



Old Lyme real estate firm preps \$154 million local investment



From left, READCO officials Mary Woome, senior property manager; Lea Engels, vice president of asset management; Michael Lech, president, and Lex Pellecchia, property manager, pose Aug. 28, 2023, in the real estate investment firm’s executive offices in Old Lyme. (Lee Howard/The Day)

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Old Lyme — In what it is calling a “new chapter of growth,” real estate investment firm **READCO** has announced plans over the next two years for projects totaling \$154 million in southeastern Connecticut.

The investment would double the firm’s current local portfolio.

READCO President Michael Lech, who grew up in Old Lyme and lives in Stonington, said Monday in an interview at his offices off Four Mile River Road that he is bullish on the region. In fact, the 20-person company, which has holdings along the East Coast, currently invests about a third of its portfolio in the region.

Among the more than 600,000 square feet of space READCO now owns locally are the East Lyme and Pawcatuck Stop & Shops, Regal Cinema in Waterford, McDonald’s in Pawcatuck and the vacant Citizens Bank building in New London; it also manages Hartford HealthCare sites in Mystic and Waterford. Lech said READCO’s pipeline projects include an office building for General Dynamics in Groton, a retail space in Groton and a not-yet-officially-proposed multifamily p

“This is a market that’s growing exponentially, and no 1.2 million it would be filled.”

But READCO’s new investments wouldn’t have been possible without an \$85 million divestiture of its entertainment portfolio as well as other retail and office assets, according to a release, as the company faced what Lech described as a bit of a financial crunch during the COVID-19 pandemic.

READCO had built several complexes for Hoyts Cinema in which Lech’s company owned the building, then received rent from the movie firm, he said. But with all the shutdowns during the pandemic, movie theaters were hit hard, and Hoyts went into bankruptcy.

This left READCO in a difficult position, as it had put the projects together with Hoyts by selling bonds that were now in danger of not being paid off.

“I’ve never defaulted on anything,” Lech said. “I’ve never even been late on anything.”

So the first thing he did was call the banks he worked with to let them know he had a plan and everything would be all right.

While some had doubted the wisdom of building out cinemas because they were seen as single-purpose structures, Lech said he quickly understood “it wasn’t about the box;” it was about the huge parking lots, the infrastructure of sewer and water and even the traffic lights nearby.

In other words, the value of the real estate far exceeded the value of the building itself. And that allowed READCO, Lech said, to get out from under a bunch of freestanding theaters all going on the market at about the same time.

Luckily, Lech still had the counsel of his father Leo, whose own career started by building Mini Marts back in the 1960s (Lech’s grandfather had the first supermarket in New Britain). Leo Lech, now living in Florida, eventually sold the business but kept the real estate, using the Mini Mart proceeds to buy big tracts of land in Old Lyme and elsewhere, putting up new developments such as Chestnut Hill.

Eventually, the elder Lech moved on to commercial projects, including an early one for Sennheiser Electronic Corp. at the Hatchetts Hill industrial park in Old Lyme. It was a deal that almost didn’t happen, and probably wouldn’t have happened had the younger Lech not spent many months in Austria as a ski and squash instructor after graduating from Syracuse University.

“Just sit there, don’t say anything, and just learn,” Lech, then in his mid 20s, remembered his dad instructing him as they met the president of Sennheiser, which designs and manufactures high-end sound equipment.

The meeting was just about to break up on a negative note when Lech decided to introduce himself in German, knowing that Sennheiser was a German-run business. Well, that broke the ice, and Sennheiser is now one of READCO’s longest-running tenants.

Others tenants locally include marine supplier Brunswick Corp. in Old Lyme, Yale New Haven Hospital in Old Saybrook and Applied Physical Sciences in Groton. The company also has developed 16 Walgreens within its market.

In all, a listing provided by Lech indicates READCO currently owns 623,706 square feet of industrial, office and retail space in southeastern Connecticut with a valuation of nearly \$156 million, and it manages an additional 118,513 square feet of space worth \$50 million.

On tap over the next two years, all acquired and fully funded according to Lech, will be another 580,000 square feet of office, retail, residential, industrial and medical space worth \$154 million.

“I think of myself and my company as changing southeastern Connecticut in a positive direction,” he said. “We don’t do anything selfishly just to maximize our returns. ... We think of everything that we do and how it fits into southeastern Connecticut.”

READCO also is increasing its holdings in two other key markets: southern Florida and the Washington, D.C., area, he said.

Mark Wolman, a principal and director of the Waterford Group who has been involved in developing and managing projects totaling over \$3 billion, said READCO oversaw management of property owned by his wife’s family and had done an outstanding job.

“He looks at things as if he owns it himself,” Wolman said.

He added that Lech’s focus on residential and medical properties locally seems to be spot-on given current trends in the real estate marketplace.

READCO in a news release said interest in suburban-based commercial spaces, catering to both residential and health care consumers, is in demand now.

adds a dimension of concierge service to the company. There is no consistent theme to which projects READCO chooses to do (mixed use, multifamily, industrial, retail, office); instead, he tries to remain disciplined and bid on projects according to what he is willing to pay. And right now he likes the southeastern Connecticut market for its affordability and promise.

“It is such a concentrated market. There is so much demand,” Lech said. “This area is going to be the place to be. ... I love the trajectory it’s on now.”

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William Satti August 29, 2023 at 08:41 Report

What a great article on a growing business. Nice to read about positive things happening in our region. Wishing READCO all the best on these business ventures and their future endeavors.

Lynn Young August 29, 2023 at 07:32 Report

I’m all for local cheerleading. Good luck READCO.

Scott Matson August 29, 2023 at 07:05 Report

It is relevant to business activity happening in our region.

Peter O’connor August 28, 2023 at 18:01 Report

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