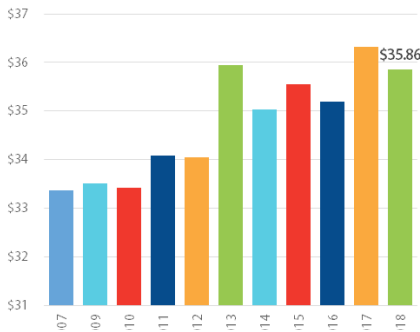
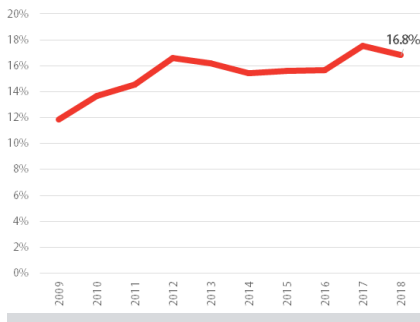


# Fairfield County

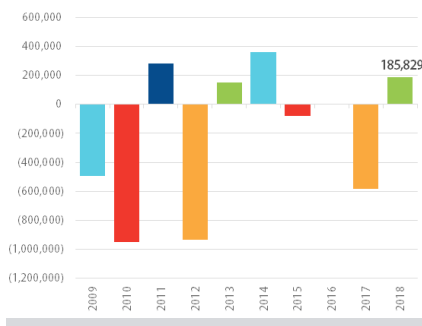
## Average Asking Rent



## Historical Vacancy



## Historical Net Absorption



## Central Submarket Secures the Largest Lease Deal in 1st Quarter

### Economic and Office Market Overview

Fairfield County's labor market witnessed some shrinkage since last year, posting almost a 1.0 percent decrease year-over-year and the unemployment rate dropped to 5.0 percent, down 20 basis-point (bps) year-over-year. Employment was down across most office-using industry sectors with the steepest decline witnessed in the Professional and Business Services sector, which was down 2,700 jobs, marking a new low not seen in this sector's employment since 2010.

With office market stock having inched downward, the market showed marginal signs of improvement, or at best sustenance, across indicators with a lower vacancy, higher net absorption and slight increases in the average rental rate.

### Vacancy

Vacancy dropped 70 basis points (bps) year-over-year to 16.8 percent in the overall Fairfield County market. A year-over-year decline in vacancy was witnessed across most submarkets and more notably in the Northern and Greenwich CBD submarkets where it dropped 210 bps to 6.1 percent and 320 bps year-over-year to 10.2 percent, respectively.

Lower leasing volume persisted for yet another quarter, down 20 percent year-over-year, but showed improvement over the previous quarter which was down 30 percent. Bolstering the quarter's transactional activity was the leasing of 173,164 square feet (SF) at 45 Glover Avenue, Norwalk in the Central submarket by FactSet Research Systems. The Central submarket, Fairfield County's second largest office market after Stamford, posted a 15.6 percent vacancy in the first quarter of 2018, down slightly from 15.9 percent in the prior quarter.

The Stamford submarket, with an overall office vacancy of 23.9 percent, secured most other larger deals of 15,000 SF or greater. These included lease signings by Computer Associates, Webster Bank, and the State of Connecticut.

### Absorption

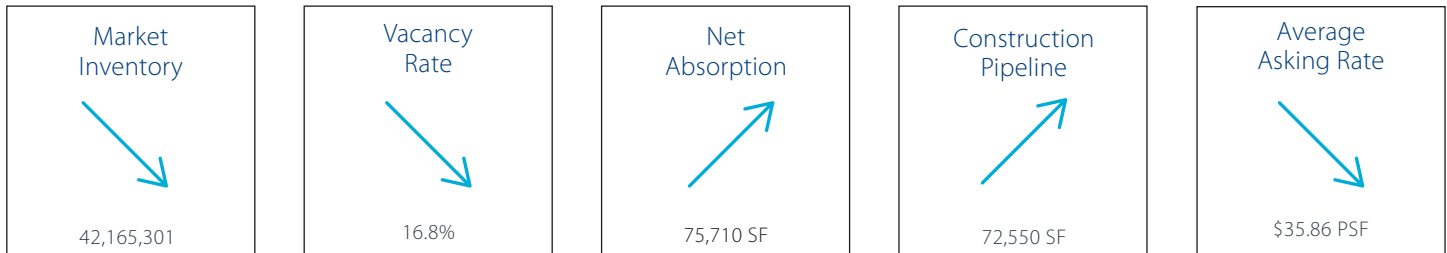
After three consecutive quarters of lackluster performance, the market flipped to positive net absorption in the first quarter of 2018 by 185,829 SF. While there were no huge swings in occupancy overall, a few buildings saw some noticeable fluctuations. The vacating of space by Icon International at 107 Elm Street in Stamford earlier in the year contributed to over 88,000 SF of negative net absorption at this building during the quarter. Meanwhile, occupancy gains were seen at buildings which had inked sizeable deals in 2017, such as 281 Tresser Boulevard in Stamford with a net 23,000 SF in absorption due to occupancy by LOXO Oncology who had signed the lease in the fourth quarter of 2017.

