

Routes 32 and 163 Investment Plan

Revive & Renew 163/32



Market Analysis Report

Updated – April 2026



Appendix A

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Executive Summary

This market study analyzes Montville's potential to support new multifamily residential, retail, and office development along the Route 32 and Route 163 corridors. The report includes an analysis of demographic and labor market trends, real estate conditions, and demand potential, identifying strategic opportunities to catalyze new private investment and community-serving development.

The report focuses on a Study Area comprising the Town of Montville and the surrounding nine towns, including New London and Groton, and compares data from Montville to the Study Area as a whole in order to assess regional trends. Data sources include the U.S. Census American Community Survey Five-Year Estimate (2024 and 2014); U.S. Census labor data from 2023 that is provided in collaboration with Local Employment Dynamics, a federal-state partnership; CoStar, a proprietary commercial and residential real estate information and analytics platform that provides detailed property data and market insights; and ESRI, a proprietary geographic information system and retail market analysis platform.

Overview

The market study identifies a strong data-driven case for targeted investment and strategic development along the Route 32 and Route 163 corridors in Montville. While, with the exception of Mohegan Sun, Montville remains smaller in scale than neighboring employment and retail hubs, the town sits at a pivotal crossroads in southeastern Connecticut's next wave of housing and commercial growth, supported by large-scale regional investments – most notably the workforce expansion at General Dynamics Electric Boat (Electric Boat) in Groton and the ancillary economic activity tied to Mohegan Sun.

The market study finds that growth based at specific activity hubs along the two corridors, anchored by multifamily housing, incremental retail, and modern neighborhood services, can position Montville to capture a much larger share of regional demand than it has in the past. Housing and retail markets in Montville are undersupplied, while office space remains healthy but limited. Strategic public realm investments will be central to unlocking value and channeling new investment into activity nodes along Route 32 and Route 163 that serve residents, commuters, and visitors alike.

Key Market Takeaways

Multifamily Residential Market Potential

Montville's multifamily housing stock remains limited, comprising fewer than 813 units and a 2.5 percent vacancy rate.

- Montville is positioned to capture approximately 15 percent of the Study Area's demand for new multifamily housing under current conditions and based on

historic precedent; this equates to approximately 30 new units per year or 150 units over the next five years.

- Regional demand for new housing is expected to intensify through 2030 due to workforce expansion at Electric Boat, creating spillover housing needs from Groton to nearby communities. Montville's lower rents and location along the Route 32 corridor make it attractive to mid-career professionals and workforce renters priced out of adjacent markets.
- Over the next decade, with targeted investments and policy support, Montville could absorb up to one-third of projected regional multifamily housing demand, cementing its role as a key housing submarket serving the Southeastern Connecticut defense and service economy.
- With corridor enhancements along Routes 32 and 163, including the creation of more vibrant activity hubs, streetscape improvements, and mixed-used settings, Montville could feasibly raise its capture share to 25 to 33 percent of projected demand, supporting roughly 175 to 230 new units every five years under current absorption in the Study Area or up to 545 units every five years when measured against ten-year demand projections established for the Town of Groton in 2021.
- Achieving a higher capture rate of projected regional housing demand will depend on corridor infrastructure improvements, regulatory support, and developer partnerships that enable viable market-rate and mixed-income apartment developments that are strategically clustered in activity hubs.

Retail Market Outlook

Retail demand in Montville is underbuilt yet stable, supported by low vacancy (4.6 percent) and slightly above-average rents (\$16.72 per square foot vs. \$15.66 per square foot in the Study Area). Retail inventory in Montville is 843,400 square feet in 96 buildings with a vacancy rate of 4 percent, compared to 3.4 percent in the Study Area as a whole. Montville is relatively underserved by retail, with 44 square feet of retail per capita, compared to 74 square feet per capita in the Study Area as a whole.

Between 2014 and 2024, Montville absorbed approximately 135,000 square feet of retail, or an average of approximately 11,800 square feet annually.

Forecasts by ESRI for the Town of Montville indicate \$19 million in additional consumer spending through 2030, led by:

- Food and Dining (+\$6.5 million) - primary growth in grocery and casual restaurants.
- Transportation (+\$4.5 million) – ongoing auto-service and fuel needs from commuters
- Entertainment & Recreation (+\$2.4 million) – opportunities for medium- and small-scale experiential retail and family-oriented venues, building upon the

success of Supercharged Powered by Mohegan Sun. New experiential retail and attractions should complement Supercharged and not compete with it, as this will likely oversaturate the market.

- Many retail categories face challenges from e-commerce platforms. Experiential retail, groceries/food, and health, personal care, and fitness are more resilient in the current retail environment.

These findings, Montville's absorption rates, and further analysis of ESRI's Retail Market Demand and projected retail spending data support between 48,000 and 129,000 square feet of new retail space in Montville over the next five years, anchored by neighborhood grocers, casual restaurants, health and fitness, personal care tenants, and experiential retail. Targeted public realm and site-design improvements could amplify visibility for such tenants and help differentiate the Route 32 and Route 163 corridors from competing retail destinations in Lisbon, Groton, and Waterford.

Office Market Dynamics

The office market in Montville totals roughly 126,000 square feet across 24 buildings with rents at \$22.51 per square foot and effectively no vacancy, compared to five percent in the Study Area as a whole.

- Office demand is concentrated in medical, professional services, and small-business tenants, favoring renovation and adaptive re-use rather than speculative new construction.
- Future potential lies in 5,000 to 15,000 square-foot flexible offices or coworking suites near new housing or at key intersections along Route 32.

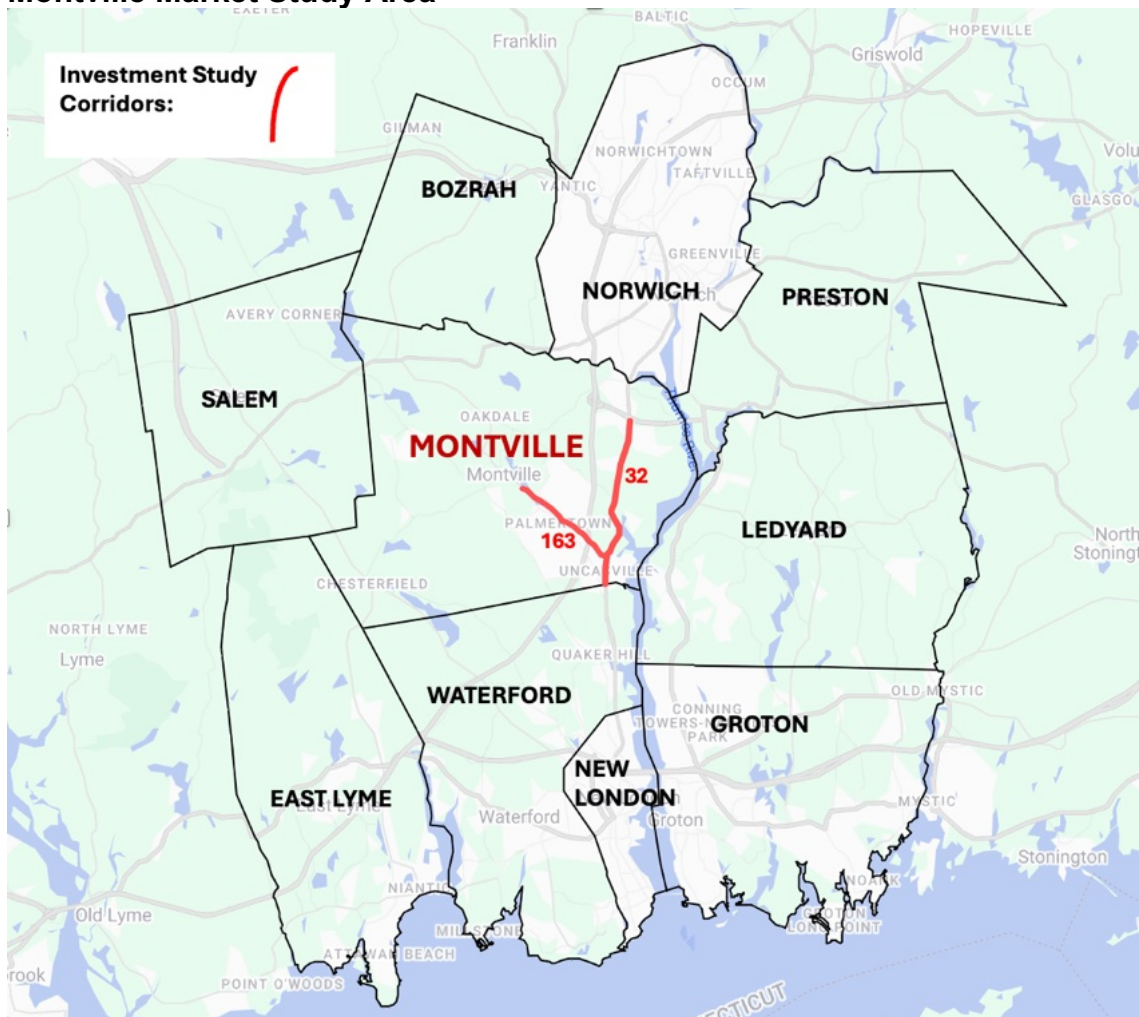
1. Demographic Overview

Approach & Methodology (+ Definition of Study Area)

To support the Route 32 and Route 163 Investment Strategy, BJH Advisors analyzed key demographic and socioeconomic characteristics of a defined **Market Study Area** in and around Montville, CT. This Study Area, which is shown in Figure 1, includes Montville and nearby towns that are most likely to influence or be affected by future investment and land use decisions along Routes 32 and 163.

The analysis draws from multiple publicly available datasets, primarily the U.S. Census Bureau's American Community Survey (ACS) 5-Year Estimates (2020–2024), as well as other supplemental sources when applicable. The findings aim to inform market potential, identify needs and opportunities, and understand the resident population in relation to economic development and revitalization efforts along the corridors.

Figure 1
Montville Market Study Area



Principal Takeaways

- **Stable but modest population growth** in the Montville Study Area, with future trends likely influenced by housing availability, economic opportunity, and infrastructure investments.
- **A shrinking young adult population (ages 25–44) and growth in residents aged 60+**, signaling an aging population and potential shifts in service needs.
- **Small household sizes and moderate income levels**, with housing affordability remaining relatively balanced compared to nearby regional markets.
- The **housing stock is largely owner-occupied single-family homes**, but there are opportunities for increased variety and rental housing to meet changing demographic needs.
- **Heavy reliance on automobile commuting**, with high rates of out-commuting and relatively long travel times, pointing to the importance of improving corridor function and multimodal access.

Population Trends

The population of the Montville Study Area experienced a decline between 2014 and 2024, while the population of Connecticut as a whole grew slightly by 2.2 percent. Between 2014 and 2024, the population of Montville declined by 8.6 percent, one of the largest population declines in the Study Area. Regional population change has been influenced by a range of factors, including aging demographics, outmigration of younger adults, and limited new housing construction. It should be noted that the average inmate population at the Corrigan-Radgowski during the 2020-2024 period of the latest ACS is included in the population estimate for Montville. Because of the closure of the Radgowski facility at the end of 2021, the inmate count at the combined correctional facility ranged from approximately 1,550 to 670 during this period¹. Population trends are shown in Figure 2.

