

# MARKETBEAT

## Fairfield County

### Office Q4 2018



#### FAIRFIELD COUNTY OFFICE

##### Economic Indicators

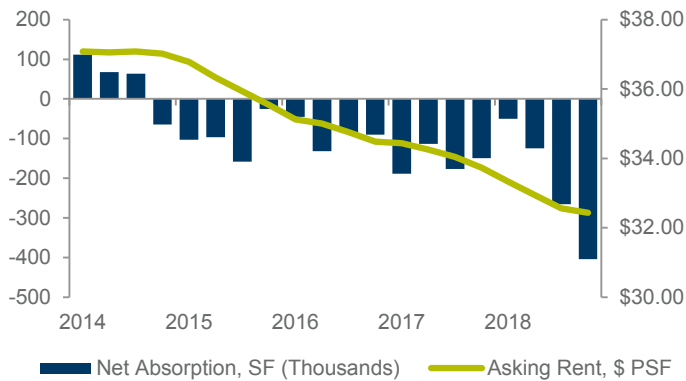
	Q4 17	Q4 18	12-Month Forecast
Fairfield Employment	460k	465k	▲
Fairfield Unemployment	4.3%	4.0%	▼
U.S. Unemployment	4.1%	3.7%	▼

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

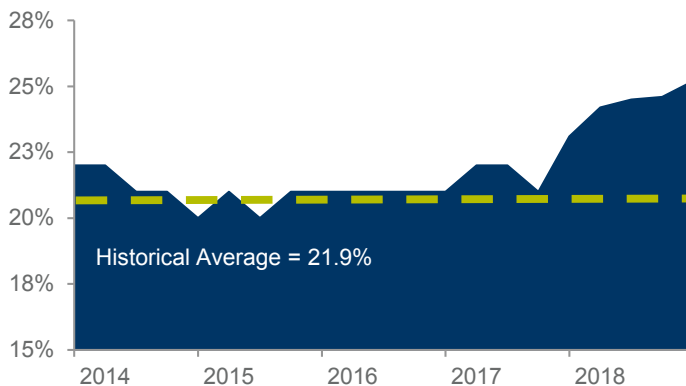
	Q4 17	Q4 18	12-Month Forecast
Vacancy	23.1%	25.3%	▼
YTD Net Absorption (sf)	-596k	-1.1M	▲
YTD Leasing (sf)	2.32M	2.63M	▲
Average Asking Rent*	\$33.00	\$32.47	▼

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

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



##### Overall Vacancy



### Economy

Fairfield County added 5,455 new jobs throughout 2018, contributing to 35.1% of Connecticut's year-over-year net job growth. Despite the unemployment rate declining by 31 basis points (bps) from 2017 to 4.0%, it remained 30 bps higher than the national average of 3.7%.

### Market Overview

Demand for office space continued to trend upwards in 2018 with overall leasing activity outpacing 2017's annual demand by 13.2%. Despite having a 31.8% vacancy rate, nearly one of every three new lease transactions in 2018 occurred in Stamford, which accounted for 50.4% of Fairfield County's overall leasing. Tenants, however, continued to economize on space with the average transaction size falling approximately 17.1% below the five-year historical average of 10,218 square feet (sf) to 8,475 sf.

With tenants taking less space, the overall vacancy rate in Fairfield County increased 220 bps in 2018 to 25.3%. Stamford registered the sharpest year-over-year increase in vacancy—460 bps to 31.8%, which was mainly attributed to GE Energy making its entire building available at 800 Long Ridge Road. Conversely, Greenwich recorded a noteworthy 250-bp year-over-year drop in its overall vacancy rate to 16.5%. Most of the decline in Greenwich's overall vacancy rate was attributed to strong demand in the Central Business District (CBD), which fell 470 bps to 9.4%, making it one of the only submarkets in the county with a sub-10.0% vacancy rate.

Overall average asking rents in Fairfield County continued to inch lower in 2018, declining by \$0.53 per square foot (psf) to \$32.47. Stamford's overall average asking rent ticked upward in 2018 by \$1.42 psf to \$37.21.

### Outlook

As tenants continue to densify, expect overall leasing activity to start to taper in 2019 with a slight increase in supply. Submarkets that have access to efficient public transportation networks and building amenities will continue to drive growth in the future.

