

# Leasing activity surpassed five-year quarterly average by 26%



Note: Arrows indicate change from previous quarter.

## QUICK FACTS

- Quarterly leasing activity totaled 520,000 sq. ft., down 7% from Q2 2024 but 26% ahead of the five-year quarterly average.
- Year-to-date leasing activity totaled 1.43 million sq. ft., up 34% from the same time last year.
- The availability rate decreased to 25.9%, down 30 basis points (bps) both quarter-over-quarter and year-over-year.
- Quarterly net absorption was positive 118,000 sq. ft., bringing year-to-date absorption to positive 334,000 sq. ft.
- The average asking rent was \$36.23 per sq. ft., up 3% both quarter-over-quarter and year-over-year.
- Sublease space accounts for 15% of all available space in Fairfield County.

## Market Overview

The Fairfield County office market leasing activity surpassed 500,000 sq. ft. for the second consecutive quarter. Q3 leasing activity was 520,000 sq. ft., up 26% from the five-year quarterly average and a 98% improvement from a year ago. Strong activity can be credited to imminent lease expirations forcing tenants to decide on a new permanent location or renew at their current location in their existing office footprint.

Net absorption was positive 118,000 sq. ft., driven primarily by the 275,000 sq. ft. withdrawal at 800 Long Ridge Road in Stamford, which is slated for conversion to multifamily. The reduction in available office supply pushed Fairfield County’s availability down 30 bps to 25.9%—the lowest level since Q4 2021. Fairfield County’s average asking rent rose 2% quarter-over-quarter to \$36.23 per sq. ft.—the highest rate since Q4 2022.

Stamford’s Q3 leasing was below average, as tenants in this market shifted toward renewals in Q3. Renewals totaled 288,000 sq. ft., led by Indeed’s 155,000 sq. ft. renewal at 177 Broad Street as they prepare for the relocation to 695 East Main Street, in addition to Diageo’s 57,000 sq. ft. renewal at 695 East Main Street. The Greenwich CBD saw a 3% drop in its average asking rent to \$106.72 per sq. ft., the lowest rate since the Q1 2023. Despite the drop the downtown area has now seen eight consecutive quarters of asking rent above \$100 per sq. ft.— the longest stretch recorded.

## Economic Conditions

Soft landings are rare, but recent data suggest that this outcome for the economy is increasingly likely. Business investment is holding its own and consumer distress is confined to a few vulnerable segments. A reason for concern is the decline in the share of private industries that are creating jobs. On the other hand, companies are not shedding workers at a particularly high rate. The labor market has slowed, but it is not slumping.

Southwest Connecticut’s labor market underperformed in Q3, shedding 1,500 positions quarter-over-quarter (-0.4%). Year-over-year gains in Q3 amounted to 4,200 positions (+1.0%). Office-using employment (OUE) sectors drove the decline in regional employment, letting go of 1,900 positions in Q3 (-1.7%). This represents the OUE sector’s second consecutive quarter of negative growth.