¹ <https://www.prisonersofthecensus.org/data/prisons2020/CT/>;
<https://portal.ct.gov//media/doc/pdf/monthlystat/stat12012024.pdf?rev=fc171ea557a44aeebe3c1336b49a855a&hash=75EC6F2C1039061DFACAF7EB50C77726>

Figure 2

Population Trends for Towns in Study Area (2014 – 2024)

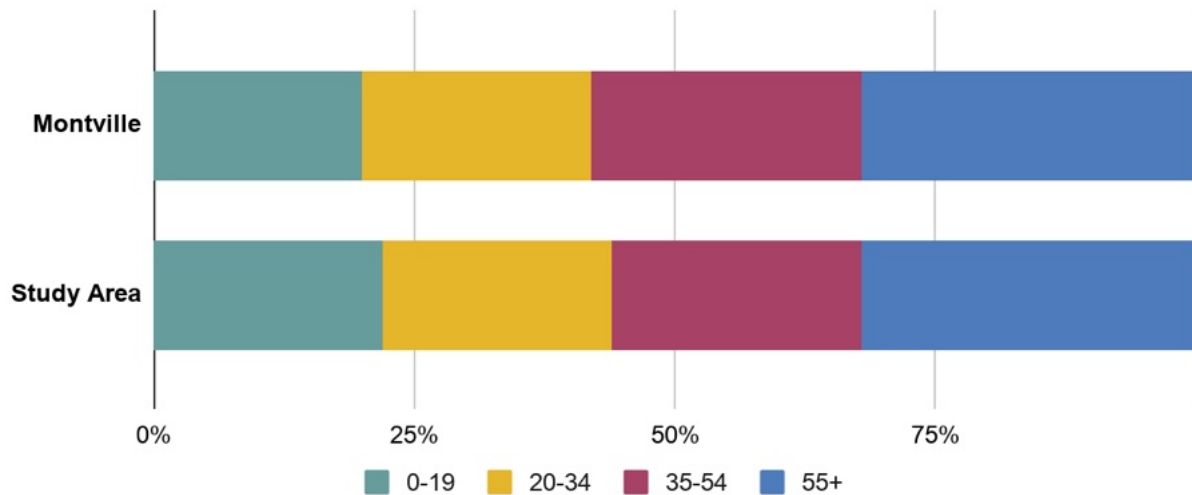
Town	2014	2024	% Change
Salem	4,176	4,282	+2.5%
Ledyard	15,073	15,433	+2.4%
Preston	4,735	4,821	+1.8%
Waterford	19,499	19,673	+0.9%
New London	27,536	27,625	+0.3%
Norwich	40,378	39,973	-1.0%
East Lyme	19,118	18,721	-2.1%
Groton	40,153	38,130	-5.0%
Montville	19,649	17,950	-8.6%
Bozrah	2,631	2,296	-12.8%
Total	192,948	188,901	-2.1%

Source: U.S. Census: American Community Survey 5-year Estimate, 2024 & 2014

Age Cohorts

The age distribution across the Montville Study Area reflects an aging population. Residents aged 55 and over comprise the largest share of the total population, a share that has grown over the past decade, while the share of adults in their prime earning years (ages 35–54) is declining in both the Study Area and Montville itself. However, the cohort of residents age 20 to 34 is growing in both the Study Area and, most markedly, in Montville itself, where this population cohort has grown by over one-third over the past decade. This trend has implications for workforce sustainability, senior services, and the types of amenities and housing needed.

Figure 3
Age Groups (2024)

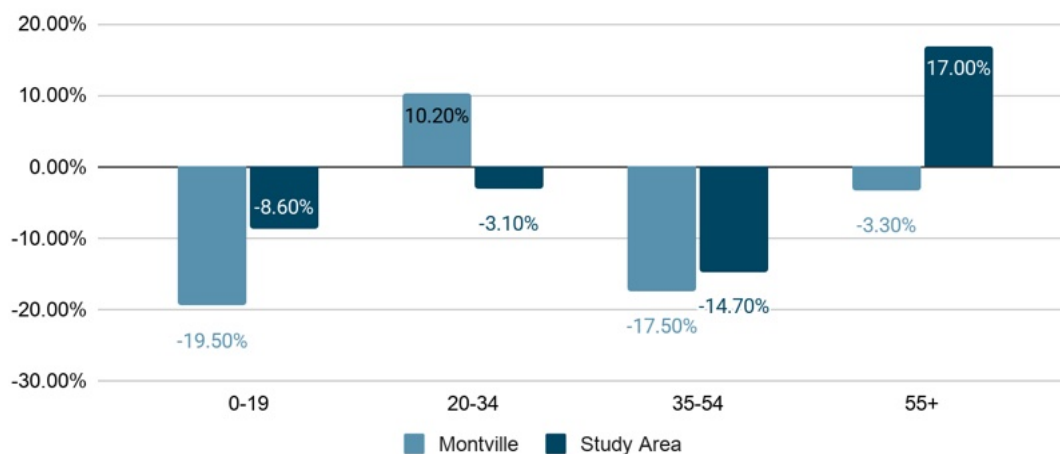


Source: U.S. Census: American Community Survey 5-year Estimate, 2024 & 2014

Key trends:

- Growth in the 55+ population (including both pre-retirement and senior residents)
- Substantial growth in the 20-to-34 population in Montville
- Notable declines in school-age population and prime earning population, with declines in Montville substantially surpassing those in the Study Area as a whole
- Opportunities to attract and retain younger households through housing, jobs, and amenities

Figure 4
Percent Change in Population by Age (2014 – 2024)



Source: U.S. Census: American Community Survey 5-year Estimate, 2024 & 2014

Household Size and Income

Households in Montville tend to be smaller than the state average, with a mix of families and singles. Median household income in Montville is moderate compared to both the region and the state, reflecting a working- and middle-class population. However, median household income in Montville has grown considerably over the past decade. Additionally, income disparities persist across the Study Area, and some renter households are housing cost burdened, though slightly fewer in Montville.

Key data points:

- Median household income in Montville is approximately \$95,950, a 42 percent increase between 2014 and 2024.
- Average household size in Montville is 2.6.
- Montville's total housing stock is 6,722 units, a 9.9 percent decline between 2014 and 2024
- Home values in Montville saw an increase of over 42 percent between 2014 and 2024, a greater growth than that seen in the Study Area as a whole (almost 35 percent).
- The poverty rate in Montville is 7.8 percent, less than that in the Study Area as a whole, where it is 11.3 percent.

Figure 5
Median Household Income and Average Household Size in Montville and Study Area

Median Household Income (2024)		Avg Household Size (2024)	
Montville	\$95,950 (+42.3% since 2014)	2.6 (-0.2% since 2014)	
Study Area	\$89,647 (+39.9% since 2014)	2.3 (-3.8% since 2014)	
Total Housing Stock (2024)		Home Value (2024)	
Montville	6,722 (-9.9% since 2014)	\$298,420 (+42.1% since 2014)	
Study Area	85,667 (+2.2% since 2014)	\$328,006 (+34.7% since 2014)	
Poverty Rate			
Montville	7.8% (+2.4% since 2014)		
Study Area	11.3% (+0.5% since 2014)		

Source: U.S. Census: American Community Survey 5-year Estimate, 2014 and 2024

Housing Stock and Tenure

The Montville housing market is predominantly composed of single-family homes, with high rates of owner-occupancy. Rental housing is limited, especially in multifamily formats, which may constrain housing options for younger residents, lower-income households, and seniors seeking to downsize. Expanding housing choice could better support demographic diversity and economic vitality.

Observations:

- Approximately 78 percent of homes in Montville are owner-occupied, compared to just under 57 percent in the Study Area.
- The number of owner-occupied homes in Montville increased by four percentage points between 2014 and 2024, while in the Study Area it increased by one percentage point.

- Multifamily housing represents a small share of total housing units
- Moderate housing cost burdens among renters, less so for homeowners

Figure 6
Housing Stock in Montville (2024)

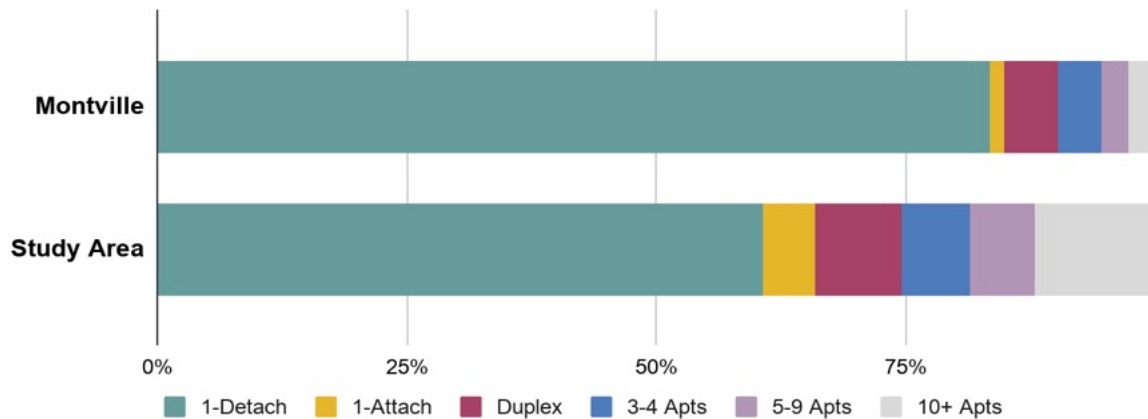
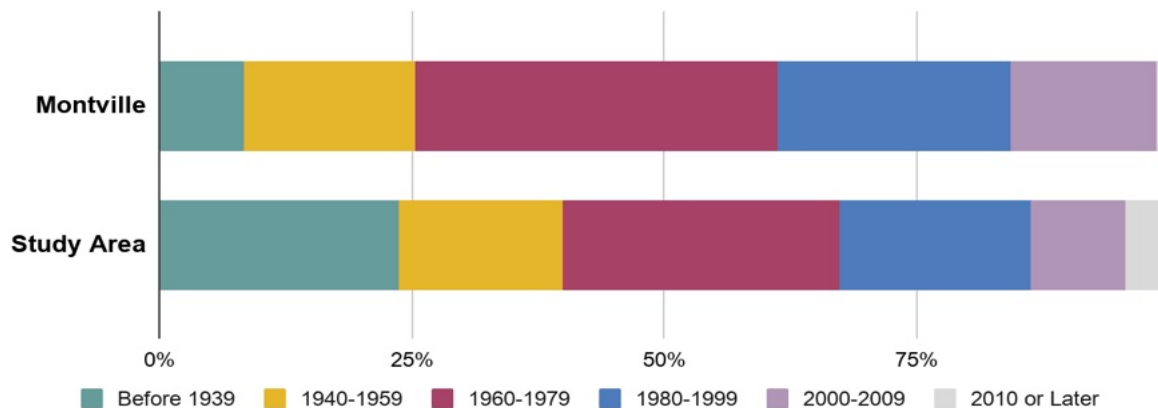


Figure 7
Housing Year of Construction in Montville and Study Area (2024)



Source: U.S. Census: American Community Survey 5-year Estimate, 2024 & 2014

Cost Burdened Households

Of the 1,166 renter-occupied households in Montville, 475 (or 40.7 percent) are considered cost burdened. This includes 123 households that spend between 30 percent and 34.9 percent of their income on rent, and 352 households that are severely cost burdened, spending more than 35 percent of their income on rent.

