MARKETBEAT

Hartford/New Haven

Industrial Q3 2023

	YoY Chg	12-Mo. Forecast
3.7% Vacancy Rate	▲	▲
-404K Net Absorption, SF	▲	▼
$6.31 Asking Rent, PSF	▼	▼

Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2023

	YoY Chg	12-Mo. Forecast
1.0M Hartford/New Haven Employment	—	▲
3.6% Hartford/New Haven Unemployment Rate	▼	▼
3.7% U.S. Unemployment Rate	▲	▲

Source: BLS

ECONOMY

Central Connecticut's unemployment rate fell 20 basis points (bps) to 3.6% in the third quarter of 2023, slightly below the national average. Major industrial-using sectors posted a mixed bag for employment growth year-over-year (YOY), with manufacturing declining by 2.9% and 2.5% respectively. Trade and utilities employment increased YOY by 0.7% and 0.5%, respectively.

SUPPLY

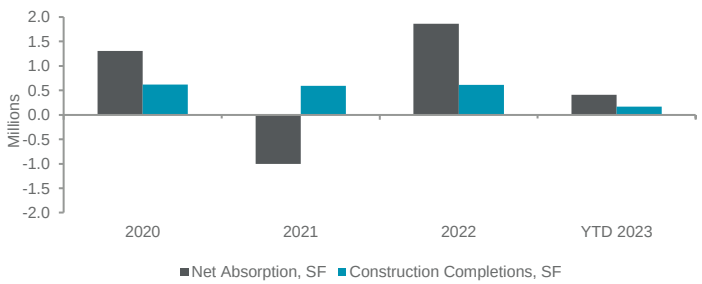
The overall vacancy rate in the traditionally strong central Connecticut industrial market increased for the first time in the trailing two years, rising by 30 bps to 3.7%, but remained 100 bps below the national vacancy rate of 4.7%. The Route 8 Corridor in New Haven recorded the highest vacancy rate at 7.4%, 250 bps above Western New Haven, the closest submarket. Meanwhile, three New Haven submarkets boasted vacancy rates below 2.5%, demonstrating continued interest in the region. Warehouse and distribution space accounted for 52.1% of central Connecticut's industrial inventory, with nearly 73.0 million square feet (msf). The overall vacancy rate for this product fell by 30 bps from the same time last year to 3.6%. Manufacturing facilities performed similarly, with 3.5% of the nearly 49.0 msf inventory vacant, a 30 bps improvement from the same period last year.

Absorption turned negative in the third quarter, with occupancy losses totaling 403,677 sf. Northern Hartford, both the largest submarket in the region and the highest in demand in the previous quarter, accounted for 56.7% of the negative third quarter absorption as 228,686 sf was vacated. The manufacturing facility at 215 Moody Road in Enfield accounted for the majority of absorption, with 167,000 sf coming back online. Meanwhile, 50 Spring Lane in Farmington delivered 40,000 sf of fully leased warehouse space to the Hartford market, the second construction completion of the year. Central Connecticut is on pace to register its highest level of construction completions in the trailing four years, as 530,000 sf at 500 Groton Road is scheduled to deliver in December.

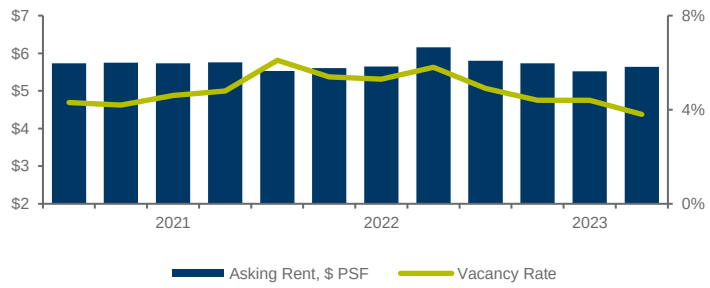
DEMAND & PRICING

Overall average asking rents climbed for the third consecutive quarter, ticking up to $6.31 per-square-foot (psf) across all product types. New Haven asking rents remained well above the Hartford average, as the constrained supply and the proximity to New York remained a more attractive option for users. Central Connecticut leasing activity declined by 55.2% in the third quarter to 271,172 sf. Warehouse and distribution space continued to generate the highest level of demand, with new deals totaling 213,692 sf, far outpacing other product types. The town of Windsor in the Northern Hartford market recorded three leases totaling 121,500 sf, including a large block lease of 73,500 sf at 330 Stone Road.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKETBEAT

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CUSHMAN & WAKEFIELD

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 (W/D)
Eastern Hartford	24,612,334	854,151	3.5%	-40,648	-30,418	0	0	$4.12	$6.82	$5.44
Hartford	5,005,532	220,882	4.4%	4,000	0	0	0	$17.25	$10.00	$4.86
Northern Hartford	29,221,155	1,250,969	4.3%	-228,686	35,733	700,300	165,625	$4.37	$11.19	$5.39
Southern Hartford	15,709,217	671,847	4.3%	-47,727	112,280	0	0	$5.26	$9.07	$5.92
Western Hartford	17,998,399	601,024	3.3%	45,600	53,346	0	40,000	$4.36	$8.26	$4.81
HARTFORD TOTALS	**92,546,637**	**3,598,873**	**3.9%**	**-271,461**	**170,941**	**700,300**	**205,625**	**$4.71**	**$10.18**	**$5.28**

**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 (W/D)
Eastern New Haven	4,250,749	89,639	2.1%	-25,769	-37,269	0	0	$10.95	$10.89	$7.29
New Haven	2,285,573	52,000	2.3%	-16,500	-16,500	90,000	0	N/A	N/A	$5.87
Northern New Haven	25,183,193	571,739	2.3%	-35,000	113,126	0	0	$7.13	$10.69	$7.12
Route 8 Corridor	5,313,103	394,390	7.4%	6,467	6,467	0	0	$6.82	$8.75	$4.29
Western New Haven	10,469,821	517,237	4.9%	-61,414	29,941	0	0	N/A	$8.46	$6.87
NEW HAVEN TOTALS	**47,502, 439**	**1,625,005**	**3.4%**	**-132,216**	**95,765**	**90,000**	**0**	**$7.75**	**$10.38**	**$5.98**

**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 (W/D)	OVERALL WEIGHTED AVG NET RENT
HARTFORD / NEW HAVEN TOTALS	**140,049,076**	**5,223,878**	**3.7%**	**-403,677**	**266,706**	**790,300**	**205,625**	**$5.21**	**$10.26**	**$5.61**	**$6.31**

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

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

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HARTFORD KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
330 Stone Road	Northern Hartford	Keystone Automotive Operations	73,500	New Lease
1640 John Fitch Boulevard	Northern Hartford	Undisclosed	43,000	New Lease
17 Bradley Park Road	Northern Hartford	Fabbrica	40,942	New Lease
169 Progress Drive	Eastern Hartford	Netsource	12,000	New Lease
110-118 Murphy Road	Hartford	Carrier Enterprise	9,250	Renewal

**Renewals not included in leasing statistics*

NEW HAVEN KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
254 Branford Road	Eastern New Haven	Undisclosed	32,000	New Lease
27 Dodge Avenue	Northern New Haven	Slice Solutions	10,000	New Lease
20-48 Capital Drive	Northern New Haven	Texima	10,000	New Lease
32 East Industrial Road	Eastern New Haven	Undisclosed	9,600	New Lease
69 South Turnpike Road	Northern New Haven	Undisclosed	6,124	New Lease

**Renewals not included in leasing statistics*

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