

# Fairfield County starts 2023 with over 480,000 sq. ft. of leasing activity

▼ 26.7%

Availability Rate

▲ 273,484

SF Net Absorption

▲ 484,144

SF Leasing Activity

▼ \$36.05

PSF Average Asking Rent

Note: Arrows indicate change from previous quarter.

## QUICK FACTS

- Quarterly leasing activity totaled 484,000 sq. ft., up 8% from Q4 2022 and 4% ahead of the five-year quarterly average.
- Year-to-date leasing activity was down 11% from the same time last year
- The availability rate fell to 26.7%, down 60 basis points (bps) from Q4 2022 but up 10 bps from a year ago.
- Quarterly net absorption was positive 273,000 sq. ft., driven by large space withdrawals in Central Fairfield.
- The average asking rent was \$36.05 per sq. ft., falling 2% quarter-over-quarter but up 5% from one year ago.

## Market Overview

The Fairfield County office market accumulated 484,000 sq. ft. of leasing activity in Q1 2023, 8% ahead of the prior quarter and 4% ahead of the five-year quarterly average. Positive absorption of 273,000 sq. ft. in Q1 pulled the availability rate down 60 bps quarter-over-quarter to 26.7%. Average asking rent in the county remains 5% above pandemic low pricing at \$36.05 per sq. ft. The growth of asking rents can be attributed to strong Class A pricing in Fairfield’s CBD zones.

The strongest submarket in Fairfield County continued to be Greenwich CBD. The submarket’s leasing totals rose for the third consecutive quarter and kept availability well below equilibrium, at 7.0%, with the average asking rent at \$102.98 per sq. ft.

## Economic Conditions

Downstream consequences of the Fed’s tightening program are surfacing and signaling slower growth ahead. Several factors are beginning to weigh on employment, including reduced consumer demand for goods and services and the paring of corporate functions in the financial and technology sectors where employment gains exceeded revenue growth in recent years.

Despite mounting challenges in the economy, Southwest Connecticut’s employment landscape pushed through Q1 2023 and remained in positive territory, creating 5,200 jobs since the end of 2022 – a growth rate of 1.3%. Southwest Connecticut’s office-using job growth was concentrated in professional and business services which gained 2,200 jobs (+3.4%) while financial activities shed 500 positions (-1.5%) and information contracted by 200 positions (-1.5%). Information and professional business services are above their pre-pandemic employment level while financial activities are at 94.6% of its pre-pandemic employment level.

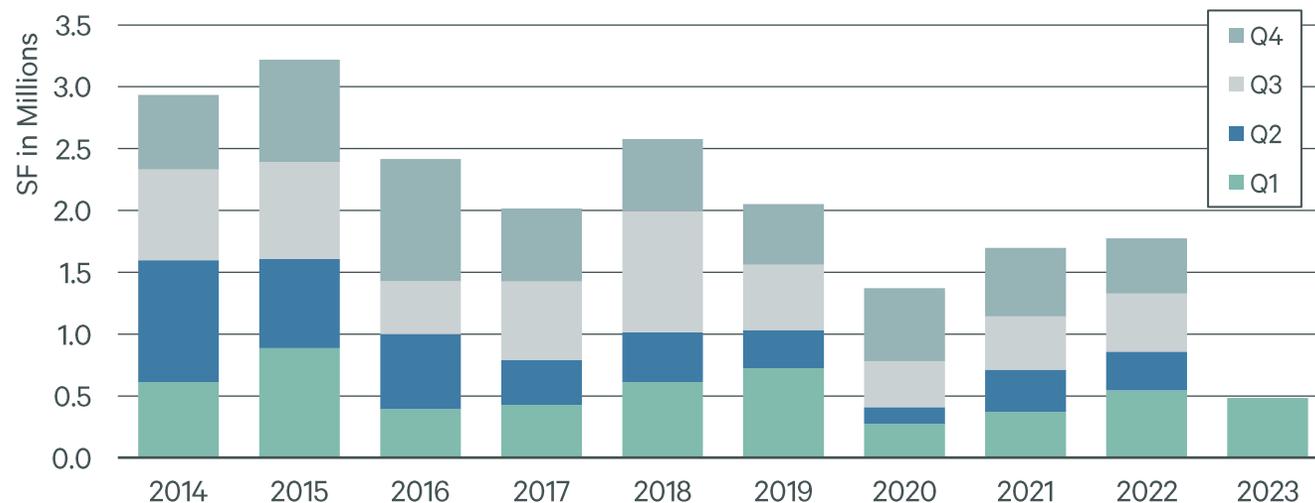
Connecticut’s overall unemployment rate was 4.0% in Q1, unchanged from the end of 2022 but down considerably from the pandemic peak of 11.7% in May 2020. The state’s unemployment rate is above the national unemployment rate of 3.6%.

