

1Q25

NEWMARK

Fairfield County Office Market Overview



Market Observations



Major Transactions

- Following a surge in office-to-residential conversions in 2024, the county's total office inventory began 2025 at 35.4 million SF, down 1.4 million SF from the previous year. Redevelopment and conversion of outdated office properties remain a practical solution to address excess supply, as owners of struggling assets increasingly pursue multifamily development opportunities. Properties no longer included in this year's office inventory figures include 201 Broad Street, 900 Long Ridge Road, 700 Fairfield Avenue, 3 Landmark Square, and 1241 East Main Street in Stamford, as well as 535 Connecticut Avenue in Norwalk, among others.
- The Fairfield County office capital markets remain active. Ten properties totaling 548,285 SF traded for a combined \$61.7 million. The top sale, on a per square foot basis, was 1 Gorham Island in Westport, which sold for \$22.4 million, or \$503/SF. In addition to sales, the local capital markets were highlighted by the refinancing of 200 Elm Street in Downtown Stamford. This deal underscores lender confidence in well-located, institutional-quality assets within key submarkets. Investor interest remains focused on Class A properties and value-add opportunities, particularly those near transit hubs and urban amenities.



Leasing Market Fundamentals

- The county's total vacancy rate rose to 23.9%, up from 22.6% at this time last year. The availability rate—which include both vacant properties and those that are still occupied but available for lease—increased to 27.4%, from 26.1%.
- Leasing activity held steady year over year, totaling 581,861 SF across 95 deals, matching levels from a year ago but falling 23.0% below the 10-year historical average of 760,000 SF. While Stamford, Downtown Greenwich, and the Central to Northern markets saw declines in leasing velocity, the Norwalk market experienced notable increases, particularly driven by a surge in activity at the Merritt 7 Corporate Park. The Greenwich non-CBD also saw significant increases in demand year over year.
- Demand was driven primarily by deals ranging from 5,000 SF to 10,000 SF, as well as midsize deals in the 25,000 SF to 50,000 SF range. By contrast, deals for less than 5,000 SF were less common this quarter.
- The Norwalk market experienced an unusually active quarter, with leasing activity totaling 160,000 SF across 11 deals, nearly double the volume of the 10-year historical average. However, continuing the trend of corporate rightsizing and flight to quality, most of these deals involved footprint reductions, which do little to improve occupancy levels.



Outlook

- Following the post-pandemic peak in 2023, when the county's average asking rent reached \$38.83/SF (and \$38.35/SF in 2024), pricing has edged downward, ending Q1 2025 at \$37.69/SF. New leasing activity at 400 Atlantic Street, with asking rents around \$60.00/SF, has brought the weighted average down. Similarly, the removal of other high-priced spaces from inventory due to residential conversions, such as 51 Weaver Street #8 in Greenwich and 201 Broad Street in Downtown Stamford, pushed the average downward this quarter. With ongoing activity and pending leases concentrated in higher-end buildings, the average asking rent is expected to experience a slight decline.
- Despite reaching a new historic high, the County's office vacancy rate may be nearing a bottom, as healthy new demand and a fresh wave of office redevelopments and conversions begin to ease oversupply and signal a potential shift in market dynamics.
- The local labor market remained stable despite evolving macroeconomic conditions. The unemployment rate ended February at 3.1%, significantly lower than the national average of 4.1%. This reflects the county's relative resilience amid national economic uncertainty.

