CBRE

Annual leasing activity reached 1.9 million sq. ft.—highest total since 2019

25.9%	21,153	464,807	$35.57
Availability Rate	SF Net Absorption	SF Leasing Activity	PSF Average Asking Rent

Note: Arrows indicate change from previous quarter.

QUICK FACTS

- Quarterly leasing activity totaled 465,000 sq. ft., down 11% from the previous quarter but 13% above the five-year quarterly average.
- Annual leasing activity totaled 1.90 million sq. ft., up 27% year-over-year.
- The availability rate remained flat quarter-over-quarter at 25.9% but was down 30 bps from a year ago.
- Quarterly net absorption was positive 21,000 sq. ft., which brought full-year absorption to positive 355,000 sq. ft.
- The average asking rent was $35.57 per sq. ft., down 2% quarter-over-quarter and up 1% from a year ago.

Market Overview

Leasing in Fairfield County's office market bounced back in 2024 to leasing levels not seen since 2019. The county captured 465,000 sq. ft. of leasing activity in Q4, 13% above the five-year quarterly average. This brought annual leasing to 1.90 million sq. ft. in 2024— 27% ahead of 2023 figures and the highest mark reached since 2019. The increase in activity was driven by a few factors: the influx of first-time entrants into the market, several tenants relocating while growing or expanding at their current location.

Availability dropped 30 bps from a year ago to 25.9%— as leasing improved and more office buildings were slated for conversion. Average asking rent was $35.57 per sq. ft. down 2% quarter-over-quarter as premium priced office space was leased in Stamford CBD & Greenwich CBD.

The CBD market in Greenwich saw improvement in leasing as tenants' desire for well-located assets remained a focus for tenants in Q4. Quarterly leasing totaled 130,000 sq. ft.—all of which was concentrated in Class A Buildings. The submarket tallied 163,000 sq. ft. of leasing activity for 2024, 40% ahead of last year's figure. Stamford CBD's annual leasing totaled 540,000 sq. ft. in 2024. The submarket captured Fairfield County's largest lease of the year with Indeed's 124,000 sq. ft. relocation to 695 East Main Street.

Economic Conditions

The U.S. economy continues to exceed expectations. Much of this is due to a sturdy consumer who is enjoying increased household wealth, real income growth, and a resilient labor market. Consequently, CBRE is revising its outlook upward for 2025 annual average GDP growth by 60 basis points to 2.3%.

Southwest Connecticut's labor market underperformed in Q4, shedding 1,400 positions quarter-over-quarter (-0.3%). Year-over-year gains in Q4 amounted to 1,700 positions (+0.4%). Office-using employment (OUE) sectors drove the decline in regional employment, letting go of 500 positions in Q4 (-0.5%). This represents the OUE sector's third consecutive quarter of negative growth.

Professional and business services accounted for most of the decline, letting go of 800 roles quarter-over-quarter (-1.3%) while information services let go fewer than 50 employees in Q4 (-0.4%). Financial activities headcount rose by 300 employees in Q4 (+0.9%). Year-over-year, OUE in Southwest Connecticut is down a net of 1,500 positions (-1.3%). The region's OUE has been trending downward in 2024 and OUE stands at 97.8% of the 2019 level.

