

## Central Connecticut Industrial

### Economic Indicators

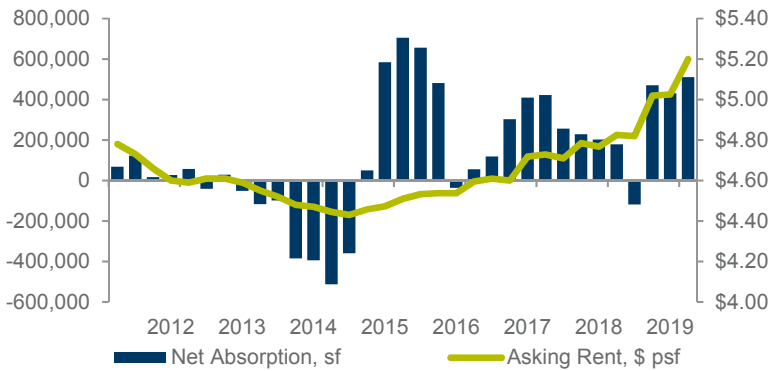
	Q2 18	Q2 19	12-Month Forecast
Connecticut Employment	1.82M	1.84M	▲
Connecticut Unemployment	4.2%	3.8%	▲
U.S. Unemployment	3.9%	3.6%	▼

### Market Indicators (Overall, All Product Types)

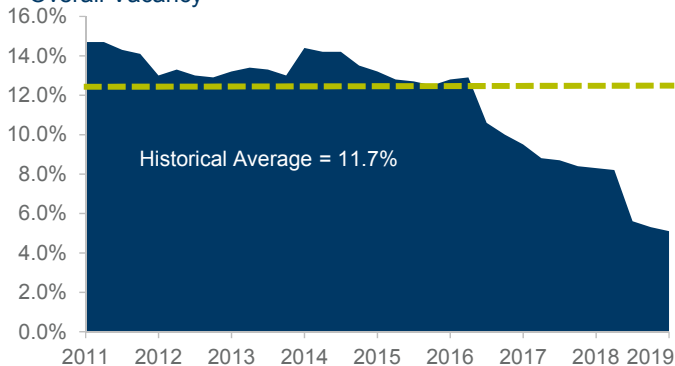
	Q2 18	Q2 19	12-Month Forecast
Vacancy	8.2%	5.1%	▲
YTD Net Absorption (sf)	370k	530k	▲
Under Construction (sf)	2.1M	855k	▲
Average Asking Rent*	\$4.90	\$5.65	▲

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

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



### Overall Vacancy



### Economic Overview

As of July 2019, Connecticut’s economy hit eight years of consecutive employment growth. According to *The Connecticut Economic Digest*, overall employment will continue to increase – estimated at 1.1% over the next two-year period. Leading this growth is a strong central Connecticut industrial economy with the three sectors that have the largest two-year gains—manufacturing, transportation, and warehousing.

In the manufacturing sector, job growth continues to outperform most of the country with a 2.8% growth rate between 2016 and 2018—compared to a 2.6% national average. The manufacturing of transportation equipment is one of the driving factors of these strong gains. eCommerce retailers looking to set up distribution centers across the state continue to drive job growth within the transportation and warehouse sector. With the continued expansion of transportation and eCommerce distribution, the central Connecticut industrial economy will remain a driver in job growth through the second half of 2019.

### Market Overview

Another strong semester set new standards for limited overall availability (7.3%), manufacturing availability (5.2%) and record asking rents (\$5.65 NNN). As expected in a booming market, overall asking rents increased 15% over the past 12 months to \$5.65 per square foot (psf) triple net (NNN). Steady demand across all sectors caused availability rates to hit a historical low of 7.3% - down 80 basis points (bps) from the 2018 record lows. The manufacturing sector (5.2% available) continues to outperform the record low availability of the local warehouse sector (7.4 % available); with strong demand in the aerospace and defense industries as a driving force.

The warehouse sector, which makes up 52% of the total market inventory, was another leader in market fundamentals. The Northern Hartford warehouse market (and Windsor specifically) saw the most activity with over 300,000 sf of positive absorption year-to-date. Significant leases contributing to this figure include Fabbrica USA committing to 135,000 sf at 1 Market Circle, Rolled Alloys taking an 80,000 square-foot building at 620 Pigeon Hill Road, and TCI Tire Center leasing 63,500 sf at 330 Stone Road.

In Northern New Haven, warehouse availability and vacancy remained tight at 3.5% and 1.5%, respectively. Because of limited availability, few transactions have been executed in 2019. One small scale transaction was a 20,000 square-foot deal by Rowland Technologies at 25 Research Parkway in Wallingford. Research Parkway is on track to become a hotbed for new warehouse product as Calare Properties has an application to build two new warehouse facilities on the former Bristol Myers-Squibb site. This 1.0 million square-foot project will have clear heights of 38 feet and will accommodate the growing demand for fulfillment centers and high-bay distribution.

