

Hartford/New Haven

Industrial Q4 2022

	YoY Chg	12-Mo. Forecast
4.4% Vacancy Rate	▲	▲
819K Net Absorption, SF	▲	▼
\$5.73 Asking Rent, PSF	▼	▼

Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2022

	YoY Chg	12-Mo. Forecast
1.0M Hartford/New Haven Employment	▲	▲
4.1% Hartford/New Haven Unemployment Rate	▼	▼
3.7% U.S. Unemployment Rate	▼	▲

Source: BLS

ECONOMY: New Haven Shows Signs of Growth while Hartford Stagnates

The central Connecticut economy improved for the second consecutive quarter, adding 9,400 jobs between Hartford and New Haven – a 2.2% annual increase. The manufacturing sector recorded mixed growth results to close the year, with New Haven employment increasing by 2.6% year-over-year (YOY) while Hartford employment fell by 0.5% YOY. Following suit, New Haven employment figures for the trade and utilities sector grew by 0.2%, while Hartford registered a meager drop of 0.1% YOY. Forecasts point towards higher employment figures in the coming months across Hartford and New Haven, which bodes well for the industrial marketplace in 2023.

SUPPLY & DEMAND: Record Low Vacancy Powered by Major Upswing in Absorption

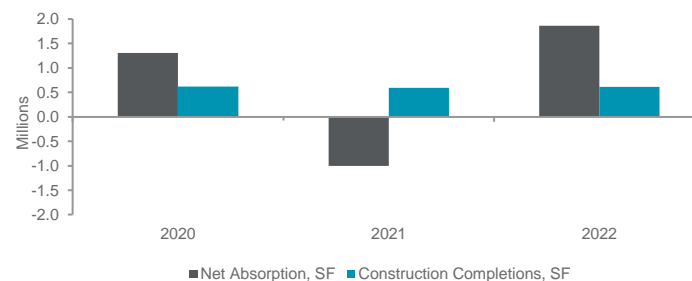
Despite uncertain national market conditions, the central Connecticut markets registered a strong year-end. Driven by three large block transactions greater than 100,000 square feet (sf), absorption totaled 818,850 sf in the fourth quarter, bringing the 2022 figure to 1.9 million square feet (msf). The total is the highest mark in net occupancy gains in three years. This improvement can be attributed in large part to 167,494 sf of positive absorption at 1559 King Street, a distribution facility in the Northern Hartford submarket, as well as 137,733 sf of occupancy gains at 75 Aircraft Road in the Hartford submarket. Record absorption translated to an improved vacancy rate of 4.4% throughout Hartford and New Haven – down 30 basis points (bps) quarter-over-quarter (QOQ), spurred mainly by three key submarkets in New Haven boasting sub-3.0% vacancy rates. Manufacturing facilities continued to outperform other industrial product types, recording a vacancy rate of 4.1%, coming in 20 basis points (bps) lower than warehouse and distribution facilities, and 220 bps lower than high technology facilities.

Spurred by a scarcity of vacant space alongside enduring demand, average weighted net asking rents grew by 1.7% YOY. Hartford manufacturing rents continue to outpace competing submarkets, as the lack of inventory and proximity to the metro area boosted the rate to \$17.25 per-square-foot (psf), well above the \$5.73 psf market average. Notwithstanding the uptick in overall yearly rent growth, high technology rents fell 3.4%, as demand was focused heavily on warehouse space.

