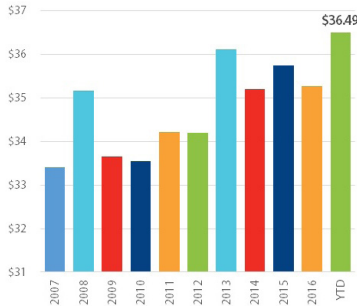
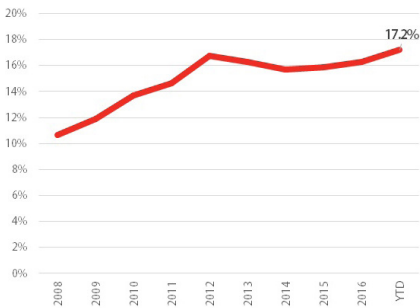


Fairfield County

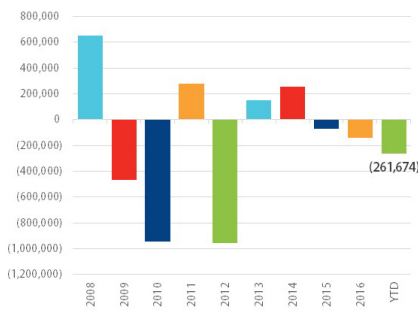
Average Asking Rent



Historical Vacancy



Historical Net Absorption



Uncertainty Prevails in Market's Largest Office Buildings

ECONOMIC AND OFFICE MARKET OVERVIEW

Despite dire economic reviews and job losses at the state level, Fairfield County continued to see incremental increases in its labor force, which was up 2.14 percent year-to-date as of August 2017. Total employment increased by 3.1 percent, adding 14,065 jobs, while unemployment edged down to 4.3 percent from 5.2 percent at the beginning of the year.

Boding well for the office-using sector was the continued positive growth in Service-Providing industry employment, which created 11,600 jobs year-to-date in the county's metropolitan areas of Danbury and Bridgeport-Stamford-Norwalk.

Stamford-based Charter Communications, the fast-growing cable television provider, is expanding its headquarters operations and will be creating an additional 1,100 new jobs. Despite high office vacancy, Charter opted for a 500,000-square foot build-to-suit for its new headquarters, which will result in the addition of 760,000 square feet (SF) to the Stamford market's office inventory. This was inevitably a disappointing outcome for the large buildings in Stamford that were likely targets for this large office user.

VACANCY

The overall Fairfield county market posted a 17.2 percent vacancy rate, just slightly lower than the previous quarter when it stood at 17.8 percent, but higher by 240 basis points (bps) since third quarter 2016 when vacancy had dipped to 14.8 percent. The slow upward trend in vacancy has persisted and marks continued softness in the overall office market.

The market's office mecca, the Stamford submarket, continued to record the highest vacancy with an average of 23.7 percent at the end of third quarter 2017. Interest in the market's newly renovated office buildings are garnering interest, but at a slow pace. Reflecting this is Stamford's Shippan Landing, a 770,000-square foot mixed-use complex overlooking the harbor which has undergone several millions of dollars'-worth of renovations since 2012. Vacancy here is still high, but has been slowly declining since 2014, buoyed by the gradual economic recovery. In third quarter 2017, investment firm First Reserve signed a long-term lease for 34,554 sf at 290 Harbor Drive.

For the time being, a mix of optimism and uncertainty prevails in some of the market's largest office buildings. In Stamford's central business district (CBD), where vacancy registered 24.0 percent in 3Q17, the 760,000-square foot UBS building at 677 Washington Boulevard still lies vacant for the fourth consecutive quarter, with no visible signs of securing a new tenant. The departure of Charter Communications from 400 Atlantic Street, where it currently occupies 110,000 SF, will add to the plight of this already financially distressed building and could further drive up vacancy in the CBD.