## Leasing Activity

The Fairfield County market experienced 484,000 sq. ft. of leasing activity during Q1, up 8% from Q4 2022 and surpassing the five-year quarterly average by 4%. Leasing activity was fairly evenly distributed in Q1, with five out of the seven submarkets contributing at least 10% of leasing to the overall figure.

Stamford CBD’s 139,000 sq. ft. of activity was the most of any submarket in Q1. Despite having the most activity the total still trailed its five-year quarterly average by 25%. Stamford CBD captured the largest lease of the quarter—ICON International’s two floor, 61,000-sq.-ft. lease at 107 Elm Street, which accounted for more than 40% of the submarket’s leasing in Q1.

FIGURE 1: Historical Leasing Activity



Source: CBRE Research, Q1 2023.

FIGURE 2: Top Transactions | Q1 2023

Size (SF)		Tenant	Address	Submarket
60,826		ICON International, Inc.	107 Elm Street	Stamford CBD
41,000		Transpac	120 Corporate Drive	Fairfield East
32,437	(R)	Butler America	2 Trap Falls Road	Fairfield East
24,061		First Republic Bank	55 Railroad Avenue	Greenwich CBD
24,027	(R)	Starwood Hotels & Resorts Worldwide	51 Weaver Street #5	Greenwich Non-CBD

Source: CBRE Research, Q1 2023. Renewal (R), Expansion (E), Renewal and Expansion (RE), Sublease (S). Any Blanks indicates a Direct New Lease

Greenwich CBD’s quarterly leasing figure improved for the third consecutive quarter. Despite having the least amount of space available in the county, strong leasing saw the submarket reach 52,000 sq. ft. of activity—up 84% quarter-over-quarter and 18% above the five-year quarterly average. Greenwich Non-CBD also had a strong showing, accumulating 50,000 sq. ft. of leasing in Q1, up 128% quarter-over-quarter and 86% above its five-year quarterly average, pushed in part by Greenwich Hospital’s 16,000 sq. ft. expansion at 500 West Putnam Avenue.

Fairfield East continues to post impressive activity with its highest leasing quarter since Q4 2016. The submarket accounted for 124,000 sq. ft. of leasing activity, up 88% quarter-over-quarter and 107% above its five-year quarterly average. Leasing was driven in part by the second largest transaction of the quarter, Transpac’s 41,000-sq.-ft. lease at 120 Corporate Drive in Trumbull.

Leasing activity in Central Fairfield was 100,000 sq. ft.—down 23% from the prior quarter but still 10% better than the five-year quarterly average. Northern Fairfield saw minimal leasing activity, managing only 7,000 sq. ft. in Q1.