### Asking Rents

The overall average asking rent of \$35.86 shows a slight increase year-over-year, by an estimated \$0.40 per square foot (PSF). The highest increase was recorded in the Stamford CBD by an estimated \$1.57 PSF, while the Greenwich CBD saw a slight drop by about \$0.62 PSF.

## Office Market Snapshot

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



## Notable Lease Transactions

Tenant	Property/Submarket	SF/Type
FactSet Research Systems, Inc.	45 Glover Avenue/Central	173,164/New
Webster Bank	200 Elm Street/Stamford CBD	22,948/New
Computer Associates	200 Elm Street/Stamford CBD	23,944/New
State of Connecticut	1351 Washington Boulevard/Stamford CBD	16,789/New
Source Marketing	187 Danbury Road/Central	11,758/New

## Notable Sale Transactions

Address/Submarket	Buyer/Seller	Price	SF/ Price PSF
131 Danbury Rd/Central	Mobile Steam/ GHP Office Realty	\$9,225,000	\$176
100 Oakview Dr/Central	Continental Properties/ Canon Business Solutions	\$4,500,000	\$57
70 Main St/Central	LS Capital/ Paglialunga Inc	\$3,150,000	\$321



131 Danbury Rd, Wilton



100 Oakview Dr, Trumbull



70 Main St/New Canaan

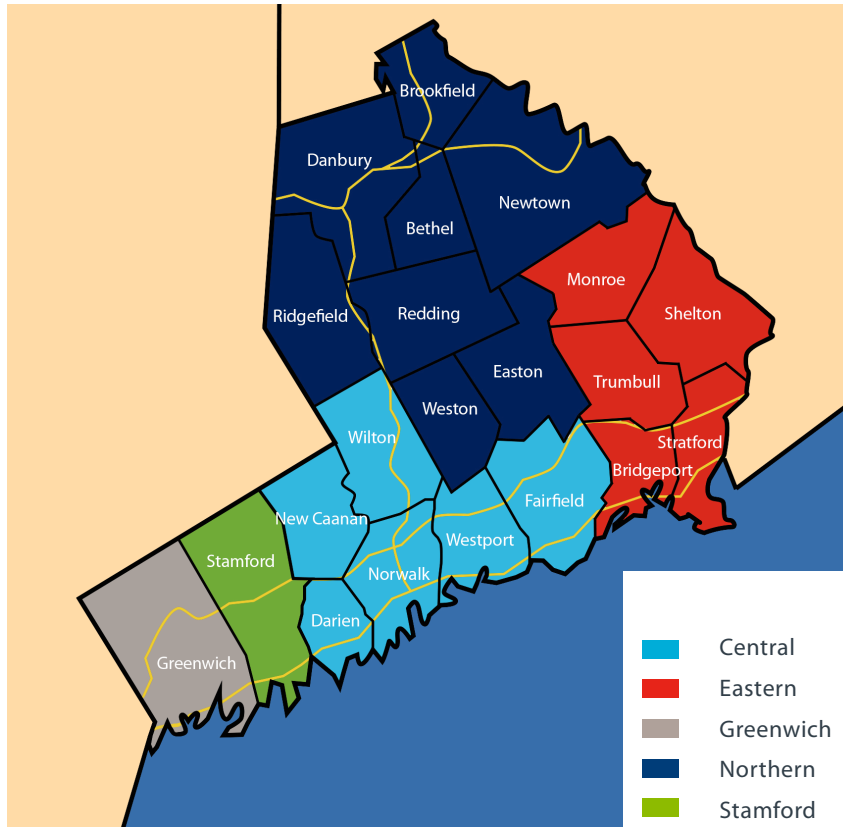
## Quarter Highlights

Marking the largest new lease transaction of the quarter was the leasing of 173,164 SF by FactSet Research Systems at 501 Merritt 7 in Norwalk located in the Central submarket. FactSet, who recently announced strong second quarter 2018 revenue growth, will be moving out of an estimated 57,722 SF on three floors at the Merritt 7 to occupy five full floors at 45 Glover, bringing that building's occupancy from 31.0 percent last quarter to 100 percent.

