



Quick Stats

3.5%

Unemployment rate has fallen

1,900

New jobs in Bridgeport-Stamford-Norwalk and Danbury metropolitan areas*

0.4%

Overall Job growth*

1,200

Jobs Gained in Financial Services*

*Year-over-Year figure

Mid-Year Economic Overview

At mid-year 2019 Fairfield County's economy continued to see sluggish employment and population growth, each recording only 0.4 percent year-over-year. Population growth turned slightly positive in 2018, according to the US Census, after it had registered -0.14 percent in 2017.

Employment in the key office-using sector of Professional and Business Services in the two metropolitan areas in Fairfield County (Stamford-Bridgeport-Norwalk and Danbury) was down by 500 jobs year-over-year in the 12-month period ending in May 2019. This was offset by positive growth in the Financial Activities sector with the addition of 1,200 jobs, representing 3.1 percent in annual growth, as well as the Information Technology sector with 1,400 new jobs, and 5.5 percent growth.

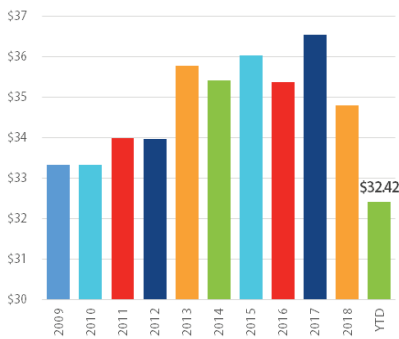
Figuring into the still anemic job growth were additional layoffs from Norwalk-based Xerox and Frontier

Communications as a result of company restructuring and cost-cutting, whose combined job cuts in the first quarter totaled approximately 1,000 employees. The manufacturing sector, whose multiplier effect on office use should not be disregarded, also witnessed layoffs, more notably with the closing of Hubbell Lighting in Newtown in the Northern submarket. The company, which is a subsidiary of Shelton-based electrical and electronic components manufacturer, Hubbell Inc, laid off 143 production workers and engineers. The plant's operations will be migrated to Hubbell's Puerto Rico facility. Hubbell will also close its Bethel-based, Burndy plant which employs over 50 people.

The outlook for Fairfield County through 2023 is continued slow population growth by an estimated 2,020 persons and growth in employment by an estimated 7,230 jobs. Barring further attrition this could bring employment levels over the year 2000 threshold.

Fairfield County

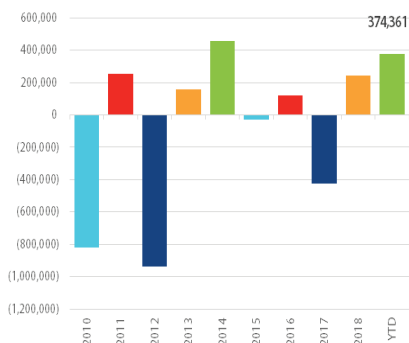
Overall Average Asking Rent



Overall Historical Vacancy



Overall Historical Net Absorption



Mid-year Mark Bolstered by First Quarter Performance

Office Market Overview

Some softness continued in the Fairfield County office leasing market, with a falling quarterly average asking rental rate per square foot (PSF) and slightly higher vacancy year-over-year. However, performance at mid-year 2019 still showed signs of slow but steady progress towards recovery, with increased net absorption and more robust leasing activity.

Vacancy

Trending downward sequentially since the fourth quarter of 2018, second quarter vacancy was at 17.9 percent. However, this was a 16-basis point (bps) increase year-over-year- from 16.3 percent in the second quarter of 2018.

The highest vacancies registered in the Northern and Stamford non-CBD submarkets with 25.7 percent and 27.9 percent, respectively, while the lowest vacancies were seen in the Greenwich CBD and the Eastern submarkets, with 8.0 percent and 8.7 percent.

Large blocks of vacant space were in some of the largest buildings in suburban submarkets such as Stamford's 1 Elmcroft Rd and 400 Atlantic Street, the latter of which was vacated by Charter Communications, in addition to 10 Norden Place in Norwalk, as well as the rebranded The Ridge, at 39 Old Ridgebury Road in Danbury. All continued to burden the market with excess space.

Apart from these "elephants in the room", however, the market showed signs of gradual tightening. As mentioned in the previous quarter's Avison Young report, absent the excess space in the handful of very large vacant buildings, vacancy in the Central and Northern submarkets would be down to 13.0 percent and 6.0 percent, respectively. Taking into consideration the notable tightening in other submarkets, this may leave tenants with only the Stamford market as a viable option to relocate or expand into.

