

	YoY Chg	12-Mo. Forecast
19.8% Vacancy Rate	▼	▲
-180K Net Absorption, sf	▼	▼
\$22.45 Asking Rent, PSF	▼	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2022

	YoY Chg	12-Mo. Forecast
379.2k New Haven Employment	▲	▲
4.2% New Haven Unemployment Rate	▼	▼
3.5% U.S. Unemployment Rate	▼	▲

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

NEW HAVEN ECONOMY

The New Haven market saw meaningful growth despite challenging national economic conditions. Unemployment fell 210 basis points (bps), to 4.2%. Though this is slightly higher than the national average, the overall change is significantly higher with national unemployment falling by only 140 bps, showcasing outsized growth for the market. Moreover, employment rose by 6,600 jobs for nonfarm employees.

DIRECT AVAILABILITIES LEAD TO A RISE IN VACANCY

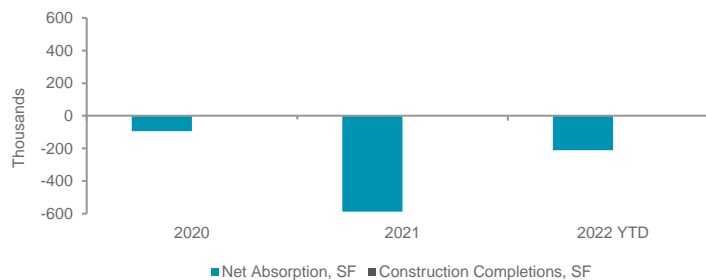
Absorption reverted into negative territory in the third quarter, coming in at -179,947 square feet (sf). This follows a promising second quarter where absorption was positive for the first and only time in the trailing two years. This substantial decline occurred largely in class A properties, with two buildings in particular accounting for the majority of negative absorption. Namely, two big block spaces in 108 Leigus Rd. at the Campus at Greenhill and 115 Munson St. registered a combined -182,667 sf of absorption. Following suit, the vacancy rate edged higher in the third quarter to 19.8%. This represents a 280 bps increase year-over-year (YOY). The increase in vacant space can be attributed almost entirely to direct vacancy, with only 35,095 sf of vacant sublease space across the market, and 64% of that deriving from the New Haven Periphery submarket.

As a result of increased leasing in class B space, rents have stagnated in the third quarter, falling marginally by \$0.14. The leveling of rent comes as businesses seek to cut overhead costs, raising the demand for class B buildings. In comparison, YOY rents are up have risen 4%, a healthy metric.

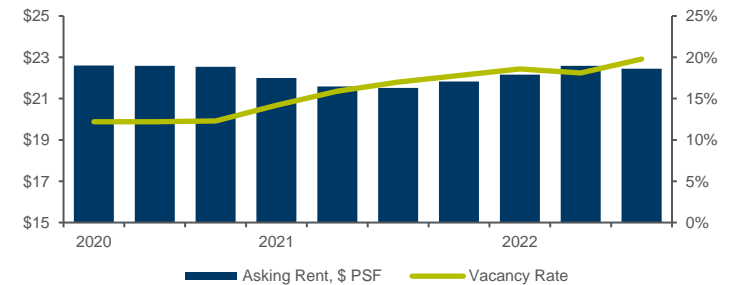
DEMAND: CLASS B OFFICE SPACE PROPELLING OFFICE MARKET

Leasing activity has remained consistent throughout 2022, with the third quarter being no exception. The 96,876 sf of third quarter leasing activity brought the year-to-date (YTD) total to 269,200 sf. Leasing activity was up 33% quarter-over-quarter (QOQ), with the Central Business District (CBD) and Northern New Haven submarkets driving demand. Class B leasing has kept pace with class A this quarter, with class B registering more overall activity YTD. Uncertain economic conditions have spiked the demand for less expensive space, but there is reason for optimism in New Haven. The city funded project at 101 College St. is set to deliver 525,000 sf in the coming years, drawing attention to a previously underutilized area. The biotechnology company Arvinas plans to make the location their national headquarters upon completion, with Yale University committing to several floors as well.

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)*
New Haven CBD	3,243,323	0	535,121	16.5%	-6,927	-70,174	150,422	525,000	\$25.96	\$26.63
Periphery	2,477,213	22,379	394,708	16.8%	0	-153	16,456	0	\$25.33	\$26.08
Eastern New Haven	573,457	0	53,667	9.4%	-1,735	1,838	5,098	0	\$17.71	\$17.80
Western New Haven	1,775,647	0	504,355	28.4%	0	10,554	7,114	0	\$19.46	\$19.41
Northern New Haven	2,651,327	12,716	596,079	23.0%	-171,285	-152,819	90,110	0	\$21.26	\$22.29
TOTAL MARKET	10,720,967	35,059	2,083,930	19.8%	-179,947	-210,754	269,200	525,000	\$22.45	\$22.37

	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	5,014,304	35,095	1,378,273	28.2%	-168,988	-142,761	113,048	525,000	\$22.37
Class B	5,706,663	0	705,657	12.4%	-10,959	-67,993	156,152	0	\$22.60

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

KEY LEASE TRANSACTIONS Q3 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
157 Church Street	New Haven CBD	Avangrid	20,391	New
59 Elm Street	New Haven CBD	Fuss and O'Neil	11,000	New
127 Washington Avenue	North Haven	Undisclosed	8,000	New
900 Chapel Street	New Haven CBD	Undisclosed	6,139	New
2321 Whitney Avenue	Hamden	LHC	4,928	New

Steven Fiore

Senior Research Analyst, Boston

Tel: +1 203 326 5867

Steven.Fiore@cushwake.com

William Mitchell

Research Analyst, Boston

Tel: +1 617 901 5912

Will.Mitchell@cushwake.com

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