

Hartford/New Haven

Industrial Q3 2022

	YoY Chg	12-Mo. Forecast
4.9% Vacancy Rate	▲	▲
1.2M Net Absorption, SF	▲	▼
\$5.80 Asking Rent, PSF	▼	▼

Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2022

	YoY Chg	12-Mo. Forecast
1.0M Hartford/New Haven Employment	▼	▲
4.0% Hartford/New Haven Unemployment Rate	▲	▼
3.5% U.S. Unemployment Rate	▼	▲

Source: BLS

ECONOMY: Economic Conditions In-Line with National Averages

Both Hartford and New Haven experienced positive economic growth in the third quarter. The Hartford unemployment rate fell sharply, falling 220 basis points (bps) to 3.7%. Similarly, New Haven’s unemployment rate declined by 210 bps to 4.2%. Both markets gained over 5,000 jobs during in the third quarter. New Haven manufacturing up 3.5% year-over-year (YOY) and Hartford manufacturing employment up 2.9% YOY.

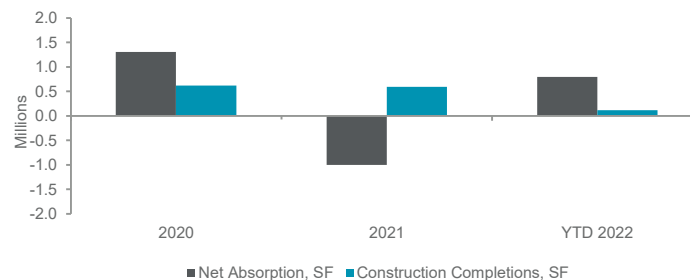
SUPPLY & DEMAND: Leasing Activity Soars as Vacancy Decreases

The industrial vacancy rate for the Hartford and New Haven markets decreased by 30 bps quarter-over-quarter (QOQ) to 4.9%, the lowest since the second quarter of 2021. At quarter-end, the Eastern New Haven submarket recorded a 1.2% vacancy, the only market with a sub 2% rate. Despite over 600,000 square feet (sf) coming onto the market, overall absorption totaled 1.2 million sf at the end of the third quarter. This was the highest absorption figure in two years, and a major turnaround from the previous quarter which reported -630,791 sf of absorption. This was driven by four leases over 100,000 sf, including 170,000 sf at 1 Hartford Square. Healthy leasing activity persisted, as the combined market boasted 909,715 sf of new leasing volume. This can be attributed in large part to over 230,000 sf of space leased at 181 West Johnson Ave in Cheshire, a marquee signing illustrating the strength of the New Haven distribution market. With over 4.2 msf of leasing activity year-to-date (YTD), demand for industrial space is at an all time high. Rental rates declined as the overall average asking rent fell below \$6.00 per square foot (psf). The dip follows a second quarter where the market recorded its highest ever historical rents and represents a 3.3% increase YOY. Meanwhile, New Haven logged a 2.8% growth in rents. In contrast, Hartford yielded a 9.8% decline in its average rent. The stagnation in rents QOQ can be seen across the Hartford submarkets, with Northern Hartford epitomizing the trend. Despite 11% growth in warehouse/distribution rents YOY, rents remained the same QOQ, coming in at \$5.14 psf for two consecutive quarters.

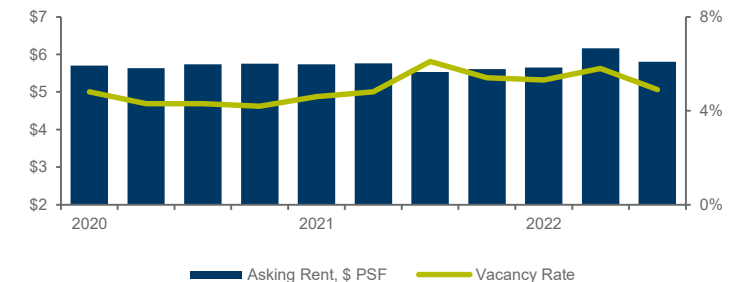
CONSTRUCTION: New Deliveries on Horizon

Central Connecticut has a promising development pipeline in place, with 668,950 sf of construction underway in Hartford, and 253,000 sf underway in New Haven. At 113 North Maple Road in the Hartford submarket, over 500,000 sf is scheduled to deliver in the fourth quarter this year. The building will deliver fully leased, with half the space has been committed to Eppendorf North America, a leading life sciences instrument company headquartered in Germany. Beyond this, there are three projects over 90,000 sf that will deliver in the coming two quarters. The upcoming supply should help replenish the lack of modern logistics space options for occupiers throughout the marketplace.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Hartford/New Haven

