

FIGURES | HARTFORD INDUSTRIAL | Q3 2026

Stronger Demand Drives Vacancy Lower



Note: Arrows indicate change from previous quarter.

Market Overview

Hartford's industrial market tightened modestly in Q3 2026 as stronger leasing activity translated into positive absorption and lower vacancy. Net absorption totaled 224,000 sq. ft., driven largely by two leases exceeding 100,000 sq. ft., which reduced vacancy by 30 basis points (bps) to 7.0%. Leasing activity totaled 407,000 sq. ft., up 27% quarter-over-quarter and 25% above the three-year quarterly average, reflecting improved tenant demand following a slower first half of the year. Average asking rents increased 5% quarter-over-quarter to \$7.68 per sq. ft.

Development activity increased during the quarter, although the overall pipeline remains relatively measured. Space under construction expanded from 418,000 sq. ft. to 775,000 sq. ft., following two project starts totaling 357,000 sq. ft. in Q3. These additions brought the total number of construction starts in 2026 to four, marking a notable shift from 2025, when no new projects broke ground. Despite the growing pipeline, supply additions remain limited relative to existing inventory, helping to preserve market balance.

Figure 1: Historical Net Absorption, Deliveries, and Vacancy
Sq. Ft. (millions)



Source: CBRE Research, Q3 2026

Demand

Leasing activity accelerated in Q3 2026, totaling 407,000 sq. ft., up 27% quarter-over-quarter and 25% above the three-year quarterly average. Through the first three quarters of the year, new leasing reached 1.22 million sq. ft., a 148% increase compared with the same period in 2025, reflecting a significant rebound in tenant activity. The quarter was anchored by two leases exceeding 100,000 sq. ft., led by Prime Engine Accessories' 149,000-sq.-ft. commitment at 383 Middle Street in Bristol, where the company plans to establish a new manufacturing facility and create approximately 200 jobs over the next five years. Also contributing to quarterly volume was Solec Energy's 125,000-sq.-ft. lease at 53 Manning Road in Enfield.

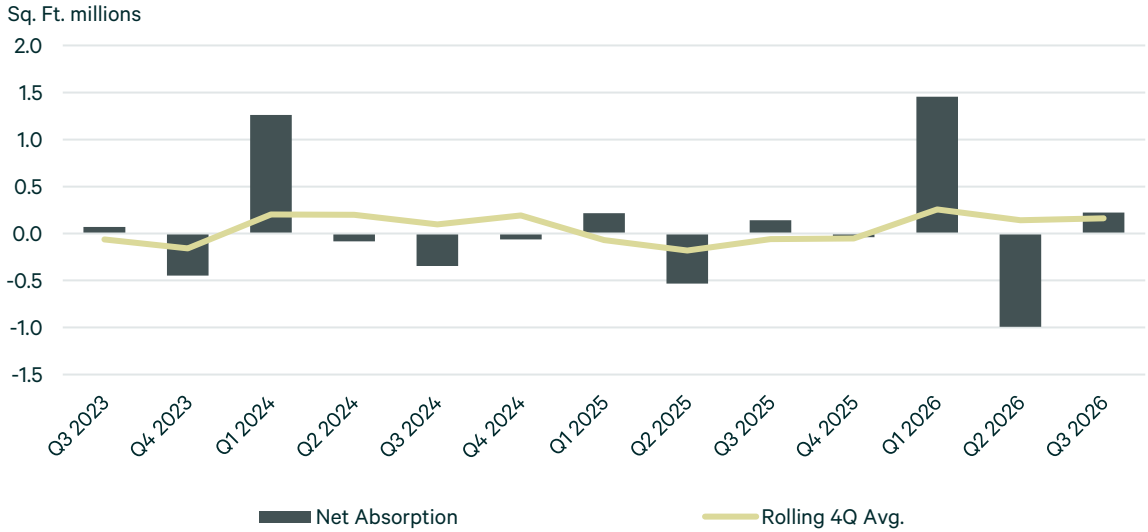
Leasing gains were concentrated in select submarkets and primarily driven by non-Class A product. Hartford North remained the market's most active submarket with 190,000 sq. ft. of new leasing, while Hartford West recorded a substantial increase to 153,000 sq. ft. from just 1,000 sq. ft. in the prior quarter. Hartford East also posted growth, rising to 58,000 sq. ft., whereas activity in Hartford South remained limited at 6,000 sq. ft. Notably, no Class A leases were completed during the quarter, compared with 53,000 sq. ft. in Q2, indicating that tenant demand was concentrated in existing mid-tier industrial space rather than newer premium product.

