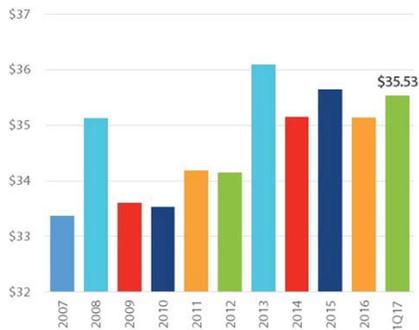
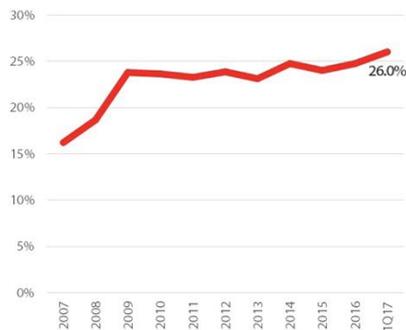


# Fairfield County

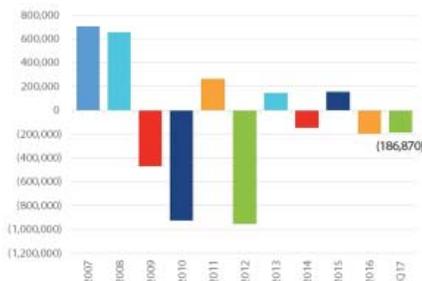
## Overall Average Asking Rent



## Overall Historical Availability



## Overall Historical Net Absorption



## Office Market Leasing Continues at an Anemic Pace While Availability Edges Upward

### ECONOMIC OVERVIEW

Job growth in Fairfield County slowed in first quarter 2017, recording only a 1.2 percent increase and 5,388 more jobs than the previous year, but outperformed the five-year historical average. The recent job losses bring Fairfield's unemployment rate up to 5.3 percent after posting a low of 3.6 percent back in November 2016, when it outperformed the national average of 4.8 percent. Most of the job losses were in the Professional and Business Services sector, which witnessed an 8.1 percent job decrease in a 12-month period (Jan. '16 - Jan. '17). Notable losses in the county included 600 people laid off by Altice USA (Cablevision's new parent) at its call center in Shelton and its back office operations in Stratford, as well as 165 jobs cut at Starwood Hotels' Stamford headquarters after its acquisition by Marriott International. While the Fairfield market has gained an estimated 22,236 jobs since 2012, short-term volatility in job growth is expected to continue into 2017 as announced expansions and layoffs from corporate occupiers come to fruition.

### OFFICE MARKET OVERVIEW

Market conditions in the Fairfield County office market still tip to the side of the tenant with a high availability rate - amongst the highest in the nation- and a fair number of mid to large-sized contiguous blocks of space available, as corporate occupiers continue to shed space. Professional and Business Services and Healthcare Services drove a good number of the larger deals this quarter, but the large deals were noticeably fewer. Barring a significant strengthening in demand, the pace of merger and acquisition activity, corporate restructuring and the rate of leasing activity relative to the amount of space returned to the market, the Fairfield County market is anticipated to see a continued upward trajectory in office availability.

### AVAILABILITY

The overall availability rate for Class A and B space in Fairfield County continues to edge up slowly- posting 26.0 percent in first quarter 2017, which was 134 basis points (bps) higher than last quarter and 154 bps higher than first quarter 2016. At the submarket level, the highest availability rates were in Stamford (32.7 percent) and Greenwich (24.5 percent), both of which saw the largest additions to their available inventory in first quarter. One of the most notable returns of space to the market included over 394,838 SF by Starwood Hotels for its headquarters at 333 Ludlow in Stamford's South End, where the tenant is locked into a lease until 2034.

Leasing velocity was down significantly relative to a strong fourth quarter 2016, but was fairly comparable to first quarter 2016 performance, with an estimated 475,000 SF in transactional volume. On an annual basis, leasing trended downward since 2015, achieving an estimated 2.5 million SF in 2016. Of note in first quarter 2017 was that there were considerably fewer large deals than in the previous quarter, with the largest lease transaction effectuated by Yale-New Haven in the renewal and expansion of its space at 99 Hawley Lane in Stratford.

### ABSORPTION

Net absorption started on a negative note in first quarter 2017, with an estimated 186,870 SF. Performance was significantly improved relative to fourth quarter 2016, which had recorded a negative net absorption of over 800,000 SF, but slightly weaker than it was in 2015, which was marginally positive. Consequently, the vacancy rate went up slightly to 18.4 percent-a 50-basis point change since last quarter's 17.9 percent. The highest negative net absorption figures were recorded in the Central and Stamford submarkets, which ended the quarter with negative 112,798 SF and 142,966 SF, respectively.

### ASKING RENTS

The average asking rent moved up slightly to \$35.53 per square foot (PSF), despite soft market conditions- representing a 1.0 percent increase since last quarter. We attribute the rise in rental increases to Class A space. Landlords also kept the gap between asking and effective rents tightly within their control.

## Market Indicators

Below are 2017 year-to-date overall market indicators for Fairfield County's office market compared to the first quarter of 2016:



## Submarkets by the Numbers

Submarket	Inventory (SF)	Availability (SF)	Availability (%)	1Q17 Net Absorption (SF)	Year-to-Date Absorption	Under Construction (SF)	Overall Asking Rent
Eastern	6,937,466	1,262,115	18.2%	47,919	47,919	0	\$20.96
Central	11,554,955	2,803,898	24.3%	-112,758	-112,758	0	\$30.69
Northern	3,818,831	759,796	19.9%	-16,196	-16,196	46,000	\$25.11
Stamford	15,509,366	5,070,637	32.7%	-142,966	-142,966	0	\$37.17
Greenwich	4,266,738	1,043,417	24.5%	37,131	37,131	0	\$64.54
Market Total	42,087,356	10,939,863	26.0%	-186,870	-186,870	46,000	\$35.53

## Notable Lease Transactions

Tenant	Property	Town/City	Submarket	Type	SF
Yale-New Haven	99 Hawley Lane	Stratford	Eastern	Expansion	101,000
Epsilon	10 Westport Rd	Norwalk	Central	New	64,850
PartnerRE Ltd.	200 First Stamford Place	Stamford	Stamford	New	59,674
Raymond James	3 Pickwick Plaza	Greenwich	Greenwich	New	15,677
WCHN	249 Danbury Rd	Wilton	Central	New	15,000

## Notable Sale Transactions

Property	Town/City	Submarket	Buyer	Seller	Price	SF	Price/SF
111 High Ridge Road	Stamford	Stamford	Anthony Longhitano	Bert Ballin	\$10,250,000	40,000	\$256
889 Bridgeport Ave	Shelton	Eastern	Alpha AG LLC	Rugby Realty	\$7,300,000	55,000	\$133
800 Boston Post Rd	Darien	Central	JEM Holdings	Mercator Capital	\$4,800,000	26,051	\$184



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