul at shoreline marinas.

Indoor Winter Storage

Indoor winter storage is usually full in most markets. This is often the preferred storage location for the best yachts. The rates quoted below include hauling, washing, blocking and lunching. These services are sold as a long haul and a wash, at retail, for

MARINA MARKET ANALYSIS

\$8-\$13.00 at the different marinas. The average cost of the building space rent was then \$46.40/LF for 2005-06 or about \$4.22/sq. ft. for an 11-foot beam. Even in the face of full occupancy, the rates rose an average of only 3.5% over the previous year and 4.3% over 2003-04. We expect that since this class of storage is full, that prices could increase by 5% for the 2006-2007 season and average about \$58/LF.

Indoor Winter Storage	2003-04	2004-05	2005-06
Estimated Indoor Capacity	425	425	425
Capacity Surveyed	421	421	421
Occupancy	100%	100%	100%
Average Rate	\$53.36	\$53.69	\$55.28
Average Boat Length	33.66	33.66	33.66

Summer vs. Winter Capacity

Worthy of note is that the 2006 summer slip and mooring capacity for the market, is expected to be 31% of the capacity for this winter, counting all modes of winter storage. This is an increase from 29% over the previous two years due to the addition of summer slips. The region has a much larger winter storage and service market than summer slip market.

We anticipate that this area could market winter storage to nearby boating communities where there may be an opposite imbalance. However, some marinas are offering winter customers first choice on slips as an inducement to having them store over the winter with them.

Turnover and Discounts

We note that summer and winter tenant turnover is 15%, on average. All the responding marinas rent on a seasonal basis only. Some marinas noted some rent loss to less than full season rentals, especially in 2005 due to poor spring weather.

Only a very few marinas are offering discounts for early payment. The average discount of all marinas reporting was 2%.

Comments

Gas prices are a concern. Both sides of this issue were expressed. Some expect people to stay closer to the dock. Others say it isn't an issue for their customers – boaters will continue boating, but not leave the dock as often.

More slips are expected to be added as some marinas have been approved for more slips than they presently offer. These slips should be readily absorbed, bringing more balanced summer operations.

MARINA MARKET ANALYSIS

Many marina operators complained of increased expenses. Marinas in some towns which recently conducted revaluations complained about steep increases in their assessments; some have gone to court. In some cases tax burdens were more than doubled. One said that the cost of dredging has doubled as water dumping of spoils now requires clean fill for capping due to restrictions on ablative bottom paints.

A mixed economic picture is seen as some marinas have seen a drop in their sales of new boats, but continued strength in their storage.