

	YoY Chg	12-Mo. Forecast
11.9% Vacancy Rate	▼	▼
432.1K Net Absorption, SF	▲	▲
\$22.66 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2019

	YoY Chg	12-Mo. Forecast
378.8K New Haven Employment	▼	▲
3.8% New Haven Unemployment Rate	▼	▲
3.6% U.S. Unemployment Rate	▼	▲

Source: BLS

MARKET FUNDAMENTALS: STRONG END TO THE DECADE FOR NEW HAVEN OFFICE MARKET

As we enter a new decade, market indicators for the New Haven office market show strong growth over 2018. By the end of the fourth quarter, both vacancy and availability decreased significantly year-over-year (yoy) by 290-basis-points (bps) and 120 bps, respectively. Similarly, rents rose from \$21.72 to \$22.66—an increase of 4.3% yoy. Unlike 2018, which ended with negative net absorption, 2019 ended with 432,109 square feet (sf) of positive net absorption. Positive market fundamentals and market growth can be attributed to the nearly 300,000 square feet (sf) leased by Yale University and Invicro in the second quarter of 2019.

SALES ACTIVITY: INVESTORS SEE PROMISING FUTURE WITH NEW HAVEN'S LIFE SCIENCE INDUSTRY

In October, Winchester Partners, announced the purchase of 115 Munson Street—a 145,000-square-foot (sf) class A building in the New Haven periphery. Winchester Partners, a joint venture between L+M Development Partners, Twinning Properties, and Goldman Sachs Urban Investment group bought the building for \$8 million. Formerly occupied by financial services firm Higher One, 115 Munson Street will go through a \$25 million renovation and be rebranded as “Winchester Works.” To fill the approximately 90,000 sf available for lease, Winchester Partners plans to target growing life sciences and biotechnology companies in the region. The lab-capable building is a few blocks from Yale University Science Hill and has spaces ranging from 5,000 to 75,000 sf.

Another highlight sale in New Haven happened at the former Comcast site located on 630 Chapel Street. In November, 630 Chapel Street and the neighboring lot located at 673 Chapel Street was sold by Spinnaker Residential LLC of Norwalk for \$14.5 million. The Chapel Street properties were purchased by Chapel Street Residences Owner LLC which plans to convert the properties into a transit-oriented apartment complex. The new development will provide housing choices for employment centers nearby—such as Yale University and Yale New Haven Hospital. The new owner is headquartered in Houston, Texas and is a holding company of Hines Interest Limited Partnership based in New York City. Ownership aims to begin construction in early 2020.

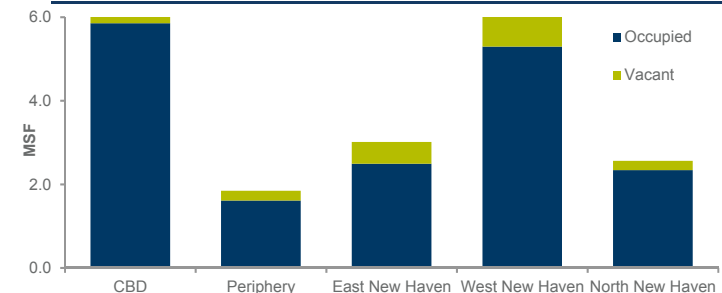
PREDICTIONS FOR 2020: YALE UNIVERSITY AND LIFE SCIENCE INDUSTRY WILL CONTINUE TO DRIVE NEW HAVEN OFFICE MARKET

As we enter the first quarter of 2020, we anticipate that New Haven will continue to grow as a life science and biotechnology hub. The growth of companies such as Invicro and Arvinas coupled with Yale University's 10-year expansion plan for STEM programs will continue to draw life science entities to New Haven. As a result, we predict investment in New Haven will increase through 2020 as owners look to profit from this emerging market.

SUBMARKET ASKING RENT



SUBMARKET COMPARISON



Office Q4 2019

MARKET STATISTICS

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	TOTAL AVAILABLE (SF)	TOTAL AVAILABILITY RATE	TOTAL VACANT (SF)	TOTAL VACANCY RATE	YTD NET ABSORPTION (SF)	YTD CNSTR DELIVERIES (SF)	AVG ASKING RENT (OFFICE)	OVERALL AVG ASKING RENT (CLASS A)*
New Haven CBD	35	3,236,042	369,555	11.4%	297,251	9.2%	356,914	0	\$22.47	\$26.49
Periphery	20	2,477,213	554,740	22.4%	333,286	13.5%	3,678	0	\$25.60	\$27.50
Eastern New Haven	16	573,457	41,851	7.3%	34,636	6.0%	21,853	0	\$13.20	\$13.20
Western New Haven	41	1,775,647	454,934	25.6%	178,458	10.1%	24,391	0	\$19.75	\$20.05
Northern New Haven	65	2,651,327	520,215	19.6%	430,801	16.2%	25,273	0	\$21.50	\$24.10
NEW HAVEN TOTALS	177	10,713,686	1,941,295	18.1%	1,274,432	11.9%	432,109	0	\$22.66	\$24.34

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS YTD 2019

PROPERTY	SUBMARKET	TENANT	SF	TYPE
100 College Street	New Haven CBD	Yale University	250,000	New Lease
100 College Street	New Haven CBD	Invicro	40,000	New Lease
555 Long Warf Drive	Periphery	BioXcel Therapeutics	11,040	New Lease
470 James Street	New Haven CBD	Connecticut Innovations	10,000	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS YTD 2019

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$PSF
115 Munson Street	Periphery	Blackboard Inc./Winchester Partners	145,000	\$8.0M/\$55
630-673 Chapel Street	New Haven CBD	Spinnaker Residential LLC/Chapel Street Residences Owner LLC	86,000	\$14.5M/\$168
35 Thorpe Avenue	Northern New Haven	Lone Star/Northside	78,000	\$3.8M/\$48
801 Whalley Avenue	Periphery	Bapaz Whalley LLC/50 Fitch LLC	27,204	\$3.1M/\$114
202 & 204 Cherry Street	Western New Haven	LM Cherry Street LLC/ Real Estate Netz Milford LLC	22,800	\$4.875M/\$214
57 Plains Road	Western New Haven	57 Plains Road LLC/Plains Professional Center LLC	17,346	\$3.4M/\$196
1030 South Main Street	Northern New Haven	H.E.R.B Realty LLC/ Napolitano Dietrich 1030 LLC	11,350	\$1.9M/\$167

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