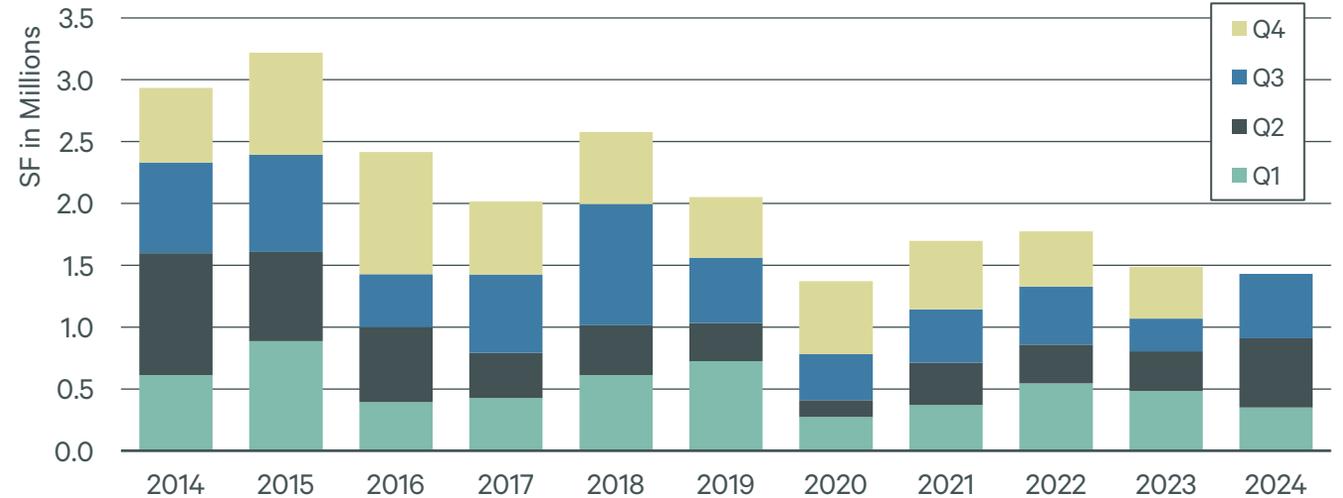
Professional and business services accounted for most of the decline, letting go of 1,600 roles quarter-over-quarter (-2.5%) while information services reduced headcount by 300 positions since Q2 (-2.7%). Financial activities growth was flat in Q3 (0.0%). Year-over-year, OUE in Southwest Connecticut is down a net of 1,500 positions (-1.3%). The region’s OUE has been trending downward in 2024 and OUE stands at 98.4% of the 2019 level.

Connecticut’s overall unemployment rate is 3.4%, down from 3.9% at the end of Q2 and below the national unemployment rate of 4.2%. The most consequential policy lever has already been pulled via the FOMC’s 50 bps September cut and signaling another 50 by year-end. This easing of financial conditions combined with continued economic growth should support modest hiring and consumption.

## Leasing Activity

The Fairfield County office market accumulated 520,000 sq. ft. of leasing activity in Q3 2024, down 7% from the prior quarter but 26% ahead the five-year quarterly average. Class A leasing activity accounted for 93% of all new transactions in the county, the highest margin seen in the last six years.

FIGURE 1: Historical Leasing Activity



Source: CBRE Research, Q3 2024.

FIGURE 2: Top Transactions | Q3 2024

Size (Sq. Ft.)	Deal Type	Direct/ Sublet	Tenant	Address	Submarket
150,273	R	D	Indeed	177 Broad Street	Stamford CBD
108,002	R	D	Confidential Tenant	40 Waterview Drive	Fairfield East
85,732	L	D	Confidential Tenant	901 Main Avenue	Central Fairfield
57,551	R	D	Diageo PLC North America	695 East Main Street	Stamford CBD
38,696	L	D	Keter Environmental Services	400 Atlantic Street	Stamford CBD

Source: CBRE Research, Q3 2024. Lease (L), Renewal (R), Expansion (E), Renewal and Expansion (RE), Direct (D), Sublet (S).

New leasing was heavily focused in Norwalk, particularly at Merritt 7—the suburban office park accounted for four of the top five largest new leases, though the transactions are largely due to reshuffling of tenants at Merritt 7 while ownership awaits approval of a partial multifamily conversion.

Stamford CBD accounted for 120,000 sq. ft. of leasing activity, down 50% from the prior quarter and 14% behind its five-year quarterly average. The downtown markets' largest lease was Keter Environmental's full-floor lease of 38,000 sq. ft. at 400 Atlantic Street. The newly renovated office asset is now 48% occupied.