## Net Absorption and Availability

The availability rate in Fairfield County dropped 60 bps to 26.7% quarter-over-quarter but was still up 10 bps from a year ago. Net absorption started the year positive for Fairfield County, at 273,000 sq. ft., driven by 337,000 sq. ft. of space coming off market at 20 Westport Road in Wilton, as ASML purchased the building as part of its continued expansion in Fairfield County

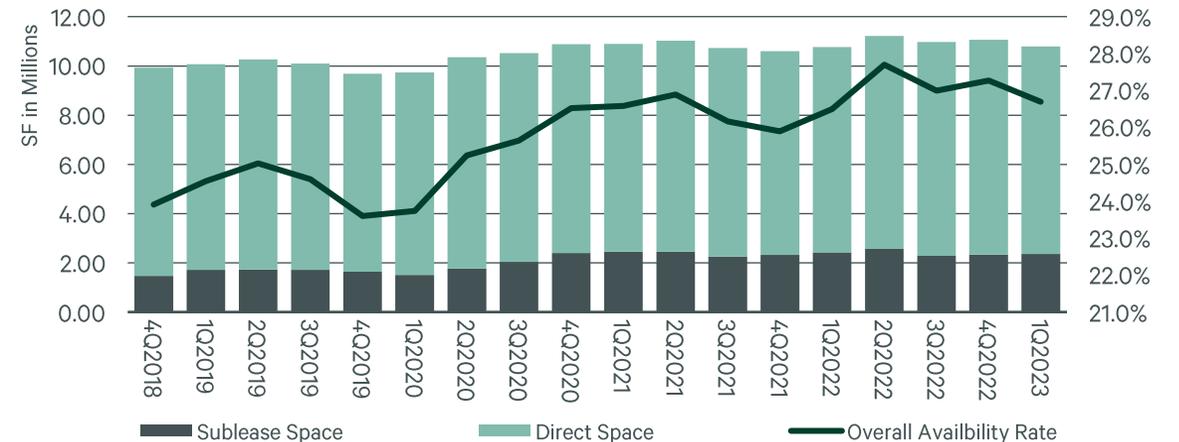
Three of Fairfield’s seven submarkets experienced positive absorption in the first quarter. Greenwich CBD recorded positive absorption of 7,000 sq. ft., pushing the availability rate down 40 bps to 7.0%.

FIGURE 3: Quarterly Leasing Activity by Submarket



Source: CBRE Research, Q1 2023.

FIGURE 4: Availability Rate | Direct vs. Sublease Breakdown



Source: CBRE Research, Q1 2023.

Greenwich Non-CBD notched 62,000 sq. ft. positive absorption in Q1 due to the removal of space for residential conversions at 340 Pemberwick Road and 10 Glenview Street. Positive absorption brought availability down 230 bps to 21.2% in the submarket. Stamford Non-CBD availability rose 140 bps to 34.8%, which stemmed from a 47,000 sq. ft. Gartner Group sublet block coming available as they consolidate existing spaces in Stamford.

Central Fairfield witnessed positive absorption of 372,000 sq. ft. due to ASML’s purchase of 20 Westport Road in Wilton. ASML plans to occupy the building, which resulted in 337,000 sq. ft. of space being withdrawn, contributing to the strongest quarter of positive absorption Central Fairfield has seen since 2007. The substantial positive absorption led to a 410 bps drop in the availability rate, to 28.8%, the lowest it has been since Q2 2020.