In comparison, in the Study Area, 14,425 renter-occupied households (49.2 percent) are considered cost-burdened. This figure includes 2,827 households that spend between 30 percent and 34.9 percent of their income on rent, and 11,598 households that are severely cost burdened, spending more than 35 percent of their income on rent. It should be noted that 309 owner-occupied households in Montville, or 5.9 percent, are cost burdened while 337 owner-occupied households, or 6.5 percent are severely cost burdened. This compares to 3.9 percent of owner-occupied households in the Study Area as a whole being cost burdened and 12.2 percent being severely cost burdened.

Figure 8
Cost Burdened Renter-Occupied Households (2024)

Geography	Burdened 30% to 34.9% of Income	% of Renter Occupied Units	Severely Burdened 35% of Income	% of Renter Occupied Units
Montville	123	10.5%	352	30.2%
Study Area	2,827	9.6%	11,598	39.6%

Source: U.S. Census: American Community Survey 5-year Estimate, 2024 & 2014

Commuting Patterns

Most Montville residents commute outside of the town for work, with commuting times longer than the state average. The vast majority drive alone, underscoring a dependence on automobiles and the importance of functional roadways. Limited access to public transportation is a barrier to mobility for non-drivers, particularly seniors and younger workers.

Key insights:

- Over 80 percent of Montville residents commute by car
- Nearly half of commuters work outside of New London County
- Mean travel time to work exceeds 26 minutes, slightly higher than the state average

Implications for Investment Strategy

The demographic findings suggest that the Route 32 and Route 163 corridors must adapt to serve a changing population profile. With an aging population and limited recent growth in younger adult cohorts, investment strategies should prioritize land uses and infrastructure improvements that attract and retain younger households, while also enhancing livability for older residents. This may include developing a broader mix of housing options, such as smaller-scale multifamily or accessible rental units, enhanced mobility options, and support services that cater to both aging residents and working

families. The modest income levels and small household sizes underscore the importance of affordability and walkability in future planning and development decisions. In addition, the heavy reliance on automobile commuting and the outward flow of workers from Montville underscore the need to reimagine the corridor not just as a thoroughfare but as a platform for local economic development. While the low-density, auto-oriented nature of Routes 32 and 163 limits the potential for comprehensive walkability, there is strong opportunity to establish denser activity nodes at strategic intersections or gateways, such as at the junction of Routes 32 and 163, that can become vibrant, attractive places where people are encouraged to stop, park, and walk.

These nodes can also support new forms of housing, particularly mixed-use development that combines residential units with small-scale retail, services, and civic functions. With targeted public realm improvements, placemaking strategies, and land use policy support, these nodes can evolve into dynamic, livable destinations within the corridor. This approach aligns with existing development patterns while positioning Montville to attract new investment, provide diverse housing options, and foster civic identity.

2. Labor Market Overview

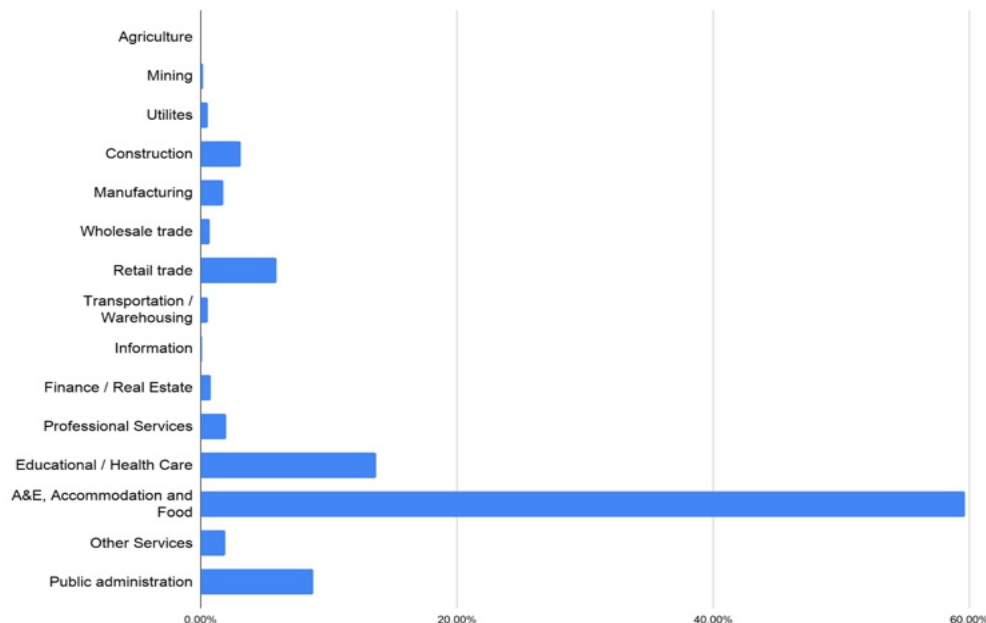
Employment Landscape

The Montville Study Area's employment landscape is characterized by a dominant tourism and hospitality sector, stable job totals, and a strong alignment with the regional economy of southeastern Connecticut. In 2023, Montville supported approximately 10,165 jobs, a three percent increase over 2022 figures but an almost 20 percent decline from the number of jobs in Montville in 2013.

The largest employment sector in Montville is Arts, Entertainment, Accommodation & Food Services, which comprises almost 60 percent of all local jobs. This high share is almost entirely attributable to Mohegan Sun, one of the largest casinos and entertainment destinations in the region. The next largest sectors are Education & Health Care (13 percent) and Public Administration (eight percent), followed by a more limited presence of Retail, Manufacturing, and other sectors.

These trends suggest the importance of economic diversification, especially to attract and retain working-age residents and to reduce dependence on a single dominant industry.

Figure 9
Montville's Largest Industries (2023)



Source: U.S. Census, On-the-Map, 2023

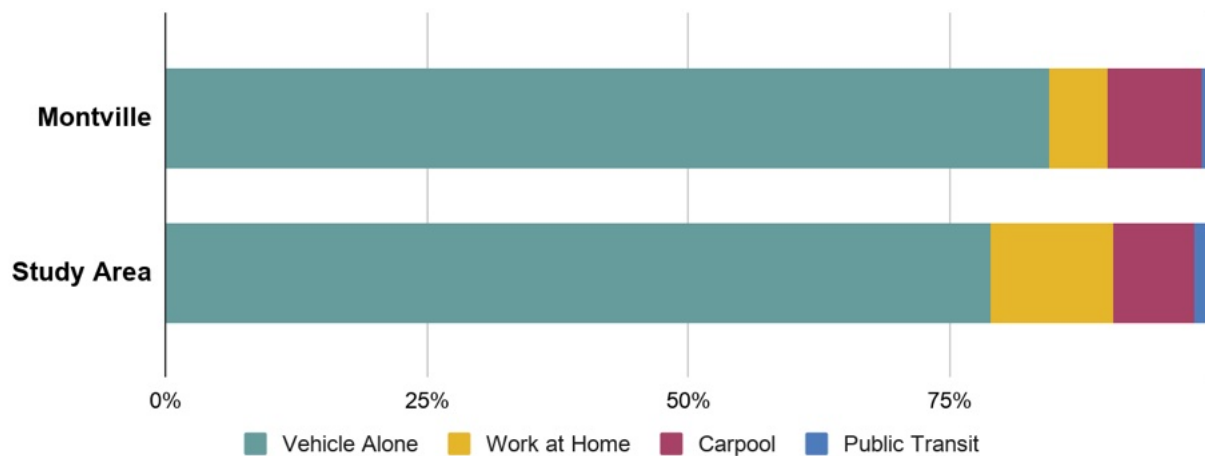
Workforce Characteristics

Montville's labor force is currently performing well in terms of employment outcomes. The unemployment rate is at 4.8 percent, slightly lower than the Study Area average of 5.6 percent and indicating job access for residents and in-commuters alike. However, these topline figures mask key differences in workforce dynamics.

Only six percent of Montville's working-age population works from home, lower than the Study Area's 11 percent average. This reflects the physical and service-based nature of the local economy, which depends heavily on in-person roles in entertainment, food service, education, and corrections. Commuting patterns confirm this: 83 percent of Montville workers drive alone, and another ten percent carpool, with virtually no transit use (0.2 percent) and limited telecommuting options.

Figure 10

Modes of Transportation to Work in Montville and Study Area (2023)



Source: U.S. Census Bureau in collaboration with Local Employment Dynamics, a federal-state partnership, 2023

These figures suggest limited flexibility in the local labor market and a continued reliance on traditional commute-based, in-person employment models.

Key Employers

Employment in Montville is highly concentrated in a small number of large institutional and commercial employers. The most significant of these is **Mohegan Sun**, whose employment estimates range from 4,000 to 6,000 in the casino, hotel, and entertainment operations, depending on the source. While the company's official count is 5,000, this likely includes a high number of **part-time, seasonal, and auxiliary employees** (including workers associated with the WNBA's Connecticut Sun and entertainment venues), rather than full-time equivalents.²

² <https://mohegansun.com/about-mohegan-sun/faq-employment.html>

Other major employers in Montville include:

Montville Board of Education – approximately 480 employees (includes certified educators, instructional support, specialized staff, and leadership).³

Connecticut Department of Correction / Corrigan-Radgowski Facility – approx. 430 employees⁴

Home Depot – between 100 and 240 employees (including part-time)⁵

Stop & Shop – approximately 100–120 employees (including part-time)⁶

Rand-Whitney Packaging – approx. 100-150 employees (including part-time)⁷

Workforce Geography

Montville's labor force and employment base are both highly regionalized. A large majority of workers (83 percent) commute into Montville for work, with only 17 percent of jobs filled by local residents. The top source of in-commuters is Norwich (22 percent), followed by Groton, New London, and Waterford.

This dynamic shows that Montville is both an employment hub and a bedroom community, depending on the sector. While Mohegan Sun and state correctional facilities draw workers from across southeastern Connecticut, Montville residents often work in Groton (notably for Electric Boat), Norwich, New London, and beyond. These regional flows highlight Montville's economic integration with adjacent municipalities and the need for corridor planning strategies that acknowledge this broader labor shed.

³ https://nces.ed.gov/ccd/districtsearch/district_detail.asp?ID2=0902580

⁴ <https://portal.ct.gov/doc/facility/corrigan-radgowski-cc>

⁵ <https://ir.homedepot.com/~media/Files/H/HomeDepot-IR/documents/q1-2022-store-count-by-state.pdf>

⁶ ZoomInfo

⁷ Estimated employment at Rand-Whitney Containerboard mill in Montville is based on publicly available descriptions of the facility's continuous 4-crew, 12-hour shift operation, combined with typical staffing patterns for similarly sized recycled containerboard mills and company-level headcount disclosures for Rand-Whitney's container operations, rather than a plant-specific published figure.

<https://www.thekraftgroup.com/wp-content/uploads/2020-RandWhitneyContainerboard.pdf>

Figure 11
Montville Workers by Place of Residence (2023)

	Count	Share
Norwich, CT	2,268	22.3%
Montville, CT	1,475	14.5%
New London, CT	542	5.3%
Groton, CT	522	5.1%
Waterford, CT	436	4.3%
All Other	4,922	48.4%

Source: U.S. Census Bureau in collaboration with Local Employment Dynamics, a federal-state partnership, 2023

Labor Market Implications for Corridor Investment

Montville's labor market realities should directly inform strategies for corridor investment and economic development. The current employment profile—with its heavy reliance on the tourism and entertainment sector—suggests both economic opportunity and vulnerability. While Mohegan Sun provides significant employment and economic activity, the Town's long-term resilience would benefit from diversifying its job base, especially in sectors like healthcare, trades, light industrial, and knowledge-based professions.