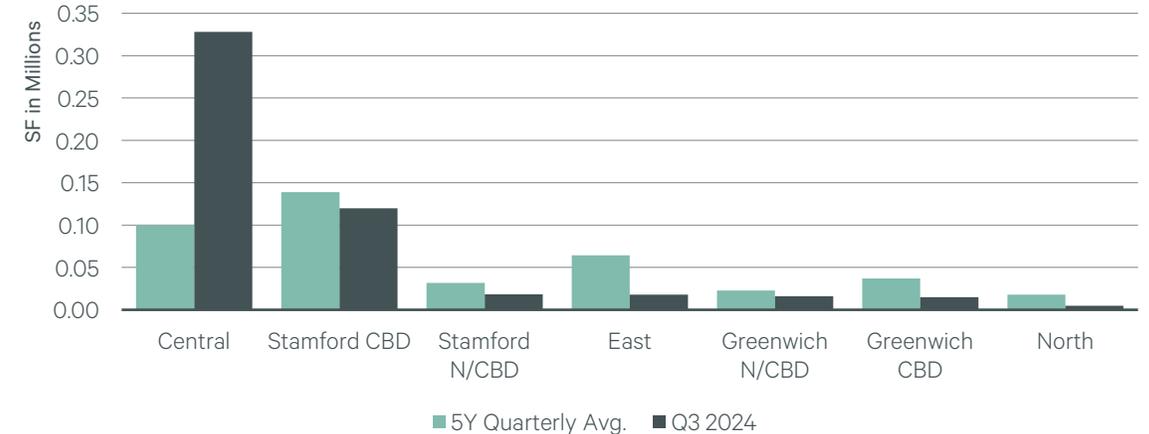
Greenwich CBD saw 15,000 sq. ft. of leasing activity in Q3, up 23% quarter-over-quarter which brought year-to-date activity to 33,000 sq. ft. —down 68% from the same period in 2023. The lone deal of the quarter was Sterling Investment Partners lease at 145 Mason Street, signed in August. Greenwich Non-CBD also exceeded last quarters leasing totals by 57%, with 16,000 sq. ft. The activity was led by L Catterton's 12,000 sq. ft. lease at 2 Greenwich Office Park. Year-to-date the submarket's total remains sluggish—53% below the prior year.

Central Fairfield led the county in leasing activity with 328,000 sq. ft.—up 103% from the previous quarter and 229% ahead of its five-year quarterly average. The third quarter figure is the highest total the submarket has seen since 2011. Most of the activity came from the city of Norwalk where eight of the top ten largest leases occurred. Notable tenants were RELX taking 27,000 sq. ft. Xerox taking 38,000 sq. ft. and Silgan taking 15,000 sq. ft. all of which were contractions and relocations within the Merritt 7 complex.

The outlying suburban markets were quiet in Q3. Fairfield East notched 18,000 sq. ft. of leasing activity while Fairfield North managed only 5,000 sq. ft. up from the prior quarter but down 23% from a year ago.

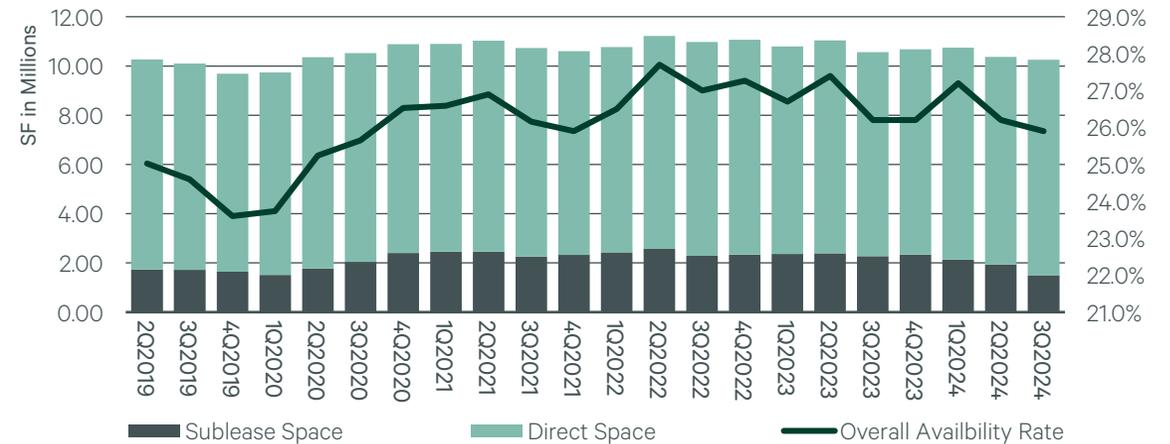
Technology companies led Fairfield County in Q3 making up 39% of activity, followed by financial service firms, which constituted 19% of new leasing.