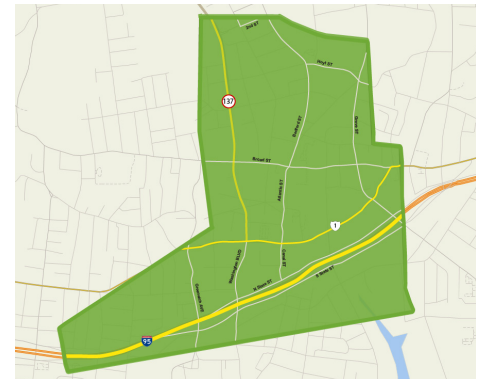
Recently sold, Canon's former US North American headquarters at 100 Oakview Drive in Trumbull, in the Eastern submarket, has been slated for demolition and conversion to a 202-unit multifamily residential development. This will reduce Fairfield County's overall office inventory by 78,692 SF.

Repurposing of office buildings continue to gain momentum in the Eastern submarket as demand for office space continues to erode. Amongst these may be former Oxford Health Plans' headquarters at 48 Monroe Turnpike in Trumbull which town officials recently reported considering a rezoning and conversion of the site to allow for mixed-use development. The now vacant, 250,000-SF building built in the 80s is listed for sale at \$3.5 million.

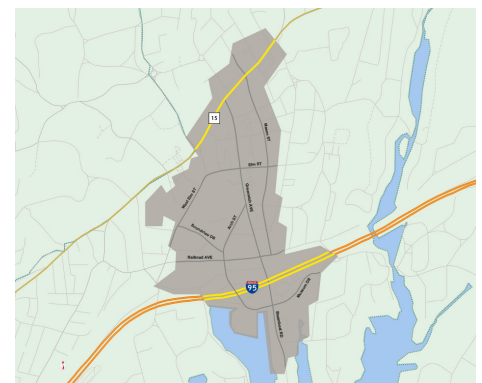
Fairfield County Submarkets



Stamford CBD/Railroad



Greenwich CBD/Railroad



Market By The Numbers

Submarket	Inventory (SF)	Vacant (SF)	Vacancy (%)	Qtr-over-Qtr Vacancy Trend	Availability (%)	1Q18 Net Absorption (SF)	Year-to-Date Absorption	Under Construction (SF)	Overall Average Asking Rent
Stamford CBD/Railroad	8,243,634	2,012,097	24.4%	Flat	34.40%	-3,629	-3,629	14,000	\$43.62
Greenwich CBD/Railroad	1,884,994	191,912	10.2%	Down	12.70%	-5,636	-5,636	0	\$91.38
<b>CBD Total</b>	<b>10,128,628</b>	<b>2,204,009</b>	<b>21.8%</b>	<b>Down</b>	<b>23.55%</b>	<b>-9,265</b>	<b>-9,265</b>	<b>14,000</b>	<b>\$67.50</b>
Eastern	6,956,094	706,644	10.2%	Down	12.40%	141,536	141,536	58,550	\$21.11
Central	11,483,600	1,791,325	15.6%	Down	24.30%	-63,347	-63,347	0	\$31.20
Northern	3,845,653	234,951	6.1%	Down	8.20%	98,866	98,866	0	\$24.98
Stamford non-CBD	7,344,719	1,654,266	22.5%	Down	31.90%	28,094	28,094	0	\$31.21
Greenwich non-CBD	2,406,607	511,231	21.2%	Up	23.80%	-10,055	-10,055	0	\$44.72
<b>Market Total</b>	<b>42,165,301</b>	<b>7,102,426</b>	<b>16.8%</b>	<b>Down</b>	<b>23.96%</b>	<b>185,829</b>	<b>185,829</b>	<b>72,550</b>	<b>\$35.86</b>



avisonyoung.com

For more information, please contact:

**Sean Cahill**  
Principal & Managing Director  
203.614.1264  
sean.cahill@avisonyoung.com

**Tula Voutieros**  
Research Analyst  
203.614.1252  
tula.voutieros@avisonyoung.com

**383 Main Avenue**  
6th Floor  
Norwalk, CT 06851  
203.614.1260

