Major conversions in Northern Hartford push absorption to quarterly record

22.7%	404,000	0	0	$21.60
Availability Rate	SF Net Absorption	SF Construction Delivered	SF Under Construction	Overall Asking Rent

Note: Arrows indicate change from previous quarter.

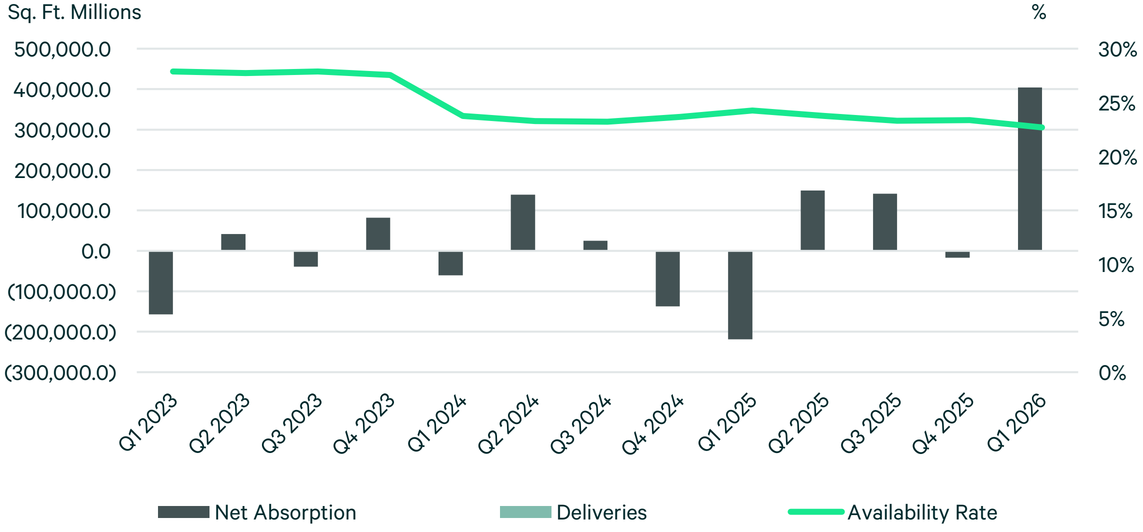
Market Overview

Hartford County experienced a sharp slowdown in leasing activity during Q1 2026— declining 50% quarter-over-quarter to 106,000 sq. ft. of new activity. This quarterly total trailed the three-year quarterly average by 41% and was the lowest quarterly total on record.

Despite muted leasing demand, quarterly net absorption reached an all-time high of 404,000 sq. ft., pushing the availability rate down by 70 bps from the prior quarter to 22.7%. The availability rate is at its lowest level since Q2 2021. These supply adjustments were driven by the removal of approximately 1.03 million sq. ft. of office inventory as properties are repositioned for alternative uses.

Asking rents continued to climb following the removal of low-priced Class B space across the county and additional Class A availabilities coming online. Hartford County posted its third consecutive record-high asking rent at $21.60 per sq. ft.

Figure 1: Historical Net Absorption, Deliveries, and Availability



Source: CBRE Research, Q1 2026

Economic Overview

While the current business cycle is now entering its fifth year, U.S. economic growth remains resilient, albeit with growing risks on the horizon. GDP growth is expected to average 2.1%, in line with 2025 performance and ahead of peer economies. A key driver remains the aggressive build-out of AI infrastructure, with hyperscaler capital expenditures approaching 3% of GDP—just below residential investment levels. However, concerns surrounding the durability of this growth and its broader economic implications continue to weigh on both equity and credit markets.

Geopolitical tensions, including Operation Epic Fury, alongside volatile global energy prices, present additional downside risks. If the conflict is resolved quickly and U.S. oil prices remain near the $80-per-barrel range, the impact on overall growth should be limited. Nonetheless, headline inflation is projected to average 3.2% this year, up from the mid-2% range earlier in the year. A prolonged or escalating conflict could further elevate inflation and long-term yields, creating headwinds for commercial real estate performance.