FIGURE 3: Quarterly Leasing Activity by Submarket



Source: CBRE Research, Q3 2024.

FIGURE 4: Availability Rate | Direct vs. Sublease Breakdown



Source: CBRE Research, Q3 2024.

## Net Absorption and Availability

Supply decreased in Fairfield County in Q3 and pushed the availability rate down 30 bps quarter-over-quarter to the lowest level since Q4 2021. Net absorption was positive 118,000 sq. ft. in the third quarter. The most significant contributor to the positive absorption was the withdrawal of 275,000 sq. ft. at 800 Long Ridge Road, in Stamford, in anticipation of a multifamily conversion—the latest in a years-long trend that steadily reduced inventory and availability in the county.

Available sublease space is at its lowest rate since the start of the pandemic. Currently, sublease space makes up 15% of all available space, down from the all-time high in Q2 2022 where sublease space made up 23% of all available space. In Q3 2024 the market shed 430,000 sq. ft. of sublease space, due to lease terminations and expirations from Blue Sky Studios and Frontier Communications.

Four of Fairfield’s seven submarkets experienced positive absorption, the Stamford Non-CBD provided the most with 256,000 sq. ft., driven by few space additions and the aforementioned withdrawal. Availability dropped 530 bps quarter-over-quarter to 34.7%—the lowest it has been since Q1 2023. Stamford CBD’s absorption skewed positive at 11,000 sq. ft. in Q3 as leasing kept pace with space additions in the submarket. The availability rate in Stamford CBD dropped 10 bps quarter-over quarter to 23.8%.

Greenwich CBD saw its availability rate jump up 140 bps to 11.6%—the highest the submarket has seen since Q2 2021. Quarterly absorption was negative 29,000 sq. ft., bringing the year-to-date total to negative 55,000 sq. ft. Two multi-floor subleases contributed to the hike in availability— Meritage’s 15,000 sq. ft. sublease at 66 Field Point Road and Hudson Bay Capital’s 17,000 sq. ft. sublease at 28 Havemeyer Place. Currently sublease space makes up 29% of all available space in the CBD.

Greenwich Non-CBD absorption skewed positive at 6,000 sq. ft. in Q3. Leasing activity and a 30,000 sq. ft. withdrawal of Calvary Portfolio Services space at Greenwich American Centre helped push the availability rate down 20 bps to 20.6%.

Despite a historic quarter of leasing, Central Fairfield netted negative absorption of 140,000 sq. ft. in Q3, which pushed availability up 150 bps to 29.9%.

FIGURE 5: Annual Absorption and Availability Rate



Source: CBRE Research, Q3 2024.

The main cause of the availability hike was six floors of direct space coming to market at 901 Main Street in Norwalk totaling 278,000 sq. ft. However, Central Fairfield’s year-to-date absorption still sits positive, at 30,000 sq. ft.

Eastern Fairfield notched 19,000 sq. ft. of positive absorption which resulted in a 30 bps point drop in availability to 23.9%—the lowest mark the submarket has seen since Q3 2022.

