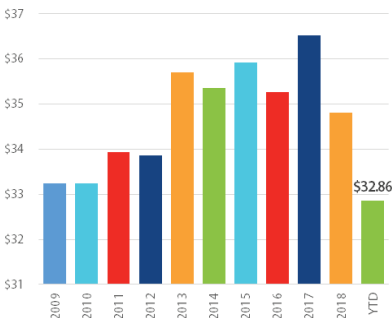
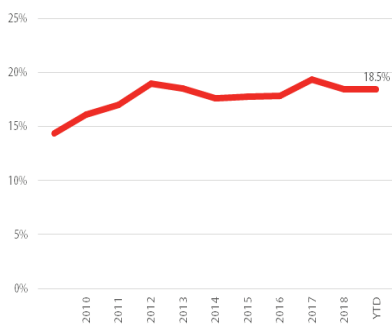


Fairfield County

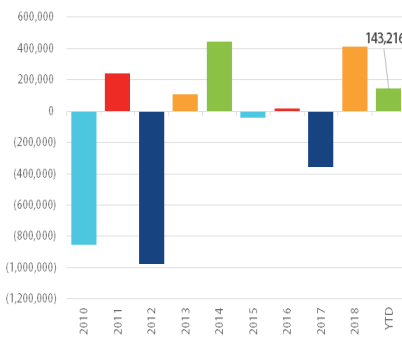
Overall Average Asking Rent



Overall Historical Vacancy



Overall Historical Net Absorption



Large Office Users Keep Vacancy in Check

Economic and Office Market Overview

Employment growth was minimal across most office-using sectors in Fairfield County in the first quarter of 2019. The highest growth was witnessed in the Information sector with a 3.1 percent change year-over-year and 400 new jobs. Meanwhile the unemployment rate fell to 4.3 percent, a recorded 10-year low based on non-seasonally adjusted statistics from the Bureau of Labor Statistics (February 2019).

Key office indicators presented somewhat of a mixed bag of performance. Year-over-year vacancy was down slightly, net absorption was positive, while the average asking rate was 9.0 percent lower than in first quarter 2018. Additionally, low employment growth was mirrored in the market's leasing volume which remained notably lower than the five-year trend by 45.0 percent.

Continuing to bode well for the office market was the signing of large lease transactions. The year kicked off with the significant lease of over 400,000 square feet (SF) in the Stamford CBD by WWE. While continued announcements of corporate relocations challenged the market with high availability in the short-term, these large deals have helped keep vacancy in check, particularly as many of the relocating tenants that remained in Fairfield County took up more space than they vacated in the market. This will result in positive net absorption for the overall market. On the horizon, vacancy and negative net absorption stemming from large inactive office buildings should ease considerably once this stock is removed from the market's office inventory.

Vacancy

The vacancy rate was slightly more suppressed with a 50 basis-point (bps) decrease year-over-year to 18.5 percent in the overall market in first quarter of 2019, and lower compared to 19.0 percent in the first quarter of 2018. Decreases were seen across all submarkets except in the Central and the Stamford non-Central Business District (CBD) submarkets where the vacancy rate edged slightly upwards to 18.0 percent and 26.6 percent, respectively.

The lion's share of the leasing volume in first quarter was attributable to the largest transaction for 415,000 square feet (SF) by WWE at 677 Washington Boulevard in the Stamford CBD, which comprised close to 65.0 percent of the total leased square footage during the period. Total leasing volume in the county registered slightly higher year-over-year, by 9.0 percent, but was lower relative to the five-year trend, by 45.0 percent.

On the one hand, large lease transactions put downward pressure on the vacancy rate, while more attritions from large office tenants, specifically, liquor giant Diageo with its announced relocation from The Towers at 801 Main Avenue in Norwalk to New York City, put upward pressure on the availability rate. Based on lease signings to-date, a good number of these large tenants who relocated within Fairfield County took up more space than they vacated in the market, which should help keep overall vacancy in check.

Market vacancy and availability indicators remained volatile as a result of large blocks of vacant space. This included the former Matrix Corporate Center, now The Ridge, in the Northern submarket, earmarked for property use conversion, as well as 10 Norden Place in the Central submarket, both of which are still part of the office inventory. Absent the vacancies in these two buildings, the vacancy rate in the Northern and Central submarkets would be more in the vicinity of 4.9 percent and 12.1 percent instead of 24.8 percent and 18.0 percent.

