

# MARKETBEAT

## Fairfield County

### Office Q3 2018



#### FAIRFIELD COUNTY OFFICE

##### Economic Indicators

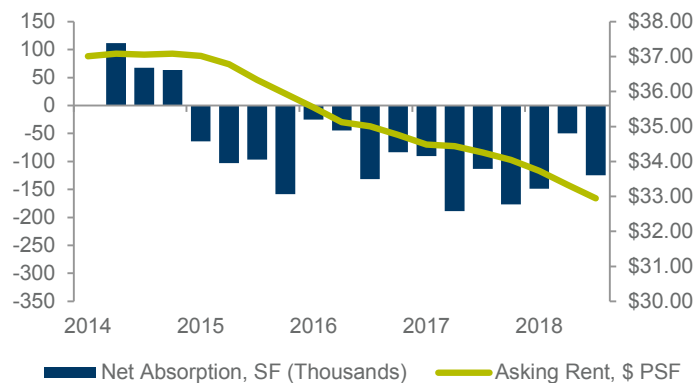
	Q3 17	Q3 18	12-Month Forecast
Fairfield Employment	463k	463k	▲
Fairfield Unemployment	4.4%	4.0%	▼
U.S. Unemployment	4.4%	3.9%	▼

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

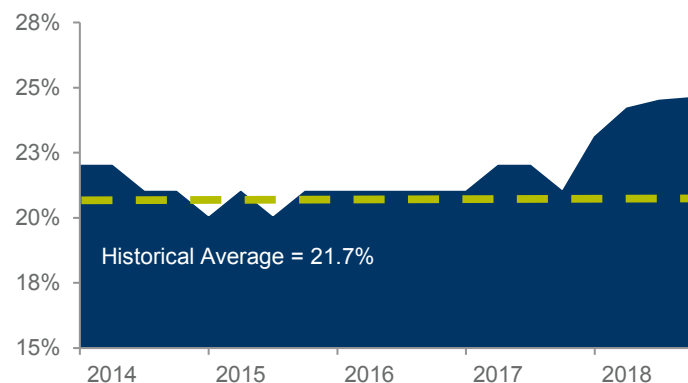
	Q3 17	Q3 18	12-Month Forecast
Vacancy	23.6%	24.6%	▼
YTD Net Absorption (sf)	-753k	-788k	▲
YTD Leasing (sf)	1.66M	2.06M	▲
Average Asking Rent*	\$33.78	\$32.21	▼

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

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



##### Overall Vacancy



## Economy

Fairfield County registered four consecutive months of rising total employment, ending the third quarter of 2018 with 4,122 more jobs than what was recorded at the start of the year. Similarly, the overall unemployment rate continued to inch lower in the third quarter, dropping 40 basis points (bps), year-over-year, to 4.0%, 10 bps above the national average of 3.9%.

## Market Overview

Leasing activity surged in the third quarter as demand was 63.6% higher compared to this time last year, with 907,849 square feet (sf) transacted. Stamford led the county in transactional volume, accounting for approximately 53.0% of the total square footage leased. Similarly, Greenwich CBD recorded nearly a 27.0% year-over-year increase in year-to-date demand, registering 165,223 sf at the close of the third quarter. Despite the notable uptick in demand, supply remains relatively abundant.

The overall vacancy rate ended the third quarter at 24.6%, marking a 100-bp increase from this time in 2017. Most of the uptick in supply is largely attributed to notable vacancies in the Stamford CBD and Non-CBD—more specifically, 800 Long Ridge Road, which added approximately 275,000 sf to the statistical sample earlier this year. As a result, the Stamford Non-CBD registered the largest year-over-year increase in vacancy, up 420 bps to 32.5%, while the CBD submarket increased by 190 bps to 28.7%. Conversely, Greenwich CBD's overall vacancy rate dropped a noteworthy 610 bps to 9.8%—the lowest rate in more than five years.

Average asking rents in the county declined \$1.57 per square foot (psf) over the last twelve months, ending the third quarter at \$32.21. The notable decline can be attributed to strong demand in the Greenwich CBD market, where higher-priced large blocks of space were removed from the statistical sample. More than 121,000 sf was removed from the Greenwich CBD submarket so far this year, which had an average rate of \$95.20 psf.

## Outlook

Leasing activity is projected to outpace last year's annual demand, with most of the activity being concentrated in transport-oriented markets. Although demand is anticipated to grow, overall supply continues to be a challenge. The abundance of large blocks of space that proliferate the market pose an obstacle for landlords in a market where tenants are economizing on space.

