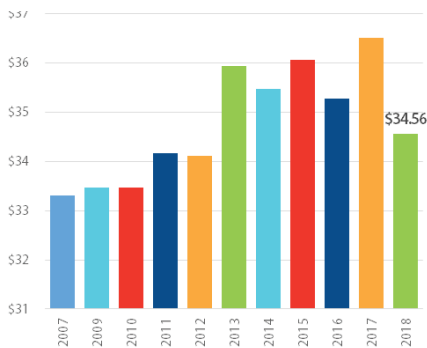


# Fairfield County

## Average Asking Rent



## Historical Vacancy



## Historical Net Absorption



## Fairfield County Office Market Shows Stability

### Economic and Office Market Overview

Fairfield County saw little year-over-year change in labor force or population, both of which saw under 1.0 percent growth in the 12-month period ending in September 2018. In retrospect, the key office-using sectors of Finance and Professional and Business Services showed moderate year-over-year growth at 3.5 and 3.0 percent, respectively.

Office market fundamentals were stable. While vacancy pointed upwards and was higher than it was in third quarter a year prior, this was owing to an unadjusted inventory. The average rental rate fell marginally and net absorption rebounded to positive ground. All were fairly insignificant changes to the office market which remained relatively stable.

Casting aside the mammoth lease deal by Charter Communications' build-to-suit in Stamford, which had no impact on office inventory or vacancy, most of the quarter's largest lease transactions were for renewals and expansions stemming from some of the county's key tenant firms.

### Vacancy

Putting upward pressure on the overall market vacancy, which closed at 17.9 percent, were a handful of large buildings. More notably, the 1.2 million square-foot former Matrix Corporate Center, now The Ridge, in Danbury, which posted a vacancy of 62.5 percent. The old Union Carbide facility was recently purchased by Summit Development, who is planning to reposition the building to include a mix of office, residential, conference and other types of use spaces. This conversion, amongst others, will ultimately reduce office inventory and the vacancy rate. Barring this vacancy, the overall market vacancy would have dropped to 16.1 percent- 60 basis points lower than in third quarter 2017. This points to slow but steady demand in the market.

Although Fairfield County is characterized by smaller deals, a number of larger than average lease transactions from tenants already in the market helped to keep vacancy in check. These included accounting firm KPMG, research and advisory firm The Garner Group, global merchant firm Louis Dreyfus, and computer animation studio Blue Sky Studios.

The Charter Communications lease transaction of 532,000 square feet (SF) marked the largest lease deal in third quarter, and was largely responsible for the rise in year-to-date leasing volume of 27.0 percent compared to the year before when it saw a 24.0 percent decline. However, as this lease signing was for a build-to-suit, the transaction had no bearing on the quarter's vacancy rate.

### Net Absorption

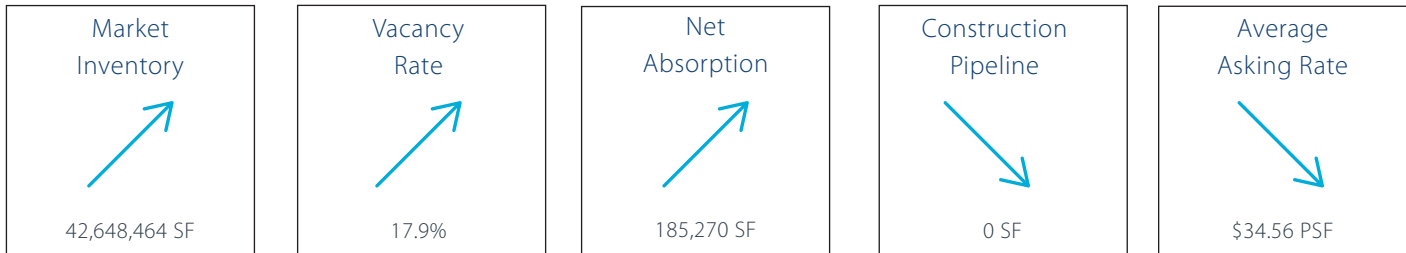
Year-to-date net absorption turned positive by 185,270 SF relative to the previous year where it stood at -504,170 SF. This was due to the downtown submarkets, in the Greenwich CBD and Stamford CBD, as well as the Northern submarket, which witnessed the strongest quarterly and year-to-date net absorption in the market.

