

# MARKETBEAT

## Fairfield County

### Office Q2 2018



#### FAIRFIELD COUNTY OFFICE

##### Economic Indicators

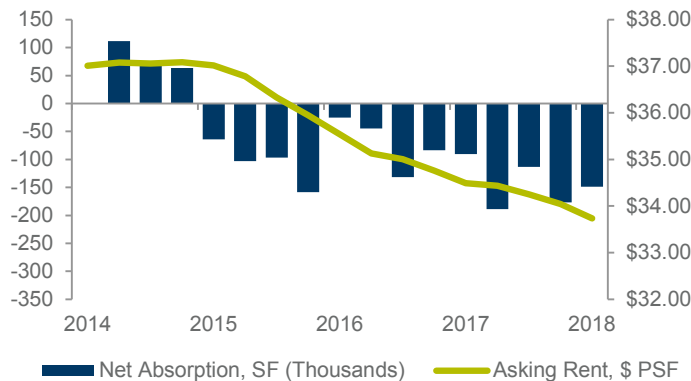
	Q2 17	Q2 18	12-Month Forecast
Fairfield Employment	465k	457k	▼
Fairfield Unemployment	4.6%	4.3%	▲
U.S. Unemployment	4.3%	3.8%	▼

##### Market Indicators (Overall, All Classes)

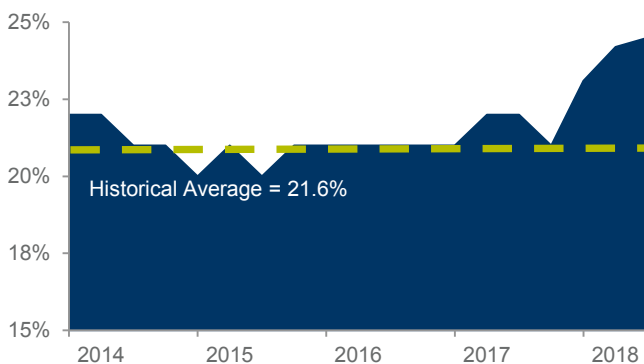
	Q2 17	Q2 18	12-Month Forecast
Vacancy	23.2%	24.5%	▼
YTD Net Absorption (sf)	-549k	-687k	▲
YTD Leasing (sf)	1.1M	1.2M	▲
Average Asking Rent*	\$33.98	\$32.47	▼

\*Rental rates reflect gross asking \$psf/year

##### Overall Net Absorption/Overall Asking Rent 4-QTR TRAILING AVERAGE



##### Overall Vacancy



### Economy

Despite strong national economic progress, Fairfield County shed nearly 8,000 jobs since the start of 2017—a year-over-year drop of 1.4% in total employment. Similarly, the unemployment rate in the county contracted by 30 basis points (bps) from one year ago, registering 4.3% at mid-year 2018. The dip in overall employment and the unemployment rate point to a shrinking labor force participation rate.

### Market Overview

New leasing activity increased by a nominal 4.2% over the last twelve months, registering 1.1 million square feet (msf) at the end of the second quarter. The South Central and Greenwich submarkets had the largest year-over-year increase in leasing demand, up 72.3% and 45.6%, respectively. Stamford, however, continued to lead the county in overall deal volume, recording 390,490 square feet (sf) in new leasing activity, albeit down 18.8% from one year ago.

Despite the slight uptick in demand, the overall vacancy rate for the county continued its upward ascent in the second quarter, increasing 30 bps quarter-over-quarter and 130 bps from one year ago to 24.5%. Stamford registered the largest addition of space over the past 12 months, with overall vacancy rising 390 bps to 30.6%. Notable tenant relocations and consolidations, such as Glencore's relocation to 330 Madison Avenue in Manhattan from Three Stamford Plaza and Icon International's consolidation from Four Stamford Plaza to 1055 Washington Boulevard and One East Weaver Street in Stamford and Greenwich, were predominate drivers in Stamford's overall rising vacancy rate. Conversely, downtown Greenwich registered the largest year-over-year drop in overall vacancy, dropping by 330 bps to 12.8%.

Fairfield County overall average asking rents fell by \$1.51 per square foot (psf) over the last twelve months to \$32.47. Strong demand in the Greenwich market, combined with the leasing of higher-priced large blocks of space, contributed the most to the county's overall average asking rent depreciation. Notably, Greenwich's overall average asking rent decreased by \$13.18 psf to \$51.71 over the last twelve months.

### Outlook

Leasing activity is projected to stay on pace with last year, though vacancy is anticipated to rise as tenants continue to find more efficient use for their office space. Transport-orientated markets, like Stamford, could see a resurgence in activity by local and out of market tenants, which may lead to lower office vacancy rates for these centrally located markets.

