

## HARTFORD OFFICE

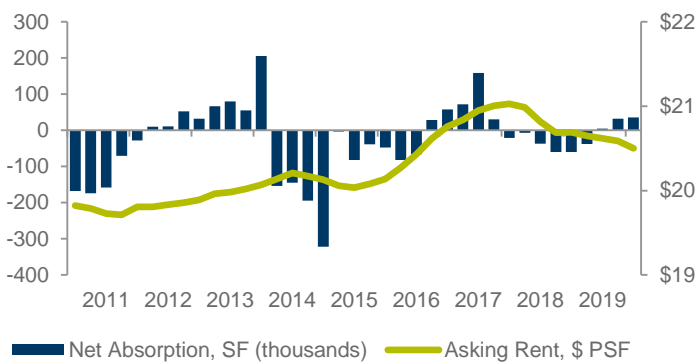
Economic Indicators	Q3 18	Q3 19	12-Month Forecast
Hartford Employment	644.9k	647.7k	▲
Hartford Unemployment	3.9%	3.5%	▲
U.S. Unemployment	3.8%	3.7%	▲

\*Numbers above are quarterly averages

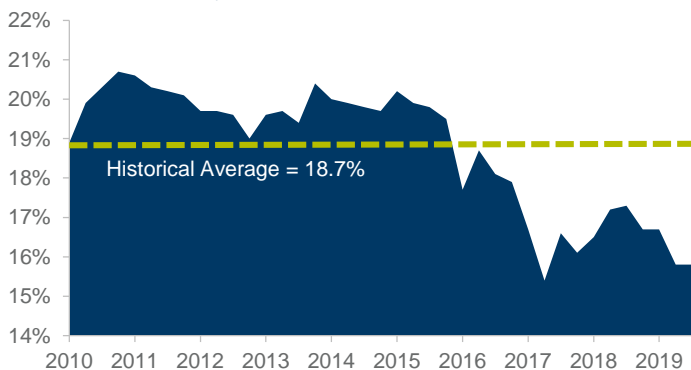
Market Indicators (Overall, All Classes)	Q3 18	Q3 19	12-Month Forecast
Overall Vacancy	17.3%	15.8%	■
YTD Net Absorption (sf)	-146k	80k	■
Under Construction (sf)	24.9k	24.9k	■
Average Asking Rent*	\$20.91	\$20.56	■

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

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



### Overall Vacancy



### Economic Overview

Despite signs of economic strength (like low unemployment), both consumers and businesses have pulled back on investment over the past 60 days. Market turbulence, including a dip in long-term bond yields and trade-related uncertainty, is reflecting concerns that the US-China trade war is damaging business confidence. Combined with rising tariffs, this could signal a potential economic slowdown.

Here in Hartford, the commercial real estate industry's response to the economy has been conservative and measured. New development is moderate, corporate footprints (for the most part) are shrinking and while rents are solid across most of the region, landlords are going out of their way to cater to tenants – with building upgrades and onsite amenities. Because of this overall restraint, when the end of the expansion arrives, we do not anticipate an impact as severe as we experienced in 2000 and 2008.

### Market Overview

In the Hartford Central Business District (CBD), fundamentals were essentially static quarter-over-quarter. Overall availability was relatively flat dropping only 20 basis points (bps) to 19.5% while overall net absorption ticked up slightly to negative 11,588 square feet (sf) year-to-date. At 15.1%, vacancy rose 40 bps from the previous quarter, but has declined 60 bps year-over-year.

Shelbourne Global Solutions continued to show commitment to the Hartford CBD with a purchase of a parking lot on Allyn street. Acquired from Tishman Speyer for \$3.9 million the lot was bought to accommodate parking for tenants in Shelbourne's Hartford portfolio. Last quarter, the New-York based investor partnered with LAZ Investments to purchase the Gold Building at 755 Main Street. Along with the Gold Building, Shelbourne also owns 20 Church Street, 100 Pearl Street, and One Metro Center—totaling 1.3 million square feet (msf) of class A office space or 19% of the total Hartford CBD inventory.

Market fundamentals in the Southern Hartford submarket dipped slightly in the third quarter. Overall available space increased by nearly 100,000 sf quarter-over-quarter, causing the availability rate to rise 380 bps from the previous quarter. In mid-August, the technology-focused subsidiary of UnitedHealth Group gave back half of its 100,000-square-foot space to its landlord, Intercontinental, and put an additional 50,000 sf on the sublease market. The company formerly occupied all four floors at 400 Capital Boulevard in Rocky Hill.

