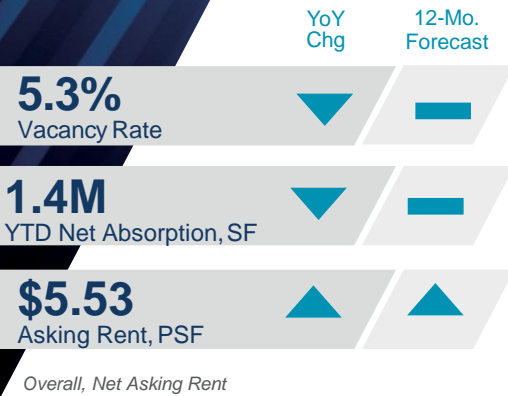


Industrial Q4 2019



MARKET FUNDAMENTALS: Historically Strong Fundamentals for Central Connecticut Industrial Market

By several measures, the Central Connecticut industrial market is as strong as it has ever been: vacancy hit another all-time low at 5.3%—dropping from 5.6% in the fourth quarter of 2018. Asking rents of \$5.53 per square foot (psf) NNN are at an all-time high—up 1.5% year-over-year (yoy), and available warehouse/distribution inventory shrunk to under 5.5 million square feet (msf) for the first time.

The tightening market brings new issues: overall leasing activity stayed flat yoy—with just over 4.0 msf leased. The possible slow down is a result of strategically located space becoming more expensive and harder to find. Still, the market ended the year with nearly 1.4 msf of absorption – led as usual by a strong warehouse sector.

WAREHOUSE ACTIVITY: Local Expansions Lead the Way

Most of the activity in the strengthening warehouse sector in 2019 had local origins, as opposed to new entrants into the market. Of the 2.1 msf of warehouse leasing activity, nearly all of the largest occupant transactions came from tenants already located in the market.

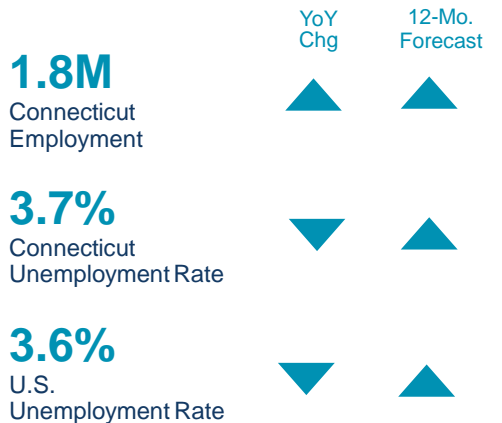
Users that expanded their Connecticut footprints included: Coca-Cola’s lease of 200,000 square feet (sf) in South Windsor, Trumpf’s lease of 141,000 sf in Newington, and Fabricca’s lease of 136,000 sf in Windsor. The largest owner-occupied purchase of the quarter, Sardilli Produce’s acquisition of 225,000 sf in Windsor, was also homegrown.

eCommerce retailers have already established this trend. In 2019, Amazon expanded yet again with a 40,000-sf lease at 65 Holmes Road in Newington, formerly a Sears warehouse facility. With this most recent lease, Amazon now occupies six industrial locations across Connecticut.

MARKET OUTLOOK: What is to Come in 2020?

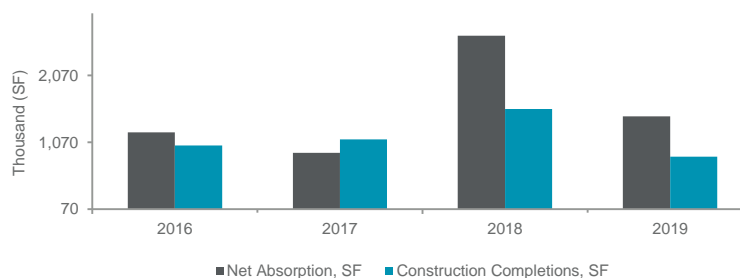
As we start the new decade, big blocks of space and several large build-to-suit opportunities will continue to attract interest from out-of-market companies. Large blocks of space coupled with Central Connecticut’s competitive labor market, transportation accessibility, and strong real estate fundamentals will bring new large occupants to the market. As more retailers and distributors are drawn to this booming region, we expect investors to react and investment to increase within the warehouse sector.