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### Office Q3 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	171,573	1,913,933	28.7%	-811,562	-214,931	869,718	532,258	\$45.89	\$47.34
Greenwich CBD	1,798,516	8,394	168,098	9.8%	43,001	59,965	165,223	0	\$89.96	\$90.65
<b>CBD TOTALS</b>	<b>9,057,242</b>	<b>179,967</b>	<b>2,082,031</b>	<b>25.0%</b>	<b>-768,561</b>	<b>-154,966</b>	<b>1,034,941</b>	<b>0</b>	<b>\$49.45</b>	<b>\$50.84</b>
Greenwich Non-CBD	2,232,586	9,424	496,503	22.7%	5,924	31,991	86,870	0	\$40.89	\$40.45
Stamford Non-CBD	9,015,096	684,669	2,243,755	32.5%	-111,440	-443,015	232,488	0	\$29.97	\$34.41
<b>NON-CBD TOTALS</b>	<b>11,247,682</b>	<b>694,093</b>	<b>2,740,258</b>	<b>30.5%</b>	<b>-105,516</b>	<b>-411,024</b>	<b>319,358</b>	<b>0</b>	<b>\$31.95</b>	<b>\$35.50</b>
Darien/New Canaan	635,747	0	159,933	25.2%	-26,020	-29,201	14,877	0	\$34.35	\$34.46
Norwalk	5,820,074	88,365	1,429,135	26.1%	40,623	-15,863	333,558	0	\$27.22	\$31.71
Wilton	1,628,687	68,345	355,004	26.0%	-30,772	-64,376	40,794	0	\$33.64	\$34.60
<b>SOUTH CENTRAL TOTALS</b>	<b>8,084,508</b>	<b>156,710</b>	<b>1,944,072</b>	<b>26.0%</b>	<b>-16,169</b>	<b>-109,440</b>	<b>389,229</b>	<b>0</b>	<b>\$29.20</b>	<b>\$33.06</b>
Westport	1,261,364	39,121	210,858	19.8%	-27,505	-45,303	38,994	0	\$40.93	\$42.32
Fairfield/Southport	740,262	2,477	71,481	10.0%	-24,781	-42,457	18,125	0	\$31.24	\$31.83
<b>CENTRAL TOTALS</b>	<b>2,001,626</b>	<b>41,598</b>	<b>282,339</b>	<b>16.2%</b>	<b>-52,286</b>	<b>-87,760</b>	<b>57,119</b>	<b>0</b>	<b>\$38.41</b>	<b>\$39.95</b>
Bridgeport	1,041,478	1,350	194,148	18.8%	-18,930	-22,550	10,844	0	\$21.61	\$24.08
Shelton/Stratford	3,569,520	1,829	349,093	9.8%	-895	-2,258	162,380	0	\$18.82	\$20.56
Trumbull	1,217,058	74,610	455,851	43.6%	-16,848	-27,467	16,793	0	\$14.33	\$19.00
<b>EASTERN TOTALS</b>	<b>5,828,056</b>	<b>77,789</b>	<b>999,092</b>	<b>18.5%</b>	<b>-36,673</b>	<b>-52,275</b>	<b>190,017</b>	<b>0</b>	<b>\$17.47</b>	<b>\$21.58</b>
Greater Danbury	3,214,576	0	486,862	15.1%	16,888	27,197	67,190	0	\$24.77	\$25.44
<b>FAIRFIELD TOTALS</b>	<b>39,433,690</b>	<b>1,150,157</b>	<b>8,534,654</b>	<b>24.6%</b>	<b>-962,317</b>	<b>-788,268</b>	<b>2,057,854</b>	<b>532,258</b>	<b>\$32.21</b>	<b>\$37.40</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	1,118,236	6,111,013	24.0%	-978,336	-789,194	1,730,194	0	\$37.41	\$37.40
Class B	9,261,503	31,921	2,423,641	26.5%	16,019	926	327,660	0	\$23.58	\$23.58

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

### Key Lease Transactions Q3 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
40 Danbury Road, Wilton	41,469	Louis Dreyfus	Renewal	South Central
677 Washington Boulevard, Stamford	35,848	KPMG	New Lease	Stamford CBD
1 American Lane, Greenwich	21,278	Blue Sky Studios	Expansion	Greenwich Non-CBD
600 Steamboat Road, Greenwich	20,000	Security Benefit	New Lease	Greenwich CBD
9 West Broad Street, Stamford	15,733	Waypoint Residential	Expansion/Renewal	Stamford CBD

### Key Sales Transactions Q3 2018

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
48 Monroe Turnpike, Trumbull	252,948	Oxford Health Plans, Inc. / Senior Living Development LLC	\$3,250,000 / \$12.85	Eastern
535 Connecticut Avenue, Norwalk	174,581	Matrix Realty Group, Inc. / Hanover Real Estate Partners	\$16,450,000 / \$94.23	South Central

Cushman & Wakefield  
 107 Elm Street, 8th Floor  
 Stamford, CT 06902  
 cushmanwakefield.com

For more information, contact:  
 Lori Albert, *Director*  
 Tel: +1 212 841 7876  
 lori.albert@cushwake.com

Steven Fiore, *Analyst*  
 Tel: +1 203 326 5867  
 steven.fiore@cushwake.com

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