ABSORPTION

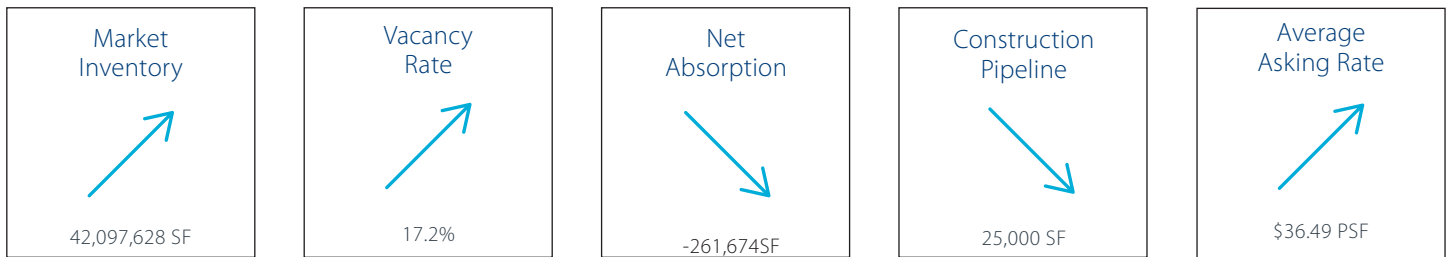
Net absorption continued in a downward trend, posting -261,674 SF year-to-date. A fair share of the negative net absorption was owing to the Central submarket, which saw 146,000 SF vacated in third quarter 2017. Part of that was attributable to the vacating of 82,851 SF by Sun Products Corporation, a subdivision of consumer goods multinational Henkel Corporation, in its move to the parent's new headquarters at 200 Elm Street in Stamford. What could have otherwise offset the negative trend, was the time lag between lease signings and occupancy. Many large office tenants that signed leases in 2017, such as Epsilon with over 64,000 SF and Daymon Worldwide with over 44,000 SF, are not scheduled to occupy their new space until fourth quarter 2017 or even later in 2018.

ASKING RENTS

The average asking rent of \$36.49 increased by 4.2 percent year-over-year and was up by \$1.46 per square foot (PSF) overall. Putting upward pressure on rents were the Stamford and Greenwich central business district (CBD) submarkets.

Office Market Snapshot

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



Notable Lease Transactions

Tenant	Property/Submarket	SF/Type
AQR Capital Management	1 Greenwich Plaza Greenwich/Greenwich	86,117 New
Remedy Partners	800 Connecticut Avenue Norwalk/Central	40,013 New
General Motors	44 Old Ridgebury Road Danbury/Northern	36,730 New
First Reserve	290 Harbor Drive Stamford/Stamford Non-CBD	34,554 New
Tangoe	1 Waterview Drive Shelton/Eastern	34,000 New
Omicom	1055 Washington Stamford/Stamford CBD	23,800 New

Quarter Highlights

Stamford-based television provider Charter Communications, currently occupying 110,000 SF at 400 Atlantic Street, announced the expansion of its headquarters in a 500,000-square foot build-to-suit at 406 Washington Boulevard next to the Stamford train station.

Following an announcement last year of expansions in their business operations estimated at \$72 million and the addition of 600+ employees, investment management firm AQR Capital Management signed a lease at 1 Greenwich Plaza in Greenwich for 86,117 SF. The company is headquartered at 2 Greenwich Plaza and will be occupying the adjacent space in June 2018.

Demolition of the 40,000-square foot Tetley Tea Headquarters building at 100 Commerce Drive, Shelton in the Eastern submarket makes way for a mixed-use development comprising a two-story retail building, and a one-story building with a drive-through and a coffee shop with a drive-through. Reportedly, future occupants will include a medical tenant and Starbucks.

Notable Sale Transactions

Address/Submarket	Buyer/Seller	Price	SF/ Price PSF
75 Holly Hill Lane Greenwich/Greenwich-Non-CBD	Benedict Realty Group/ Artemis RE Partners, ClearRock Properties	\$33,750,000	105,326 \$320
750 Washington Blvd Stamford/Stamford CBD	CBRE Global Investors/ SL Green Realty Corp	\$57,460,932	192,939 \$298
680 Washington Blvd Stamford/Stamford CBD	CBRE Global Investors/ SL Green Realty Corp	\$539,539,068	132,762 \$298
40 Cross Street Norwalk/Central	Anchor Health Props/ Marcus Partners Properties	\$23,000,000	71,401 \$322