ECONOMIC INDICATORS Q4 2019



Source: BLS

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q4 2019

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	YTD LEASING ACTIVITY (SF)	YTD SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	OVERALL WEIGHTED AVG. NET RENT* (ALL)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (HT)	OVERALL WEIGHTED AVG NET RENT (W/D)
Hartford	4,970,893	58,400	232,213	8.0%	57,400	0	\$6.29	\$6.31	N/A	\$6.21
Western Hartford	18,434,904	207,873	474,077	3.4%	44,065	0	\$4.32	\$4.74	\$5.48	\$3.59
Southern Hartford	15,274,172	545,432	631,048	4.2%	174,129	0	\$5.68	\$5.30	\$5.75	\$6.26
Eastern Hartford	23,702,884	546,549	1,199,283	7.7%	429,283	0	\$5.73	\$4.78	\$10.25	\$5.79
Northern Hartford	31,701,209	800,029	672,238	5.1%	455,506	421,000	\$4.46	\$4.05	\$5.30	\$4.73
HARTFORD TOTALS	94,084,062	2,158,283	3,208,859	5.0%	1,160,383	421,000	\$5.18	\$5.24	\$5.88	\$5.48
New Haven	2,343,565	0	108,523	3.9%	34,000	0	\$5.95	N/A	N/A	\$5.95
Western New Haven	10,469,748	123,160	256,566	4.0%	-94,779	0	\$5.53	\$3.45	\$5.94	\$5.41
Route 8 Corridor	5,560,421	105,820	62,636	10.4%	-32,736	0	\$4.07	\$4.13	\$5.17	\$3.98
Northern New Haven	25,848,119	1,669,331	953,488	4.1%	890,520	0	\$6.67	\$5.73	\$8.03	\$5.33
Eastern New Haven	4,282,716	22,215	40,000	5.9%	-56,926	0	\$8.06	\$9.32	\$10.22	\$5.26
NEW HAVEN TOTALS	48,504,569	1,920,526	1,421,213	4.9%	740,079	0	\$6.08	\$5.99	\$7.82	\$4.99
CENTRAL CT TOTALS	142,588,631	4,078,809	4,630,072	5.3%	1,900,462	421,000	\$5.53	\$5.13	\$7.41	\$5.23

*Rental rates reflect Net asking

HT = High Technology MF = Manufacturing W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
Moosup Pond Distribution Center	Hartford Outlying	Walgreens	535,000	New
359 Ellington Road	Northern Hartford	Coca Cola	200,000	New
88 Long Hill Street	Eastern Hartford	Aztec Lighting	177,712	New
400 Sackett Point Road	Northern New Haven	Niklyn Corporation	158,000	New
1 Market Circle	Northern Hartford	Fabbrica USA	135,000	New
81 Alumni Road	Northern Hartford	Trumpf	141,000	New

KEY SALES TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
409 Washington Avenue	Northern New Haven	HWR Project LLC etals/ SL 1055 Crossroads Boulevard LLC	855,000	\$118.0M/\$138
Rubenstein Portfolio (Manchester, Windsor, Cheshire)	Various	Rubenstein Properties/The Silverman Group	659,900	\$29.9M/\$44
181 West Johnson Avenue	Northern New Haven	CT Indy Ch LLC/G & IX Cheshire LLC	530,570	\$24.7M/\$47
186 & 200 Adams	Eastern Hartford	GCCF 2007/SL 1055 Crossroads Boulevard LLC	307,352	\$12.9M/\$42
550 Marshall Phelps Road	Northern Hartford	Fremont 550 Marshall Phelps LLC/Marshall Phelps Group LLC	217,496	\$9.5M/\$44

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