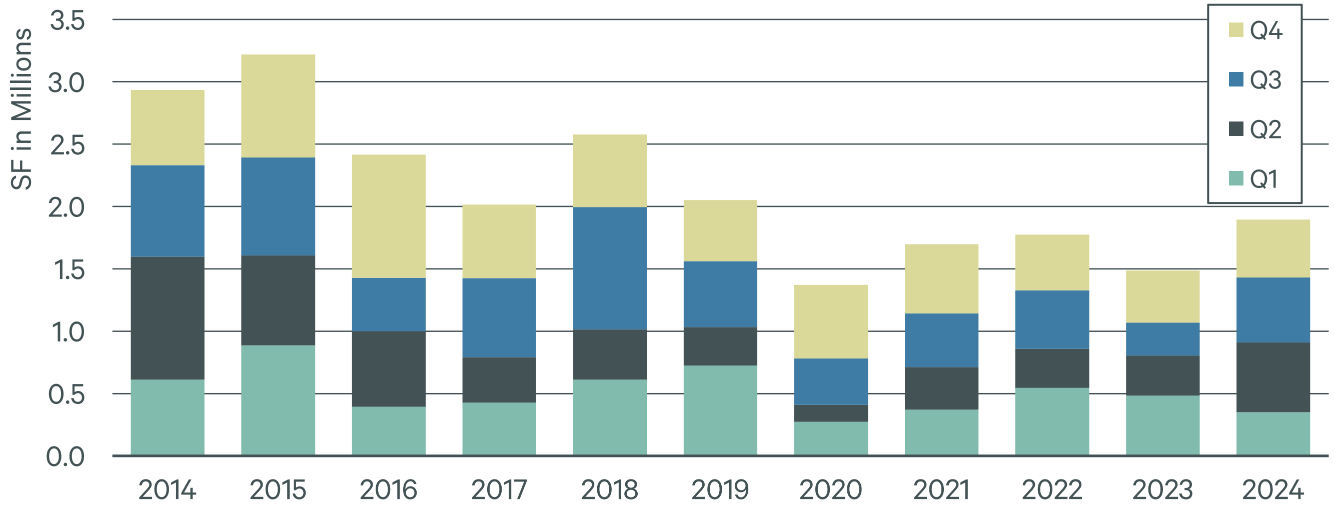
Connecticut's overall unemployment rate is 3.0%, down from 3.2% at the end of Q3 and below the national unemployment rate of 4.2%.

Leasing Activity

Fairfield County saw 465,000 sq. ft. of leasing activity in Q4 2024—down 11% from the prior quarter, but 13% ahead of the five-year quarterly average. Full-year leasing reached 1.90 million sq. ft., up 27% from 2023. High-quality space remained popular, 30% of annual leasing activity occurred in Fairfield Counties select trophy assets.

Financial firms supplied 22% of leasing activity in 2024 and led all other industries for the fifth consecutive year. The technology sector accounted for 19% of the year's leasing activity followed by the health care industry accounting for 11%.

FIGURE 1: Historical Leasing Activity



Source: CBRE Research, Q4 2024.

FIGURE 2: Top Transactions | Q4 2024

Size (Sq. Ft.)	Deal Type	Direct/ Sublet	Tenant	Address	Submarket
60,000	R/E	D	Eagle Point Credit Management	600 Steamboat Road	Greenwich CBD
41,546	L	D	Connecticut Passport Agency	383 Main Avenue	Central Fairfield
39,507	R	D	Paloma Partners	1 American Lane	Greenwich NCBD
32,603	R	D	American Institute for Foreign Study	1 High Ridge Park	Stamford N/CBD
31,701	L	D	State Street Bank	400 Atlantic Street	Stamford CBD

Source: CBRE Research, Q4 2024. Lease (L), Renewal (R), Expansion (E), Renewal and Expansion (RE), Direct (D), Sublet (S).

Greenwich CBD totaled 130,000 sq. ft. of activity in Q4 —the highest quarterly figure captured in the CBD since 2017. The CBD's leasing activity was up 773% quarter-over-quarter and 207% above its five-year-quarterly average. The submarket's fourth quarter strength was carried by Eagle Point Credit Management's 60,000 sq. ft. lease at 600 Steamboat Road; Elliott Management's 30,000 sq. ft. lease and GHK Capital Partners 20,000 sq. ft. lease at 55 Railroad Avenue.