Connecticut's labor market posted modest gains in Q4, adding 900 jobs quarter-over-quarter (+0.1%), though total employment remains down 2,200 jobs year-over-year (-0.1%). Office-using employment (OUE) tracked closely with overall employment trends, increasing by 400 positions quarter-over-quarter (+0.1%). Within OUE sectors, financial activities shed 400 jobs (-0.3%), while information services declined by 500 positions (-1.6%). These losses were offset by growth in professional and business services, which added 1,300 jobs (+0.6%). On a year-over-year basis, OUE is up a net 2,000 jobs (+0.5%) and now stands at 100.3% of its pre-pandemic level.

Connecticut's unemployment rate rose to 4.2% in December 2025, up from 3.8% at the end of Q3, but remains below the national unemployment rate of 4.4%.

Asking Rent

Asking rent increased across most of Hartford County's submarkets during the quarter. Countywide average rent rose 2% quarter-over-quarter to $21.60 per sq. ft., marking the third consecutive record high. Elevated pricing reflects a market increasingly weighted toward high-quality Class A product, as low-rent Class B inventory is removed through ongoing repurposing.

Hartford Periphery posted the largest quarterly rent increase, rising 5% to $20.33 per sq. ft. due to the introduction of above-average-priced space at 21 Oak Street. Hartford North followed with a 4% quarterly increase to $20.66 per sq. ft., driven by a Class B building's removal for conversion. Hartford West recorded a 3% quarterly gain to $21.23 per sq. ft., supported by the listing of high-end Class A availabilities along North Main Street in West Hartford.

Figure 2: Availability Rates by Class

Source: CBRE Research, Q1 2026

Figure 3: Overall Average Asking Rate by Class

Source: CBRE Research, Q1 2026

Net Absorption

Hartford County recorded 404,000 sq. ft. of positive net absorption in Q1, reducing the availability rate by 70 bps to 22.7%—the lowest level since the summer of 2021.

A major cause of tightening availability was the announcement of approximately 1.03 million sq. ft. of office space slated for conversion to alternative uses. Currently there are 11 properties undergoing repurposing: eight residential conversions, one school conversion in the Hartford Periphery, and two demolitions in Hartford North. Collectively, these projects have removed large blocks of vacant space from the market, shrinking total office inventory to 29.6 million sq. ft.

Hartford North accounted for most of the absorption, capturing 336,000 sq. ft. and driving availability down to 42.0%—a decline of 1,680 bps from its peak in Fall 2023. Much of this activity occurred in Windsor, where two fully vacant office buildings at 4 and 8 Griffin Road are slated for demolition to make way for future multifamily development, pending final approvals. Nearby, the office buildings at 1 and 3 Waterside Crossing—totaling more than 200,000 sq. ft. of vacant office space— were sold to a multifamily developer, who received approval for apartment conversion in 2025, and has already commenced redevelopment.

In the Hartford CBD, strong leasing activity combined with space withdrawals resulted in 68,000 sq. ft. of positive absorption. Availability in the capital now stands at 23.6%, its lowest level since year-end 2024.

Hartford Periphery recorded the greatest degree of negative absorption, totaling 20,000 sq. ft. The largest space addition within the submarket and countywide during the quarter was the full-floor listing at 21 Oak Street.

Figure 4: Net Absorption Trend

Source: CBRE Research, Q1 2026

Leasing Activity

Hartford County opened Q1 with subdued leasing activity, totaling 106,000 sq. ft.—down 50% from the prior quarter and 41% below the three-year quarterly average.

The Hartford CBD led all submarkets with 40,000 sq. ft. of leasing activity in Q1 2026—a 13% quarterly increase, but 12% below its historical average. The submarket's leasing volume was driven by two transactions. The largest was the Connecticut State Department of Insurance's 35,000-sq.-ft. lease at 280 Trumbull Street. This location has now recorded two full-floor leases by state agencies over the past eight months.

