

## NEW HAVEN OFFICE

### Economic Indicators

	Q2 18	Q2 19	12-Month Forecast
New Haven Employment	377.3k	377.6k	▲
New Haven Unemployment	4.5%	4.0%	▲
U.S. Unemployment	3.9%	3.6%	▼

\*Numbers above are quarterly averages

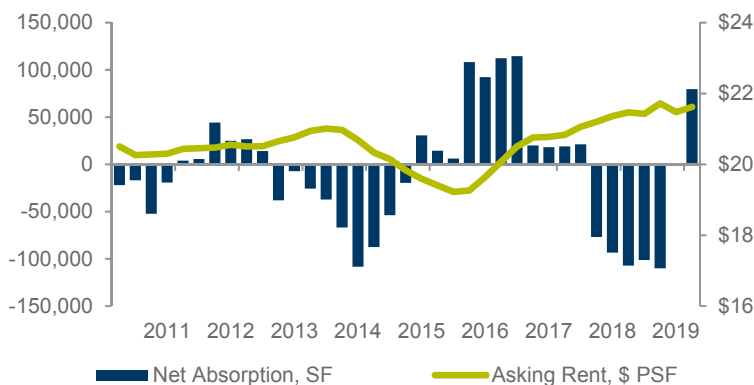
### Market Indicators (Overall, All Classes)

	Q2 18	Q2 19	12-Month Forecast
Vacancy	13.4%	12.6%	■
YTD Net Absorption (sf)	-40k	316k	■
Under Construction (sf)	0k	0k	■
Average Asking Rent*	\$21.37	\$21.94	■

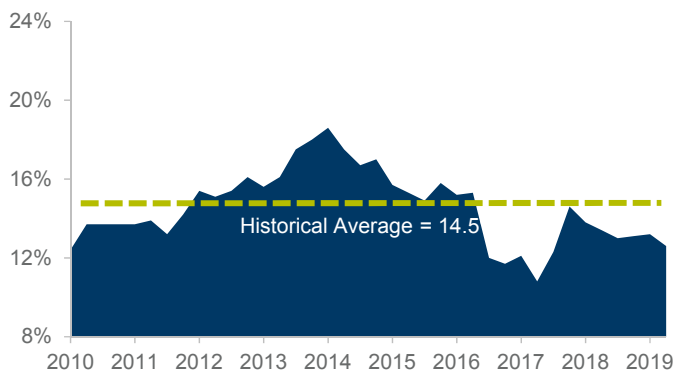
\*Rental rates reflect gross asking \$psf/year

### Overall Net Absorption/Direct Asking Rent

#### 4-QTR TRAILING AVERAGE



### Overall Vacancy



## Economic Overview

July officially marks the 10th birthday of the economic expansion – the longest in history, according to the National Bureau of Economic Research (NBER). While the growth rate is one of the most sluggish on record, the expansion has officially surpassed the decade-long technology boom of the 1990s.

A fundamental shift in the economy – from one based on goods to one largely based on services – including analytics, apps and other technological solutions has occurred. In oversimplified terms, the foundation of the US economy has shifted from hardware to software.

The shift has obvious economic impacts such as the creation of jobs and contribution to GDP growth. But the software industry is also contributing intelligence – which reduces the time and cost associated with many functions. Tariff-driven trade wars may present an immediate economic threat, but the fundamental shift in how we do business means growth is theoretically limitless. We can't say for certain when (or if) a recession will occur. But we do know that there is no economic law that says the expansion must end.

## Market Overview

As Yale University undertakes a 10-year expansion plan of its STEM (science, technology engineering and math) programs, it continues to contribute to the growth and appeal of the New Haven region.

The New Haven office market ended the first half of the year in positive territory – with market fundamentals strengthening year-over-year. Overall vacancy and availability are down 270 basis points (bps) and 60 bps, respectively in the past 12 months. The average weighted asking rent remained essentially flat during the same time.

Highlight deals include Yale and Invicro's leases at 100 College Street, New Haven. Yale committed to 250,000 square feet (sf) while Invicro leased 40,000 sf. Both firms will backfill a block formerly occupied by Alexion – which relocated to Boston in 2018.

## Outlook

Banner mid-year absorption figures point to the growing allure of New Haven as a life science hub. Anchored by Yale and Yale New Haven Health System, the region provides access to world class research and medical facilities.

As we have seen in other life science/technology cores (such as Boston), there is a clustering effect when it comes to new and growing entities. Ongoing private investment, paired with growing local companies (such as Arvinas, which employs nearly 100 people at Science Park) means New Haven will remain on solid ground for the foreseeable future.

## MARKETBEAT

## Greater New Haven

Office Q2 2019



SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	TOTAL AVAILABLE (SF)	TOTAL AVAILABILITY RATE	TOTAL VACANT (SF)	TOTAL VACANCY RATE	YTD NET ABSORPTION (SF)	CNSTR DELIVERIES (SF)	AVERAGE ASKING RENT (OFFICE)	AVERAGE ASKING RENT (CLASS A)*
New Haven CBD	35	3,236,042	427,969	13.2%	321,855	9.9%	298,500	0	\$22.28	\$27.22
Periphery	20	2,477,213	438,485	17.7%	327,782	13.2%	10,357	0	\$25.02	\$27.50
Eastern New Haven	16	573,457	52,766	9.2%	44,651	7.8%	10,938	0	\$13.85	\$13.85
Western New Haven	41	1,775,647	470,066	26.5%	207,730	11.7%	9,259	0	\$19.89	\$20.03
Northern New Haven	65	2,651,327	558,699	21.1%	442,659	16.7%	-13,211	0	\$20.83	\$24.04
<b>NEW HAVEN TOTAL</b>	<b>177</b>	<b>10,713,686</b>	<b>1,947,985</b>	<b>18.2%</b>	<b>1,344,677</b>	<b>12.6%</b>	<b>315,843</b>	<b>0</b>	<b>\$21.94</b>	<b>\$23.78</b>

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

BUILDING CLASS	TOTAL BLDGS	INVENTORY (SF)	TOTAL AVAILABLE <sup>†</sup> (SF)	TOTAL AVAILABILITY RATE <sup>†</sup>	TOTAL VACANT (SF)	TOTAL VACANCY RATE	YTD NET ABSORPTION (SF)	CNSTR DELIVERIES (SF)	AVERAGE ASKING RENT (OFFICE)
Class A	51	4,992,997	1,251,405	25.1%	827,255	16.6%	292,173	0	\$23.78
Class B	126	5,720,689	696,580	12.2%	517,422	9.0%	23,670	0	\$18.62

## Key Lease Transactions Year-to-Date 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
100 College Street, New Haven	250,000	Yale University	New Lease	CBD
100 College Street, New Haven	40,000	Invicro	New Lease	CBD
555 Long Wharf Drive, New Haven	11,040	BioXcel Therapeutics	New Lease	Periphery

## Key Sales Transactions Year-to-Date 2019

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
202 & 204 Cherry Street, Milford	22,800	LM Cherry Street LLC / Real Estate Netz Milford LLC	\$4,875,000 / \$214	Western New Haven
57 Plains Road, Milford	17,346	57 Plains Road LLC/Plains Professional Center LLC	\$3,400,000 / \$196	Western New Haven
1030 South Main Street, Cheshire	11,350	H.E.R.B Realty LLC / Napolitano Dietrich 1030 LLC	\$1,900,000 / \$167	Northern New Haven

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