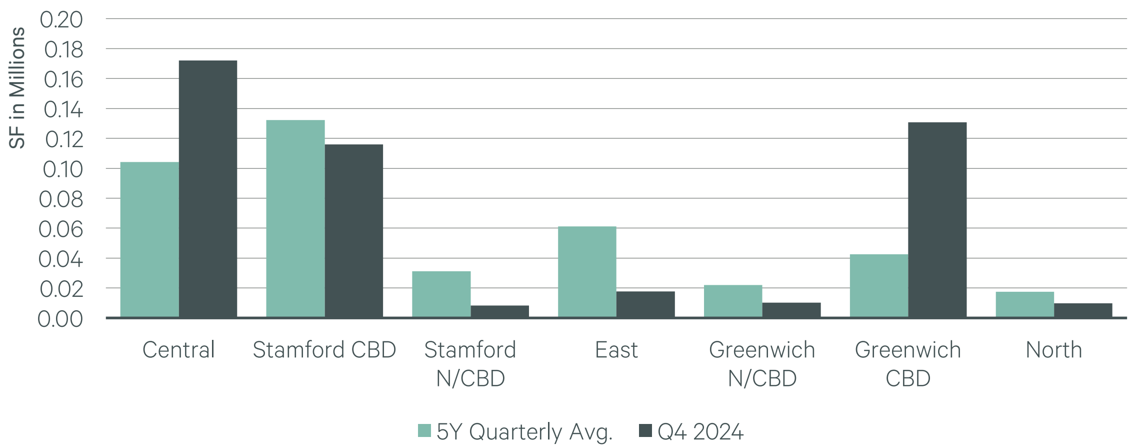
Greenwich NCBD totaled 10,000 sq. ft. of activity in Q4 which brought annual leasing to 49,000 sq. ft. 55% behind last year's figures.

Stamford CBD notched 115,000 sq. ft of leasing activity in Q4, bringing 2024 figures to 540,000 sq. ft., 8% ahead of 2023's total. The largest lease that took place in Q4 was State Street Bank's 31,000 sq. ft. relocation from 1600 Summer Street to 400 Atlantic Street. Renewal activity—which is counted outside of leasing activity—outpaced leasing activity, totaling 637,000 sq. ft. in 2024. That figure made up 44% of the county's annual renewal activity. Notable tenants that extended leases in Stamford in 2024 included Henkel, Phillip Morris & Diageo.

For the first time since 2013, Central Fairfield led all submarkets in annual activity, notching 771,000 sq. ft. of new leasing. Not only was this the highest total of any submarket but it was also 106% improvement from 2023. While volume was robust, many of the deals completed were for tenants contracting their footprints. Throughout 2024, Central Fairfield saw 13 contractions take place, most of which was focused in Norwalk. In total those select leases reduced their footprint on average by 51%.

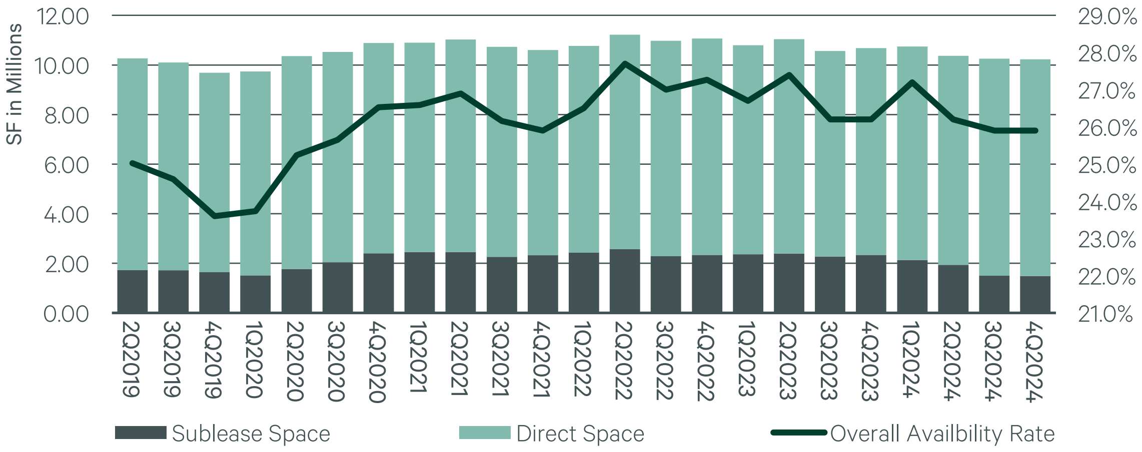
Stamford NCBD notched 8,000 sq. ft. of leasing activity in the Q4, 54% behind last quarter and 73% behind its five-year-quarterly average. The NCBD notched 63,000 sq. ft. of activity for 2024, 33% behind 2023 figures.