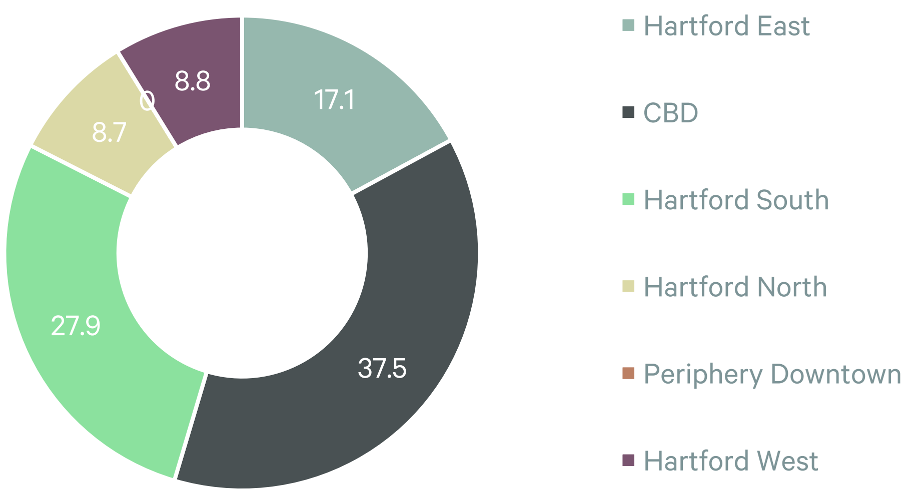
Hartford South emerged as the most active suburban submarket in Q1, capturing 30,000 sq. ft. of new leasing—37% above the prior quarter. The submarket recorded 11 transactions, highlighted by Haley & Aldrich's 7,000 sq. ft. relocation to 100 Great Meadow Drive in Wethersfield.

Hartford East posted 18,000 sq. ft. of leasing activity, down 23% quarter-over-quarter and 40% below its three-year average. The submarket's primary source of strength was renewal activity, which is counted separately from leasing activity. The Town of Glastonbury's 28,000 sq. ft. of renewals accounted for 100% of the submarket's activity during the quarter, led by WSP's 10,000 sq.-ft. renewal at 500 Winding Brook Drive.

Figure 6: Leasing Activity Trend

Source: CBRE Research, Q1 2026

Figure 7: Leasing by Submarket (% of Total Activity)



Source: CBRE Research, Q1 2026

Figure 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
State of Connecticut Department of Insurance	34,519	New Lease	280 Trumbull Street	CBD
Glastonbury Board of Education	11,873	Renewal	628 Hebron Avenue Bldg II	Hartford East
WSP USA	9,952	Renewal	500 Winding Brook Drive	Hartford East
BL Companies	8,868	New Lease	333 E River Dr	Hartford East
Haley & Aldrich	7,000	New Lease	100 Great Meadow Road	Hartford South

Source: CBRE Research, Q1 2026

Market Statistics

Figure 9: Suburban Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Asking Rate ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	8.67	25.9%	31.2%	27.0%	4.2%	$22.28	214,091	214,091	-	-
Class B	8.59	18.0%	18.7%	18.5%	0.2%	$19.54	141,430	141,430	-	-
Total	**17.26**	**22.0%**	**25.0%**	**22.8%**	**2.2%**	**$21.25**	**355,521**	**355,521**	**-**	**-**

Source: CBRE Research, Q1 2026

Figure 10: Urban Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Asking Rate ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	9.85	20.8%	22.4%	20.8%	1.6%	$23.55	50,010	50,010	-	-
Class B	2.56	8.6%	8.6%	8.6%	-	$18.76	(1,639)	(1,639)	-	-
Total	**12.41**	**18.3%**	**19.5%**	**18.3%**	**1.2%**	**$23.09**	**48,371**	**48,371**	**-**	**-**

Source: CBRE Research, Q1 2026

Figure 11: Metro Market Statistics by Class

Property Class	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Asking Rate ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
Class A	18.52	26.0%	26.5%	23.7%	2.8%	$22.33	264,101	264,101	-	-
Class B	18.52	16.0%	16.4%	16.0%	0.2%	$19.40	139,791	139,791	-	-

