

Office Q4 2019

YoY Chg 12-Mo. Forecast

16.7%

Vacancy Rate



14.2K

Net Absorption, SF



\$20.72

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2019

YoY Chg 12-Mo. Forecast

648.4K

Hartford Employment



3.6%

Hartford Unemployment Rate



3.6%

U.S. Unemployment Rate



Source: BLS

MARKET OVERVIEW: ABSORPTION IS POSITIVE AND RENTS ARE FLAT

The Hartford Office market was stable through the fourth quarter of 2019. Consistent with previous quarters, absorption remained positive while the overall asking rents for the market stayed flat—hovering around \$20.00 to \$21.00 per square foot (psf). Overall vacancy increased from the previous quarter—rising 90-basis-points (bps) from 15.8% to 16.7%.

LEASING ACTIVITY: TENANTS USE FAVORABLE MARKET FUNDAMENTALS TO DOWNSIZE, EXPAND, AND RELOCATE

With the steadily rising vacancy, large tenants used favorable market indicators to rightsize their footprints. In East Hartford, Bank of America relocated to approximately 60,000 square feet (sf) at 101 East River Drive—reducing its footprint in this market by nearly 90,000 sf. Bank of America vacated 150,000 sf of class B office space at 99 Founders Plaza in East Hartford. This space hosts data center capabilities and is strategically located off I-91 and I-84. Corporate consolidation was also evident with United Healthcare vacating 107,000 sf in Rocky Hill, Travelers Insurance vacating 120,000 sf downtown and General Electric downsizing from 225,000 sf to 106,000 sf in Windsor.

Increasing vacancy also made way for tenant expansion. ConnectiCare, a leading health plan provider in Connecticut, leased an additional 28,000 sf at 195 Scott Swamp Road in Farmington. The health insurance provider now occupies approximately 200,000 sf on Scott Swamp Road.

MARKET OUTLOOK: CONTINUED DEMAND FUELED BY URBANIZATION

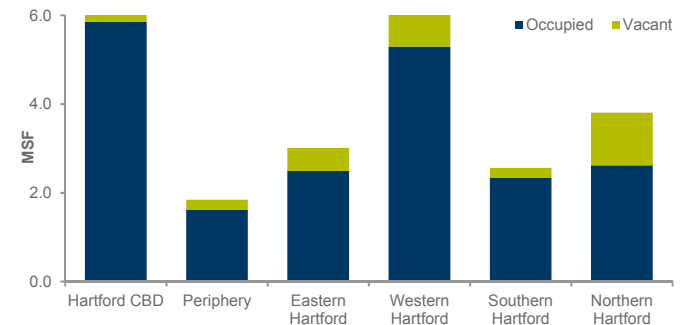
As we enter a new decade, there is a predicted 200,000 sf to 300,000 sf of new deals in the pipeline for the Hartford CBD. This demand is due to several emerging trends: suburban tenants moving into the CBD, class B periphery tenants moving into the CBD and new growth fueled by Hartford's Insurtech hub status.

These innovative insurance disruptors seek signature buildings with all the amenities expected in a urban campus. To attract these new tenants, Hartford landlords have been investing heavily in upgrades to building infrastructure and the addition of modern amenities.

SUBMARKET ASKING RENT



SUBMARKET COMPARISON



MARKET STATISTICS

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	DIRECT AVAILABLE (SF)	DIRECT AVAILABILITY RATE	TOTAL AVAILABLE (SF)	TOTAL AVAILABILITY RATE	YTD NET ABSORPTION (SF)	YTD CNSTR DELIVERIES (SF)	AVG ASKING RENT (OFFICE)	OVERALL AVG ASKING RENT (CLASS A)*
Hartford CBD	37	6,865,685	1,225,579	17.9%	1,310,215	19.1%	15,740	0	\$22.43	\$23.51
Periphery	36	1,844,050	258,885	14.0%	260,710	14.1%	43,292	0	\$15.89	\$23.31
Eastern Hartford	58	3,012,973	571,867	19.0%	655,910	21.8%	-63,642	0	\$21.00	\$21.41
Western Hartford	121	6,158,359	1,122,331	18.2%	1,185,943	19.3%	109,376	0	\$19.88	\$22.23
Southern Hartford	66	2,561,305	295,042	11.5%	355,162	13.9%	-85,129	0	\$21.40	\$22.44
Northern Hartford	54	3,805,784	1,125,269	29.6%	1,303,445	34.2%	-5,402	0	\$19.46	\$20.32
HARTFORD TOTALS	372	24,248,156	4,598,973	19.0%	5,071,385	20.9%	14,235	0	\$20.72	\$22.23

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS YTD 2019

PROPERTY	SUBMARKET	TENANT	SF	TYPE
101 East River Drive	Eastern Hartford	Bank of America	60,000	New Lease
80 Scott Swamp Road	Western Hartford	Barnes Group	45,000	New Lease
755 Main Street	Hartford CBD	Laz Parking	35,000	New Lease
195 Scott Swamp Road	Western Hartford	ConnectiCare	28,000	New Lease
280 Trumbull Street	Hartford CBD	Murtha Cullina	25,000	New Lease
7 Waterside Crossing	Northern Hartford	Hanover Insurance	24,500	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS YTD 2019

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
755 Main Street	Hartford CBD	Talcott Realty Investors/Laz Investments, Shelbourne Solutions	621,991	\$70.5M/\$113
Pond View Corporate Center	Western Hartford	Fusco Farmington Associates/Sovereign Properties	236,302	\$19.9M/\$84
Hartford Square North	Periphery	LNR Partners/Moshe Wechsler	229,303	\$16.8M/\$73
180 Glastonbury Boulevard	Eastern Hartford	Barings/Hart Realty Advisors	184,900	\$30.3M/\$164
55 & 77 Hartland Street	Eastern Hartford	Direct Investment Riverbend/Olymbec East Market LLC	151,500	\$9.6M/\$63
655 Winding Brook Drive	Eastern Hartford	Direct Investment Billerica MA/Olymbec East Market LLC	93,500	\$6.1M/\$65
455 Winding Brook Drive	Eastern Hartford	Winding Road LLC/Capstone Properties	90,000	\$12.2M/\$135

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