FIGURE 3: Quarterly Leasing Activity by Submarket



Source: CBRE Research, Q4 2024.

FIGURE 4: Availability Rate | Direct vs. Sublease Breakdown



Source: CBRE Research, Q4 2024.

Net Absorption and Availability

Fairfield County's availability rate remained flat quarter-over-quarter, holding at 25.9%, but down 30 bps from a year ago. Absorption was positive 21,000 sq. ft. in Q4 which brought the annual total to positive 355,000 sq. ft. — the second consecutive year of positive absorption.

Sublease space currently makes up 15% of all available space in Fairfield County. The 1.48 million sq. ft. of sublease space is down 21% from a year ago. The majority of this decrease is attributed to sublets hitting their expiration date, which will see them return to the market as direct space.

Positive absorption was driven in part by the slated residential conversion of multiple properties throughout Fairfield County, including 855 Main Street in Bridgeport, and 800 Long Ridge Road in Stamford.

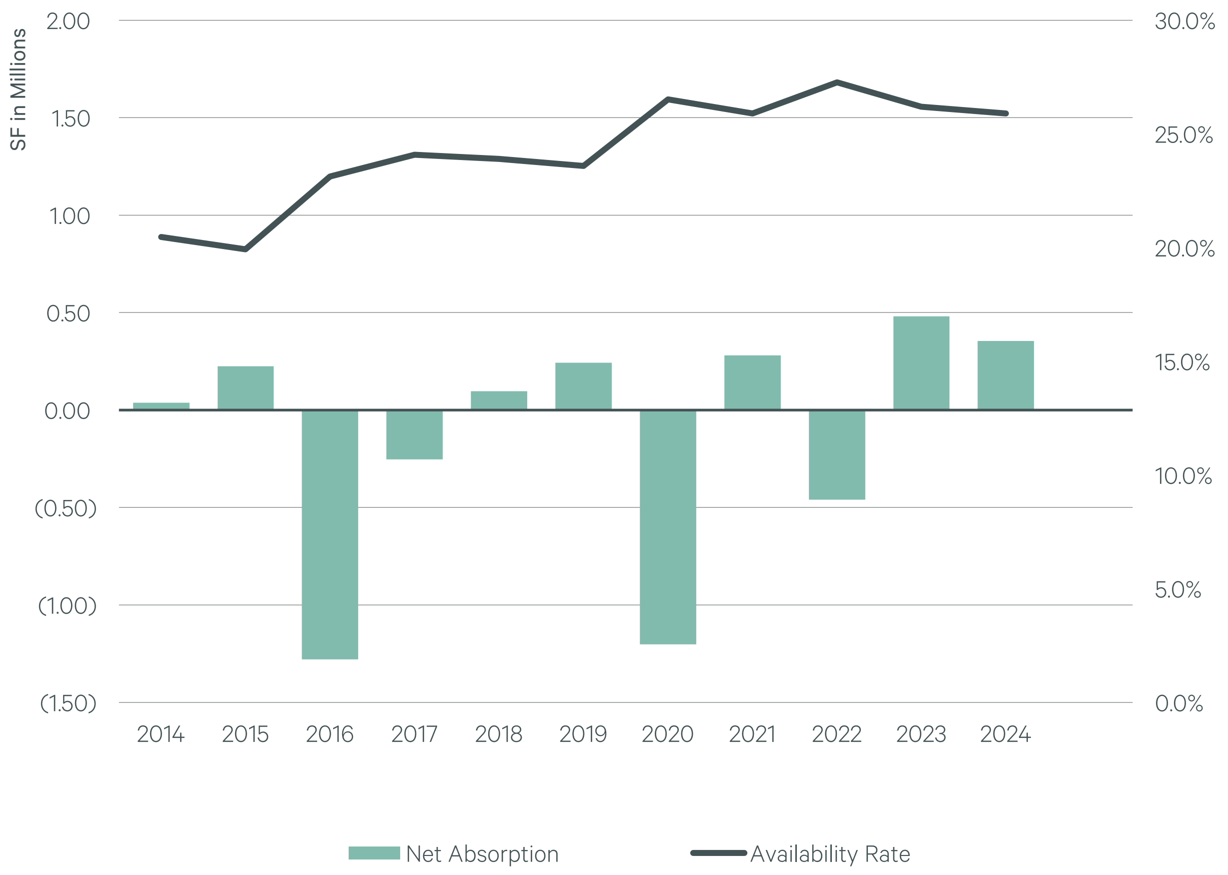
Stamford CBD experienced 92,000 sq. ft. of positive absorption in Q4 bringing the annual total to positive 247,000 sq. ft. The downtown market led all submarkets throughout Fairfield County in positive absorption due to a strong pace of leasing activity and limited space additions. Availability currently stands at 22.9% —the lowest mark since 2011.

