

# MARKETBEAT

## Fairfield County

### Office Q2 2019



#### FAIRFIELD COUNTY OFFICE

##### Economic Indicators

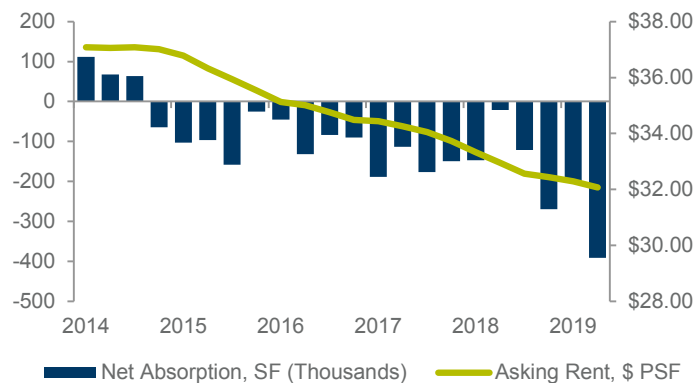
	Q2 18	Q2 19	12-Month Forecast
Fairfield Employment	460k	463k	▲
Fairfield Unemployment	4.1%	3.3%	▼
U.S. Unemployment	3.9%	3.6%	▼

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

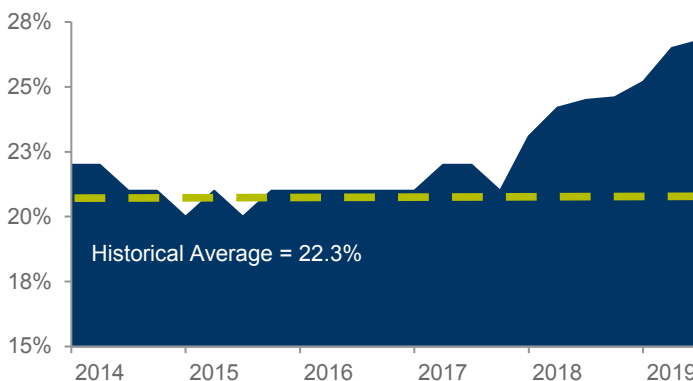
	Q2 18	Q2 19	12-Month Forecast
Vacancy	24.5%	26.8%	▼
YTD Net Absorption (sf)	-18.7k	-362k	▲
YTD Leasing (sf)	1.15M	1.21M	▲
Average Asking Rent*	\$32.47	\$31.59	▼

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

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



##### Overall Vacancy



##### Economy

Connecticut job growth expanded by 1.9% over the last 12 months, recording an increase of approximately 34,768 jobs. Similarly, non-farm employment grew by 11.3% from the first half of 2018. Fairfield County contributed to approximately 17.0% of the state's year-over-year job growth, adding 5,852 jobs since midyear 2018. Likewise, unemployment continued to inch lower in the second quarter, falling 80 basis points (bps) from the second quarter of 2018 to 3.3%.

##### Market Overview

Year-to-date overall leasing activity increased 5.2% from this time last year, recording 1.2 million square feet (msf) of new transactions. Stamford continued to absorb the majority share of leasing activity, accounting for 58.1% of county-wide demand. WWE's relocation to 677 Washington Boulevard earlier this year for 415,266 square feet (sf) accounted for 57.0% and 34.3% of Stamford and Fairfield County's year-to-date deal volume, respectively.

Vacancy increased by 30 bps during the quarter to 26.8%, and climbed by 230 bps from 24.5% one year ago. The notable surge in vacancy was attributed to the repurposing of 39 Old Ridgebury Road in Danbury, where more than 436,000 sf of space was added to the market. Similarly, more than 120,000 sf of sublease space was added to the downtown Greenwich market over the last 12 months, causing a 290-bp increase in the Greenwich CBD's overall vacancy rate to 15.7%.

The average asking rate for space in the county contracted \$0.88 per square foot (psf) over the last 12 months to \$31.59. The Greater Danbury submarket registered the largest year-over-year drop in the county, falling by \$5.55 psf to \$19.20 due to the addition of 436,000 sf at 39 Old Ridgebury Road, priced at just \$18.50 psf. Conversely, Greenwich registered a \$0.87 psf increase since the second quarter of last year to \$52.58 psf.

##### Outlook

Demand is anticipated to stay relatively modest over the next six months; however, activity has picked up around several requirements in excess of 500,000 sf. Vacancy is projected to drop across the county as large corporate tenants begin to migrate into newly outfitted space, with the largest declines in vacancy occurring in the Stamford and South Central submarkets. Transportation and amenity-rich areas remain a focus amongst corporate tenants.