LEASING & CONSTRUCTION: Highly Anticipated Project Comes to Fruition

Demand waned in central Connecticut to finish the year with 159,262 sf of new leasing, as companies reassessed their footprint. This marks the first quarter year-to-date (YTD) in which leasing fell below 1.0 msf. Warehouse and distribution facilities accounted for 54.5% of new demand YTD. Though ground-up construction activity was muted throughout the year, the delivery of 113 North Maple Street in Enfield added 500,000 sf of fully leased space to the Northern Hartford submarket. The distribution center has been occupied by Eppendorf North America, a laboratory equipment producer and Agri-Mark, a dairy producer, both based out of Massachusetts.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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	1,185,598	4.8%	-43,915	289,433	0	0	\$3.96	\$6.54	\$4.55
Hartford	5,005,550	239,162	4.8%	0	-3,433	0	0	\$17.25	\$10.36	\$4.87
Northern Hartford	28,825,788	1,537,097	5.3%	724,134	762,487	0	500,000	\$5.17	\$5.97	\$5.07
Southern Hartford	15,254,498	781,840	5.1%	-71,229	-158,350	12,000	0	\$5.43	\$9.13	\$6.35
Western Hartford	17,968,424	667,902	3.7%	138,954	465,990	0	0	\$4.62	\$8.28	\$4.81
HARTFORD TOTALS	91,624,733	4,411,599	4.8%	747,944	1,356,127	12,000	500,000	\$4.96	\$6.91	\$4.98

*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 (WD)
Eastern New Haven	4,246,882	47,270	1.1%	-1,800	39,150	0	0	\$5.00	\$11.64	\$7.87
New Haven	2,285,573	35,500	1.6%	0	500	90,000	0	N/A	N/A	\$5.87
Northern New Haven	25,183,193	632,400	2.5%	27,000	231,488	163,000	0	\$6.33	\$9.97	\$6.89
Route 8 Corridor	5,313,103	462,857	8.7%	36,200	175,848	0	0	\$7.31	\$8.75	\$5.29
Western New Haven	10,585,439	577,830	5.5%	9,506	60,514	0	115,000	\$5.04	\$7.37	\$5.10
NEW HAVEN TOTALS	47,614,190	1,755,857	3.7%	70,906	507,500	253,000	115,000	\$6.46	\$9.52	\$5.72

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

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

CENTRAL 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	139,238,932	6,167,456	4.4%	818,850	1,863,627	265,000	615,000	\$5.17	\$7.77	\$5.18	\$5.73

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

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

Industrial Q4 2022

HARTFORD KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
500 Groton Road, Windsor	Western Hartford County	Target Corporation	530,000	New Lease
105 Baker Hollow Road, Windsor	Western Hartford County	SafeLite	165,625	New Lease
75 Neal Court, Plainville	Western Hartford County	UNITS	35,000	New Lease
120 Tolland Street, East Hartford	Eastern Hartford County	Automated 3PL	13,100	New Lease
30 Talbot Lane, South Windsor	Western Hartford County	APA Solar Racking	11,000	New Lease

**Renewals not included in leasing statistics*

NEW HAVEN KEY LEASE TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
65-145 Furniture Row, Milford	Western New Haven County	Pure Warehouse	15,000	New Lease
90-92 Woodmont Road, Milford	Western New Haven County	Retail Enlightened	12,000	New Lease
290 Pratt Street, Meriden	Northern New Haven County	Thorpe Strength	6,400	New Lease
51 Giles Avenue, North Haven	Northern New Haven County	Design Specialties	3,752	New Lease
338 New Haven Avenue, Milford	Western New Haven County	Aiken Landscaping	2,038	New Lease

**Renewals not included in leasing statistics*

HARTFORD / NEW HAVEN KEY SALES TRANSACTIONS Q4 2022

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
780 James P Casey Road, Bristol	Western Hartford County	BLDG Management Co. / Treetop Development	1,200,000	\$79.3M \$66
1190 Kennedy Road, Windsor	Northern Hartford County	Scannell Properties / NorthBridge	491,810	\$57.0M \$116
18 Craftsman Road, East Windsor	Eastern Hartford County	Long Wharf Capital / Selko Real Estate Ventures	279,256	\$24.2M \$87
85 Granby Street, Bloomfield	Northern Hartford County	Lincoln Property Company Undisclosed	97,900	\$3.9M \$40

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