### Asking Rent

The overall average asking rent of \$34.56 PSF was on a slight downward trend in third quarter-down 5.0 percent year-over-year and down 4.0 percent from the previous quarter. This was attributable to the decreases in the average asking rent in the Greenwich CBD where it witnessed a drop of 8.0 percent in the one-year period since the third quarter of 2017.

## Office Market Snapshot

Below are third quarter 2018 overall market indicators for Fairfield County's office market compared to the third quarter of 2017:



### Notable Lease Transactions

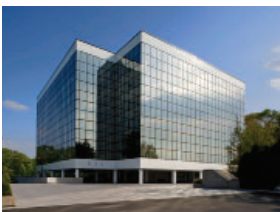
Tenant	Property/Submarket	SF/Type
Charter Communications	406-424 Washington Blvd Stamford CBD	532,000 New Build-to-Suit
Gartner Group	700 Fairfield Ave Stamford	56,783 Renewal/Expansion
Louis Dreyfus	40 Danbury Rd Wilton	41,469 Renewal
KPMG	677 Washington Blvd Stamford CBD	35,848 New/Expansion
Gama Aviation	2 Corporate Drive Eastern	24,850 Renewal
Blue Sky Studios	1 American Ln Greenwich	21,278 Expansion

### Notable Sales Transactions

Address/Submarket	Buyer/Seller	Price	SF/Price PSF
535 Connecticut Ave Norwalk/Central	Hanover Real Estate Partners/ Matrix Realty Group, Inc	\$16,450,000	\$92
1111 & 1117 Summer St Stamford/Stamford CBD	Silverback Development/ Sabal Financial Group	\$12,400,000	\$95
48 Monroe Tpk Trumbull/Eastern	Senior Living Development LLC/Oxford Health Plans, Inc.	\$3,250,000	\$13

### Trends to Watch

- The Stamford CBD has earned the reputation as a 24-hour market and several recent gains were at the expense of neighboring Greenwich as well as New York City and White Plains. Competition between the Central Business Districts in Greenwich and Stamford had been putting downward pressure on the Greenwich average asking rent which fell over 8% (\$7.25 PSF) year-over-year. The disparity between Greenwich and Stamford rents is still wide enough, however, to keep Stamford very competitive.
- Repurposing of vacant stock continued to make strides. The vacant 275,000-square foot former GE Capital office building at 800 Long Ridge Road in Stamford is being repurposed into a 130-unit senior living facility, as is the 253,000-square foot facility at 48 Monroe Turnpike in Trumbull that sold to a senior living developer. Once completed, these conversions are anticipated to shave an estimated 528,000 SF off the market's office inventory.