Figure 2: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Prime Engine Accessories	149,000	New Lease	383 Middle St	Hartford West
Solec Energy	125,000	New Lease	53 Manning Road	Hartford North
Velux America	49,000	Renewal	754 Rainbow Road	Hartford North
Canworks	39,000	New Lease	110 Tradeport Drive	Hartford North

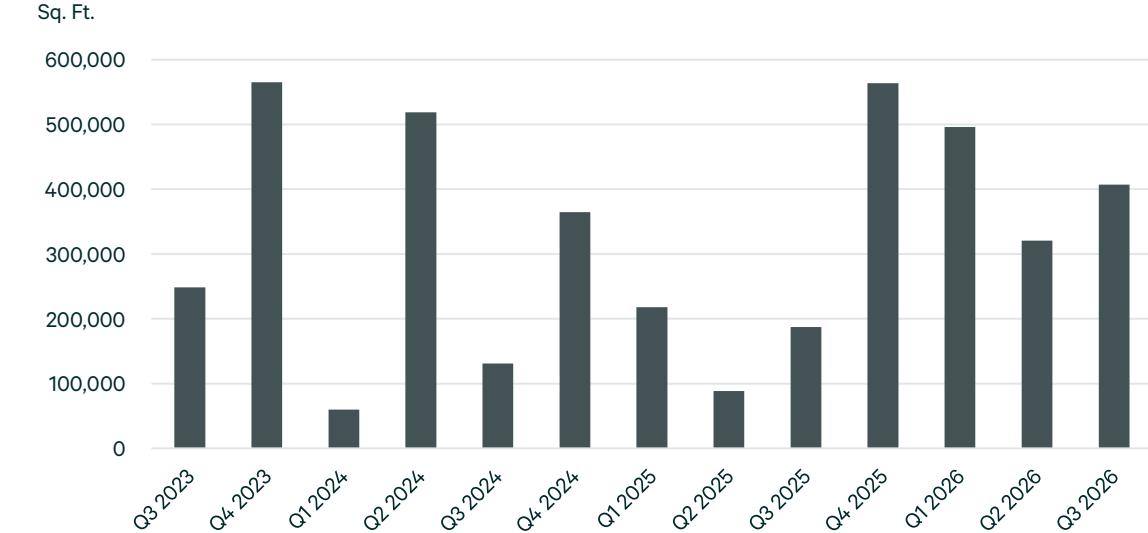
Source: CBRE Research, Q3 2026

Figure 3: Net Absorption Trend



Source: CBRE Research, Q3 2026

Figure 4: Leasing Activity



Source: CBRE Research, Q3 2026

Supply

The Hartford industrial market recorded 224,000 sq. ft. of positive net absorption in Q3 2026, helping push vacancy down 30 bps quarter-over-quarter to 7.0%. Occupancy gains were driven primarily by the quarter's two leases exceeding 100,000 sq. ft. and by Woodgrain's acquisition of the 622,000-sq.-ft. property at 353-407 Alumni Road in Newington for owner occupancy, which removed 141,000 sq. ft. from the available inventory. Partially offsetting these gains was the addition of 93,500 sq. ft. of vacant space at 151 Batson Drive in Manchester following Champlin Company's exit. Class A fundamentals remained notably tight, with vacancy holding steady at 3.2% for the second consecutive quarter.