Leasing

The second quarter saw a slowing in leasing activity for new deals, in terms of square foot volume, relative to the same period a year ago, closing at an estimated 261,422 square feet (SF) and representing a 40.0 percent decline. Year-to-date leasing, however, was 57.0 percent higher than the mid-year mark in 2018, recording close to 1.0 million square feet. This was bolstered primarily by the large lease signings in the first quarter of 2019, particularly by WWE at 677 Washington Boulevard in the Stamford CBD for 415,000 SF.

Absorption

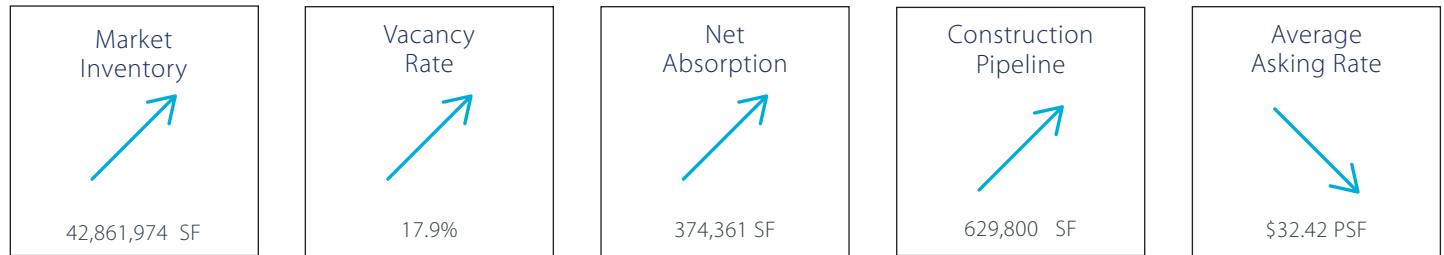
Owing mostly to leases signed in previous quarters, total net absorption was positive at mid-year with 374,361 SF of activity year-to-date. This was 74.0 percent higher relative to mid-year 2018. Positive net absorption is anticipated to continue through the remainder of the year and into 2020 as a few more large tenants execute on their moves.

Asking Rents

The market-wide average asking rental rate, which had been nudging downwards for the previous several quarters, dropped \$3.44 PSF since the second quarter 2018 to \$32.42 per square foot (PSF). The steepest drop was seen in the Greenwich CBD by \$1.14 PSF.

Office Market Snapshot

Below are 2019 year-to-date overall market indicators for Fairfield County's office market compared to the second quarter of 2018:



Notable Lease Transactions

Tenant	Property/Submarket	SF/Type
Legal & General America	750 Washington Blvd /Stamford CBD	17,100/New
Finacity Corporation	263 Tresser Blvd /Stamford CBD	16,272/New
Onward Search	40 Danbury Rd /Northern	16,033/Sublease
Marblegate Asset Managment	51 Weaver Street /Stamford	15,494/New
Verrill Dana	355 Riverside Ave /Stamford CBD	14,300/New

Notable Sale Transactions

Address/Submarket	Buyer/Seller	Price	SF/ Price PSF
600 Washington Blvd/ Stamford CBD	Rubenstein Partners/ Royal Bank of Scotland	\$81,854,494	\$184
8-10 Wright St/ Central	Waterway Family Funds/ Marcus Partners	\$30,021,500	\$358
300 Main St/ Stamford CBD	JEM Holdings, LLC /The Silverman Group	\$8,295,000	\$91
60 Commerce Dr/ Eastern	Non For Profit CT Headquarters/ Cambridge Hanover	\$2,100,000	\$132

Trends to Watch

- The potential for further tightening in many of the county's submarkets may trigger increased leasing volume. The downward trend in office vacancy and availability of larger blocks of space, as well as the absence of any speculative construction could spark faster decisive action by several large users touring the market.
- Co-working space has been making a quiet progression in Fairfield County since its first appearance in 2011. As companies downsize or expand their presence, more and more corporate users and start-ups in need of satellite offices or temporary space between moves or office renovations who are not prepared to commit to a multi-year lease, opt for the flexibility and convenience of co-working spaces. Today there are dozens of co-working companies in the main urban cores of Norwalk, Stamford, Bridgeport and Danbury including WeWork, Serendipity Labs, Office Evolution and Regus. More recently, HAYVN opened a new 7,000-square foot co-working space at 320 Post Road in Darien with a focus on start-ups run by women professionals which will offer professional workshops as well as health insurance as their services.



