

# MARKETBEAT

## FAIRFIELD COUNTY OFFICE REPORT

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION



4Q09

### ECONOMY

After a challenging first half, Fairfield County's economy stabilized during the second half of 2009. From July 2009 to November 2009, the county lost only 1,700 jobs compared with 7,800 in the first half of the year. Fairfield County did benefit from a financial services sector that, on a relative basis, was healthier than the rest of the country. While the national economy saw financial employment decline by 4.1% in the first 11 months of 2009, the Fairfield County financial sector only lost 2.1% of total employment and employment in November was higher than August. Overall, the region appears poised for growth along with the national economy in 2010.

### OVERVIEW

Fairfield County class A asking rents continued to decrease in the fourth quarter and now register \$35.13 per square foot (psf), a new two-year low. Typically a market in which rental rates don't fluctuate greatly, Fairfield County average rents are off \$2.71 psf from the historical high reached in early 2009. While Greenwich class A rents remain the priciest in the county at an average of \$58.05 psf, the submarket also experienced the greatest year-over-year decrease, lower by \$11.05 psf.

Available class A space jumped 33.9% in the last 12 months led by large block additions at 695 East Main Street in Stamford, 600 Steamboat Road in Greenwich and 1600 Summer Street in Stamford. While the vacancy rate in Fairfield County only changed minimally from the third quarter, it has risen nearly five percentage points since fourth quarter 2008 and more than seven percentage points from the market peak in fourth quarter 2007 when vacancy bottomed at 12.5%.

Fairfield County class A available sublease space (1,415,943 sf) accounts for 22.2% of all the space on the market. In Greenwich, however, sublease space accounts for 40.2% (290,501 sf) of all vacancies. Greenwich has long been a high-sublet area, with most of the past decade above 30.0% sublease space. The significant rise in sublease space in Greenwich, from a fourth quarter 2007 low of 4.2%, has been a contributing factor in the sharp decline in rents.

Leasing activity in 2009 registered only 1.8 million square feet (msf), a severe drop-off when compared with the three-year average of 3.5 msf achieved between 2005 to 2007. The largest transaction of the year was Purdue Pharma's 291,000 sf sublease at 201 Tresser Boulevard. Other significant deals were Affinion Group's 140,395 sf lease at 6 High Ridge Park in Stamford, Gartner, Inc.'s 45,695 sf renewal at 35 Nutmeg Drive in Trumbull and Noble Americas Corp.'s 33,364 sf lease at 107 Elm Street in Stamford, all three were signed in the fourth quarter.

At the conclusion of a difficult year, the investment sales market remains weak, having registered no major transactions this quarter.

### FORECAST

Given our position in the recessionary cycle, it is expected that soft market conditions will continue for at least another year as unemployment continues to rise resulting in a continued decline in occupancy.

### BEAT ON THE STREET

"There are real opportunities in the market for tenants to either upgrade their facilities or to lower their overall occupancy costs. Savvy tenants like Affinion are leading the way in taking advantage of today's real estate market."


—Jim Fagen, Senior Managing Director


### ECONOMIC INDICATORS


National	2008	2009	2010F
GDP Growth	0.4%	-2.5%	2.3%
CPI Growth	3.8%	-0.4%	1.7%
Regional			
Unemployment	5.2%	7.6%	8.7%
Employment Growth	-0.1%	-1.9%	-0.1%

Source: Moody's | Economy.com

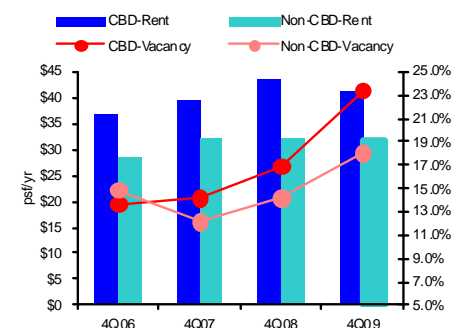
### MARKET FORECAST

**LEASING ACTIVITY** is expected to be strong in the first quarter due to several pending large leases. 

**RENTAL RATES** are expected to continue to decrease as vacancies continue to increase. 

**INVESTMENT SALES** will continue to be slow through the first half of 2010 and will likely pick up once the market stabilizes. 