### Outlook

Overall positive net absorption and relatively stable vacancy gives the Hartford office market stability going into the final quarter of 2019. As we look ahead, it will be exciting to watch for future investments and developments led by Shelbourne. Along with their robust office portfolio, Shelbourne has formed a partnership with Lexington Partners and LAZ parking for a \$100-million-dollar redevelopment of Pratt Street. The potential redevelopment would re-envision this historically underutilized corridor of the city into a “live, work, play” community with significant residential and retail components.

## MARKETBEAT

## Greater Hartford

Office Q3 2019



SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	DIRECT AVAILABLE <sup>1</sup> (SF)	DIRECT AVAILABILITY RATE <sup>1</sup>	TOTAL AVAILABLE <sup>1</sup> (SF)	TOTAL AVAILABILITY RATE <sup>1*</sup>	YTD NET ABSORPTION (SF)	CNSTR DELIVERIES (SF)	AVERAGE ASKING RENT (OFFICE)	AVERAGE ASKING RENT (CLASS A) <sup>2</sup>
Hartford CBD	37	6,865,685	1,244,882	19.5%	1,337,543	19.5%	-11,588	0	\$22.47	\$23.47
Periphery	36	1,844,050	253,460	13.8%	255,285	13.8%	48,717	0	\$15.73	\$24.00
Eastern Hartford County	58	3,012,973	404,744	16.7%	503,361	16.7%	88,907	0	\$21.16	\$21.58
Western Hartford County	121	6,158,359	1,153,727	20.0%	1,233,589	20.0%	61,730	0	\$18.65	\$22.29
Southern Hartford County	66	2,561,305	295,916	14.4%	361,589	14.1%	-91,556	0	\$22.00	\$22.74
Northern Hartford County	54	3,805,784	1,133,414	34.5%	1,314,223	34.5%	-16,180	0	\$19.64	\$20.54
<b>HARTFORD TOTAL</b>	<b>372</b>	<b>24,248,156</b>	<b>4,486,143</b>	<b>18.5%</b>	<b>5,005,590</b>	<b>20.6%</b>	<b>80,030</b>	<b>0</b>	<b>\$20.56</b>	<b>\$22.33</b>

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

<sup>1</sup>Totals are not reflective of U.S. Overview

MARKET CLASS	TOTAL BLDGS	INVENTORY (SF)	DIRECT AVAILABLE <sup>1</sup> (SF)	DIRECT AVAILABILITY RATE <sup>1</sup>	TOTAL AVAILABLE <sup>1</sup> (SF)	TOTAL AVAILABILITY RATE <sup>1</sup>	YTD NET ABSORPTION (SF)	CNSTR DELIVERIES (SF)	AVERAGE ASKING RENT (OFFICE)
Class A	117	14,140,276	2,673,961	18.9%	2,906,014	20.6%	-73,275	0	\$22.33
Class B	214	8,688,341	1,541,172	17.7%	1,828,566	21.0%	142,719	0	\$17.12
Class C	41	1,419,539	271,010	19.1%	271,010	19.1%	10,586	0	\$15.37

## Key Lease Transactions Year-to-Date 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
101 East River Drive, East Hartford	60,000	Bank of America	New Lease	Eastern Hartford
80 Scott Swamp Road	45,000	Barnes Group	New Lease	Western Hartford
755 Main Street, Hartford	35,000	Laz Parking	New Lease	Hartford CBD
7 Waterside Crossing, Windsor	24,500	Hanover Insurance	New Lease	Northern Hartford

## Key Sales Transactions Year-to-Date 2019

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
755 Main Street, Hartford	621,991	Talcott Realty Investors/Laz Investments, Shelbourne Solutions	\$70,500,000 / \$113	Hartford CBD
Pond View Corporate Center, Farmington	236,302	Fusco Farmington Associates/Sovereign Properties	\$19,900,000/\$84	West Hartford
180 Glastonbury Boulevard, Glastonbury	184,900	Barings/Hart Realty Advisors	\$30,300,000 / \$164	Eastern Hartford
55 & 77 Hartland Street, East Hartford	151,500	Direct Investment Riverbend/Olymbec East Market LLC	\$9,607,500 / \$63	Eastern Hartford
655 Winding Brook Drive, Glastonbury	93,500	Direct Investment Billerica MA/Olymbec East Market LLC	\$6,092,500 / \$65	Eastern Hartford
455 Winding Brook Drive, Glastonbury	90,000	Winding Road LLC/Capstone Properties	\$12,200,000/\$135	East Hartford

Cushman & Wakefield  
280 Trumbull Street, 22<sup>nd</sup> Floor  
Hartford, CT 06103  
[www.cushmanwakefield.com](http://www.cushmanwakefield.com)

For more information, contact:  
Beth A. Findley  
Research Analyst  
Tel: +1 617 204 4105  
Beth.Findley@cushwake.com

## About Cushman &amp; Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

©2019 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.