Corridor investments can also help attract a broader range of employers by creating more attractive, accessible, and functional business environments. Improvements in infrastructure, utilities, zoning flexibility, and site readiness could help reposition areas of Route 32 and Route 163 for small-to-midsized enterprises and regional service providers.

Moreover, corridor planning can support the dual goals of attracting new jobs and retaining the local workforce by integrating workforce housing, transportation improvements, and placemaking efforts at targeted nodes.

In particular, strategic investment in the corridors can support nodes of mixed-use development where people both live and work—thereby reducing commute times, bolstering local economic activity, and building stronger community identity.

3. Multifamily Residential Market and Demand Assessment

Overview

Monttville's multifamily residential market is positioned for measured growth, driven by favorable regional demand factors and a local shortage of newer, high-quality rental product. With the announced expansion of Electric Boat's operations in Groton bringing thousands of new jobs to the region, Montville stands to benefit from increased demand for housing, especially for "missing middle" and workforce rental units sought by incoming employees. If Montville pursues strategic investments in streetscape, transit connectivity, and corridor amenities along Route 32 and Route 163, the town can position itself to capture a significantly larger share of regional housing demand than it has in the past, potentially supporting 350 to 400 new multifamily units over the next five years, with even greater absorption over a ten-year horizon.

A strategic approach to development, such as prioritizing mid-sized projects with modern amenities in corridor focus areas that serve as activity hubs, can help Montville capture its fair share of regional housing demand while complementing the broader goals of the Route 32/163 Investment Plan. New housing should also be envisioned as part of a mixed-use strategy that supports vibrant activity nodes along the corridors where residents can live, work, and socialize, ensuring that Montville meets both its fair share housing targets and the needs of a rapidly evolving local workforce.

Context and Regional Dynamics

The multifamily rental housing market in Montville and the broader Study Area, including Groton, Norwich, and New London, has experienced steady demand in recent years, particularly for market-rate product appealing to professional and higher-income tenant segments. Despite broader economic uncertainties, the fundamentals of the multifamily market in southeastern Connecticut remain stable, with rising regional demand for quality rental housing due to demographic shifts, regional employment trends, and limited modern rental supply.

Montville's multifamily residential market is influenced by its proximity to major employment centers such as Electric Boat in Groton, the Mohegan Sun and Foxwoods casinos, and Backus Hospital in Norwich. These institutions draw a diverse workforce that includes both young professionals and mid-career earners, creating demand for modern, rental housing options.

The Multifamily Market: Inventory, Rents and Vacancy

As of 2025, Montville had 29 multifamily buildings accommodating 813 residential units. No multifamily units had been added to the Montville inventory in over a decade until the opening of the Oxoboxo Lofts in 2025, which added 72 units to the town's inventory.

Montville's inventory accounts for only six percent of the 497 multifamily buildings in the Study Area and four percent of the Study Area's 20,132 units.

Figure 12

Inventory of Multifamily Buildings, Rents, and Vacancy (2025)

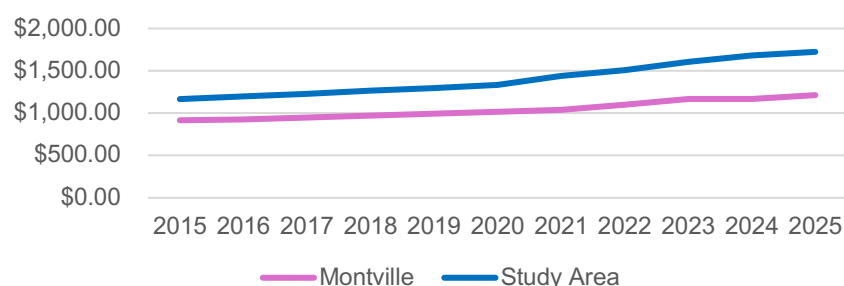
	Inventory Buildings (2025)	Inventory Units (2025)	Asking Rent Per Unit (2025)	Vacancy Rate (2025)
Montville	29	813	\$1,213	2.5%
Study Area	497	20,132	\$1,724	4.1%

Source: CoStar 2026

In both Montville and the Study Area, multifamily rents have risen steadily between 2015 and 2025, though they have consistently remained lower in Montville than in the Study Area as a whole. In Montville, rents have risen from approximately \$900 to \$1,213, while in the Study Area they have risen from just under \$1,200 to \$1,724.

Figure 13

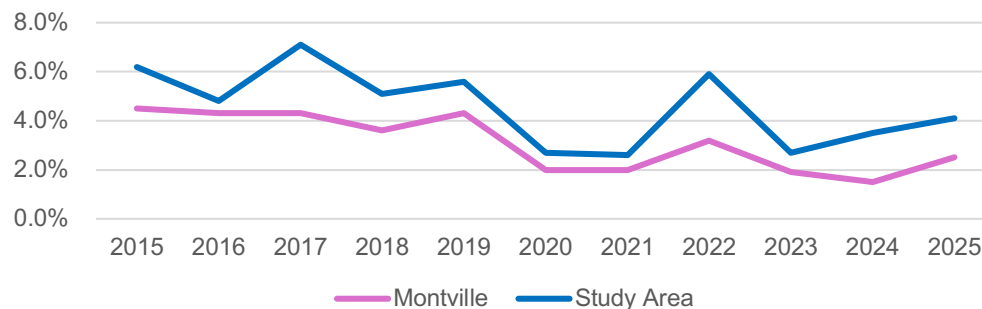
Multifamily Rent (2015 – 2025)



Source: CoStar 2026

Multifamily vacancy rates have trended downwards. Montville's vacancy has remained lower and dropped more consistently, reaching a ten-year low of 1.2 percent in 2024 before increasing slightly to 2.5 percent in 2025. Vacancy in the Study Area has fluctuated between 2.5 percent and 7.2 percent over the past decade and in 2025 was at 4.1 percent.

Figure 14
Multifamily Vacancy (2015 – 2025)

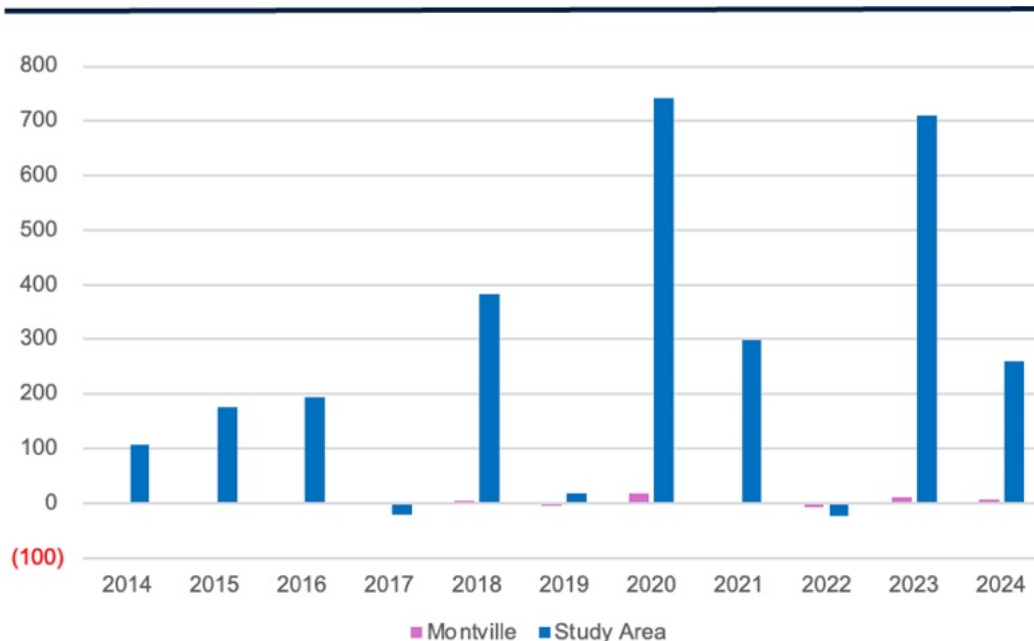


Source: CoStar 2026

Recent Multifamily Development and Absorption Trends

Between 2015 and 2025, the ten-town Study Area had a positive net absorption of 2,990 apartment units. Montville itself has similarly seen a positive net absorption of 88 units. This means that significantly more units were leased or occupied than vacated over that period, indicating a strong regional multifamily market, albeit one with limited new product. The majority of Study Area multifamily properties are concentrated in or near New London, Groton, and Norwich.

Figure 15
Multifamily Net Absorption (2015 – 2025)



Source: CoStar 2026

It is important to note that multifamily absorption in Montville is difficult to measure as, until the opening of Oxoboxo Lofts in 2025, no new multifamily developments had

opened in the town in almost 15 years. However, Oxoboxo Lofts is not a pure market project as it was built with significant public subsidies, including federal and state tax credits and state grants, and has the majority of its units set aside for residents earning 25 to 60 percent of the area median income.

In the past year, the Study Area has added a limited number of new rental multifamily developments marketed to a professional and higher income tenant base. These recently completed multifamily developments in Norwich, New London, Montville, Groton, and Waterford can be used as benchmarks for sizing potential demand for housing in Montville. A review of the market absorption rate was conducted in October of 2025. As of the first quarter of 2026, the absorption rates for these properties have remained largely unchanged.

- **Oxoboxo Lofts, Uncasville (Montville) (72 units).** Opened in September of 2025, the multi-building adaptive reuse project's 72 units were 100 percent leased prior to opening. Using an assumption that the pre-lease up period was one year, the average monthly absorption was 6.0 units a month, or **72 units annually**.
- **Triton Square, Groton (304 units).** Opened in March of 2025, the three-story building is about 38.2 percent vacant. Back-of-the-envelope math (116 units absorbed over ± 6 months) puts the average monthly absorption at ≈ 19.3 units a month, or **~ 232 units annually**. The project includes a mix of studios (30 percent), one-bedroom units (23 percent) and two-bedroom units (47 percent). This project is market-rate and marketed as a resort-style development with robust amenities.
- **60 Mansfield Road Phase II, New London (89 units).** Opened in October of 2024, the five-story building is 22.5 percent vacant. Back-of-the-envelope math (69 units absorbed over ± 12 months) puts the average monthly absorption at ≈ 5.8 units a month, or **~ 69 units annually**.
- **GoodHomes Groton, Groton (112 units).** Opened in April of 2024, the two-story building is 9.8 percent vacant. Back-of-the-envelope math (101 units absorbed over ± 19 months) puts the average monthly absorption at ≈ 5.3 units a month, or **~ 64 units annually**. Note that this development is income-restricted/affordable and targeted to workforce housing.
- **Water Street Lofts, Norwich (41 units).** Opened in January of 2024, the three-story building is 2.4 percent vacant. Back-of-the-envelope math (40 units absorbed over ± 22 months) puts the average monthly absorption at ≈ 1.8 units a

month, or **~22 units annually**. This project is market-rate and marketed as “luxury” units.