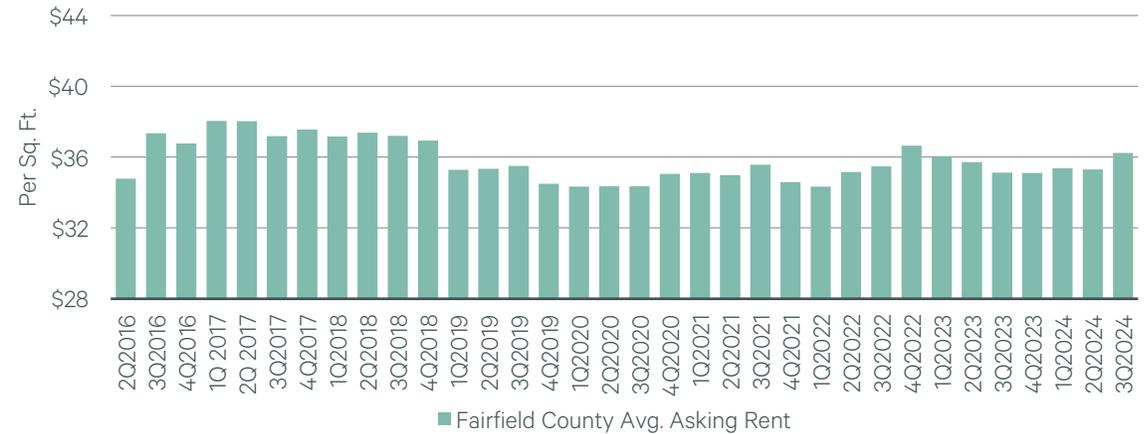
## Average Asking Rent

Fairfield County’s average asking rent was \$36.23 per sq. ft., up 3% quarter-over-quarter and year-over-year. This is the highest average asking rent the county has seen since Q4 2022.

Central Fairfield experienced a 9% increase to \$34.76 per sq. ft. This was heavily influenced by new spaces that came available at 801 & 901 Main Avenue, in Norwalk, which are priced above the market average.

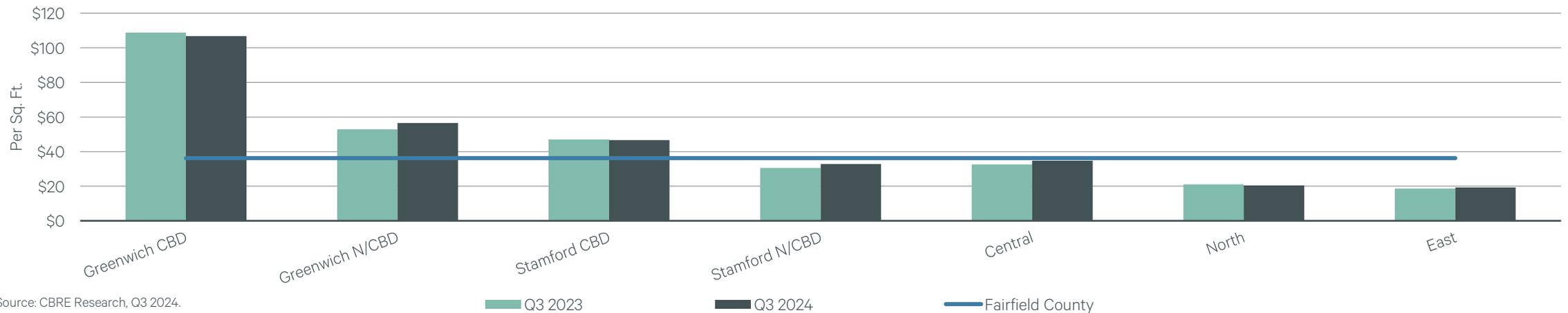
The Greenwich CBD saw the most substantial drop in rent, falling 3% to \$106.72 per sq. ft., the lowest rate since Q1 2023. The drop was caused by sublease spaces that came available with asking rents substantially below the market average.

FIGURE 6: Average Asking Rent | Quarterly Historical



Source: CBRE Research, Q3 2024.

