MARKETBEAT

New Haven

Office Q1 2024

	YoY Chg	12-Mo. Forecast
17.7% Vacancy Rate	▲	▲
73 K Net Absorption, SF	▲	▼
$23.48 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

ECONOMIC INDICATORS Q1 2024

	YoY Chg	12-Mo. Forecast
390.6 K New Haven Employment	▲	▲
4.7% New Haven Unemployment Rate	▼	▼
3.8% U.S. Unemployment Rate	▲	▲

Source: BLS, Moody's Analytics
2024Q1 data are based on the latest available data

NEW HAVEN ECONOMY

New Haven's unemployment rate climbed 60 basis points (bps) year-over-year (YOY) to 4.7%, coming in 90 bps higher than the U.S. national average at 3.8%. New Haven office-using employment declined by 200 jobs YOY in the first quarter, due to a 5.13% annual decrease in information services.

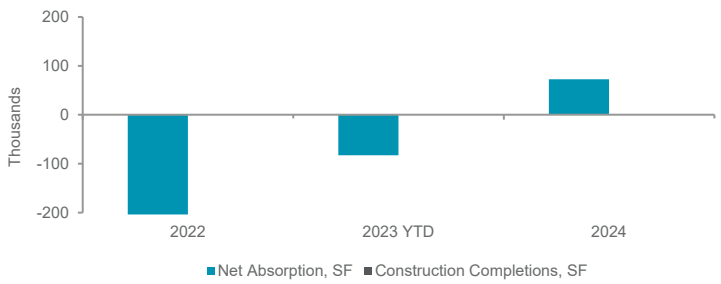
SUPPLY

Vacancy decreased in both the Central Business District (CBD) and suburban submarkets dropping the overall average to 17.7%—a 70 basis-point (bp) decline from year-end 2023. The CBD reached its lowest vacancy rate since the second quarter of 2021 at 11.5%, a 160- bps decreases quarter-over-quarter (QOQ). While the suburban markets recorded a more modest decrease QOQ of 40 bps at 20.5%. Vacancy remains up YOY by 210 bps. The Eastern New Haven submarket (Branford, East Haven, Guilford) posted vacancy rates under 5.0%. Both CBD and suburban achieved net positive absorption for the first time in five years. This can be attributed to four buildings posting more than 8,000 square feet (sf) of move-ins during the quarter, in combination with minimal move-outs.

DEMAND AND PRICING

Leasing activity was quiet in New Haven in the first quarter of 2024 with 10 deals totaling 46,171 sf. New Haven CBD lead all submarkets accounting for 52.0% of all new demand. Demand in New Haven CBD was driven by one new lease at 55 Church Street where XingImaging leased 24,066 sf, the fourth largest deal in New Haven since the start of 2023. The Northern New Haven submarket proved attractive this quarter, accounting for six of the top 10 leases completed this quarter and 26.8% of leased space located in this submarket. The average deal size shrunk to 3,157 from 7,358 sf one year ago. After reaching a five-year high in the third quarter of 2023,overall rental rates increased modestly QOQ, reaching $23.48. per square foot (psf). While suburban rental rates decreased YOY, CBD rental rates recorded a meaningful increase of 9.3% YOY, to $28.21 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT

MARKETBEAT

New Haven

Office Q1 2024

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	11,810	372,364	11.5%	37,268	37,268	24,066	725,000	$28.21	$27.44
Periphery	2,477,213	22,379	442,443	18.8%	4,441	4,441	8,686	0	$25.50	$26.17
Eastern New Haven	578,870	2,268	22,845	4.3%	1,030	1,030	1,030	0	$19.30	$19.30
Western New Haven	1,792,452	0	514,779	28.7%	-2,500	-2,500	0	0	$19.89	$20.16
Northern New Haven	2,688,851	9,400	528,811	20.0%	32,422	32,422	12,389	0	$22.31	$23.32
TOTAL MARKET	**10,885,709**	**45,857**	**1,881,242**	**17.7%**	**72,661**	**72,661**	**46,171**	**725,000**	**$23.48**	**$23.40**

	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	5,167,586	45,857	1,342,448	26.9%	24,412	24,412	16,739	725,000	$23.40
Class B	5,718,123	0	538,794	9.4%	48,249	48,249	29,432	0	$23.69

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

KEY LEASE TRANSACTIONS Q1 2024

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
60 Temple Street	New Haven CBD	Molecular Neuroimaging	25,642	Renewal
55 Church Street	New Haven CBD	XingImaging, LLC	24,066	New
545 Long Wharf Drive	New Haven Periphery	TKESystems	10,600	New
538 Preston Avenue	Northern New Haven	CBA	8,364	New
545 Long Wharf Drive	New Haven Periphery	Milestone Construction Services	5,820	New

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