- **The Beam, New London (203 units)**. Opened in March of 2023, the five-story building is 3.4 percent vacant. Back-of-the-envelope math (169 units absorbed over ±32 months) puts the average monthly absorption at ≈ 5.3 units a month, or **~63 units annually**. This project is market-rate and marketed as “luxury” units.
- **Waterford Woods, Waterford (204 units)**. Opened in the fall of 2024, this 204-unit complex is a mix of market-rate and income-restricted units targeted to workforce housing. Ten percent of its units, or 20 units, are income restricted. The development is 20 percent vacant with a 19 percent vacancy for market-rate units and a 35 percent vacancy for workforce units. Back-of-the-envelope math (162 units absorbed over 12 months at a monthly absorption rate of 13.5 units a month or **~162 annually**). For market-rate only units, the average monthly absorption rate is 12.4 units, or **~148 units annually**. The project is in a wooded park-like setting with robust amenities and its market-rate units are marketed as “luxury”.
- **The Vessel, New London (30 units)**. Opened in late 2024, this is a newly built 5-story modular apartment development. Cost efficient construction and finishes allow the apartments to be priced for middle-income renters who don’t qualify for subsidized affordable housing but still need lower cost rents. The project is 10 percent vacant. Back-of-the-envelope math (27 units absorbed over 12 months at an average monthly absorption rate of ~2.3 units or **~27 units annually**.)
- **Brookside Commons, Waterford (41 units)**. Opened in 2023, this is a 3-story 41-unit affordable apartment community with a mix of 1- and 2-bedroom units. It is 2 percent vacant. Back-of-the-envelope math (40 units absorbed over 21 months at an average monthly absorption rate of ~1.9 units or **~23 units annually**.)

As outlined in Figure 16, weighted across these nine developments, the average monthly absorption rate is approximately 10.5 units, which translates to **126 units annually** for modern, mid-rise or garden-style multifamily product offering amenities. However, as noted above, several of these apartment developments are income restricted and not available on the open market. These restricted developments, and Waterford Woods, which is ten-percent income restricted, are highlighted in the table in

Figure 16. If we remove the income-restricted units and only focus on market-rate units, the annual absorption rate is actually higher at **139 units**.

Figure 16

Weighted Monthly Average Absorption at Recent Developments in Montville Region

Property Address	Town	Property Name	Number of Units	Absorption / Month	Product
42 Pink Row	Montville	Oxoboxo Lofts	72	6	432.0
1 Triton Sq	Groton	Triton Square	304	19.3	5,867.2
22 Georgetown Rd	New London	60 Mansfield Road Phase II	89	5.8	516.2
99 Gold Star Hwy	Groton	GoodHomes Groton	112	5.3	593.6
85 Main St	Norwich	Walter Street Lofts	41	1.8	73.8
908 Hartford Tpke	Waterford	Brookside Commons	41	1.9	76.4
394 Willets Ave	Waterford	Waterford Woods	204	13.5	2,754.0
174 Bank St	New London	Vessel	30	2.3	69.0
221 Howard St	New London	The Beam	203	5.3	1,075.9

Total Number of Units			1,096	11,458.1
			Month	10.5
			Year	125.5

Income Restricted Development
Mixed Use Market-Rate/Affordable Development

Sources: CoStar; Individual Calls with Leasing Agents, Apartments.com; Zillow.com, Q1 2026

Pipeline Development and Potential Supply Pressures

While recent development activity has been limited, the pipeline of proposed and under-construction projects in the Study Area is robust. A total of 2,652 units across 27 multifamily developments are expected to be delivered over the next five to eight years. These include:

- **New projects in New London**, such as 28 Walbach Street (250 planned units) and 90–100 Garfield Avenue (90 units)
- **Larger-scale developments in Groton and Waterford**, including 375 Drozdyk Drive (195 units) and 394 Willets Avenue in Waterford (216 units)
- **New supply within Montville itself**, including:
 - 82 Jerome Road (160 units, though not under construction)
 - 90 Maple Avenue (87 units, though not under construction)
 - 1758–1790 Route 32 (200 units, though not under construction)
 - 2268–2284 Route 32 (57 units, obtained zoning permit to begin construction)
 - Smaller infill projects at 245 Route 32, 303 Route 32, and 145 Route 32

This pipeline equates to about 19 years of absorption at today's baseline rate of 139 units per year. While these pipeline projects are substantial, the market does not appear at risk of immediate oversupply. This is due to several mitigating factors:

- **Geographic dispersion** of the pipeline across multiple municipalities, with relatively few projects planned in Montville itself
- **Phased construction timelines**, which will likely stagger deliveries
- **A large number of pipeline projects are still speculative**, with construction not yet having started and final delivery uncertain
- **Growing demand from renters by choice** (older adults downsizing) and renters by necessity (younger professionals and working households priced out of homeownership)

That said, careful attention should be paid to the pace of lease-ups, especially for larger developments in suburban locations without strong walkability or proximity to services. Project sponsors will need to differentiate their offerings through unit design, pricing, amenities, and access to major employers.

Figure 17
Pipeline of Multifamily Development in the Study Area

Address		City	Property Type	Projected Year Built	Rentable Built Area (SF)	Unit Number
344 Main St	■	East Lyme	Multi-Family	2027	13,947	18
120 Broad St	■	New London	Multi-Family	2025	59,629	49
90-100 Garfield Ave	■	New London	Multi-Family	2027	95,708	90
66 Union St	■	New London	Multi-Family	2028	46,000	46
Fort Trumbull (28 Walbach St)	■	New London	Multi-Family	N/A	251,600 (total)	250
194 Bank St	■	New London	Multi-Family	N/A	N/A	37
345 Main St	■	Norwich	Multi-Family	N/A	5,600	8
23 Thermos Ave	■	Norwich	Multi-Family	N/A	98,600	57
394 Willetts Ave (Waterford Central)	■	Waterford	Multi-Family	2026	100,000	216
334 Long Hill Rd*	■	Groton	Multi-Family	N/A	N/A	18
1154 Poquonnock Rd*	■	Groton	Multi-Family	N/A	N/A	20
375 Drozdyk Dr*	■	Groton	Multi-Family	N/A	N/A	195
12 Governors Cir*	■	Groton	Senior Housing	N/A	N/A	20 additional
0 Fort Hill Rd	■	Groton	Multi-Family	N/A	N/A	138
517, 529, 553, 571 Gold Star Hwy	■	Groton	Multi-Family	N/A	N/A	395
1002 Rt 12	■	Groton	Multi-Family	2026	N/A	58
0 Crystal Lake Rd	■	Groton	Multi-Family	N/A	N/A	92
244 Monument St	■	Groton	Multi-Family	2029	24,801	17

Source: CoStar 2026 and Towns of Groton and New London

Figure 18
Montville PZC Multifamily Application Pipeline

Address	Unit Number	Construction Status
82 Jerome Rd	160	Not under construction
90 Maple Ave	87	Not under construction
245 Rt 32	22	6 completed, other phases not under construction
303 Rt 32	16	10 completed, 6 under construction
1758-1790 Rt 32	200	Not under construction
2268-2284 Rt 32	57	Obtained zoning permit to begin construction
145 Rt 32	11	Not under construction

Source: CoStar 2026 and Towns of Groton and New London

Montville-Specific Opportunity

Montville is relatively underbuilt in terms of multifamily inventory but benefits from several favorable development conditions:

- **Proximity to Route 32 and Interstate 395**, which provide direct access to regional job centers and key employers
- **Availability of development sites**—including infill and adaptive reuse opportunities within the Route 32/163 corridor
- **Emerging demand from professional households**, particularly those employed at Electric Boat and Mohegan Sun, seeking quality rental options closer to work

The strong performance of the Oxoboxo Lofts—which fully leased before opening—suggests latent demand for modern multifamily rental housing in Montville. However, as noted below, this project is not a traditional market-rate residential development and would not have been possible without large public incentives. While future development should be calibrated to the pace of regional absorption, appropriately scaled, mixed-use multifamily projects with one- and two-bedroom unit mixes are likely to perform well if designed to align with tenant preferences.

Montville’s Capture Rate of Regional Multifamily Demand

Given Montville’s affordability advantage, lower rents, proximity to Mohegan Sun and other major employers, in addition to its low vacancy rate, in a baseline scenario it is well positioned to capture up to **15 percent of the Study Area’s demand for new multifamily units**. Applying that proportion to the current 139 units per year Study Area absorption yields a Montville capture of up to **21 units per year** along the Route 32/163 corridors or **105 new units over the next five years** under current conditions.

An October 2021 housing study commissioned by the Town of Groton determined a demand for 3,340 new multifamily rental units through 2030, or approximately 330 new units per year. While the study was conducted principally for the Town of Groton, it can be presumed that this demand would be for Groton and environs, including Montville. Much of this demand would be driven by expansion of employment at Electric Boat.⁸ If roadway and infrastructure improvements enhance the attractiveness of the Route 32 and Route 163 corridors, Montville could ambitiously increase its share to **25 to 33 percent** of the incremental demand, supporting roughly **175 to 230 units every five years** in incremental new construction based on the Study Area's current absorption or approximately **410 to 545 units every five years** based on the Town of Groton's 2021 housing demand projections.

Factors Informing Capture Rate Projections

The current capture rate estimate of 15 percent of the Study Area's multifamily demand is grounded in structural and market conditions. These include:

Regional Market Hierarchy

Multifamily housing in the Study Area is heavily concentrated in New London, Groton, and Norwich, where there are established clusters of Class A apartments, proximity to large employment bases, such as Electric Boat and Connecticut College, and stronger amenity environments. Between 2014 and 2024, the Study Area absorbed 2,843 – versus 30 in Montville (not including Oxoboxo Lofts). This means that the bulk of recent regional growth has been in urban or mixed-use nodes, not highway corridors.

Development Scale and Active Pipeline

Although Montville has 553 units in the development pipeline, most are still in preliminary or early permitting stages and construction has not begun. In contrast, New London and Groton collectively have over 800 active pipeline units with consistent delivery over the next several years. Because developers tend to favor markets with proven rent levels above \$1,172 per unit limits financial feasibility without public incentives. For example, the Oxoboxo Lofts project was a heavily subsidized mixed-income adaptive reuse development that relied on a substantial package of federal, state, and private financing in order to make it a feasible development.

Infrastructure and Perception Constraints

Both Route 32 and 163 corridors remain auto-oriented with minimal pedestrian infrastructure, interrupted sidewalk networks, and limited streetscape amenities. This reduces Montville's ability to attract renters who seek walkable mixed-use settings – an important feature of multifamily growth submarkets in comparable Connecticut towns. Developers often identify these factors as barriers to achieving higher rents.

Feasibility of Achieving a Higher Market Capture Rate

⁸ Associates, *Town of Groton Housing Market Study*; Oct. 2021

Achieving a higher market capture rate, such as between **40 and 50 percent**, would position Montville as the region's dominant submarket, surpassing Groton and New London in new unit absorption. This outcome is inconsistent with historical and demographic trends. To approach a more reasonable yet aspirational **25 - 33 percent** capture of market demand, Montville would likely need improvements to the Route 32 and 163 corridors that create mixed-use, pedestrian-friendly environments.

An Aspirational Housing Demand Projection for Montville

Montville can position itself to play an important role in meeting the Study Area's rising housing demand. The recent and ongoing expansion of Electric Boat in Groton is projected to bring several thousand new jobs to the region by 2030, intensifying the need for new rental and ownership housing within commuting distance of major employment centers. As Groton and neighboring towns work to absorb this demand, Montville's location along the Route 32 corridor and its historically lower rents make it an increasingly attractive option for "missing middle" households, mid-career professionals, and workforce renters who seek proximity to jobs but are priced out of Groton's limited housing stock.