Greenwich CBD experienced 54,000 sq. ft. of positive absorption in Q4 but finished 2024 with slight negative absorption, which stemmed from limited leasing through the first three quarters of the year. Availability dropped 260 bps quarter-over-quarter to 9.0%, on par with the end of 2023. The steep decline in availability was attributed to strong leasing at 55 Railroad Avenue and 600 Steamboat Road.

Greenwich Non-CBD totaled negative 22,000 sq. ft. of absorption in the fourth quarter, bringing its year-end figure to negative 29,000 sq. ft. Availability currently stands at 21.7%, up 110 bps quarter-over-quarter and up 250 bps from a year ago. The jump in availability came from below average leasing and over 20 new space additions that amounted to 90,000 sq. ft. of space.

In Q4, Central Fairfield notched 81,000 sq. ft. of positive absorption. Even though the submarket saw 587,000 sq. ft. of new space additions coming to market—including 2 of the top 5 largest blocks. The submarket still achieved positive yearly absorption of 111,000 sq. ft. Correspondingly, availability fell 90 bps quarter-over-quarter to 29.0%.

FIGURE 5: Annual Absorption and Availability Rate



Source: CBRE Research, Q4 2024.

Fairfield North notched negative absorption of 33,000 sq. ft. in Q4, bringing its annual total to negative 90,000 sq. ft. Large space additions at 131 West Avenue and 83 Wooster Heights Road in Danbury brought 31,000 sq. ft. of new space to market. This is the fifth straight quarter the Northern Submarket saw negative absorption and an increase in availability. Current availability stands at 23.1%.

Average Asking Rent

Average asking rent in Fairfield County fell 2% to $35.57 per sq. ft. compared to the prior quarter and fell 1% from a year ago. This drop was driven primarily by the removal of premium-priced spaces that leased at 400 Atlantic Street in Stamford and 55 Railroad Avenue in Greenwich.

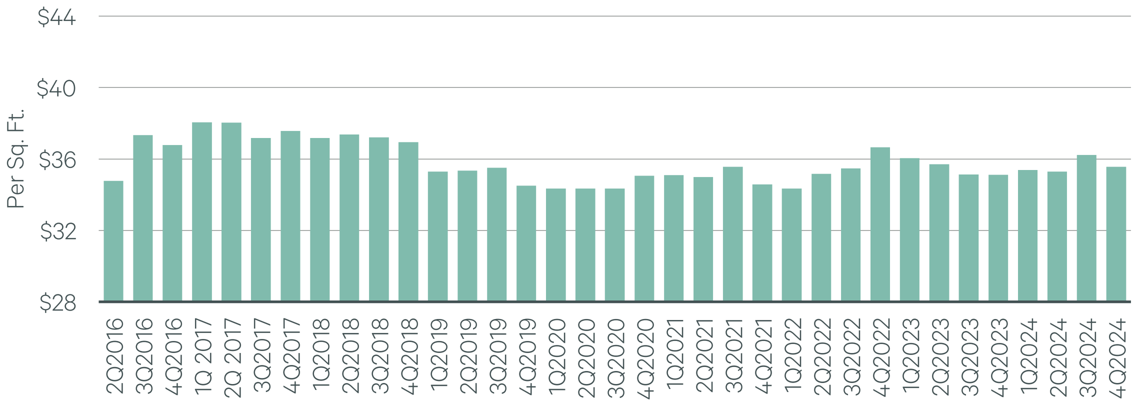
The CBD Markets of Stamford and Greenwich saw stable rents throughout 2024. Stamford CBD's asking rent was $46.70 per sq. ft. Greenwich CBD has the highest rents of any submarket at $106.99 per sq. ft.

