MARKETBEAT

New Haven

Office Q3 2023

	YoY Chg	12-Mo. Forecast
17.8% Vacancy Rate	▼	▲
-92k Net Absorption, SF	▲	▼
$23.67 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2023

	YoY Chg	12-Mo. Forecast
390.7k New Haven Employment	▲	▲
3.7% New Haven Unemployment Rate	▼	▲
3.7% U.S. Unemployment Rate	▲	▲

Source: BLS, Moody's Analytics
2023Q3 data are based on the latest available data

NEW HAVEN ECONOMY

New Haven unemployment ticked down 40 basis points (bps) year-over-year (YOY) to 3.7%, falling in line with the national average for the U.S. Office using sector growth was varied in the third quarter, with education and health services growing by 4.7% YOY, while financial activities dropped by 2.5%.

SUPPLY

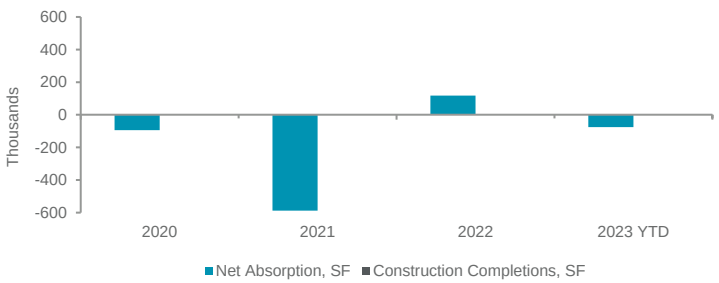
The five New Haven submarkets recorded a mixed bag in performance for the third quarter, as vacancy rates jumped in Northern, Western, and the Periphery, while the central business district (CBD) and Eastern New Haven registered declines. Ultimately, the overall vacancy rate in greater New Haven rose 80-bps quarter-over-quarter to 17.8%, well above the trailing three-year average of 15.4%. This was largely attributed to the 300-bps uptick in the Periphery's vacancy rate, resulting from the nearly 75,000 square feet (sf) of negative absorption in the neighborhood. New Haven CBD provided the sole bright spot, as three tenants occupied nearly 30,000 sf at 370 James Street, bringing the submarkets third quarter absorption to positive 27,830 sf.

Ancora Partners broke ground on its new office project at 265 Orange Street in July, redeveloping the old coliseum site in the CBD. The development will further intertwine the city of New Haven and Yale University and will include a portion of lab/research space. The introduction of 200,000 sf of new office space will bring some needed relief to the regions largest and second tightest submarket.

DEMAND AND PRICING

New Haven recorded 29,422 sf of new leasing activity in the third quarter. At the market's current trajectory leasing activity for 2023 would fall in line with the preceding five-year average of 173,000 sf. Northern New Haven outpaced the CBD in new demand for the first time in over a year, bringing the year-to-date (YTD) total to 38, 041 sf. The majority of this figure resulted from impressive leasing at 1781 Highland Avenue, where three leases were signed this quarter totaling 18,772 sf, including over 6,190 sf from Crown Castle. Overall gross asking rents rose 2.4% QOQ, a strong sign in an otherwise subdued national office market. The CBD accounted for the highest rents in the region, with the Periphery following closely behind.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT

MARKETBEAT

New Haven

Office Q3 2023

CUSHMAN & WAKEFIELD

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	3,348,323	0	408,499	12.2%	27,830	124,406	75,882	725,000	$29.03	$27.37
Periphery	2,477,213	22,379	451,271	19.1%	-74,173	-66,071	4,937	0	$25.32	$26.13
Eastern New Haven	578,870	0	21,656	3.7%	2,589	-6,311	5,289	0	$19.44	$19.44
Western New Haven	1,800,228	0	550,419	30.6%	-16,322	-63,810	3,525	0	$19.96	$20.13
Northern New Haven	2,685,791	9,400	475,097	18.0%	-31,984	-64,088	38,041	0	$21.80	$23.00
TOTAL MARKET	**10,890,425**	**31,779**	**1,906,942**	**17.8%**	**-92,060**	**-75,874**	**127,674**	**725,000**	**$23.67**	**$23.26**

	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	5,175,362	31,779	1,311,947	26.0%	-80,209	-109,300	76,165	725,000	$23.26
Class B	5,715,063	0	605,834	10.4%	-11,851	33,426	51,509	0	$24.58

**Rental rate data reported on a full-service gross basis and is based on published asking lease rates of available space*
***Not reflective of U.S. Marketbeat tables*

KEY LEASE TRANSACTIONS Q3 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
1781 Highland Avenue	Northern New Haven	Undisclosed	8,400	New
700 State Street	New Haven CBD	Marshall Dennehey Warner Coleman & Goggin P.C.	6,264	Renewal
1781 Highland Avenue	Northern New Haven	Crown Castle	6,190	Renewal
195 Church Street	New Haven CBD	Undisclosed	5,563	New
1781 Highland Avenue	Northern New Haven	Undisclosed	4,182	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.

cushmanwakefield.com