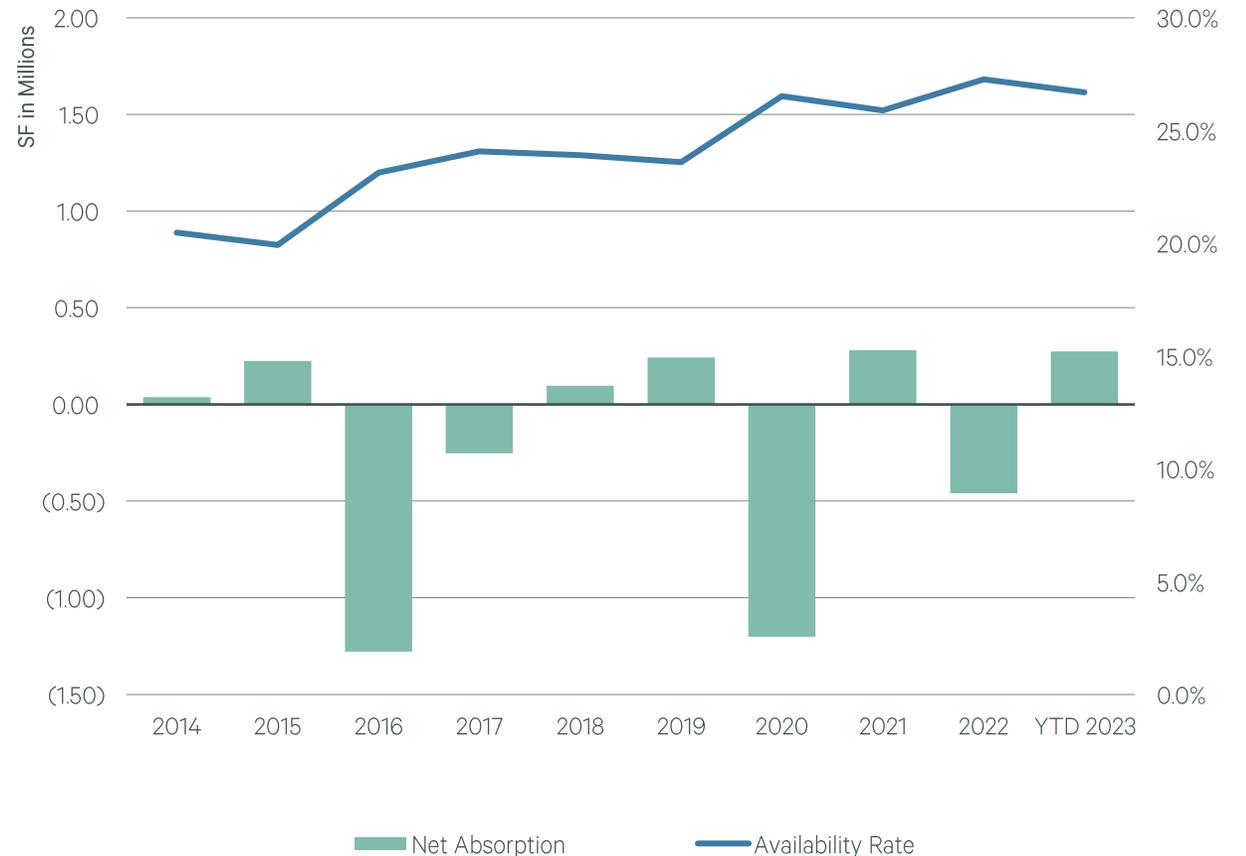
Stamford CBD experienced negative absorption of 63,000 sq. ft. This came primarily from space additions at 400 Atlantic Street, as Harmon International Industries, Inc. downsized its office footprint, moving out of the top two floors, along with Navigators Group, Inc. giving back the entire 8th floor at the property. Stamford CBD’s availability currently sits at 31.1%—up 40 bps from last quarter and up 310 bps year-over-year.

### Average Asking Rent

Fairfield County’s average asking rent was \$36.05 per sq. ft.—down 2% quarter-over-quarter, but up 5% year-over-year. The quarterly decline was primarily impacted by the removal of space in the higher-priced A class properties of Wilton and Greenwich. Additionally, leasing of the best-in-class space, priced above the average, contributed to the dip in Fairfield County average asking rent.

Greenwich Non-CBD saw its average asking rent increase by 2% to \$51.26 per sq. ft., mainly driven by smaller space additions. Eastern Fairfield saw a 6% drop in average asking rent to \$19.08 per sq. ft., primarily due downward repricing across properties on Merritt Boulevard in Trumbull.

