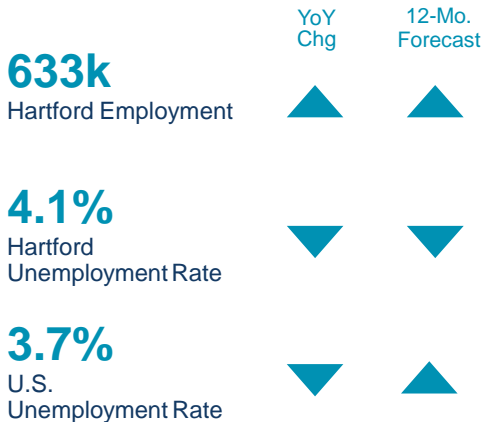


**ECONOMIC INDICATORS
Q4 2022**



Source: BLS, Moody's Analytics
2022Q4 data are based on the latest available data

HARTFORD ECONOMY

Hartford's economy continued to grow in the fourth quarter, increasing by 1,000 jobs. The professional and business services sector led the charge as it increased 520 basis points (bps) year-over-year (YOY), adding 500 jobs between October and December. Leisure and hospitality followed closely behind, adding 400 jobs in the fourth quarter. Overall, office using employment has increased 270 bps YOY.

SUPPLY AND PRICING

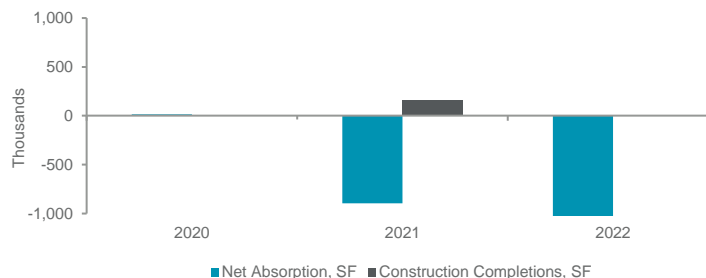
It was a relatively quiet quarter for the Hartford office market. The vacancy rate increased by two bps quarter-over-quarter (QOQ), coming to 25.4%. An uptick in direct vacant space is responsible for the increase, driven by the Western Hartford and Central Business District (CBD) submarkets. Northern Hartford recorded a combined 58,624 square feet (sf) decrease in vacant direct and sublease space, improving its vacancy rate by 150 bps from the third quarter. Moreover, it was one of only two submarkets to register positive absorption, contributing to the 224,534 sf improvement in absorption QOQ. This upswing brought the quarterly total to -143,190 sf, as the yearly total eclipsed -1,000,00 sf. Spurred on by 77,706 sf of absorption at 99 Founders Plaza, East Hartford managed 63,819 sf of absorption for 2022, the only positive metric for all submarkets.

The direct average asking rent rose for the seventh consecutive quarter, yielding a 1% gain YOY. The most significant rent growth occurred in Western Hartford County, specifically Southington, where the average asking rate rose 4% YOY. The Periphery had a notable fourth quarter, as competition for space outside of the traditional hot spots put upward pressure on pricing, bringing overall asking rents up \$0.20. Rents stagnated in three of Hartford's six major submarkets, resulting in muted growth in the greater market.

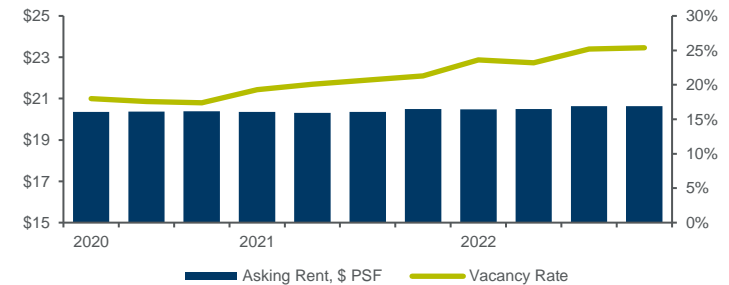
DEMAND OR PIPELINE

Hartford recorded 184,002 sf of new leasing activity in the fourth quarter, bringing the yearly total to just shy of 1 million square feet (msf). Though this quarters demand trailed the previous, YOY demand surged 32%. Demand was primarily concentrated in the suburbs, which bolstered 96% of activity. The Periphery registered the highest quarterly total as a result of leasing volume rather than large block transactions, with eight leases at 48,712 sf. Equally impressive, Rocky Hill in Southern Hartford recorded 48,261 sf of leasing due to three leases over 10,000 sf, including the signature of Body Contour Centers at 175 Capital Blvd. Five of Hartford's six major submarkets boasted over 140,000 sf of leasing activity across 2022, indicating a strong demand for office space throughout the region.

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	421,888	1,754,746	30.3%	-38,069	-547,101	213,777	0	\$23.21	\$24.70
Periphery	1,888,300	5,894	159,624	8.8%	-731	-63,770	73,169	0	\$16.45	\$22.89
Eastern Hartford	3,012,390	24,586	566,945	19.6%	-50,639	63,819	144,977	0	\$19.58	\$20.89
Western Hartford	6,357,872	185,223	1,210,911	20.5%	48	-171,287	155,920	0	\$19.78	\$22.06
Southern Hartford	2,721,305	67,602	560,734	23.2%	-67,926	-126,648	172,903	0	\$20.87	\$23.56
Northern Hartford	3,827,315	129,682	1,355,663	38.8%	14,127	-182,249	165,773	0	\$19.55	\$19.92
TOTAL MARKET	24,994,437	834,875	5,518,623	25.4%	-143,190	-1,027,236	926,519	0	\$20.64	\$22.44

	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	673,924	3,271,759	27.4%	-113,879	-886,655	485,297	0	\$22.44
Class B	9,144,517	159,351	2,111,942	24.8%	-27,981	-144,186	368,385	0	\$18.41
Class C	1,463,789	1,600	134,922	9.3%	-1,330	3,605	72,837	0	\$15.43

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

KEY LEASE TRANSACTIONS YTD 2022

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
55 Hartland St.	East Hartford	Undisclosed	18,875	New
795 Brook St.	Rocky Hill	Undisclosed	18,328	New
32 Valley St.	Southington	IDD	15,000	New
175 Capital Blvd	Rocky Hill	Body Contour Centers	14,968	New
825 Brook St.	Rocky Hill	Undisclosed	14,965	New

Steven Fiore

Senior Research Analyst, Connecticut
 Tel: +1 203 326 5867
Steven.Fiore@cushwake.com

William Mitchell

Research Analyst, Boston
 Tel: +1 617 901 5912
Will.Mitchell@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

©2023 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.