75 Holly Hill Lane, Greenwich

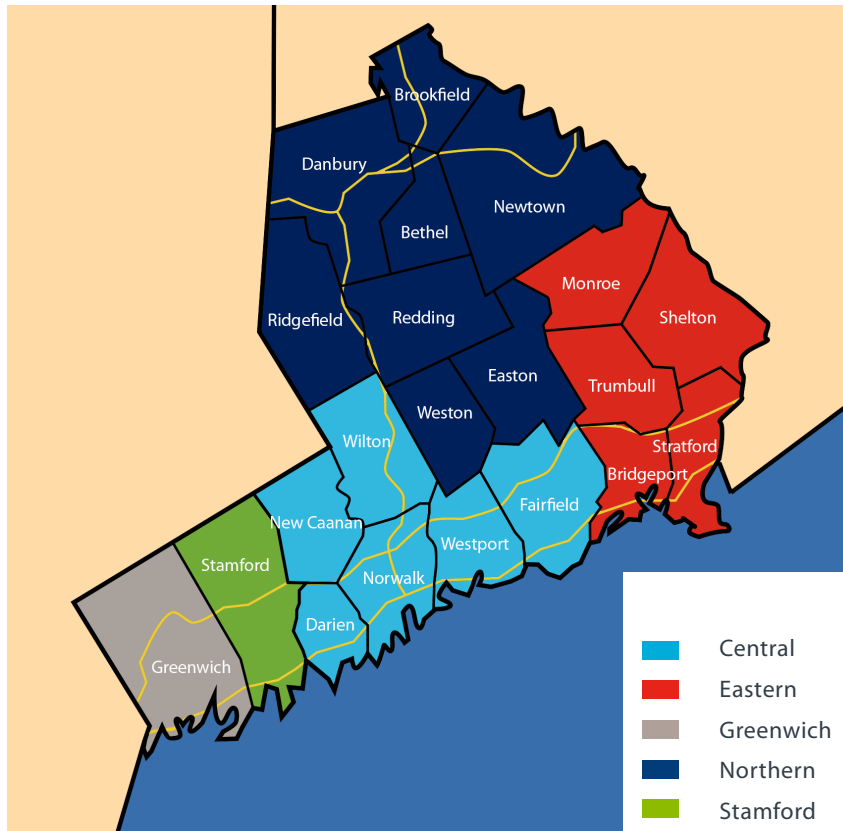


750 Washington Blvd., Stamford

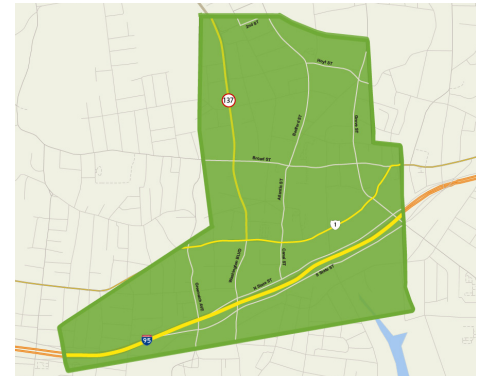


40 Cross Street, Norwalk

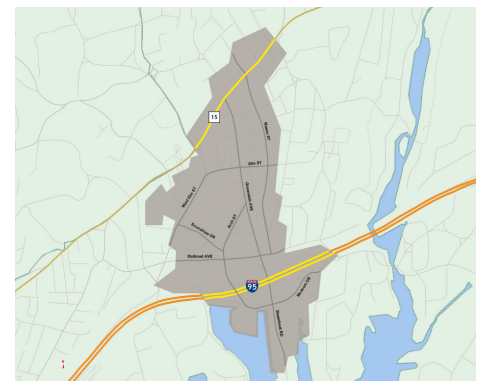
Fairfield County Submarkets



Stamford CBD/Railroad



Greenwich CBD/Railroad



Market By The Numbers

Submarket	Inventory (SF)	Vacant (SF)	Vacancy (%)	Qtr-over-Qtr Vacancy Trend	Availability (%)	2017 Net Absorption (SF)	Year-to-Date Absorption	Under Construction (SF)	Overall Asking Rent
Stamford CBD/Railroad	8,243,315	1,962,861	23.8%	Flat	30.90%	91,732	-7,076	0	\$43.04
Greenwich CBD/Railroad	1,884,994	233,621	12.4%	Down	18.10%	-1,056	1,832	0	\$91.30
CBD Total	10,128,309	2,196,482	21.7%	Flat	24.5%	90,676	-5,244	0	\$52.88
Eastern	6,860,059	824,170	12.0%	Up	16.40%	1,137	56,371	0	\$21.18
Central	11,547,022	1,828,991	15.8%	Up	22.80%	-145,923	-289,083	0	\$31.18
Northern	3,845,553	286,145	7.4%	Down	10.60%	18,470	48,465	0	\$24.61
Stamford non-CBD	7,306,235	1,728,332	23.7%	Up	33.00%	-112,076	-68,809	0	\$32.36
Greenwich non-CBD	2,410,450	381,003	15.8%	Down	25.10%	-73,573	-3,374	0	\$47.85
Market Total	42,097,628	7,245,123	17.2%	Up	23.96%	-221,289	-261,674	0	\$36.49



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