FIGURE 5: Annual Absorption and Availability Rate

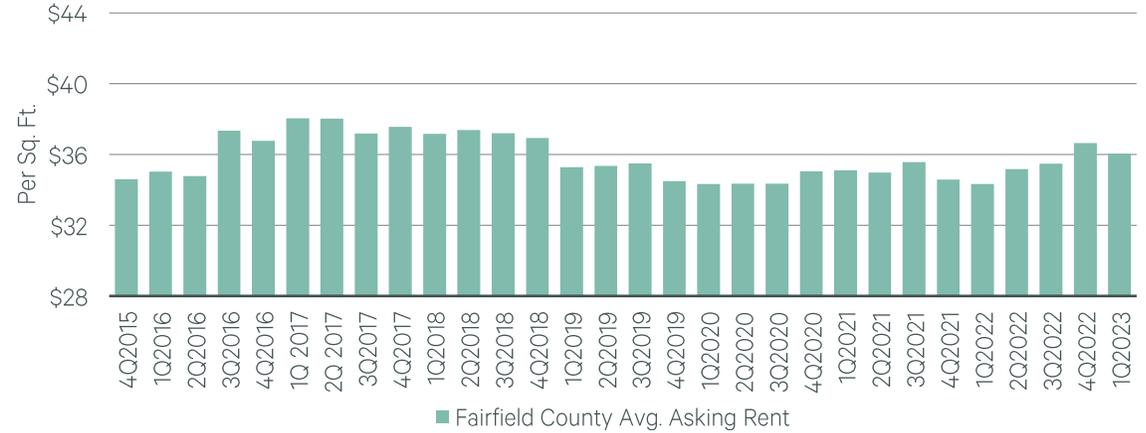


Source: CBRE Research, Q1 2023.

Central Fairfield’s average asking rent rose 5% quarter-over-quarter to \$33.64 per sq. ft. The increase in average asking rent was due to the addition of a 92,000 sq. ft. office development that will deliver by in 2024 on Corbin Drive in Darien.

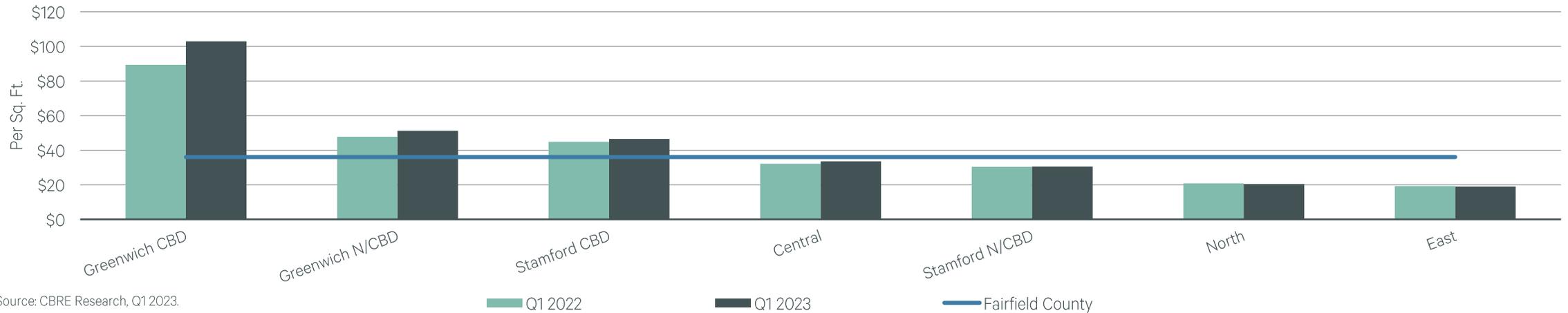
Greenwich CBD’s average asking rent remained above \$100 per sq. ft. for the second consecutive quarter, finishing Q1 at \$102.98 per sq. ft.—up 15% year-over-year. Planned renovations at 240 Greenwich Avenue and 35 Mason Street contributed to the increase in average asking rent at the end of 2022.

FIGURE 6: Average Asking Rent | Quarterly Historical



Source: CBRE Research, Q1 2023.

FIGURE 7: Average Asking Rent | By Submarket



Source: CBRE Research, Q1 2023.