600 Washington Blvd
Westport
445,297 SF



8-10 Wright St
Westport
83,964 SF

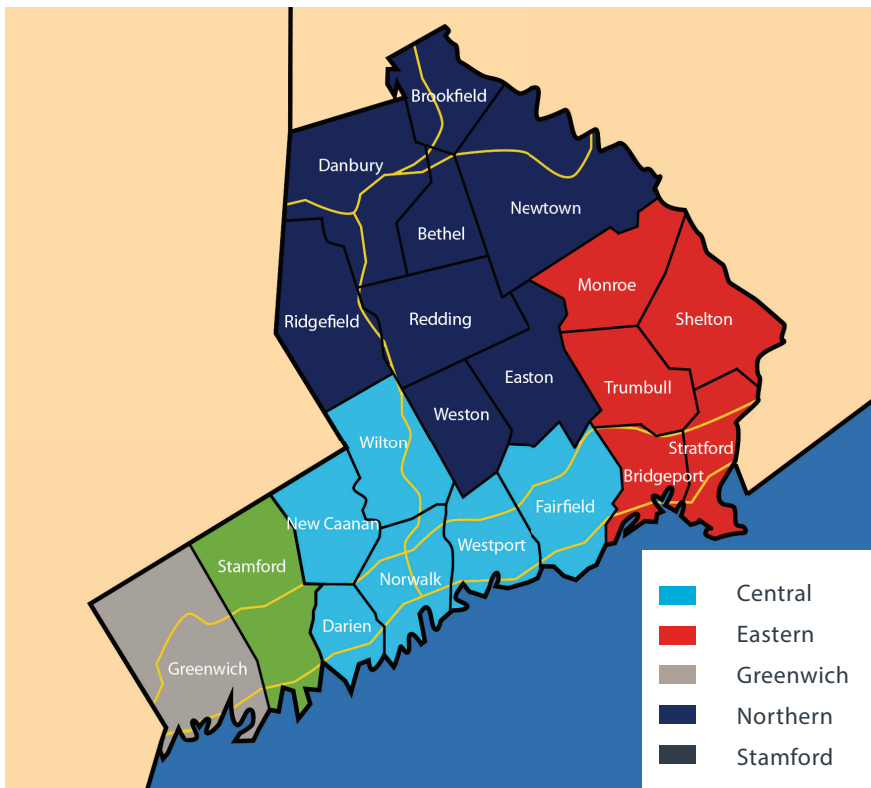


300 Main St
Stamford
91,480 SF

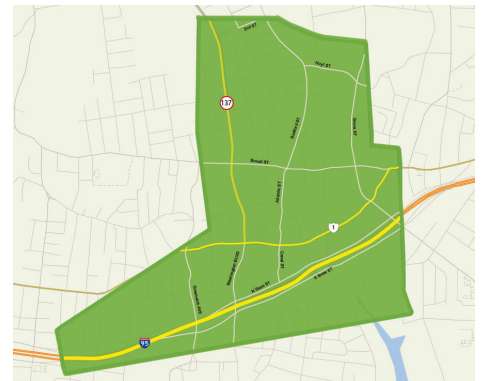


60 Commerce Dr
Trumbull
15,938 SF

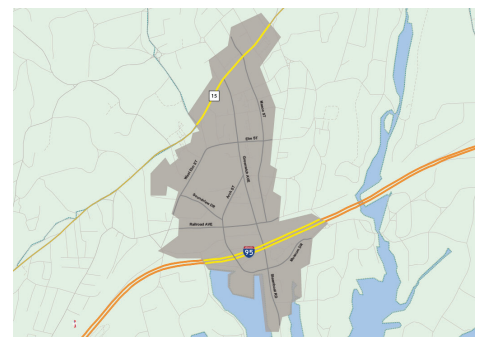
Fairfield County Submarkets



Stamford CBD/Railroad



Greenwich CBD/Railroad



Market By The Numbers

Submarket	Inventory (SF)	Vacant (SF)	Vacancy (%)	Vacancy Trend (Q2'18- Q2'19)	Availability (%)	2Q19 Net Absorption (SF)	Year-to-Date Absorption	Under Construction (SF)	Overall Average Asking Rent
Stamford CBD/Railroad	9,175,033	1,726,903	18.8%	Down	24.56%	53,650	150,921	532,000	\$43.93
Greenwich CBD/Railroad	1,892,619	152,031	8.0%	Up	15.02%	-24,216	-25,565	0	\$80.86
CBD Total	11,067,652	1,878,934	17.0%	Down	16.52%	29,434	125,356	532,000	\$62.40
Eastern	6,916,073	603,315	8.7%	Down	14.04%	29,285	14,330	61,800	\$22.49
Central	11,261,965	1,922,627	17.1%	Up	23.30%	33,326	-63,069	36,000	\$31.13
Northern	3,750,715	965,302	25.7%	Down	30.32%	4,166	14,717	0	\$20.21
Stamford non-CBD	7,456,923	2,080,908	27.9%	Down	34.50%	95,914	141,389	0	\$31.80
Greenwich non-CBD	2,408,646	239,653	9.9%	Up	16.52%	39,020	141,683	0	\$45.44
Market Total	42,861,974	7,690,739	17.9%	Down	23.89%	231,145	374,361	629,800	\$32.42


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