FIGURE 7: Average Asking Rent | By Submarket



Source: CBRE Research, Q3 2024.

FIGURE 8: Q3 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	0.25	11.6%	10.7%	(28,659)	14,990	\$106.72
Greenwich Non-CBD	2.03	0.42	20.6%	19.9%	5,543	16,099	\$56.54
Stamford CBD	10.10	2.40	23.8%	23.2%	10,921	119,712	\$46.68
Stamford Non-CBD	6.01	2.09	34.7%	33.3%	256,452	18,102	\$32.81
Central Fairfield	9.38	2.80	29.9%	27.2%	(139,699)	328,135	\$34.76
Eastern Fairfield	6.42	1.53	23.9%	23.9%	18,746	17,761	\$19.31
Northern Fairfield	3.43	0.76	22.2%	22.0%	(5,584)	4,844	\$20.44
<b>FAIRFIELD COUNTY</b>	<b>39.52</b>	<b>10.24</b>	<b>25.9%</b>	<b>24.9%</b>	<b>117,720</b>	<b>519,643</b>	<b>\$36.23</b>

Source: CBRE Research, Q3 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.

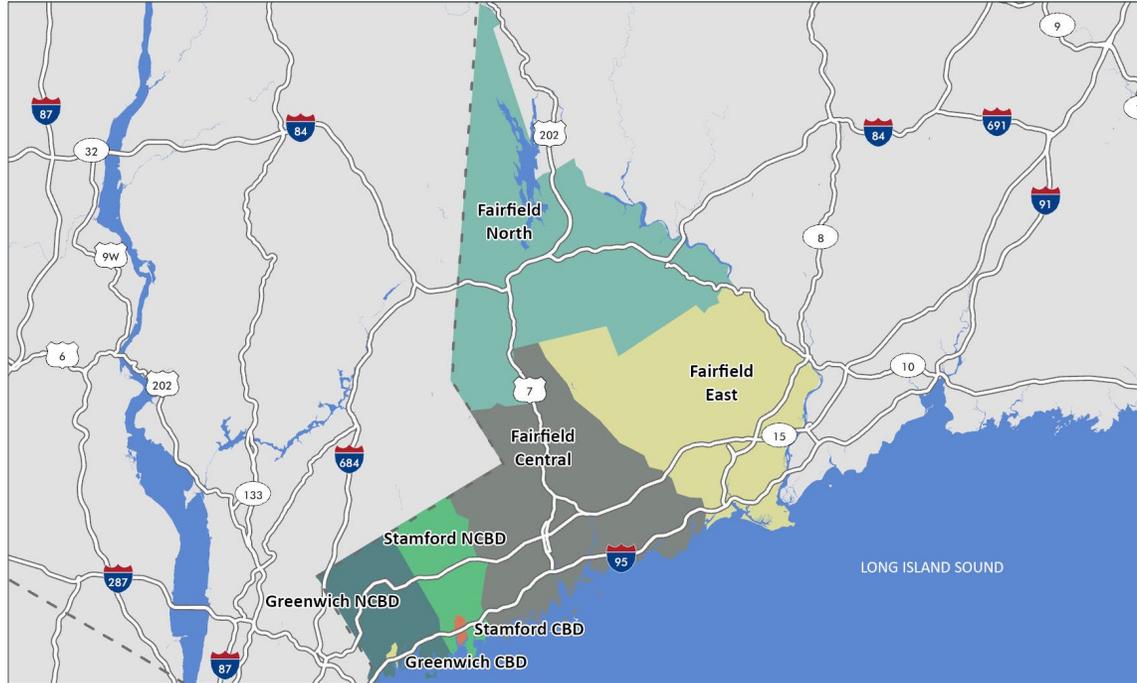
**Net Absorption:** The change in the amount of committed sq. ft. within a specified period of time, as measured by the change in available sq. ft.

**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
<b>FAIRFIELD COUNTY</b>	<b>39.52</b>

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