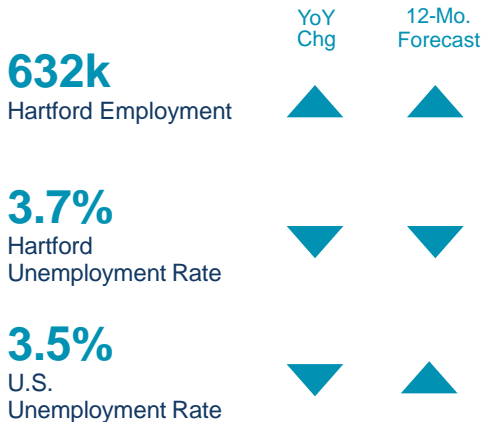


**ECONOMIC INDICATORS
Q3 2022**



Source: BLS, Moody's Analytics
2022Q3 data are based on the latest available data

HARTFORD ECONOMY

The Hartford unemployment rate fell significantly in the second quarter, coming in at 3.7%. With the decrease, Hartford has moved from above average unemployment, to in line with the national average. A further testament to the regions economic improvement is the job growth. Hartford gained 14,400 jobs this quarter.

VACANCY RATE CLIMBS AS RENTS INCREASE

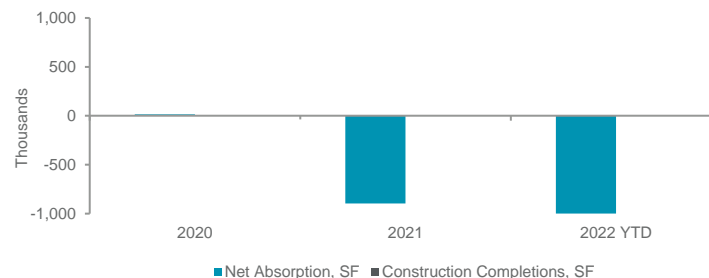
The overall vacancy rate shifted upwards by 200 basis points (bps) from the second quarter of 2022 to 25.2%. The increase can be attributed to more than 500,000 square feet (sf) of direct availability coming onto the market. Over 350,000 sf of vacant space has entered the Central Business District (CBD) submarket alone, with an additional 134,000 sf hitting the Northern Hartford submarket. To drill down, the Hall Boulevard business park in Bloomfield accounted for 90,000 sf of the vacancy in the submarket. In contrast, the Eastern Hartford submarket's vacancy rate fell by 90 bps to 18.3%, proving it persists as one of the regions strongest markets. While sublease space contracted compared to previous periods, it still represents 14.0% of vacant space.

Year-to-Date (YTD) net absorption slid lower to -998,987 sf. The 100,010 sf of absorption in the second quarter was overshadowed by over 500,000 sf of negative absorption during the third quarter. Again, the CBD was at the forefront of the downturn. Overall rents are up 8.0% quarter-over-quarter (QOQ), rising to \$20.63 per square foot (psf). The increased rents were driven by the smaller submarkets, as CBD and West Hartford had rents stagnate or even marginally decline.

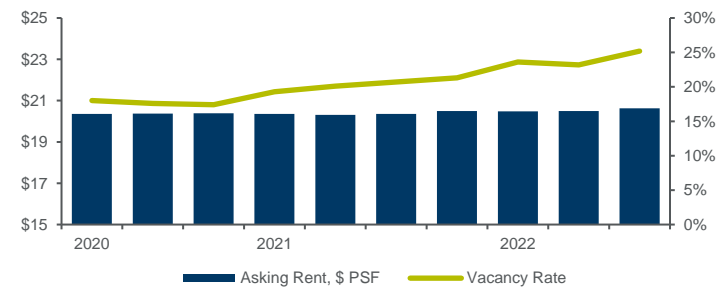
CLASS A BUILDINGS DRIVING DEMAND

Despite uncertain market conditions, Hartford experienced its highest rate of leasing activity YTD. With 243,653 sf signed there was a 37.0% jump QOQ. The boost occurred as a result of the volume of leases signed, rather than any big block transactions. Premier leases of 24,965 sf at 433 South Main St. in West Hartford and 23,115 sf at 185 Asylum St. exhibited the continued appeal of Hartford in the face of ongoing turnover. A trend worth noting is the reversal in demand for higher quality buildings. Over two-thirds of leases signed in the second-quarter were in class B buildings. The third quarter flipped the script, with 81.7% of leases being inked in class A buildings. With companies looking to draw employees back into the office, Hartford's higher caliber spaces with superior amenities have attracted new tenants.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)**	YTD LEASING ACTIVITY (SF)**	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Hartford CBD	7,187,255	410,502	1,741,416	29.9%	-359,943	542,854	133,717	0	\$23.20	\$25.12
Periphery	1,888,300	5,894	156,640	8.6%	-4,195	-60,786	24,457	0	\$16.24	\$22.87
Eastern Hartford	3,012,390	27,308	523,640	18.3%	-28,132	103,157	104,566	0	\$19.54	\$20.73
Western Hartford	6,318,625	230,568	1,087,374	20.9%	-23,026	-195,062	130,244	0	\$19.92	\$22.06
Southern Hartford	2,721,305	44,292	519,965	20.7%	-10,088	-62,569	96,731	0	\$20.87	\$23.54
Northern Hartford	3,827,315	143,212	1,400,757	40.3%	-134,368	-240,873	141,019	0	\$19.61	\$19.88
TOTAL MARKET	24,955,190	861,776	5,429,792	25.2%	-503,488	-998,987	630,734	0	\$20.63	\$22.49

	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)**	YTD LEASING ACTIVITY (SF)**	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*
Class A	14,386,131	688,803	3,229,088	27.2%	-521,386	-879,332	319,394	0	\$22.56
Class B	9,105,270	172,073	2,067,112	24.6%	-22,793	-125,290	258,712	0	\$18.55
Class C	1,463,789	900	133,592	9.2%	40,691	5,635	52,628	0	\$15.29

*Rental rate data reported on a full-service gross basis and is based on published asking lease rates of available space

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KEY LEASE TRANSACTIONS YTD 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1 State St, Hartford	Hartford CBD	UBS Financial	23,064	Renewal
450 Church St, Hartford	Hartford CBD	The Village	21,072	New
20 Church St, Hartford	Hartford CBD	Hinckley, Allen & Snyder	19,331	Renewal
225 Asylum St, Hartford	Hartford CBD	Updike, Kelly, Spellacy P.C.	19,000	New
936 Silas Deane Highway, Wethersfield	Southern Hartford	Axe Elite	16,000	New
50 State House Square, Hartford	Hartford CBD	Ned for CT	11,169	New

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