

FAIRFIELD COUNTY

Office Q1 2023

	YoY Chg	12-Mo. Forecast
30.2% Vacancy Rate	▲	▲
-181K Net Absorption YTD, SF	▼	▼
\$34.61 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2023

	YoY Chg	12-Mo. Forecast
430K Fairfield County Employment	▲	▲
4.0% Fairfield County Unemployment Rate	▼	▼
3.5% U.S. Unemployment Rate	▼	▲

Source: BLS

ECONOMY: Labor Markets Continue to Show Strength

Fairfield County's labor markets remained strong over the past twelve months, with non-farm payrolls increasing by 1.6%, resulting in the addition of 7,000 new positions. The unemployment rate subsequently fell by 90 basis points (bps) to 4.0%, marking its tenth consecutive month of decline. Although the County's overall unemployment rate in the first quarter of 2023 was slightly higher than the national average of 3.5%, the labor markets in Fairfield County appeared strong amid growing recessionary concerns.

DEMAND: Vacancy Edges Higher While Demand Cools

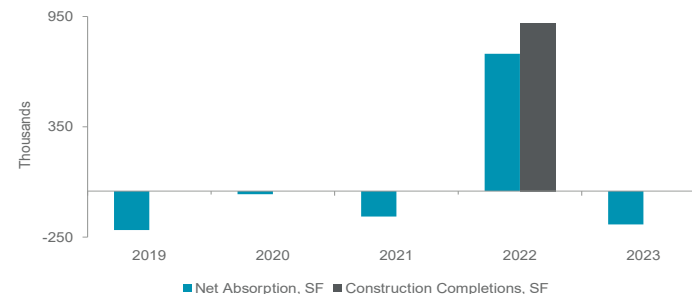
Business demand for office space was subdued in the first three months of 2023, as new leasing activity contracted by 65.8% year-over-year (YOY) to 293,056 square feet (sf). Compared to previous quarters, tenant demand in the first quarter fell 53.9% below the five-year average of 636,299 sf, resulting in the lowest quarterly influx of new transactions since the second quarter of 2020. Tenants still preferred high-quality assets, with the Class A office markets in Stamford and Greenwich absorbing 41.0% of countywide demand in the first quarter.

Overall vacancy inched higher over the last twelve months, increasing by 70 bps to 30.2%. The Stamford and Greater Danbury submarkets had the highest concentration of space additions since the first quarter of 2022, adding 863,520 sf and 222,658 sf, respectively. Most notably, Henkle, Sema4, and Duracell added a combined total of 250,888 sf of space to the market since the first quarter of 2022. Conversely, the overall vacancy rate in Greenwich dropped 210 bps YOY to 14.1%. Downtown Greenwich averaged an overall vacancy rate of 3.9% in the first quarter—130 bps higher than the all-time low of 2.6% in the second quarter of 2006.

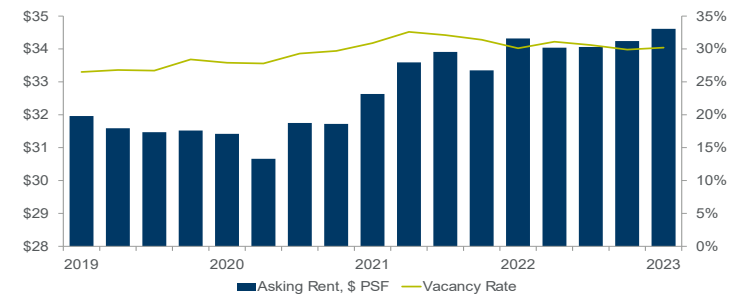
PRICING: Average Asking Rents Inch Lower

The average asking rent in Fairfield County fell by \$0.51 per square foot (psf) over the last twelve months, averaging \$34.61 in the first quarter of 2023. Class A rents registered a \$0.31 psf YOY increase to \$37.39. Conversely, asking rents for Class B office space declined by \$0.25 psf since Q1 2022, recording \$24.98 psf in Q1 2023. The divergence between Class A and B office rents appeared to align with tenants' increasing preference to be located in quality office product.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT FAIRFIELD COUNTY

Office Q1 2023



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Greenwich CBD	1,803,029	37,434	32,719	3.9%	32,410	32,410	25,876	0	\$90.90	\$95.44
Greenwich Non-CBD	2,172,186	193,542	297,933	22.6%	-12,117	-12,117	43,070	0	\$43.30	\$43.63
GREENWICH	3,975,215	230,976	330,652	14.1%	20,293	20,293	68,946	0	\$45.15	\$45.71
Stamford CBD	8,096,857	335,135	2,529,249	35.4%	-147,512	-147,512	51,409	0	\$47.59	\$48.17
Stamford Non-CBD	8,816,826	1,110,514	2,203,690	37.6%	-16,437	-16,437	35,588	0	\$32.66	\$36.61
STAMFORD	16,913,683	1,445,649	4,732,939	36.5%	-163,949	-163,949	86,997	0	\$40.94	\$44.15
Darien/New Canaan	635,747	0	123,904	19.5%	7,696	7,696	16,467	0	\$33.18	\$33.50
Norwalk	5,670,603	480,177	1,815,927	40.5%	-41,511	-41,511	37,744	0	\$29.44	\$31.18
Wilton	1,010,836	4,842	383,295	38.4%	8,356	8,356	4,433	0	\$31.64	\$32.43
SOUTH CENTRAL	7,317,186	485,019	2,323,126	38.4%	-25,459	-25,459	58,644	0	\$30.00	\$31.58
Westport	1,261,364	60,277	130,059	15.1%	-5,731	-5,731	5,787	0	\$39.67	\$43.25
Fairfield/Southport	740,262	3,549	100,889	14.1%	4,944	4,944	5,575	0	\$34.60	\$35.87
CENTRAL	2,001,626	63,826	230,948	14.7%	-787	-787	11,362	0	\$37.43	\$40.10
Bridgeport	1,041,478	11,133	242,745	24.4%	0	0	4,010	0	\$22.41	\$25.40
Shelton/Stratford	3,817,520	207,950	653,896	22.6%	25,591	25,591	28,716	0	\$20.00	\$20.25
Trumbull	786,259	0	91,771	11.7%	-3,945	-3,945	5,402	0	\$17.60	\$20.92
EASTERN	5,645,257	219,083	988,412	21.4%	21,646	21,646	38,128	0	\$20.46	\$21.46
Greater Danbury	2,822,528	0	630,534	22.3%	-33,174	-33,174	28,979	0	\$21.37	\$22.10
FAIRFIELD COUNTY TOTALS	38,675,495	2,444,553	9,236,611	30.2%	-181,430	-181,430	293,056	0	\$34.61	\$37.39

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
5 Greenwich Office Park, Greenwich	Greenwich Non-CBD	Starwood Capital	24,027	New Lease
1700 East Putnam Avenue, Greenwich	Greenwich Non-CBD	Carrington Capital Management	23,911	Renewal*
45 Glover Avenue, Norwalk	South Central	Verition Fund Management	20,586	New Lease
500 West Putnam Avenue, Greenwich	Greenwich Non-CBD	Greenwich Hospital	16,230	Renewal*
100 West Putnam Avenue, Greenwich	Greenwich CBD	Strategic Value Partners	15,860	Expansion

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
101 Merritt Boulevard, Trumbull	Eastern	Concord Equity LLC / IMAG LLC	55,120	\$3.1M / \$55.33
11 Lake Avenue, Danbury	Greater Danbury	Dansker Capital LLC / MHP Land Holdings LLC	21,047	\$1.6 M / \$73.64

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