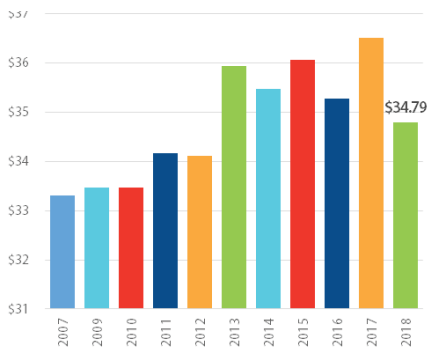
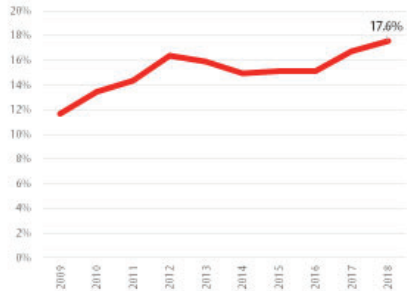


# Fairfield County

## Average Asking Rent



## Historical Vacancy



## Historical Net Absorption



## Fairfield County Office Ends Year on a Stronger Note

### Economic and Office Market Overview

An uptick in Fairfield County’s total non-farm employment in the fourth quarter with a 1.8 percent growth year-over-year was bolstered by strong performance in the Financial sector. A key office-using sector in Fairfield County, Financial sector employment grew 6.0 percent year-over-year and recorded the strongest month-over-month growth at the close of December in all of 2018.

The financial sector’s commitment to the Fairfield County office market has been evidenced by several financial firm relocations in the recent past, particularly into the county’s business epicenter, the Stamford CBD, which included First Reserve and Partner RE.

### Vacancy

Vacancy closed at 17.6 percent in December 2018 and was down 30 basis points (bps) relative to the previous quarter. Putting a burden on the market again in the fourth quarter was the recently sold former Union Carbide facility at 39 Old Ridgebury Rd, now The Ridge, in Danbury which recorded 750,000 square feet (SF) of vacant space. Without this building, vacancy would have been at about 15.9 percent. Submarkets across the county witnessed declines in vacancy. Most notably, this occurred in the Greenwich CBD with a 620 basis-point decrease year-over-year and closing at 6.6 percent. Tightness in the Greenwich CBD, however, is likely to weigh in favor of its closest competitor, the Stamford CBD, which is the only submarket that still has several blocks of space for 50,000 square feet (SF) or greater available for lease.

Despite lower vacancy year-over-year, leasing volume at year’s end was weakened with a 21.5 percent decline year-over-year. This was accounted for by the fact that many large tenants that renewed their leases in 2018 reduced their footprints to accommodate their changed needs. Conversely, leasing activity by the number of transactions was up 19.0 percent year-over-year. As the market corrects itself in terms of inventory, and with no new construction in the pipeline, demand should come closer in line with supply.

### Absorption

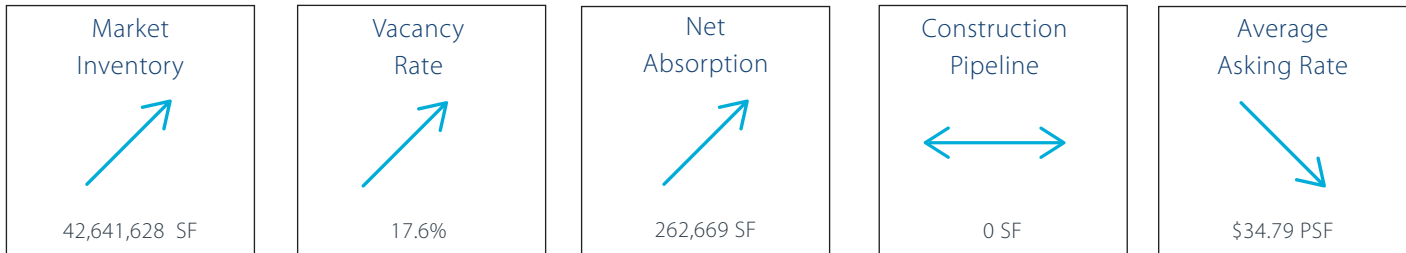
Net absorption ended on a positive note for a second consecutive quarter- up 220 bps since the fourth quarter 2017 and 153 bps year-over-year with 262,669 SF absorbed. Negative net absorption was witnessed in the Central and Stamford non-CBD submarkets. In the Central submarket this was exacerbated by a few large buildings which continue to see high availability. These included the still vacant building at 10 Norden Place and a large block of vacant space at 601 Merritt 7 in Norwalk where FactSet had announced earlier in the year it would be vacating over 130,000 square feet (SF). The company is scheduled to relocate and expand into 173,000 SF nearby at 45 Glover Avenue in Norwalk. In Stamford, the former Pitney Bowes headquarters, purchased by Building and Land Technology (BLT) three years prior, and located at 1 Elmcroft Road in Stamford’s Silicon Harbor still awaits tenants with over 470,000 SF available for lease. This signals that there is still insufficient new demand to absorb all of the excess space in the marketplace.