As a local urban planner told the *Connecticut Mirror* in July 2025, "A lot of the people who are taking these jobs (at Electric Boat) are choosing not to live in Groton, which means you have a lot of commuters." He then went on to underscore regional commuting patterns, including Montville.⁹

With Electric Boat's staff growth and the region's commuting patterns, local developers and planning officials should expect spillover demand to raise multifamily absorption rates in Montville over the next five years. With a well-conceived strategy and targeted corridor improvements, Montville could aspire to achieve a capture rate of one-third of the projected regional absorption of approximately 325 units over the next five years and 650 units over the next ten years. It should be noted that these projections far exceed prior absorption baselines for Montville and reflect the need to capitalize on growing demand by investing in corridor improvements and incentivizing mixed-use and village-style residential districts that are suited to commuters.

More specifically, Montville can optimize its capture of regional housing demand by undertaking the following:

- Facilitate market-rate and affordable apartments in attractive and more pedestrian-oriented "activity nodes" along Route 32 and Route 163
- Target new multifamily development toward Electric Boat and other defense workers, especially those seeking more affordable alternatives to Groton, where as of October 2025, the average rent for a two-bedroom apartment is \$2,076

⁹ Brone, A. (July 22, 2025), Groton considers housing boost to accommodate SUBASE, Electric Boat, *Connecticut Mirror*

- Encourage partnerships with regional developers and Mohegan Tribal housing initiatives to maximize infrastructure, community amenities, and mixed-income housing opportunities
- Encourage Connecticut State Department of Transportation (CDOT) and Southeast Area Transit District (SEAT) to improve transit connections to employment cores in Groton and New London and leverage state and local funding for infrastructure upgrades

Absorption Caveats and Considerations

- **Product quality and timing matter.** Lower-quality product or poorly sited developments could underperform. However, projects that deliver quality finishes, management, and functionality at a competitive price point are likely to succeed in this corridor.
- **Limited public transit may be a constraint.** Lack of robust transit connections could limit the appeal for car-free households, but this is consistent with broader trends in suburban southeastern Connecticut.
- **Demand from key workforce segments should be closely tracked.** Future project success may hinge on attracting workers from Electric Boat, health care, and regional service sectors. Project marketing and location strategy should reflect this.
- **Affordable housing elements could accelerate lease-up.** Given regional demand, inclusion of income-restricted units could improve absorption, especially for single-earner households.

4. Retail Market and Demand Assessment

Overview

Montville's retail market is under-built but stable, with low vacancies and slightly above-average rents. Retail demand through 2030 is expected to increase by approximately \$19 million, driven largely by food, transportation, and entertainment spending. Opportunities lie in redevelopment and small-format retail along Route 32 and Route 163, less in the development of new large-format shopping centers. Constraints include the design of the corridors, parcel availability and configuration, and infrastructure, requiring coordinated improvements to attract new private investment.

Demand Drivers

Consumer Spending

According to ESRI Business Analyst projections, Montville's consumer spending, defined as spending by the residents of Montville, is projected to grow approximately 8.5 percent between 2025 and 2030, adding about \$19.4 million in consumer spending demand. In 2025, total spending is estimated at \$227.5 million, or about \$32,500 per household annually. By 2030, this is expected to rise to \$246.9 million, or \$35,500 per household. Montville residents spent approximately \$75.9 million on food (33 percent of total expenditure), which includes dining out and groceries. The second largest expenditure category was transportation at \$52.1 million (23 percent), which includes payments on vehicles, gasoline and motor oil, and vehicle maintenance and repairs. Residents also spent a significant amount on entertainment (\$28.1 million, 12 percent of total expenditure), which includes fees and admissions to events or performances, audio/video services and equipment, and pets.

For comparison, the Study Area's retail demand is projected to grow approximately 8.8 percent between 2025 and 2030, a faster pace than Montville. In 2025, the Study Area households collectively spent \$2.5 billion, averaging about \$32,200 per household, with spending patterns that are slightly lower than Montville but at a higher level of purchasing power. By 2030, the Study Area's households are projected to spend about \$34,700 per household. Overall, Montville represents about 9 percent of the Study Area's retail demand across most categories, reflecting a small portion of the retail in the Study Area.

Figure 19
Montville Retail Demand Outlook

Retail Demand Outlook	2025 Consumer Spending	2025 Consumer Spending per Household	Percentage of Total Spending	2030 Forecasted Demand	2030 Forecasted Demand per Household
Food	\$75,898,540	\$10,800	33%	\$82,375,188	\$11,900
Transportation	\$52,141,533	\$7,400	23%	\$56,579,775	\$8,200
Entertainment & Recreation	\$28,058,645	\$4,000	12%	\$30,456,323	\$4,400
Travel	\$20,077,496	\$2,900	9%	\$21,799,553	\$3,200
Apparel and Services	\$16,126,673	\$2,300	7%	\$17,503,493	\$2,600
Household Operations	\$15,520,455	\$2,200	7%	\$16,846,998	\$2,500
Household Furnishings and Equipment	\$12,507,013	\$1,800	5%	\$13,574,476	\$2,000
Health	\$5,402,334	\$800	2%	\$5,861,639	\$900
Computer	\$1,766,270	\$300	1%	\$1,917,119	\$300
Total	\$227,498,959	\$32,500	100%	\$246,914,564	\$35,500

Source: ESRI Business Analyst, Retail Demand Outlook, 2026

Category Clusters

Consumer expenditures in the Study Area can be grouped into three major clusters that capture the structure of local retail demand: Food & Beverage (F&B), GAFO (General Merchandise, Apparel, Furniture & Other), and Neighborhood Goods & Services. In 2025, households in the Study Area are projected to spend approximately \$75.9 million, or \$10,800 per household (33 percent) on F&B, underscoring the central role of groceries and dining in the local retail economy. GAFO categories, which include apparel, furnishings, and other discretionary goods, account for about \$30.4 million, or \$4,400 per household (13 percent), while Neighborhood Goods & Services, which include transportation, health, household operations, entertainment & recreation, and travel, make up the largest share at \$121.2 million, or \$17,300 per household (53 percent).

Figure 20
Household Consumer Expenditures in Montville, 2025

Category	Total Spending (2025)	Per Household Spending	% of Total
Food & Beverage (F&B)	\$75,900,000	\$10,800	33%
GAFO (General Merchandise, Apparel, Furniture & Other)	\$30,400,000	\$4,400	13%
Neighborhood Goods & Services	\$121,200,000	\$17,300	53%
Total	\$227,500,000	\$32,500	100%

Source: ESRI Business Analyst, Retail Demand Outlook, 2026

Projected Retail Demand

By 2030, household spending in Montville is projected to rise to \$35,500 annually, with the largest gains expected in general merchandise and neighborhood goods & services categories.

This projected increase of \$19.4 million in consumer spending between 2025 and 2030 can be translated into potential new retail demand using sales-per-square-foot benchmarks. Using a local implied rate of \$150/SF¹⁰ up to a national benchmark of \$400/SF¹¹, with lower figures associated with secondary-market and boutique tenants and higher figures with national brands, large convenience stores, and entertainment.

Based on this range, the Montville could support approximately 48,500 – 129,300 SF of new retail space by 2030, if growth is captured locally. Within this total, Food & Beverage accounts for an estimated 16,300 – 43,300 SF, GAFO for 6,500 – 17,300 SF, and Neighborhood Goods & Service for 25,800 – 68,700 SF, reflecting the categories with the largest projected gains.

For policy and development planning, these trends point to rising opportunities in several areas:

- **Food service and grocery:** continued dominance across household spending categories
- **Transportation and mobility:** ongoing strength in auto-service demand reflective of Montville's commuter orientation
- **Entertainment and recreation:** expanding opportunities for family-oriented and smaller scale experiential retail that complements existing destinations
- **General retail and apparel:** modest but steady expansion potential tied to income growth and improved visibility along the corridors

Together, these category-level trends underscore that Montville's retail future will be led not by large-format regional shopping centers, but by incremental service- and experience-oriented retail growth concentrated along the Route 32 and Route 163 corridors.

¹⁰ Taking into account the \$227.5 M resident spending and ~853,000 SF of CoStar-tracked retail inventory

¹¹ Sales Per Square Foot: Retail Calculations & Metrics, Shopify 2024 (<https://www.shopify.com/retail/sales-per-square-foot>)

Figure 21
Montville Retail Demand Outlook¹²

Category	Est. Spending Growth 2025-2030 (\$M)	Est. Montville Demand 2030 (SF)
Total Retail	\$19.4	48,500 – 129,300
Food & Beverage	\$6.5	16,300 – 43,300
GAFO (General Merchandise, Apparel, Furniture & Other)	\$2.6	6,500 – 17,300
Neighborhood Goods & Services	\$10.3	25,800 – 68,700

Source: ESRI Business Analyst, Retail Demand Outlook, 2026

Retail Supply Conditions in Montville

Montville’s retail inventory consists of approximately 843,400 square feet across 96 buildings, translating to 47 square feet of retail per capita (as of 2024), compared to 74.1 square feet per capita in the broader Study Area.

This relatively low supply suggests that Montville is **under-retailed** compared to regional benchmarks, particularly considering its population size and corridor traffic volumes.

¹² Estimates reflect 2025–2030 spending growth and do not include capture rate assumptions or adjustments for worker spending. Square footage ranges are based on sales-per-SF benchmarks and represent potential supportable demand, not recommended new construction.

Figure 22
Retail Inventory in Montville and Study Area

	Inventory Buildings (2025)	Inventory SF (2025)	Retail SF/ Capita (2024)	Asking Rent PSF (2025)	Vacancy Rate (2025)
Montville	96	843,372	47.0	\$16.72	4.0%
Study Area	1,433	13,994,370	74.1	\$15.78	3.7%

Source: CoStar, 2026

Corridor Dynamics and Development Pattern

The Route 32 corridor serves as Montville’s primary commercial spine, containing the majority of retail and service-oriented businesses. Properties such as Dollar General (40,000 SF), TotalVision (7,092 SF), and Oriental Bar & Grill (16,000 SF) have recently been built or renovated, demonstrating the corridor’s capacity to attract and sustain newer retail investment.

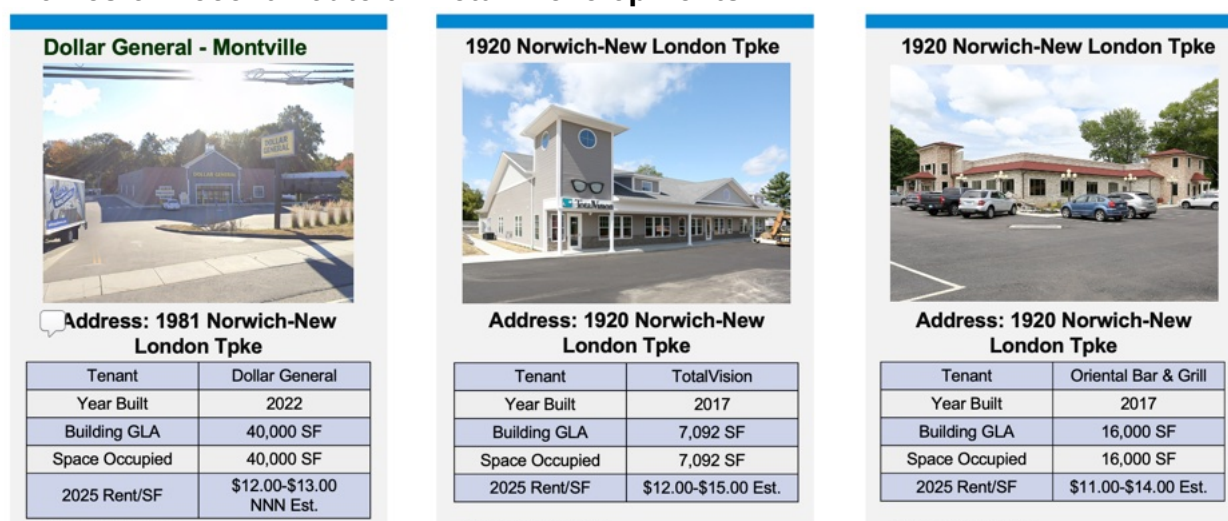
Despite this activity, Route 32 remains heavily auto-oriented, with limited pedestrian amenities, few crosswalks, and minimal streetscape enhancements. These factors hinder the potential for walkable retail clusters and discourage smaller-scale infill investment.