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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	245,831	1,968,257	30.5%	-90,265	-65,112	626,638	532,258	\$44.64	\$46.10
Greenwich CBD	1,798,516	148,857	133,108	15.7%	-85,548	-130,846	41,841	0	\$92.83	\$94.52
<b>CBD TOTALS</b>	<b>9,057,242</b>	<b>394,688</b>	<b>2,101,365</b>	<b>27.5%</b>	<b>-175,813</b>	<b>-195,958</b>	<b>668,479</b>	<b>532,258</b>	<b>\$48.80</b>	<b>\$50.33</b>
Greenwich Non-CBD	2,232,586	4,973	454,306	20.6%	-17,757	57,454	47,908	0	\$41.63	\$41.41
Stamford Non-CBD	9,015,096	735,186	2,189,472	32.8%	-59,852	18,526	76,305	0	\$30.40	\$34.17
<b>NON-CBD TOTALS</b>	<b>11,247,682</b>	<b>740,159</b>	<b>2,643,778</b>	<b>30.1%</b>	<b>-77,609</b>	<b>75,980</b>	<b>124,213</b>	<b>0</b>	<b>\$32.33</b>	<b>\$35.65</b>
Darien/New Canaan	635,747	0	188,776	29.7%	-12,266	0	22,771	0	\$34.28	\$34.36
Norwalk	5,820,074	261,437	1,508,548	30.4%	-8,687	-148,098	94,997	0	\$27.78	\$33.13
Wilton	1,628,687	29,272	383,808	26.0%	-12,116	-25,551	26,104	0	\$33.72	\$34.49
<b>SOUTH CENTRAL TOTALS</b>	<b>8,084,508</b>	<b>300,709</b>	<b>2,081,132</b>	<b>29.5%</b>	<b>-33,069</b>	<b>-198,513</b>	<b>143,872</b>	<b>0</b>	<b>\$29.72</b>	<b>\$33.80</b>
Westport	1,261,364	23,472	171,299	15.4%	26,444	46,841	67,990	0	\$40.92	\$42.85
Fairfield/Southport	740,262	9,590	72,301	11.1%	-5,705	-16,302	25,239	0	\$32.59	\$31.71
<b>CENTRAL TOTALS</b>	<b>2,001,626</b>	<b>33,062</b>	<b>243,600</b>	<b>13.8%</b>	<b>20,739</b>	<b>30,539</b>	<b>93,229</b>	<b>0</b>	<b>\$38.45</b>	<b>\$40.29</b>
Bridgeport	1,041,478	9,554	250,884	25.0%	-10,695	-42,235	8,383	0	\$20.96	\$24.16
Shelton/Stratford	3,569,520	3,329	376,207	10.6%	-48,409	-23,571	79,837	0	\$18.57	\$19.66
Trumbull	856,239	83,670	198,816	33.0%	-5,835	5,079	50,313	0	\$15.51	\$18.00
<b>EASTERN TOTALS</b>	<b>5,467,237</b>	<b>96,553</b>	<b>825,907</b>	<b>16.9%</b>	<b>-64,939</b>	<b>-60,727</b>	<b>138,533</b>	<b>0</b>	<b>\$18.72</b>	<b>\$20.70</b>
Greater Danbury	3,082,016	0	956,719	31.0%	-13,279	-13,494	41,605	0	\$19.20	\$19.19
<b>FAIRFIELD TOTALS</b>	<b>38,828,311</b>	<b>1,565,171</b>	<b>8,852,501</b>	<b>26.8%</b>	<b>-343,970</b>	<b>-362,173</b>	<b>1,209,931</b>	<b>532,258</b>	<b>\$31.59</b>	<b>\$34.80</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	30,072,187	1,493,978	6,655,653	27.1%	-232,308	-298,760	1,008,228	532,258	\$34.74	\$34.80
Class B	8,756,124	71,193	2,196,848	25.9%	-111,662	-63,413	201,703	0	\$24.67	\$24.67

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

\*\*Does not include renewals

### Key Lease Transactions 2019 YTD

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
677 Washington Boulevard, Stamford	415,266	WWE	New Lease	Stamford CBD
200 Elm Street, Stamford	44,684	Diageo	New Lease	Stamford CBD
400 Atlantic Street, Stamford	18,391	Charter Communications	New Lease	Stamford CBD
55 Corporate Drive, Trumbull	16,994	CooperSurgical	New Lease	Eastern
40 Danbury Road, Wilton	16,033	Talivty	New Lease	South Central
263 Tresser Boulevard, Stamford	16,032	Finacity Corporation	New Lease	Stamford CBD

### Key Sales Transactions 2019 YTD

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
600 Washington Boulevard, Stamford	450,000	Royal Bank of Scotland / Rubenstein Partners	\$163,000,000 / \$362.22	Stamford CBD
55-57 Greens Farms, Westport	122,600	The Silverman Group / JEM Holdings, LLC	\$31,739,914 / \$258.89	Central

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