Absorption

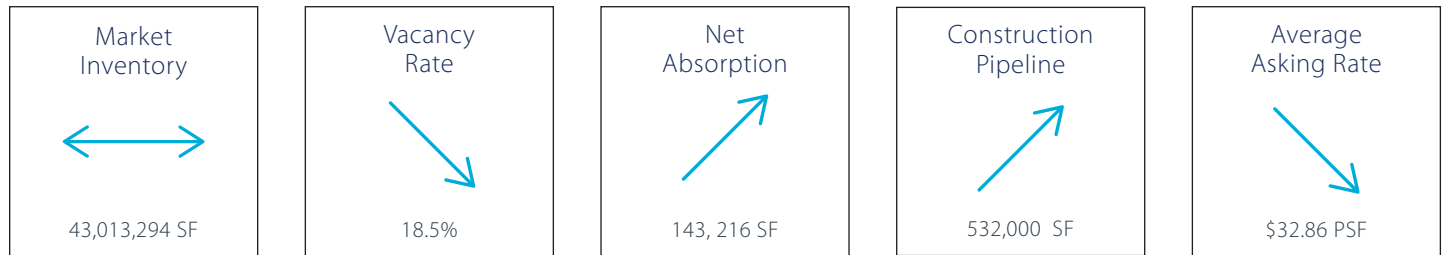
Net absorption in the first quarter of 2019 recorded a positive 143,216 SF compared to the negative net absorption of over 38,000 SF in first quarter 2018. This was attributable to strong performance in the Stamford CBD and the Greenwich non-CBD submarkets, which witnessed 97,271 SF and 102,618 SF increases in occupied square feet, respectively.

Asking Rents

The overall market average asking rent of \$32.86 per square foot (PSF) dropped 5.4% relative to the previous quarter and is also lower by 9.0 percent year-over-year.

Office Market Snapshot

Below are first quarter 2019 overall market indicators for Fairfield County's office market compared to the first quarter of 2018:



Notable Lease Transactions

| Tenant | Property/Submarket | SF/Type |
|------------------------|-----------------------------------|-----------------|
| WWE | 677 Washington Blvd /Stamford CBD | 415,000/New |
| Diageo | 695 East Main St /Stamford CBD | 38,000/New |
| Guideposts Magazine | 39 Old Ridgebury Rd /Northern | 30,000/Renewal |
| Charter Communications | 400 Atlantic St /Stamford | 18,391/Sublease |
| McDonald's | 695 E Main St /Stamford CBD | 14,600/New |

Notable Sale Transactions

| Address/Submarket | Buyer/Seller | Price | SF/ Price PSF |
|--------------------------------|---|--------------|---------------|
| 323-329 Riverside Ave /Central | Healthcare Trust of America /The Davis Companies | \$18,749,999 | \$493 |
| 510 Barnum Ave /Eastern | Time Equities, Inc. /Bridgeport Trade & Technology Center | \$4,496,138* | \$41 |
| 55-57 Greens Farms Rd /Central | JEM Holdings, LLC /The Silverman Group | \$32,600,040 | \$259 |

*Allocated; part of portfolio sale

Trends to Watch

- Watch for the continued migratory trend towards urban, transit-oriented locations as was evidenced by liquor-giant Diageo's announced headquarters relocation from its offices in Norwalk to the World Trade Center in New York City. This was more recently coupled with a lease signing for 38,000 SF in the Stamford CBD.
- Expect more new large lease signings for the remainder of the year in Fairfield County. We have seen this with Reed Exhibitions for 93,899 SF (Central), Charter Communications for 532,000 SF (Stamford CBD), and FactSet Research Systems for 173,164 SF (Central). In the first quarter of 2019, WWE signed a multi-year lease for 415,000 SF on five floors at the former UBS complex in the Stamford CBD. This will serve as its new headquarters which is more than three times the size of their current headquarters at 1241 E. Main Street in Stamford.