1. Economy
2. Leasing Market Fundamentals

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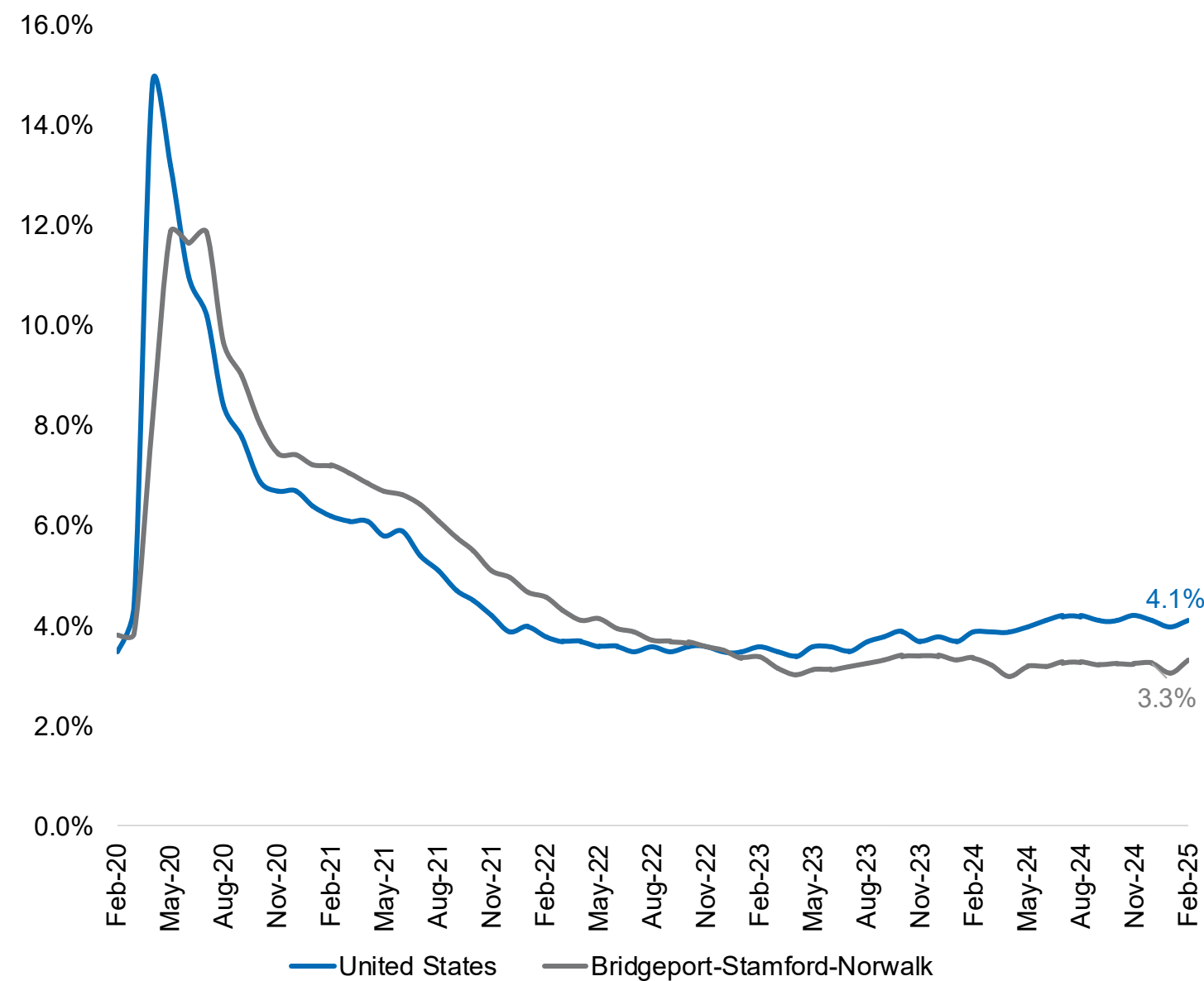
Economy



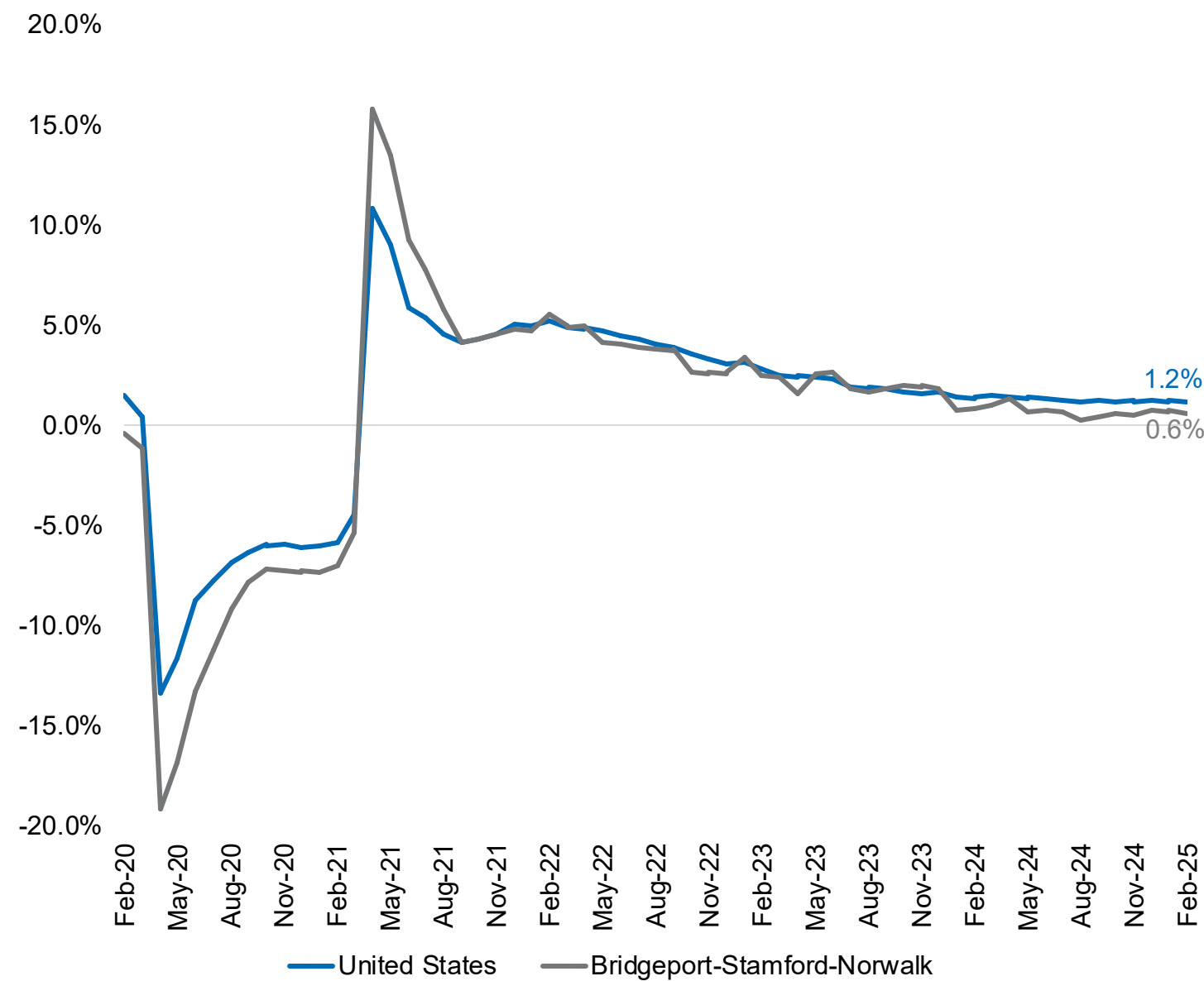
Metro Employment Trends in Fairfield County