Greenwich NCBD was the only submarket to see a major change in asking rent during Q4. The average ask dropped 4% quarter-over-quarter to $54.54 per sq. ft.

A 8,000 sq. ft. space addition at 200 Pemberwick Road, priced well below the submarket average was the primary contributor to the decline. Despite the quarterly dip, the NCBD's asking rent remained 5% above 2023 rates.

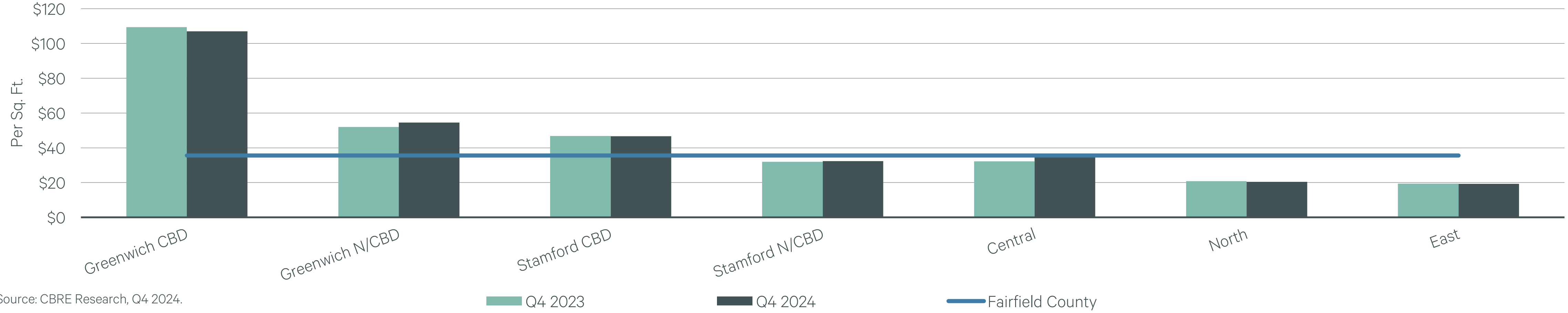
Central Fairfield saw a 9% jump in asking rent year-over-year due to premium priced space coming available along the Route 7 Corridor in Norwalk. Currently average asking rent stands at $34.95 per sq. ft.

FIGURE 6: Average Asking Rent | Quarterly Historical



Source: CBRE Research, Q4 2024.

FIGURE 7: Average Asking Rent | By Submarket



Source: CBRE Research, Q4 2024.

FIGURE 8: Q4 2024 | Market Statistics

Submarket	Market Rentable Area (MSF)	Total Available (MSF)	Availability Rate (%)	Vacancy Rate (%)	Net Absorption (SF)	Leasing Activity (SF)	Average Asking Rent ($/SF/Year)
Greenwich CBD	2.14	0.19	9.0%	8.5%	54,092	130,809	$106.99
Greenwich Non-CBD	2.03	0.44	21.7%	21.2%	(22,451)	10,237	$54.54
Stamford CBD	10.10	2.31	22.9%	22.4%	91,583	115,887	$46.70
Stamford Non-CBD	6.01	2.21	36.7%	35.3%	(122,251)	8,367	$32.36
Central Fairfield	9.38	2.72	29.0%	26.9%	81,146	172,021	$35.95
Eastern Fairfield	6.42	1.56	24.3%	24.3%	(28,351)	17,613	$19.29
Northern Fairfield	3.43	0.79	23.1%	22.9%	(32,615)	9,873	$20.44
FAIRFIELD COUNTY	**39.52**	**10.22**	**25.9%**	**25.0%**	**21,153**	**464807**	**$35.57**

Source: CBRE Research, Q4 2024

Market Area Overview

Definitions

Availability: Space that is being actively marketed and is available for tenant build-out within 12 months. Includes space available for sublease as well as space in buildings under construction.

Asking Rent: Weighted average asking rent.