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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	198,527	1,976,104	30.0%	-112,521	-327,452	924,210	532,258	\$45.94	\$47.39
Greenwich CBD	1,798,516	8,394	160,034	9.4%	8,064	68,029	210,437	0	\$88.77	\$90.78
<b>CBD TOTALS</b>	<b>9,057,242</b>	<b>206,921</b>	<b>2,136,138</b>	<b>25.9%</b>	<b>-104,457</b>	<b>-259,423</b>	<b>1,134,647</b>	<b>532,258</b>	<b>\$50.20</b>	<b>\$51.58</b>
Greenwich Non-CBD	2,232,586	16,248	481,644	22.3%	-2,747	29,783	139,200	0	\$41.61	\$42.24
Stamford Non-CBD	9,015,096	736,882	2,261,662	33.3%	-154,484	-466,895	398,220	0	\$29.98	\$34.38
<b>NON-CBD TOTALS</b>	<b>11,247,682</b>	<b>753,130</b>	<b>2,743,306</b>	<b>31.1%</b>	<b>-157,231</b>	<b>-437,112</b>	<b>537,420</b>	<b>0</b>	<b>\$31.64</b>	<b>\$35.63</b>
Darien/New Canaan	635,747	0	164,835	25.9%	-3,218	-34,103	17,912	0	\$34.15	\$34.26
Norwalk	5,820,074	112,216	1,490,627	27.5%	-89,829	-106,034	478,872	0	\$27.16	\$31.85
Wilton	1,628,687	43,345	359,491	24.7%	-4,487	-68,863	40,794	0	\$33.83	\$34.79
<b>SOUTH CENTRAL TOTALS</b>	<b>8,084,508</b>	<b>155,561</b>	<b>2,014,953</b>	<b>26.8%</b>	<b>-97,534</b>	<b>-209,000</b>	<b>537,578</b>	<b>0</b>	<b>\$29.24</b>	<b>\$33.21</b>
Westport	1,261,364	41,621	219,465	20.7%	-11,107	-56,410	54,256	0	\$40.06	\$41.38
Fairfield/Southport	740,262	2,477	62,812	8.8%	6,457	-33,788	26,921	0	\$32.01	\$31.78
<b>CENTRAL TOTALS</b>	<b>2,001,626</b>	<b>44,098</b>	<b>282,277</b>	<b>16.3%</b>	<b>-4,650</b>	<b>-90,198</b>	<b>81,177</b>	<b>0</b>	<b>\$38.26</b>	<b>\$39.41</b>
Bridgeport	1,041,478	9,554	206,265	20.7%	-20,935	-43,485	29,844	0	\$22.61	\$24.09
Shelton/Stratford	3,569,520	4,449	353,632	10.0%	-7,358	-9,616	199,670	0	\$18.84	\$20.71
Trumbull	1,217,058	83,670	453,895	44.2%	-7,104	-34,571	24,402	0	\$14.25	\$18.51
<b>EASTERN TOTALS</b>	<b>5,828,056</b>	<b>97,673</b>	<b>1,013,792</b>	<b>19.1%</b>	<b>-35,397</b>	<b>-87,672</b>	<b>253,916</b>	<b>0</b>	<b>\$17.63</b>	<b>\$21.71</b>
Greater Danbury	3,214,576	0	509,494	15.8%	-34,431	4,565	80,968	0	\$24.75	\$25.49
<b>FAIRFIELD TOTALS</b>	<b>39,433,690</b>	<b>1,257,383</b>	<b>8,699,960</b>	<b>25.3%</b>	<b>-433,700</b>	<b>-1,078,840</b>	<b>2,625,706</b>	<b>532,258</b>	<b>\$32.47</b>	<b>\$37.70</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	1,217,502	6,231,422	24.70%	-317,122	-1,024,125	2,134,141	532,258	\$37.70	\$37.70
Class B	9,261,503	39,881	2,468,538	27.10%	-116,578	-54,715	491,565	0	\$23.77	\$23.77

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

### Key Lease Transactions Q4 2018

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
201 Merritt 7, Norwalk	93,899	Reed Exhibitions	New Lease	South Central
15 River Road, Wilton	50,804	Blue Buffalo	Renewal*	South Central
6 Greenwich Office Park, Greenwich	31,305	Orthopedic & Neurological Surgery Specialist	New Lease	Greenwich Non-CBD
750 East Main Street, Stamford	26,206	Parfums De Coeur	New Lease	Stamford CBD
100 Washington Boulevard, Stamford	23,919	SpringWorks Therapeutics	Sublease	Stamford Non-CBD
761 Main Avenue, Norwalk	22,597	ICR, Inc.	Renewal/Expansion*	South Central

\*Renewal portion not included in leasing statistics

### Key Sales Transactions Q4 2018

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
39 Old Ridgebury Road, Danbury	1,200,000	Matrix Realty Group / Summit Development	\$17,000,000 / \$14	Greater Danbury
100 W Putnam Avenue, Greenwich	39,348	Rockpoint Group / Torchlight Investors	\$130,000,000 / \$878	Greenwich CBD

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