



**OFFICE OF  
STATE TREASURER  
DENISE L. NAPIER**

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# NEWS

**FOR IMMEDIATE RELEASE**

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**State Pension Fund to Sell Hartford's Goodwin Square; Nappier Expects to Take Advantage of Strong Real Estate Market for Office Tower, Hotel**

*State Treasurer Expresses Confidence in City's Future, Cites Numerous Ongoing Projects; Will Seek Plans of Potential Buyers in Advance of Sale, Keep Mayor's Office Apprised*

Connecticut Treasurer Denise L. Nappier, principal fiduciary of the state's \$20 billion pension fund, said today the fund is moving forward to sell its ownership of Goodwin Square in downtown Hartford. The pension fund owns the 124-room five story historic hotel, 330,901 square foot 30-story office tower, adjoining atrium and eight-level parking garage.

"This sale will ultimately achieve our primary objective -- it will generate proceeds representing solid price performance for the pension fund," Nappier said. "At the same time, it will help to advance the city's economic renaissance without compromising the primary interest of the state's pension fund beneficiaries."

Strong demand for high quality real estate and historically low interest rates continue to drive real estate prices in Hartford, and the combination is expected to result in serious interest in the property from multiple investors with solid track records.

The Goodwin was originally built in 1881 and served as a home for Hartford-born J.P. Morgan, American's leading financier in the 19<sup>th</sup> century. It is on the National Registry of Historic Places.

The Treasurer said she has met with Hartford Mayor Eddie A. Perez regarding the proposed sale, and anticipates working closely with the Mayor's office throughout the process. "The Goodwin offers a tremendous opportunity to invest in Hartford's future, and we anticipate solid interest in this first-class property," said Mayor Perez. "We appreciate the diligence demonstrated by the State Treasurer's Office, and their concern for people as well as real estate. The City will certainly work with them to assure that this landmark property remains a stand-out in Hartford's dynamic and growing skyline, and an essential element to a vibrant downtown."

"Mayor Perez has worked tirelessly to foster economic growth in Hartford, and I fully expect that the Goodwin's future will be an essential element in that success," Nappier said, stressing that "the hotel and office tower complex is being marketed consistent not

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only with its current use, but also with a focus on attracting bidders that can preserve, if not enhance, the value of the current use and thereby help to further the quality of life in downtown Hartford.” Nappier also noted her sensitivity to the concerns of current tenants and employees and, in particular, the 85 union hotel workers.

“Let it be clear that any and all implications of the sale of this property have been and will continue to be taken into consideration. I am fully committed to attracting a buyer that is sensitive and responsive to the unique needs and desires of our capital city and its residents, and embraces a worker friendly environment,” Nappier said, adding that potential buyers will be specifically asked to identify their intentions regarding use of the property, current contracts and union-organized employees.

The pension fund, as property owner, has maintained the architectural and historical significance of Goodwin Square, with refurbishing work completed in recent years on the façade of the property, and steps taken to sustain it as a premier property during difficult economic times.

“We have invested money to maintain this property at a high level consistent with its premier position in the market,” Nappier said, noting that the Class A office tower is currently 85% occupied. In addition, within the past year the ground-level retail space has attracted new tenants, including a wine bar and restaurant, Bin 228, and Fiona Stone Boutique, a clothing store, demonstrating Hartford’s vibrant retail and restaurant market.

Nappier explained that some strategic revisions to the real estate asset class within the state pension fund portfolio have been central to the decision to sell the property at this time. Those revisions, approved earlier this year by the state’s Investment Advisory Council, will result in a restructuring of the pension fund’s real estate holdings to better diversify the real estate portfolio. The investment in Goodwin Square was not deemed to be consistent with the revised structure.

The hotel and office properties are connected by a five-story atrium, just across from the Hartford Civic Center and the future site of Hartford 21, a residential and retail complex that began construction earlier this year. The property also includes banquet facilities, private meeting rooms, a bar/lounge and a fitness center, with space that can accommodate an upscale restaurant. The atrium between the hotel and office tower has been utilized for a wide range of events, from corporate gatherings and weddings to community programs and charitable fundraisers. The hotel is the market’s premier boutique hotel and has hosted and contributed to the success of numerous City events.

In the mid and late 1980’s, prior to the pension fund’s involvement, the property was redeveloped. The state pension fund originally invested in the property, which includes both the hotel and adjacent office tower, in 1989. Subsequent to the pension fund’s investment, the property underwent a 12-month \$4 million restoration in 2001. The hotel’s brick and terra cotta exterior was cleaned and repaired as part of the project, and the roof and dormers were replaced.

AEW Capital Management, the real estate investment advisory firm, has recently assumed management of the investment for the State. In its role of investment advisor, AEW oversees the on site property managers that handle day-to-day operations. The office tower is managed by Servus Management Corporation and the hotel is managed by

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Tishman Hotel Corporation. Broker for the sale is CB Richard Ellis (CBRE), led by team leader John McCormick. In addition, CBRE has retained Suzanne Hopgood as a consultant to assist with the marketing of the hotel component. The sale is expected to be concluded next spring.

Hartford's renaissance includes a number of development initiatives, both public and privately funded, which are intended to yield a rich mix of commercial, residential, retail and entertainment projects that will help re-energize the Capital City and stimulate the region's economy.

"The decision to sell this premier property in downtown Hartford is a reaffirmation of my confidence in the City's future, and my conviction, consistent with my fiduciary responsibilities, that this is the right property at the right time, at what we expect will be the right price," Nappier said.

Nappier noted new projects and redevelopment or refurbishment projects already underway, or recently announced, include Hartford 21, Colt Gateway, WFSB's new broadcast headquarters, Trumbull Center, Trumbull on the Park, and the Hartford Hilton as well as the Connecticut Convention Center and Marriott Hotel downtown, both scheduled to open next year.

In July, 280 Trumbull Street was sold for \$65 million (nearly \$100 per square foot) and State House Square was sold last year to Norfolk, Virginia based-Harbor Group International. According to Real Capital Analytics, the volume of central business district asset sales nationwide has increased 72% in aggregate during the past 12 months. Along with sales volume, the average price per square foot has risen dramatically across the country. Nationwide the average price per square foot is up 73% from the 2<sup>nd</sup> quarter of 2002 to the first half of 2004.