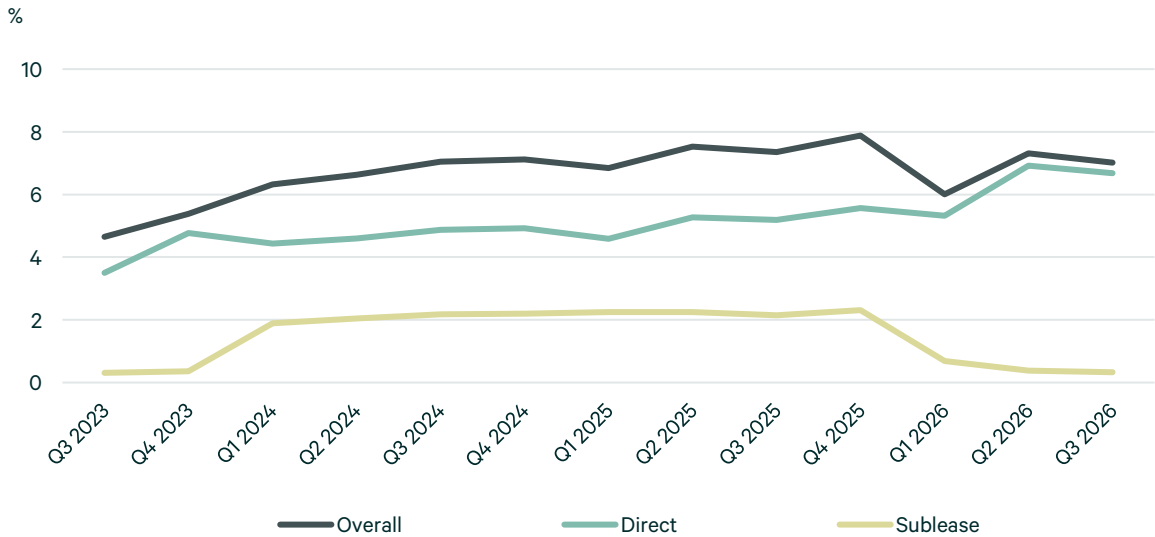
Development activity gained momentum during the quarter, although no new supply was delivered. Space under construction increased from 418,000 sq. ft. to 775,000 sq. ft. as two speculative projects totaling 357,000 sq. ft. broke ground, including a 217,000-sq.-ft. development at 41 Stone Road in Windsor and a 140,000-sq.-ft. project at 71 Commerce Road in Manchester. While the construction pipeline expanded, the lack of new deliveries allowed market conditions to continue tightening.

Asking Rent

Industrial asking rents in Q3 2026 continued to trend upward at the overall market level, while Class A pricing remained stable. The average asking rent rose 5.0% quarter-over-quarter and 8.0% year-over-year to \$7.68 per sq. ft. In contrast, the Class A average asking rent held steady at \$10.08 per sq. ft., unchanged from Q2 but 8.0% below year-ago levels.

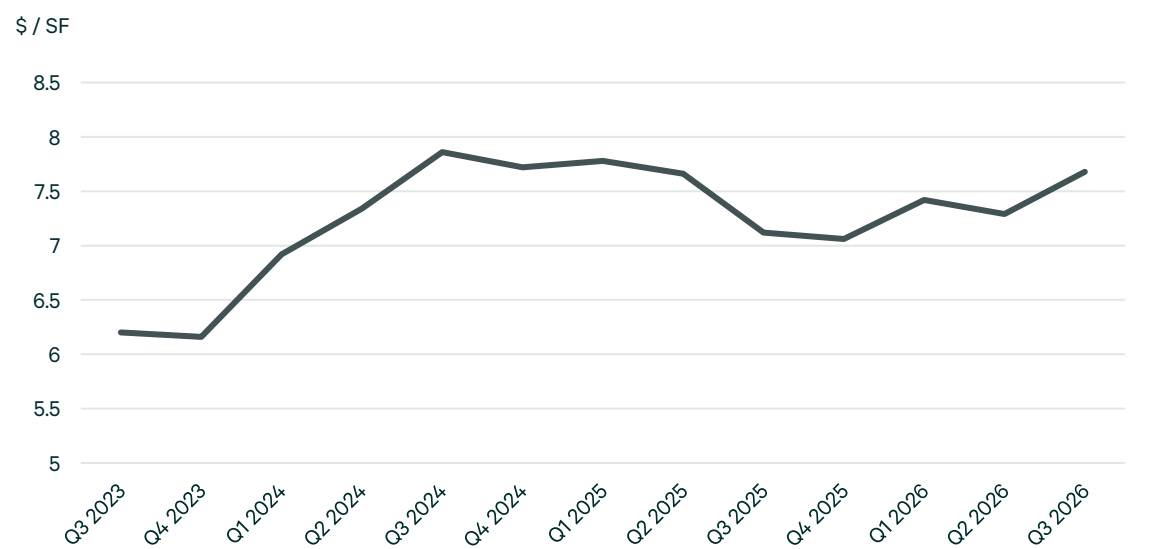
Rent growth varied across submarkets, with Hartford South and Hartford East posting the strongest gains. Hartford South led the market at \$8.39 per sq. ft., up 14.0% quarter-over-quarter and 18.0% year-over-year, while Hartford East reached \$7.82 per sq. ft., increasing 7.0% and 17.0%, respectively. Periphery Downtown remained stable at \$8.14 per sq. ft. but was down 8.0% from a year earlier. Hartford North and Hartford West ended the quarter at \$7.50 per sq. ft. and \$7.45 per sq. ft., respectively, reflecting more moderate rent growth and leaving Hartford West as the market's most affordable industrial submarket