535 Connecticut Ave  
Norwalk  
179,292 SF

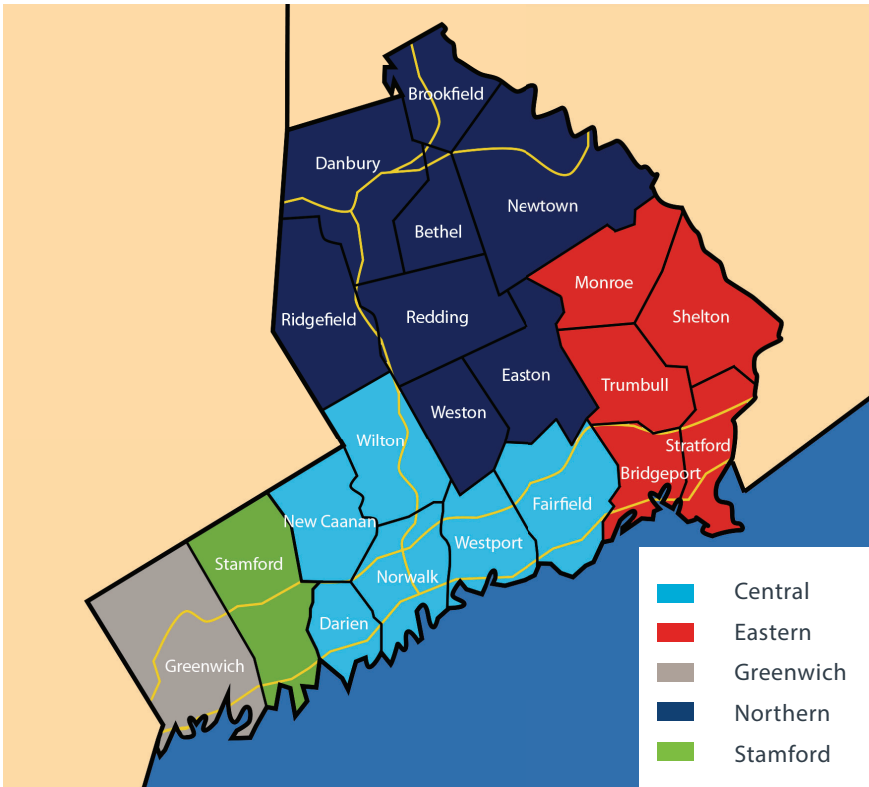


1111 & 1117 Summer St  
Stamford  
131,200 SF

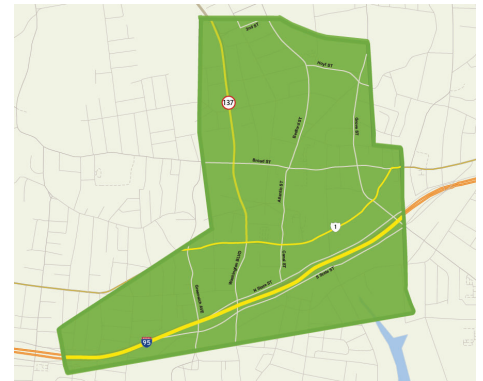


48 Monroe Tpk  
Trumbull  
252,948 SF

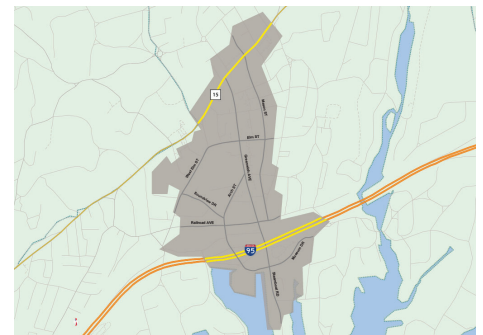
### Fairfield County Submarkets



### Stamford CBD/Railroad



### Greenwich CBD/Railroad



### Market By The Numbers

Submarket	Inventory (SF)	Vacant (SF)	Vacancy (%)	Vacancy Trend (Q3'17- Q3'18)	Availability (%)	3Q18 Net Absorption (SF)	Year-to-Date Absorption	Under Construction (SF)	Overall Average Asking Rent
Stamford CBD/Railroad	9,199,342	1,904,508	20.7%	Flat	26.40%	116,507	100,758	0	\$44.08
Greenwich CBD/Railroad	1,885,741	106,310	5.6%	Down	10.30%	84,687	123,875	0	\$81.30
<b>CBD Total</b>	<b>11,085,083</b>	<b>2,010,818</b>	<b>18.3%</b>	<b>Down</b>	<b>18.35%</b>	<b>201,194</b>	<b>224,633</b>	<b>0</b>	<b>\$62.69</b>
Eastern	6,911,043	582,011	8.4%	Flat	12.80%	-5,708	38,103	0	\$20.99
Central	11,280,010	1,915,474	17.0%	Up	27.20%	-63,126	-158,986	0	\$32.15
Northern	3,656,257	954,960	26.1%	Down	29.00%	41,043	128,857	0	\$24.34
Stamford non-CBD	7,299,525	1,734,976	23.8%	Up	33.20%	-79,011	-101,473	0	\$32.09
Greenwich non-CBD	2,416,646	422,302	17.5%	Up	21.00%	8,008	54,136	0	\$44.55
<b>Market Total</b>	<b>42,648,564</b>	<b>7,620,541</b>	<b>17.9%</b>	<b>Up</b>	<b>23.9%</b>	<b>102,400</b>	<b>185,270</b>	<b>0</b>	<b>\$34.56</b>



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Properties



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