### Outlook

The outlook for the central Connecticut industrial market has never been brighter. Economic and market forces have aligned to make the market more attractive than the overheated adjacent markets in Boston and Northern New Jersey. New large speculative product, regionally competitive leasing rates, favorable employment availability, comparative occupancy costs and the optimism of a new state government suggest the next year will continue or even improve the historically favorable climate.

MARKETBEAT

# Central Connecticut

Industrial Q2 2019



SUBMARKET	INVENTORY (SF)	YTD LEASING ACTIVITY (SF)	YTD SALES ACTIVITY (SF)	OVERALL AVAILABILITY RATE	YTD NET OVERALL ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL WEIGHTED AVG. NET RENT (HT)	OVERALL WEIGHTED AVG. NET RENT (MF)	OVERALL WEIGHTED AVG. NET RENT (W/D)	OVERALL WEIGHTED AVG. NET RENT (All)
Hartford	4,970,893	54,900	24,900	8.6%	(132,000)	-	N/A	\$6.31	\$6.621	\$6.29
Western Hartford	18,434,904	95,774	110,349	4.0%	544,420	-	\$5.46	\$4.45	\$3.67	\$4.29
Southern Hartford	15,274,172	182,590	117,010	8.1%	1,288,600	-	\$5.86	\$5.00	\$5.04	\$5.18
Eastern Hartford	23,702,884	422,088	100,566	10.2%	(908,724)	-	\$8.39	\$4.78	\$5.78	\$5.75
Northern Hartford	31,701,209	354,682	226,080	5.6%	465,307	-	\$5.26	\$5.37	\$4.92	\$5.09
<b>HARTFORD SUBTOTAL</b>	<b>94,084,062</b>	<b>1,110,034</b>	<b>578,905</b>	<b>7.0%</b>	<b>1,257,518</b>	<b>0</b>	<b>\$5.81</b>	<b>\$5.11</b>	<b>\$5.38</b>	<b>\$5.35</b>
New Haven	2,343,565	34,000	N/A	5.1%	151,787	-	N/A	N/A	\$5.95	\$5.95
Western New Haven	10,469,748	98,495	134,912	6.2%	(41,187)	-	\$5.94	\$3.45	\$5.32	\$45.48
Route 8 Corridor	5,560,421	29,000	27,866	12.2%	147,560	-	\$5.29	\$3.91	\$4.13	\$4.20
Northern New Haven	24,993,119	368,068	171,036	8.0%	341,579	855,000	\$8.03	\$5.66	\$5.44	\$6.78
Eastern New Haven	4,282,716	23,995	N/A	6.6%	22,988	-	\$10.17	\$11.69	\$4.85	\$8.88
<b>NEW HAVEN SUBTOTAL</b>	<b>47,649,569</b>	<b>553,558</b>	<b>333,814</b>	<b>7.8%</b>	<b>622,727</b>	<b>855,000</b>	<b>\$7.78</b>	<b>\$6.08</b>	<b>\$4.93</b>	<b>\$6.15</b>
<b>CENTRAL CT TOTAL</b>	<b>141,733,631</b>	<b>4,602,717</b>	<b>5,711,222</b>	<b>7.3%</b>	<b>1,880,245</b>	<b>855,000</b>	<b>\$7.16</b>	<b>\$5.45</b>	<b>\$5.25</b>	<b>\$5.65</b>

\*Rental rates reflect asking \$PSF/year

MF = Manufacturing W/D = Warehouse/Distribution

## Key Lease Transactions Year-to-Date 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
359 Ellington Road, South Windsor	200,000	Coca Cola	New Lease	Northern Hartford
Moosup Pond Distribution Center	535,000	Walgreens	New Lease	Hartford Outlying
1 Market Circle, Windsor	135,000	Fabbrica USA	New Lease	Northern Hartford
620 Pigeon Hill Road, Windsor	80,000	Rolled Alloys	New Lease	Northern Hartford
330 Stone Road, Windsor	63,500	TCI Tire Centers	New Lease	Northern Hartford

## Key Sales Transactions Year-to-Date 2019

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
Rubenstein Portfolio (Manchester, Windsor, Cheshire)	659,900	Rubenstein Properties/The Silverman Group	\$29,974,996 / \$44.06	Various
15 & 35 NE Industrial Rd., Branford	93,214	Neurogen Corp./Benerofe Properties Corporation	\$16,900,000 / \$181.30	Eastern New Haven
1210 Silas Deane Highway, Wethersfield	106,200	1210 Silas Deane Highway LLC/Phoenix 1210 LLC	\$3,900,000 / \$37	Southern Hartford
123 Whiting Street, Plainville	110,350	Whiting and Broad Street Associates/123 Whiting Street LLC	\$3,525,000 / \$32	Western Hartford
Manchester Industrial Park, Manchester	310,542		\$12,915,000 / \$41.58	Eastern Hartford

†Renewal – not included in leasing activity statistics

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