Route 163 is much less intensively developed but has opportunities for modest-scale neighborhood-serving retail or convenience-oriented uses, particularly where there is proximity to new or proposed residential development. Together, Routes 32 and 163 can support incremental, targeted retail expansion, especially formats compatible with auto access and small-scale service delivery.

The Route 32 corridor is generally well-covered for everyday convenience and neighborhood goods and services (grocery, pharmacy, gas, liquor, hardware, fitness, personal care, auto-related services, and banking), aligning with the largest spending cluster in the retail demand analysis. There is also a heavy concentration of food service, including multiple fast-food outlets and some diners though relatively few sit-down full-service restaurants. This partially tracks with Montville’s strong food and beverage spending but the overrepresentation of fast-food outlets may mean that additional generic quick-service concepts would mostly cannibalize existing businesses rather than fill a clear gap, such as the gap that exists in the supply of independent full-service restaurants.

By contrast, the corridor has very limited GAFO-style soft goods. There are only a few clothing/consignment and furniture outlets and essentially no national or regional general merchandise, specialty apparel, or home goods brands, despite projected growth in these GAFO categories. This, combined with several vacant storefronts, points to gaps in mid-priced apparel, home décor/home goods, small-format general merchandise (e.g., variety or specialty chains distinct from Dollar General), and experience-oriented retail (e.g., family entertainment, hobby, or pet-focused concepts) that could capture a larger share of discretionary spending now likely flowing to larger nearby retail centers in other municipalities.

Figure 23
Profiles of Recent Route 32 Retail Developments

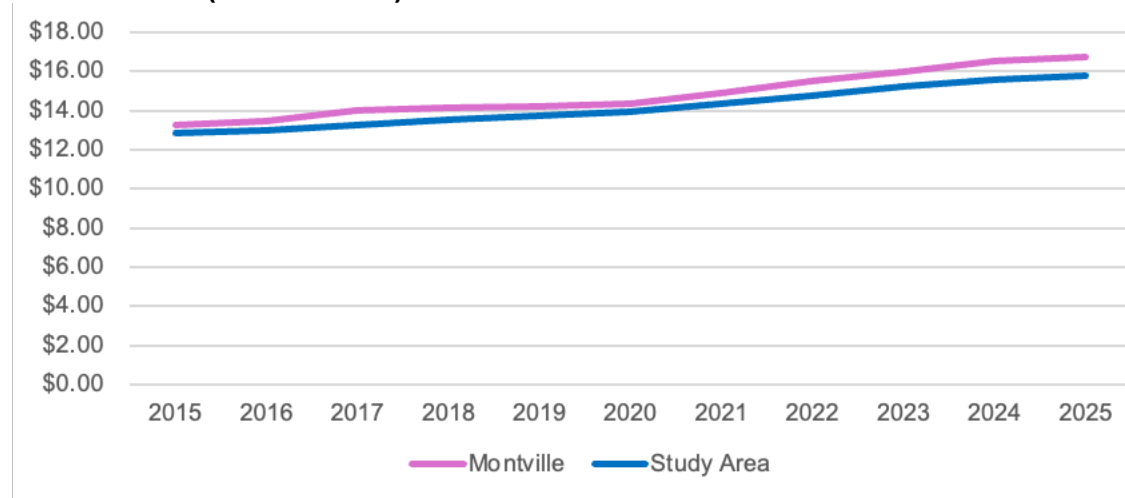


Source: CoStar, 2026

Retail Rents and Vacancy

Retail rents in Montville are slightly higher than the Study Area average—\$16.51 per square foot versus \$15.66 per square foot—despite fewer amenities and limited pedestrian infrastructure. This price premium, in the context of constrained inventory, signals latent retail demand that is not being fully met in the local market.

Figure 24
Retail Rents (2015 – 2025)

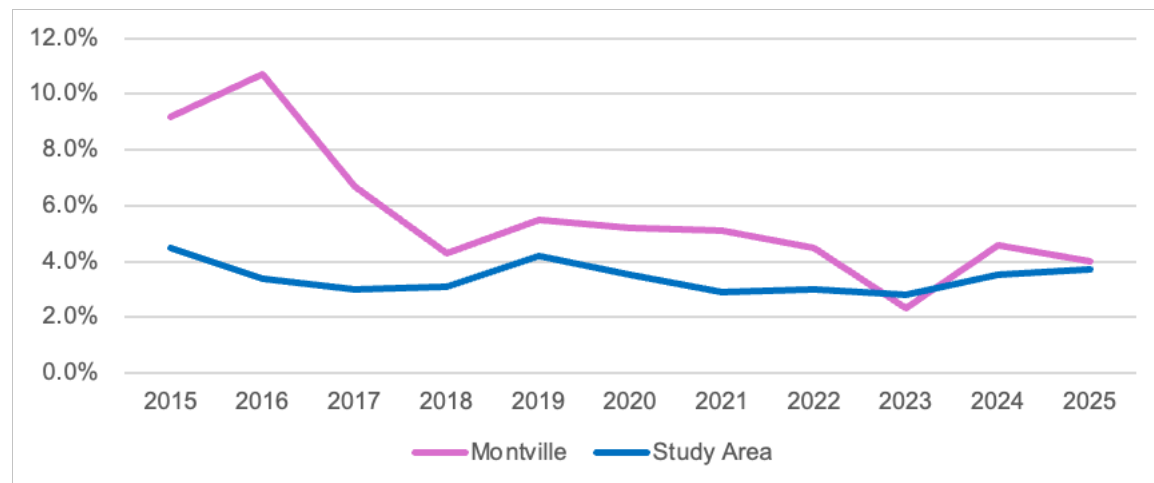


Source: CoStar 2026

Retail vacancy in Montville, while historically volatile (ranging from 2.3 percent to 10.6 percent), has stabilized in recent years, with current vacancy at 4.6 percent, only modestly above the Study Area average of 3.4 percent.

The stabilization of vacancy rates coupled with rising rents further underscores the viability of new or repositioned retail development.

Figure 25
Retail Vacancy (2015 – 2025)



Source: CoStar 2026

Retail Absorption

Between 2015 and 2025, Montville experienced a net retail absorption of approximately 135,000 square feet, a modest but positive trajectory that demonstrates relatively steady commercial activity despite regional market fluctuations. Absorption was strongest in 2015, 2017, and 2022, when multiple mid-sized tenants entered the market, reflecting periods of local retail reinvestment. While the town saw some short-term negative absorption in 2019 and 2024, these dips align with regional slowdowns tied to business closures and retail consolidation, rather than localized distress. Compared with the broader Study Area, which absorbed about 637,000 square feet over the same period, Montville captured a consistent share of regional demand given its limited inventory base and smaller retail footprint.

Figure 26
Retail Absorption in Montville and Study Area (2015 – 2025)

Year	Montville Absorption	Study Area Absorption
2015	30,959	116,447
2016	5,325	181,933
2017	38,723	91,755
2018	18,844	(2,143)
2019	(9,539)	46,062
2020	2,515	108,276
2021	1,063	154,685
2022	42,760	21,683
2023	18,603	51,890
2024	(19,763)	(106,310)
2025	5,311	(27,274)
Total Absorption	134,801	637,004

Source: CoStar 2026

Development Potential and Constraints

The combination of low square footage per capita, moderately rising rents, and positive spending growth positions Montville for moderate, incremental retail expansion. Within the Route 32 and Route 163 corridors, redevelopment potential is strongest in locations that can cluster daily-needs services such as those noted above rather than large-format retail.

Montville's retail absorption rate and retail demand and spending growth data for Montville from ESRI supports the addition of roughly 48,000 – 129,000 square feet of

new retail over five years, particularly convenience, food service, and specialty goods tenants designed to serve local households and commuters along the corridors.

Development should be targeted and incremental, focused on:

- Reuse of existing underperforming properties
- Small to medium-scale infill on Route 32
- Activity nodes near residential growth areas

In the current environment, retail attraction efforts should emphasize tenant formats that thrive in car-centric environments and meet local convenience needs, such as:

- Neighborhood grocers or specialty food shops
- General merchandise and discount retailers
- Quick-service and casual dining restaurants (note that more formal restaurants could be supported with future residential development along the Routes 32 and 163 corridors)
- Medical or professional service tenants
- Health and fitness tenants

Other Market Constraints to Consider

None of the traditional enclosed malls in the region serve as primary retail competition for Montville anymore. For example, the Crystal Mall in Waterford is closing and was recently acquired by Electric Boat for conversion into an engineering and training space in addition to potential residential use. Retail leakage and competitive pressures for retail in Montville now stem from open-air power centers, big-box clusters, and busy grocery and service anchors in Waterford, Lisbon, Groton, and East Lyme.

Efforts to expand retail in Montville should focus less on recapturing mall-oriented higher-order goods spending and more on capturing daily needs, convenience, and service retail demand, in addition to experiential retail. Investments in corridor amenities and neighborhood-scaled, locally oriented retail will be better positioned against this evolving competitive landscape.

The auto-oriented design of the corridors, particularly Route 32, limits walkability and retail visibility without large signs at a scale targeted to drivers. Both corridors lack continuous sidewalks, crosswalks, and streetscape amenities, which can hinder smaller scale retail.

It is also important to note that demographic stagnation impacts long-term scalability, suggesting that future retail growth in Montville will depend more on income and visitor spending, such as that on experiential retail, than on population expansion.

Addressing the Challenges of E-Commerce to Retail on Route 32

It must be noted that e-commerce is a major structural hurdle for GAFO in locations like Montville because online platforms now capture a disproportionate share of soft goods and department-store-type spending, and GAFO is among the most heavily penetrated categories by e-commerce nationally. This means that a relatively small market trying to support additional apparel, home furnishings, electronics, and hobby/book/music stores is competing not only with regional centers but also with online options that offer wider assortments, price transparency, and fast shipping, which can make traditional, undifferentiated GAFO formats in a secondary market retail corridor especially vulnerable.

To address this, GAFO in Montville would likely need to lean into formats and strategies that e-commerce cannot easily replicate, such as experience-rich and service-heavy concepts. These can include try-before-you-buy, alterations and fittings, and workshop concepts. Workshops in this context mean in-store, hands-on classes or demonstrations where customers learn a skill or try a product, instead of just browsing racks or shelves. The retailer uses some of its floor area and staff time to teach or host an activity tied to what it sells, so that the store functions partly as a classroom or studio and builds relationships, not just transactions.

These are curated retail experiences that build upon local identity and community rather than mass-market commodity goods. For Route 32, this could mean prioritizing GAFO tenants that use their physical space as a showroom and community hub tied to a strong online presence and supporting them with small-business technical assistance around e-commerce, digital marketing, and inventory systems so local shops compete as hybrid “brick and click” players instead of purely traditional storefronts.