Industrial Q3 2022

HARTFORD MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (HT)	OVERALL WEIGHTED AVG NET RENT (WD)
Eastern Hartford	24,570,353	1,438,383	5.9%	96,604	58,348	0	0	\$3.96	\$6.85	\$4.65
Hartford	5,005,550	245,962	4.9%	-16,313	-3,433	0	0	\$17.25	\$10.36	\$4.97
Northern Hartford	28,326,090	1,650,131	5.8%	295,944	38,353	656,950	0	\$5.17	\$5.97	\$5.14
Southern Hartford	15,254,498	522,984	3.4%	158,685	96,226	12,000	0	\$5.56	\$8.82	\$6.35
Western Hartford	17,968,424	838,356	4.7%	371,630	325,536	0	0	\$4.98	\$8.28	4.81
HARTFORD TOTALS	91,124,915	4,695,816	5.2%	906,550	515,030	668,950	0	\$4.96	\$7.06	\$5.07

*Rental rates reflect weighted net asking \$psf/year

FX = Flex MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

NEW HAVEN MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (HT)	OVERALL WEIGHTED AVG NET RENT (W/D)
Eastern New Haven	4,246,882	49,440	1.2%	43,616	38,180	0	0	\$5.00	\$11.64	\$7.60
New Haven	2,285,573	84,960	3.7%	-4,500	-48,960	90,000	0	N/A	N/A	\$5.87
Northern New Haven	25,177,801	894,826	3.6%	68,476	134,290	163,000	0	\$6.02	\$9.71	\$6.72
Route 8 Corridor	5,316,195	487,057	9.2%	173,961	151,648	0	0	\$7.31	\$8.75	\$5.23
Western New Haven	10,585,439	578,913	5.5%	53,487	7,008	0	115,000	\$5.04	\$7.24	\$5.38
NEW HAVEN TOTALS	47,611,890	2,095,196	4.4%	335,040	282,166	253,000	115,000	\$6.31	\$9.41	\$5.84

*Rental rates reflect weighted net asking \$psf/year

FX = Flex MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

COMBINED CONNECTICUT MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (HT)	OVERALL WEIGHTED AVG NET RENT (WD)	OVERALL WEIGHTED AVG NET RENT
HARTFORD / NEW HAVEN TOTALS	138,736,805	6,791,012	4.9%	1,241,590	797,196	921,950	115,000	\$5.19	\$8.04	\$5.29	\$5.80

*Rental rates reflect weighted net asking \$psf/year

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HARTFORD KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
2195 Day Hill Road	Bloomfield	New England Cell Therapeutics	400,000	New
85-89 West Dudley Town Road	Bloomfield	Undisclosed	56,640	New
390 Woodland Avenue	Bloomfield	Undisclosed	55,130	New
282-310 Prestige Park Road	East Hartford	GER Oil	30,788	Renewal
60 Production Court	New Britain	Undisclosed	26,340	New

*Renewals not included in leasing statistics

HARTFORD KEY SALES TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
35 Manning Road	Enfield	M.F. DiScala & Company, Inc. SVN Parsons Commercial Group Boston	235,000	\$15.2M \$65
128 Old Brickyard Lane	Berlin	Ocean Star Transportation Gp 128 Old Brickyard Llc	126,727	\$7.0M \$55
367 Ellington Road	East Hartford	P & Z Realty Bradford Wainman	72,408	\$2.6M \$35
90 Meadow Road	Windsor	Blake Johnson Property Management Eljen Corporation	62,044	\$2.5M \$39
70 Horizon Drive	Bristol	Robert J Rohrs Selko Real Estate Ventures	51,880	\$3.7M \$70

NEW HAVEN KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
181 West Johnson Avenue	Cheshire	Undisclosed	238,688	New
730 North Main Street	Waterbury	Undisclosed	118,000	New
479 Chase River Road	Waterbury	Kamps Inc.	53,000	New
50 Ives Place	New Haven	Undisclosed	45,000	New
1-14 Railroad Avenue	Beacon Falls	Undisclosed	31,400	New

*Renewals not included in leasing statistics

NEW HAVEN KEY SALES TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
191 Sheridan Drive	Naugatuck	Bluewater Hill South L Amazon	58,000	\$4.8M \$83

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