FIGURE 8: Q1 2023 | 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	0.15	7.0%	7.1%	6,717	51,637	\$102.98
Greenwich Non-CBD	2.14	0.45	21.2%	23.2%	62,031	50,447	\$51.26
Stamford CBD	10.56	3.29	31.1%	30.6%	(62,627)	138,557	\$46.52
Stamford Non-CBD	6.12	2.13	34.8%	32.1%	(84,167)	12,874	\$30.57
Central Fairfield	9.71	2.80	28.8%	29.7%	371,624	99,703	\$33.64
Eastern Fairfield	6.27	1.55	24.8%	24.8%	(664)	124,376	\$19.08
Northern Fairfield	3.41	0.42	12.2%	10.3%	(19,430)	6,549	\$20.39
<b>FAIRFIELD COUNTY</b>	<b>40.36</b>	<b>10.79</b>	<b>26.7%</b>	<b>25.5%</b>	<b>273,484</b>	<b>484,144</b>	<b>\$36.05</b>

Source: CBRE Research, Q1 2023.

## 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.

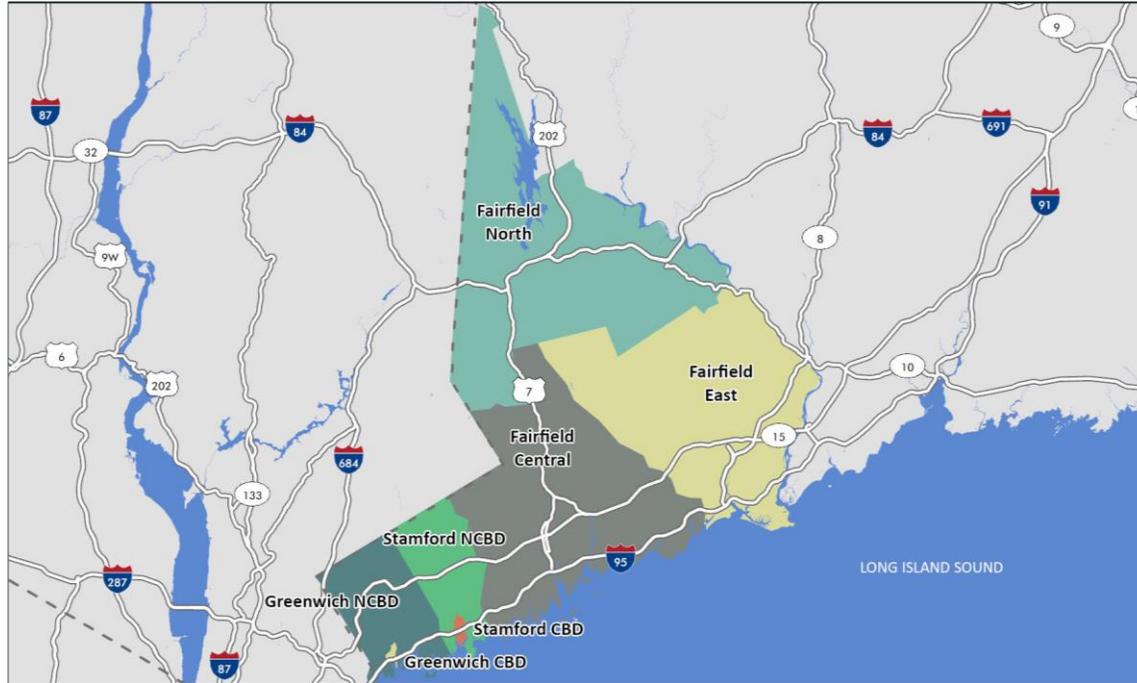
**Net Absorption:** The change in the amount of committed sq. ft. within a specified period of time, as measured by the change in available sq. ft.

**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	2.14
Stamford CBD	10.56
Stamford N/CBD	6.12
Central Fairfield	9.71
Eastern Fairfield	6.27
Northern Fairfield	3.41
<b>FAIRFIELD COUNTY</b>	<b>40.36</b>

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