Examples that could fit GAFO in a corridor like Route 32 or Route 163 include:

- A craft, fabric, or home décor shop offering sewing/mending nights, seasonal décor DIY, or upcycling workshops using its own supplies
- An outdoor, sporting goods, or hobby store running bike repair clinics, camping lessons, model-building nights, or game tournaments that feature its core merchandise
- An apparel or shoe store doing styling clinics, fit/alteration workshops, or other events
- A home goods or kitchen store hosting cooking classes, organization/home refresh sessions, or small-space design workshops that pull in related product sales

Potential Opportunity: Experiential Retail

The retail market in Montville may support a regional and national trend of experiential retail and family entertainment centers, formats that attract visitors by offering activity-based experiences rather than traditional goods and are thus more resilient in the face of e-commerce. Montville is home to Supercharged, one of New England's largest indoor family entertainment centers, featuring karting, trampoline amenities, and adventure attractions. Since its opening in 2017, Supercharged has drawn regional traffic and, along with Mohegan Sun, has further established Montville as an entertainment destination.

However, Supercharged is located outside the Route 32 and Route 163 corridors and closer to the industrial business district. Its scale and success demonstrate strong local and regional demand for experiential retail, but also signal that this sector may already be saturated in Montville, particularly for large-format entertainment centers. The presence of a major facility presents both a caveat and an opportunity: while additional large-scale family entertainment venues may risk oversaturating the market, there is still room for differentiated, niche experiential concepts. Escape rooms, boutique activity lounges, or hybrid entertainment formats could be successful if well-sited and designed to serve unmet local demand while complementing and not competing with Supercharged's core offerings.

The absence of experiential retail directly along the Route 32 and Route 163 corridors creates an opportunity for activity-based concepts at a neighborhood scale. These corridors, benefitting from strong auto accessibility and proximity to new residential development, could support smaller-scale experiential formats that activate daily retail nodes and encourage social interaction for families, teens, and young adults. Targeted investment in streetscape and site improvements can further enhance visibility and viability for new entertainment, health, and fitness tenants, anchoring Montville's retail strategy in evolving consumer preferences and the threats and challenges posed by online retail.

5. Office Market and Demand Assessment

Overview

Montville's office market is relatively healthy but small and not expansion-oriented, with stable rents, very low vacancy, and little near-term vacancy risk. New-build office demand is small and opportunities are confined to incremental tenant-driven or medical-service infill along Route 32. A successful strategy should focus on renovation and reuse, flexible professional space, and corridor enhancements that improve visibility and access rather than large-format new speculative office development.

Figure 27
Office Inventory (2025)

	Inventory Buildings (2025)	Inventory SF (2025)	Asking Rent PSF (2025)	Vacancy Rate (2025)
Montville	24	126,026	\$22.51	0.0%
Study Area	590	6,832,798	\$23.03	5.0%

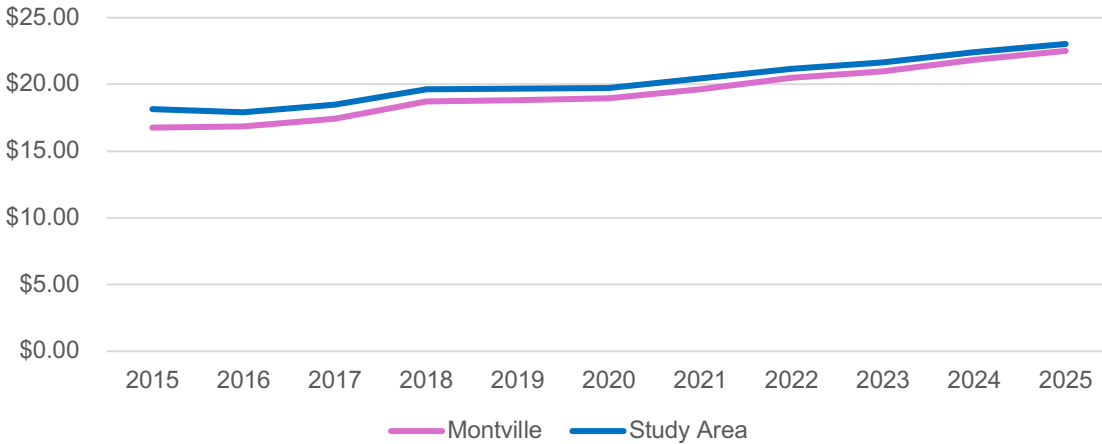
Source: CoStar 2026

Local Office Supply: Small but Stable and Competitive

The Town of Montville offers a modest but competitive office market, with a total inventory of 126,000 square feet across 24 buildings, primarily located along the Route 32 corridor. As of 2025, the average asking rent for Montville office space is \$22.51 per square foot, a notable increase of 34 percent since 2015. The current vacancy rate is effectively zero percent, down significantly from a high of 18 percent in 2015, reflecting a tightening market due largely to the absence of new office development over the past decade.

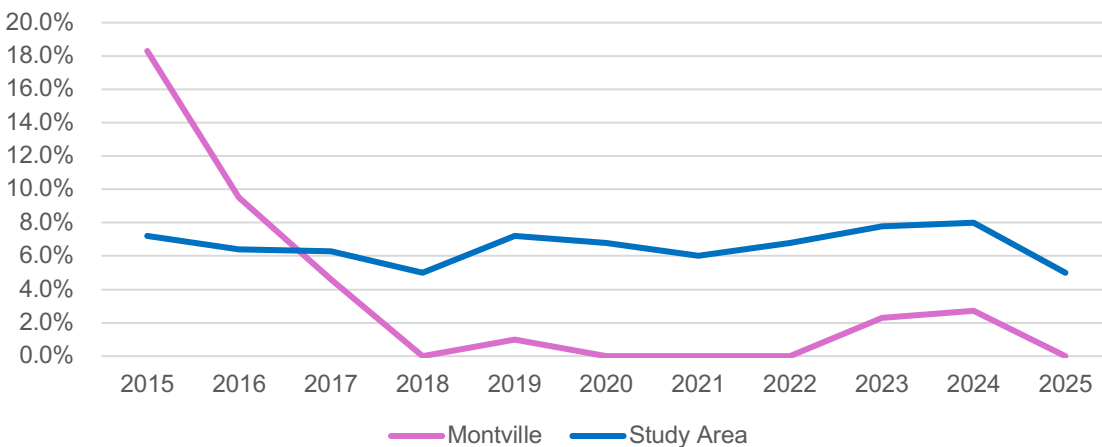
By comparison, the broader Study Area, which includes surrounding towns such as Norwich, Waterford, and New London, contains nearly 6.8 million square feet of office space across 590 buildings, with an average rent of \$23.03 per square foot and a higher, though still very small, vacancy rate of five percent. While Montville's office market is small in scale, its pricing and occupancy metrics suggest it remains healthy and competitive within the regional context.

Figure 28
Office Rent (2015 – 2025)



Source: CoStar 2026

Figure 29
Office Vacancy (2015 – 2025)



Source: CoStar 2026

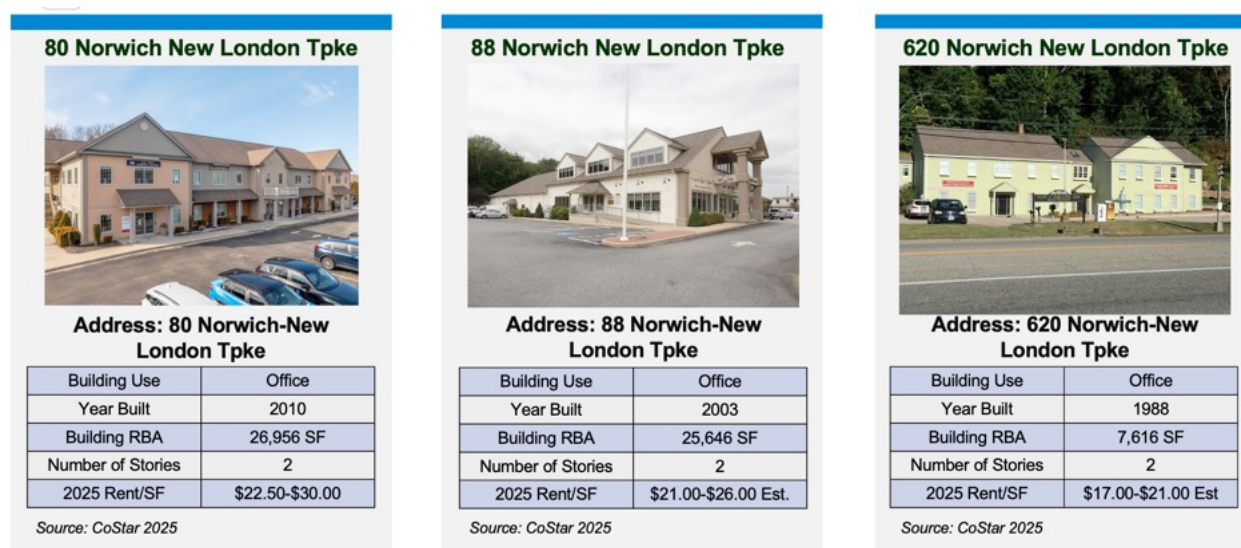
Market Context: Office Demand in a Changing Environment

The post-pandemic office environment in Connecticut and the U.S. has seen growing divergence in demand across sectors and geographies. In contrast to major metro areas where demand has softened, suburban markets with strong quality-of-life assets, affordable space, and easy access have experienced greater stability. Montville's office market fits this trend, with modest but steady demand from professional services, medical providers, and local institutions.

Office properties along Route 32, such as 80 Norwich-New London Turnpike (built in 2010, ~27,000 SF) and 88 Norwich-New London Turnpike (built in 2003, ~26,000 SF), have asking rents ranging from \$21 to \$30 per square foot, reflecting stable occupancy and moderate price appreciation. These properties generally offer two-story construction, ample parking, and proximity to retail and residential uses, making them attractive to small- to mid-sized- tenants.

Figure 30

Profiles of Recent Route 32 Office Developments



Development Pipeline: Limited Activity

Notably, there is **no new office development in the current regional pipeline**, either in Montville or the broader Study Area. This underscores the limited speculative interest in new office supply and reinforces the importance of maintaining and reinvesting in existing properties. Other commercial development activity in the pipeline, including retail, industrial, hospitality, and flex space, suggests that future land use demand may prioritize other asset classes over office.

Demand Outlook and Development Potential

Given Montville's strong occupancy and rent growth, there may be **limited but targeted opportunities for new office development**, particularly if tailored to underserved or growing demand segments. These may include:

- **Medical office space**, especially given proximity to Backus Hospital and other healthcare anchors in Norwich and New London
- **Professional services** catering to local government, legal, and financial industries
- **Co-working and flexible office solutions** that serve remote workers and small businesses without requiring long-term lease commitments.

While Montville's overall scale limits large-format office development, small infill projects (5,000–15,000 SF) or mixed-use developments with a modest office component could prove viable along Route 32, especially near key intersections or adjacent to new residential projects.

Constraints to Office Development

Several constraints should be considered:

- **Lack of speculative investment:** Lenders remain hesitant to finance new office construction in tertiary markets unless backed by a strong anchor tenant.
- **Zoning and infrastructure:** Existing zoning may require modification to support new formats or mixed-use development. Additionally, utility and broadband infrastructure must be evaluated to support modern office needs.
- **Tenant preferences:** Demand is increasingly driven by user preferences for amenity-rich, flexible, and sustainable space, which are features that may require retrofitting older office stock or thoughtful design in new projects.