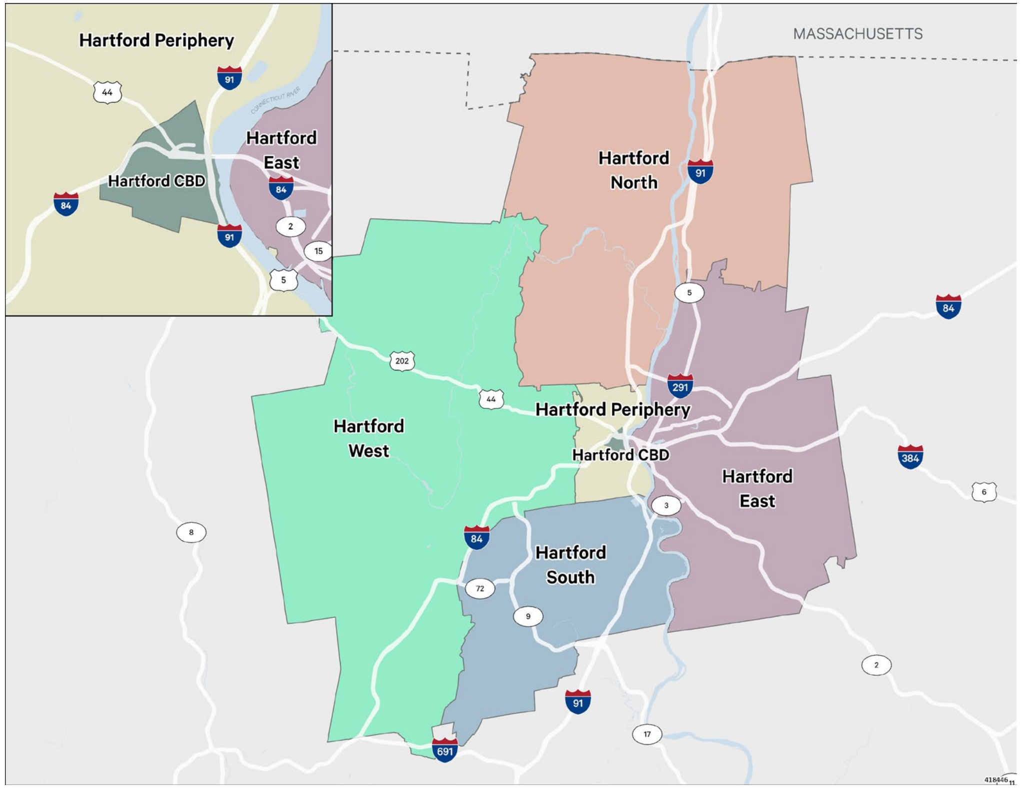
Market Statistics by Submarket

Figure 12

Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Asking Rate ($/SF FSG/yr)	Current Quarter Net Absorption (SF)	YTD Net Absorption (SF)	Deliveries (SF)	Under Construction (SF)
CBD	9.81	23.6%	23.6%	22.1%	1.6%	$22.96	68,125	68,125	-	-
Hartford East	3.66	14.2%	14.8%	13.7%	1.1%	$21.57	(3,607)	(3,607)	-	-
Hartford North	4.71	41.3%	42.0%	39.4%	2.7%	$20.66	336,051	336,051	-	-
Hartford South	3.31	15.9%	16.6%	15.2%	1.4%	$20.08	(8,494)	(8,494)	-	-
Hartford West	5.59	21.3%	22.3%	19.2%	3.1%	$21.23	31,571	31,571	-	-
Periphery Downtown	2.60	4.0%	4.0%	4.0%	-	$20.33	(19,754)	(19,754)	-	-
Total	**29.67**	**22.3%**	**22.7%**	**20.9%**	**1.8%**	**$21.60**	**403,892**	**403,892**	**-**	**-**

Source: CBRE Research, Q1 2026

Market Area Overview



Definitions

Available Sq. Ft.: Space in a building, ready for occupancy within six months; can be occupied or vacant. Availability Rate: Total Available Sq. Ft. divided by the total building Area. Average Asking Lease Rate: A calculated average that includes net and gross lease rate, weighted by their corresponding available square footage. Building Area: The total floor area sq. ft. of the building, typically taken at the "drip line" of the building. Gross Activity: All sale and lease transactions completed within a specified time period. Excludes investment sale transactions. Gross Lease Rate: Rent typically includes real property taxes, building insurance, and major maintenance. Net Absorption: The change in Occupied Sq. Ft. from one period to the next. Net Lease Rate: Rent excludes one or more of the "net" costs (real property taxes, building insurance, and major maintenance) typically included in a Gross Lease Rate. Occupied Sq. Ft.: Building Area not considered vacant. Vacancy Rate: Total Vacant Sq. Ft. divided by the total Building Area. Vacant Sq. Ft.: Space that can be occupied within 30 days. Class A industrial are buildings built after 2000, with 32' or greater clear height and ESFR sprinklers.

Survey Criteria

[Insert survey Criteria here. Contact your manager for specific criteria]

Contacts

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

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