### Asking Rents

The average asking rent of \$34.79 per square foot (PSF) was down 5 percent year-over-year, but inched higher from the previous quarter. The average rent PSF remained relatively stable across most submarkets, except in the Greenwich CBD where it declined by 10.0 percent year-over-year. In the Greenwich non-CBD it declined by 4.0 percent quarter-over-quarter and 3.0 percent year-over-year.

## Office Market Snapshot

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



### Notable Lease Transactions

Tenant	Property/Submarket	SF/Type
Reed Exhibitions	201 Merritt 7 Central	93,899 Sublease
Blue Buffalo	15 River Rd Central	50,804 Renewal
XPO Logistics	1 American Lane Greenwich	36,005 New
Orthopedic & Neurological Surgery Specialist (ONS)	6 & 9 Greenwich Office Park Greenwich	34,000 Renewal/Expansion
Butler Aerospace and Defense	2 Trap Falls Rd Eastern	32,536 Renewal
SpringWorks Therapeutics	100 Washington Blvd Stamford Non-CBD	23,919 Sublease

### Notable Sales Transactions

Address/Submarket	Buyer/Seller	Price	SF/Price PSF
100 W Putnam Ave Greenwich Non-CBD	Rockpoint Group/ Torchlight Investors	\$130,000,000	\$836
600 Summer St Stamford CBD	New England Investment Partners/ Forstone Capital	\$18,150,000	\$179
39 Old Ridgebury Rd Danbury/Northern	Summit Development/ Matrix Realty Group	\$17,000,000	\$14

### Quarter Highlights

- Bucking the trend to downsize in 2018 were several Fairfield County tenants that expanded their footprints in place or in a new location. These included FactSet, Charter Communications, KPMG, ONS, Reed Exhibitions, and XPO Logistics, amongst others.
- Stamford continues to lure companies from New York City. More recently, this was evidenced by the relocation of biotech firm, SpringWorks Therapeutic's headquarters from Manhattan to Stamford's Harbor Point. With a shortage of large blocks of space in other submarkets, this should continue to bode well for the City of Stamford.