510 Barnum Ave
Bridgeport
110,000 SF

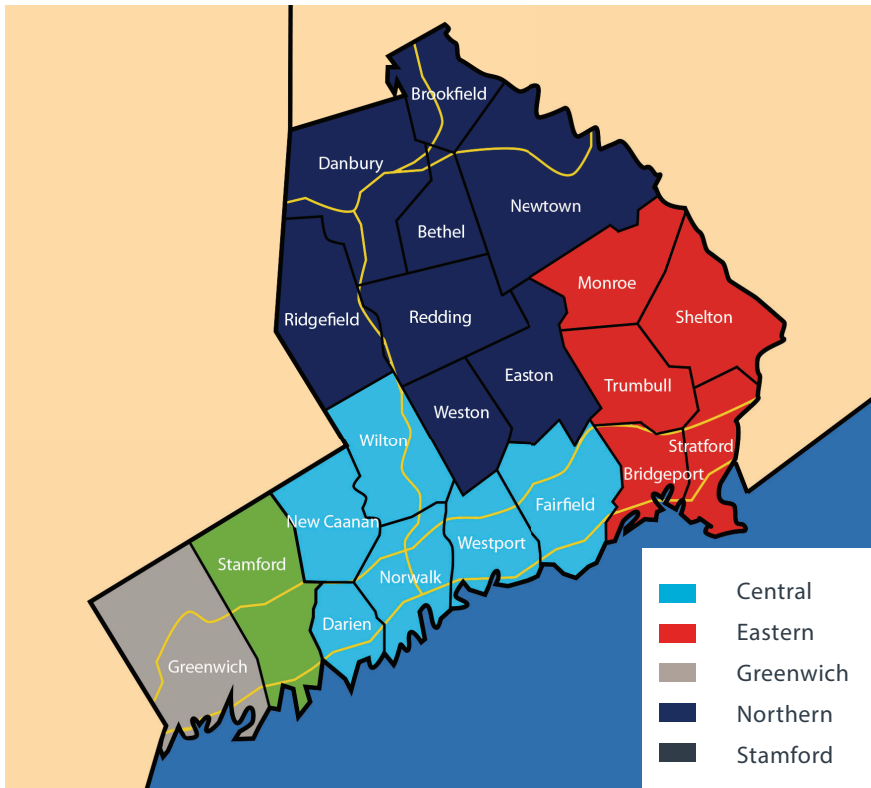


323-329 Riverside Ave
Westport
38,000 SF

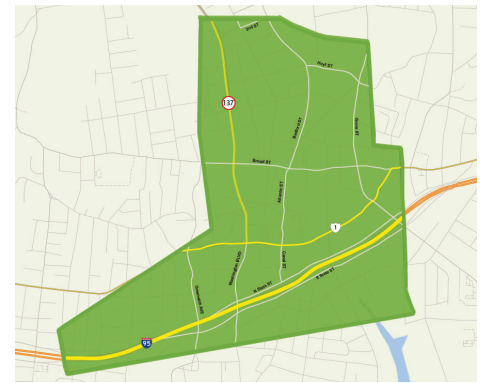


55-57 Greens Farms Rd
Westport
125,922 SF

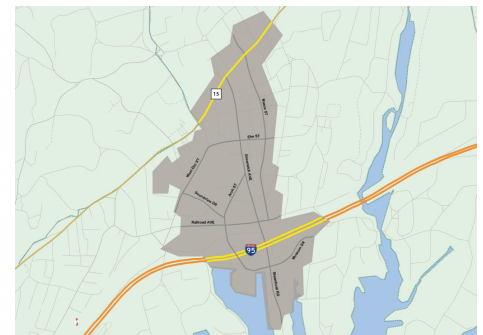
Fairfield County Submarkets



Stamford CBD/Railroad



Greenwich CBD/Railroad



Market By The Numbers

| Submarket | Inventory (SF) | Vacant (SF) | Vacancy (%) | Vacancy Trend (Q1'18- Q1'19) | Availability (%) | 1Q19 Net Absorption (SF) | Year-to-Date Absorption | Under Construction (SF) | Overall Average Asking Rent |
|------------------------|-------------------|------------------|--------------|------------------------------|------------------|--------------------------|-------------------------|-------------------------|-----------------------------|
| Stamford CBD/Railroad | 9,166,054 | 1,846,190 | 20.1% | Down | 26.0% | 97,271 | 97,271 | 532,000 | \$44.33 |
| Greenwich CBD/Railroad | 1,892,619 | 139,821 | 7.4% | Down | 14.0% | -1,349 | -1,349 | 0 | \$82.00 |
| CBD Total | 11,058,673 | 1,986,011 | 18.0% | Down | 19.8% | 95,922 | 95,922 | 532,000 | \$63.17 |
| Eastern | 6,911,921 | 654,262 | 9.5% | Down | 13.0% | -14,955 | -14,955 | 0 | \$22.30 |
| Central | 11,300,825 | 2,028,942 | 18.0% | Up | 26.8% | -96,395 | -96,395 | 0 | \$32.30 |
| Northern | 3,775,399 | 936,606 | 24.8% | Down | 29.8% | 10,551 | 10,551 | 0 | \$20.10 |
| Stamford non-CBD | 7,549,830 | 2,010,474 | 26.6% | Up | 34.0% | 45,475 | 45,475 | 0 | \$31.80 |
| Greenwich non-CBD | 2,416,646 | 327,825 | 13.6% | Down | 18.0% | 102,618 | 102,618 | 0 | \$45.93 |
| Market Total | 43,013,294 | 7,944,120 | 18.5% | Down | 25.0% | 143,216 | 143,216 | 532,000 | \$32.86 |



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