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## Fairfield County

### Office Q2 2018



SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)**	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (ALL CLASSES)*	OVERALL AVERAGE ASKING RENT (CLASS A)*
Stamford CBD	7,258,726	136,605	1,902,714	28.1%	-171,456	-171,430	247,613	0	\$46.02	\$47.47
Greenwich CBD	1,798,516	25,596	204,568	12.8%	32,773	16,722	129,811	0	\$90.00	\$90.64
<b>CBD TOTALS</b>	<b>9,057,242</b>	<b>162,201</b>	<b>2,107,282</b>	<b>25.1%</b>	<b>-138,683</b>	<b>-154,708</b>	<b>377,424</b>	<b>0</b>	<b>\$50.48</b>	<b>\$51.71</b>
Greenwich Non-CBD	2,232,586	14,347	496,109	22.9%	12,310	26,067	45,071	0	\$40.97	\$40.33
Stamford Non-CBD	9,015,096	694,003	2,241,129	32.6%	-116,820	-420,393	142,877	0	\$30.00	\$34.60
<b>NON-CBD TOTALS</b>	<b>11,247,682</b>	<b>708,350</b>	<b>2,737,238</b>	<b>30.6%</b>	<b>-104,510</b>	<b>-394,326</b>	<b>187,948</b>	<b>0</b>	<b>\$31.63</b>	<b>\$35.56</b>
Darien/New Canaan	635,747	0	133,913	21.1%	2,300	-3,181	10,897	0	\$32.47	\$32.53
Norwalk	5,820,074	136,744	1,450,836	27.3%	-59,530	-57,183	314,923	0	\$27.17	\$31.62
Wilton	1,628,687	82,892	345,455	26.3%	12,969	-33,604	22,135	0	\$33.45	\$34.35
<b>SOUTH CENTRAL TOTALS</b>	<b>8,084,508</b>	<b>219,636</b>	<b>1,930,204</b>	<b>26.6%</b>	<b>-44,261</b>	<b>-93,968</b>	<b>347,955</b>	<b>0</b>	<b>\$28.89</b>	<b>\$32.62</b>
Westport	1,261,364	29,709	192,936	17.7%	-24,913	-17,798	17,920	0	\$41.93	\$43.45
Fairfield/Southport	740,262	2,477	45,495	6.5%	671	-16,471	15,725	0	\$31.34	\$34.26
<b>CENTRAL TOTALS</b>	<b>2,001,626</b>	<b>32,186</b>	<b>238,431</b>	<b>13.5%</b>	<b>-24,242</b>	<b>-34,269</b>	<b>33,645</b>	<b>0</b>	<b>\$39.91</b>	<b>\$42.14</b>
Bridgeport	1,041,478	1,350	175,180	16.9%	6,254	-3,582	10,844	0	\$21.83	\$24.07
Shelton/Stratford	3,569,520	1,829	349,167	9.8%	36,387	-1,166	123,804	0	\$18.37	\$20.01
Trumbull	1,217,058	71,100	440,548	42.0%	-10,619	-10,619	7,381	0	\$14.17	\$19.22
<b>EASTERN TOTALS</b>	<b>5,828,056</b>	<b>74,279</b>	<b>964,895</b>	<b>17.8%</b>	<b>32,022</b>	<b>-15,367</b>	<b>142,029</b>	<b>0</b>	<b>\$17.25</b>	<b>\$21.35</b>
Greater Danbury	3,214,576	0	505,903	15.7%	4,770	5,573	61,004	0	\$24.75	\$25.34
<b>FAIRFIELD TOTALS</b>	<b>39,433,690</b>	<b>1,196,652</b>	<b>8,483,953</b>	<b>24.5%</b>	<b>-274,904</b>	<b>-687,065</b>	<b>1,150,005</b>	<b>0</b>	<b>\$32.47</b>	<b>\$37.78</b>

BUILDING CLASS	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (DIRECT)*	OVERALL AVERAGE ASKING RENT*
Class A	30,172,187	1,132,183	6,044,873	23.8%	-243,997	-648,980	877,505	0	\$37.78	\$37.78
Class B	9,261,503	64,469	2,439,080	27.0%	-30,907	-38,085	272,500	0	\$26.75	\$23.53

\*Rental rates reflect gross asking \$psf/year  
 \*\*Does not include renewals

### Key Lease Transactions Q2 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
Six Research Drive, Shelton	47,765	Survey Sampling International	Renewal	Eastern
200 First Stamford, Place	30,590	Cenveo	New Lease	Stamford CBD
42 Old Ridgebury Road, Danbury	30,230	Owl Cyber Defense Solutions	New Lease	Greater Danbury
Two Armstrong Road, Shelton	28,962	Lanxess	New Lease	Eastern
Three Riverbend Center, Stamford	20,770	Stamford Hospital	New Lease	Stamford Non-CBD
600 Steamboat Road, Greenwich	20,000	Eagle Point Credit Company	New Lease	Greenwich CBD
600 Steamboat Road, Greenwich	20,000	Eldridge Industries	New Lease	Greenwich CBD

### Key Sales Transactions Q2 2018

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
320/330 Boston Post Road, Darien	79,287	Normandy Real Estate Partners / Fletcher Development	\$4,935,000 / \$62.24	South Central
One Gorham Island Road, Westport	40,897	Gorham Island Associates / Maplewood Senior Living	\$23,250,000 / \$568.50	Central

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