100 W Putnam Ave  
Greenwich  
148,122 SF

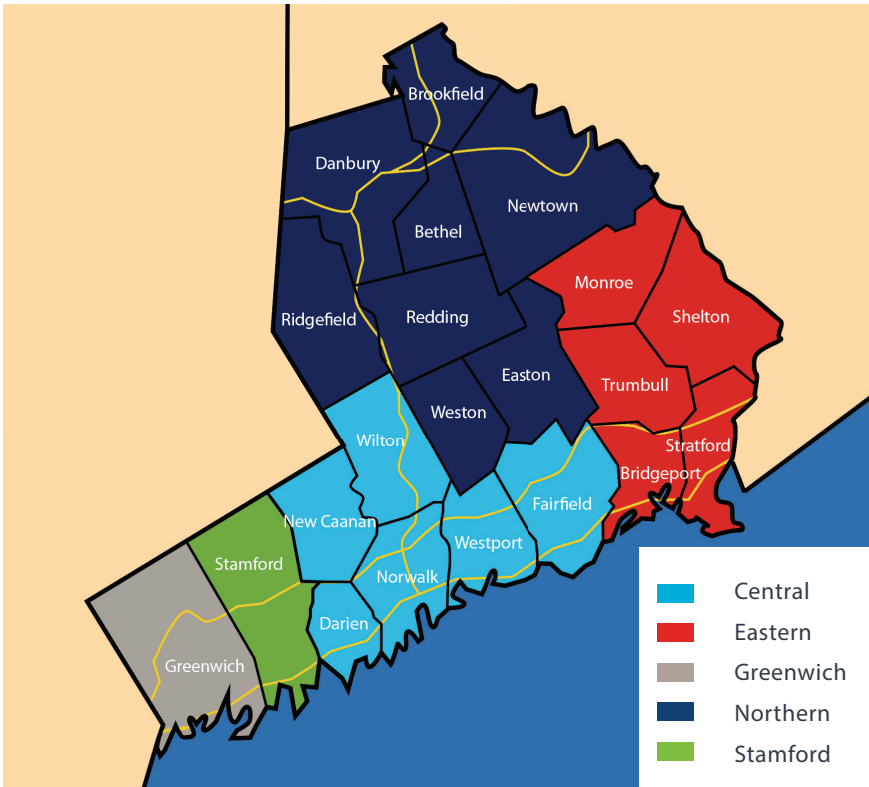


39 Old Ridgebury Rd  
Danbury  
1,200,000 SF

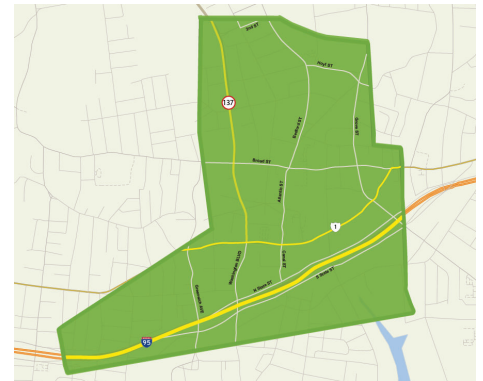


600 Summer St  
Stamford  
101,320 SF

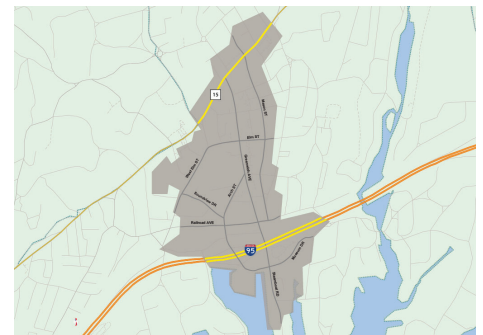
### Fairfield County Submarkets



### Stamford CBD/Railroad



### Greenwich CBD/Railroad



### Market By The Numbers

Submarket	Inventory (SF)	Vacant (SF)	Vacancy (%)	Vacancy Trend (Q4'17- Q4'18)	Availability (%)	4Q18 Net Absorption (SF)	Year-to-Date Absorption	Under Construction (SF)	Overall Average Asking Rent
Stamford CBD/Railroad	9,199,342	1,867,843	20.3%	Down	29.80%	-4,679	96,079	0	\$43.65
Greenwich CBD/Railroad	1,885,741	124,766	6.6%	Down	9.80%	-19,149	104,726	0	\$81.59
<b>CBD Total</b>	<b>11,085,083</b>	<b>1,992,609</b>	<b>18.0%</b>	<b>Down</b>	<b>19.80%</b>	<b>-23,828</b>	<b>200,805</b>	<b>0</b>	<b>\$62.62</b>
Eastern	6,911,043	476,093	6.9%	Down	12.30%	105,741	143,844	0	\$20.74
Central	11,273,074	1,875,861	16.6%	Up	26.80%	34,272	-124,714	0	\$32.30
Northern	3,656,257	943,894	25.8%	Up	29.80%	2,504	131,361	0	\$25.46
Stamford non-CBD	7,299,525	1,757,655	24.1%	Up	32.60%	-42,183	-143,656	0	\$32.02
Greenwich non-CBD	2,416,646	442,687	18.3%	Up	20.80%	893	55,029	0	\$42.68
<b>Market Total</b>	<b>42,641,628</b>	<b>7,488,799</b>	<b>17.6%</b>	<b>Up</b>	<b>23.96%</b>	<b>77,399</b>	<b>262,669</b>	<b>0</b>	<b>\$34.79</b>



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