Figure 5: Vacancy Rates



Source: CBRE Research, Q3 2026

Figure 6: Average Direct Asking Rent



Source: CBRE Research, Q3 2026

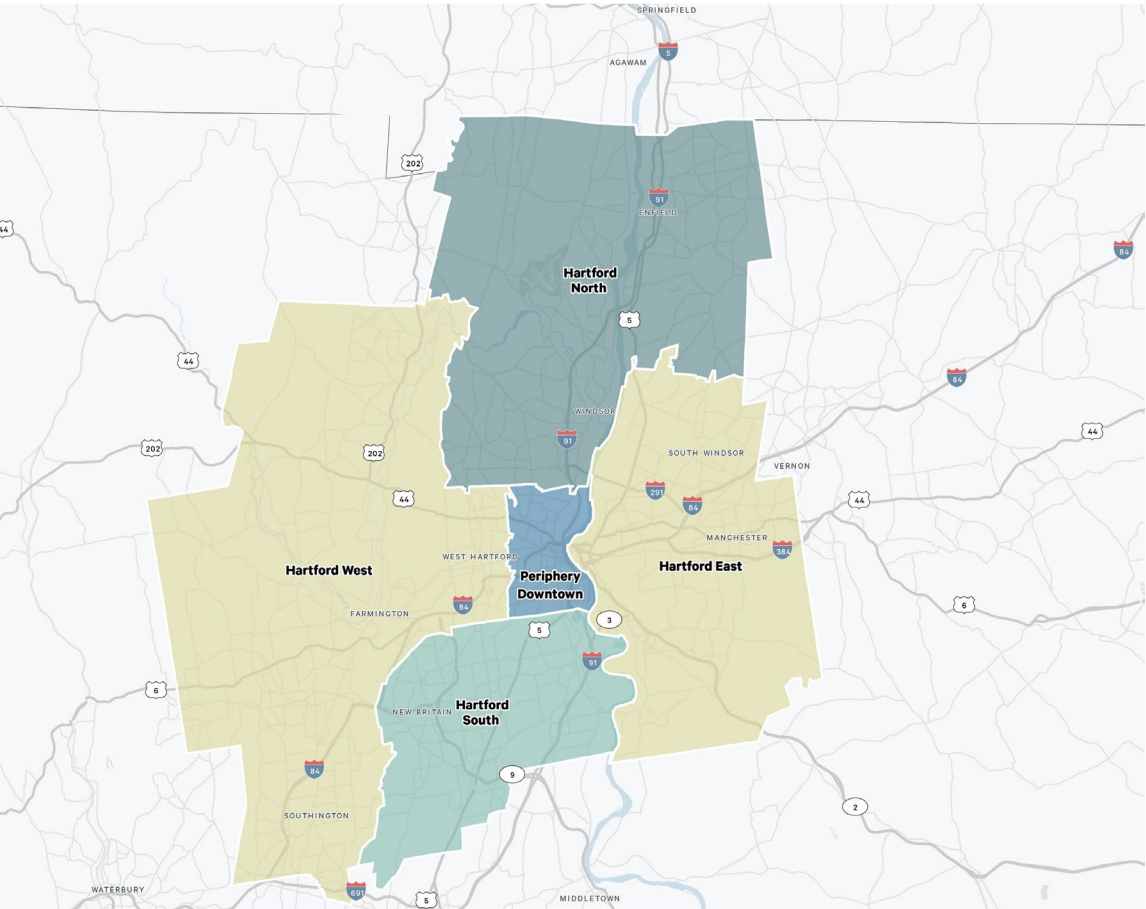
Market Statistics by Submarket

Figure 7

Submarket	Net Rentable Area (MSF)	Total Vacancy (%)	Total Availability (%)	Direct Availability (%)	Sublease Availability (%)	Avg. Direct Asking Rate (\$/SF NNN/yr)	Current Quarter Net Absorption (MSF)	YTD Net Absorption (MSF)	Deliveries (SF)	Under Construction (SF)
Hartford East	19.96	8.3	8.9	8.9	-	7.82	(0.24)	0.18	-	140,000
Hartford North	31.00	9.4	10.3	9.5	0.8	7.50	0.19	0.28	-	635,000
Hartford South	11.35	3.0	4.6	4.6	0.1	8.39	0.14	0.18	-	-
Hartford West	10.05	2.5	3.8	3.8	-	7.45	0.13	0.20	-	-
Periphery Downtown	4.18	4.9	7.3	7.3	-	8.14	0.00	(0.16)	-	-
Total	76.53	7.0	8.1	7.7	0.3	7.68	0.22	0.68	-	775,000

Source: CBRE Research, Q3 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.

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