Leasing Activity: Total amount of sq. ft. leased within a specified period of time, including new deals, expansions, and pre-leasing, but excluding renewals.

Leasing Velocity: Total amount of sq. ft. leased within a specified period of time, including new deals, expansions, and pre-leasing and renewals.

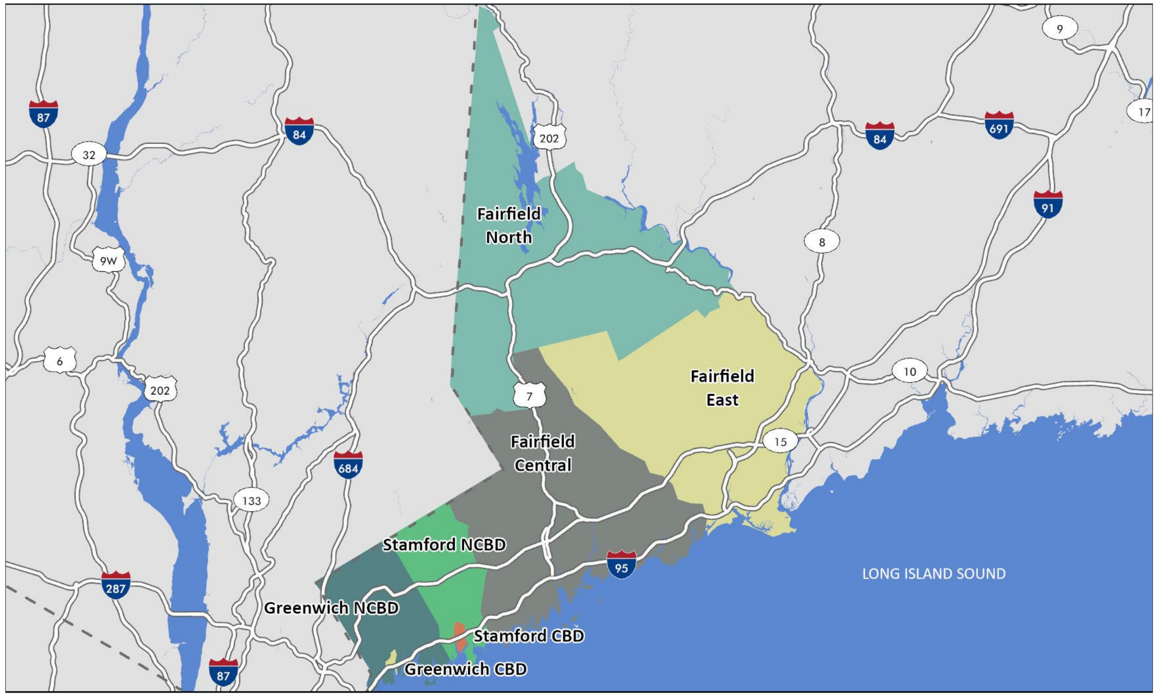
Net Absorption: The change in the amount of committed sq. ft. within a specified period of time, as measured by the change in available sq. ft.

Vacancy: Unoccupied space available for lease.

Survey Criteria

CBRE's market report analyzes Fairfield County's fully modernized office buildings that total 20,000 SF or larger, Class A and B only, multi-storied, conventionally modernized, and not owned and occupied by a government or medical institution. New construction must be available for tenant build-out within 12 months. CBRE assembles all information through telephone canvassing and listings received from owners, tenants and members of the commercial real estate brokerage community.

Market Area Overview



Submarket	Total Stock (MSF)
Greenwich CBD	2.14
Greenwich N/CBD	2.04
Stamford CBD	10.10
Stamford N/CBD	6.01
Central Fairfield	9.37
Eastern Fairfield	6.42
Northern Fairfield	3.43
FAIRFIELD COUNTY	**39.52**

Contact

Nicole LaRusso
U.S. Head of Field Research & Data Intelligence & Senior Research Director, Americas Advisory North
+1 212 984 7188
Nicole.LaRusso@cbre.com

Michael Slattery
Tri-State Research Director
+1 212 656 0583
Michael.Slattery@cbre.com

James Smith
Research Data Analyst
+1 203 352 8930
James.Smith3@cbre.com