### OVERALL RENTAL VS. VACANCY RATES



### MARKET/SUBMARKET STATISTICS

MARKET / SUBMARKET	INVENTORY	NO. OF BLDGS.	OVERALL VACANCY RATE	DIRECT VACANCY RATE	YTD LEASING ACTIVITY	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	YTD OVERALL ABSORPTION	DIRECT WTD. AVG. CLASS A GROSS RENTAL RATE*
Stamford CBD	6,832,948	35	23.4%	20.3%	648,986	0	0	(528,371)	\$44.80
Stamford Non-CBD	8,077,575	102	25.1%	19.8%	307,326	353,228	0	(555,040)	\$36.53
Greenwich	4,205,339	62	18.6%	10.6%	146,480	0	0	(347,407)	\$55.69
Darien/New Canaan	746,990	22	14.9%	13.6%	37,562	0	0	(19,792)	\$34.81
Norwalk	5,941,735	48	17.3%	13.5%	167,125	0	0	(250,836)	\$31.59
Wilton/Weston	1,758,279	16	17.4%	10.4%	83,284	0	0	(49,480)	\$33.10
South Central	8,447,004	86	17.1%	12.9%	287,971	0	0	(320,108)	\$32.24
Westport/Southport	1,569,782	38	16.0%	11.9%	84,070	0	0	(79,335)	\$37.51
Fairfield	1,371,961	22	5.9%	5.3%	21,047	0	0	(54,697)	\$32.37
Central	2,941,743	60	11.3%	8.8%	105,117	0	0	(134,032)	\$36.33
Bridgeport	1,759,711	20	7.0%	7.0%	10,112	0	0	(21,199)	\$23.82
Shelton/Stratford	3,414,336	34	13.7%	12.5%	228,133	0	158,285	(94,257)	\$22.84
Trumbull	1,476,132	18	14.3%	12.8%	46,674	0	0	27,491	\$25.63
Eastern	6,650,179	72	12.0%	11.1%	284,919	0	158,285	(87,965)	\$23.78
Greater Danbury	3,258,083	35	20.0%	19.5%	55,937	0	0	13,401	\$24.40
CBD	6,832,948	35	23.4%	20.3%	648,986	0	0	(528,371)	\$44.80
NON-CBD	33,579,923	417	18.0%	14.2%	1,187,750	353,228	158,285	(1,431,151)	\$32.76
FAIRFIELD TOTAL	40,412,871	452	18.9%	15.2%	1,836,736	353,228	158,285	(1,959,522)	\$34.59

\* Rental rates reflect \$psf/year

### MARKET HIGHLIGHTS

#### SIGNIFICANT 2009 NEW LEASE TRANSACTIONS

BUILDING	SUBMARKET	TENANT	SQUARE FEET	BLDG CLASS
201 Tresser Boulevard	Stamford CBD	Purdue Pharma LP	291,679	A
6 High Ridge Park	Stamford Non-CBD	Affinion Group	140,395	A
107 Elm Street	Stamford CBD	Noble Americas Corp.	33,364	A

#### SIGNIFICANT 2009 SALE TRANSACTIONS

BUILDING	SUBMARKET	Buyer	SQUARE FEET	PURCHASE PRICE
39 Ridgebury Road	Eastern Fairfield	Matrix Realty Group	1,200,000	\$72,400,000
67 Holly Hill Lane	Greenwich	Gambit Holly Hill Associates	20,550	\$7,100,000

#### SIGNIFICANT 2009 CONSTRUCTION COMPLETIONS

BUILDING	SUBMARKET	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
N/A				

#### SIGNIFICANT PROJECTS UNDER CONSTRUCTION/RENOVATION

BUILDING	SUBMARKET	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
Harbor Point I & II	Stamford Non-CBD	N/A	400,000	N/A

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\*Market terms & definitions based on BOMA and NAIOP standards.



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