February 2025 unemployment rates ended at 4.1% in the U.S., 4.5% in the state of Connecticut and 3.3% in the Bridgeport-Stamford-Norwalk area. Although reflecting a 0.2 percentage point increase from a year ago, the unemployment rate in the County remains well below that of the state and the U.S. As of February 2025, nonfarm payroll employment for the Bridgeport-Stamford-Norwalk area reflected an increase of 0.6% year-over-year.

Unemployment Rate, Non-Seasonally Adjusted



Nonfarm Payroll Employment, Seasonally Adjusted, 12-Month % Change

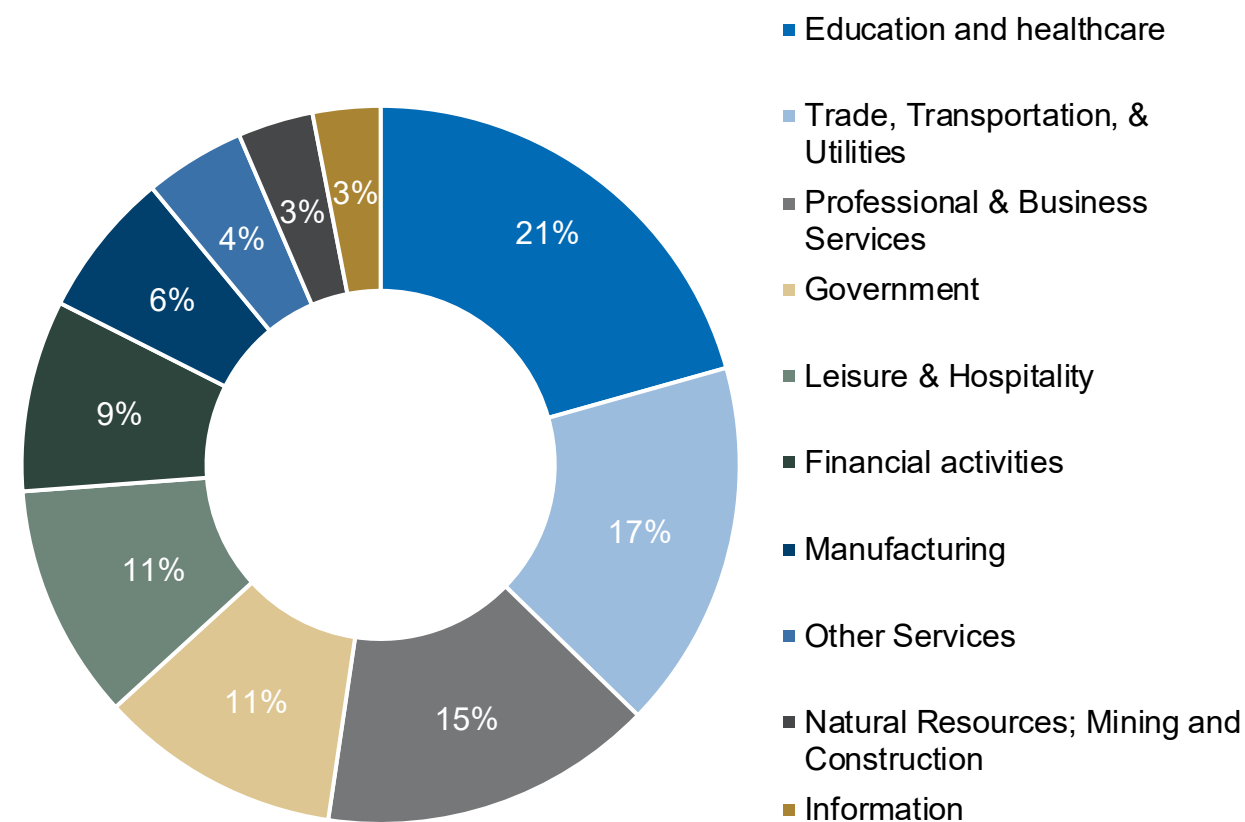


Source: U.S. Bureau of Labor Statistics, Bridgeport-Stamford-Norwalk Area

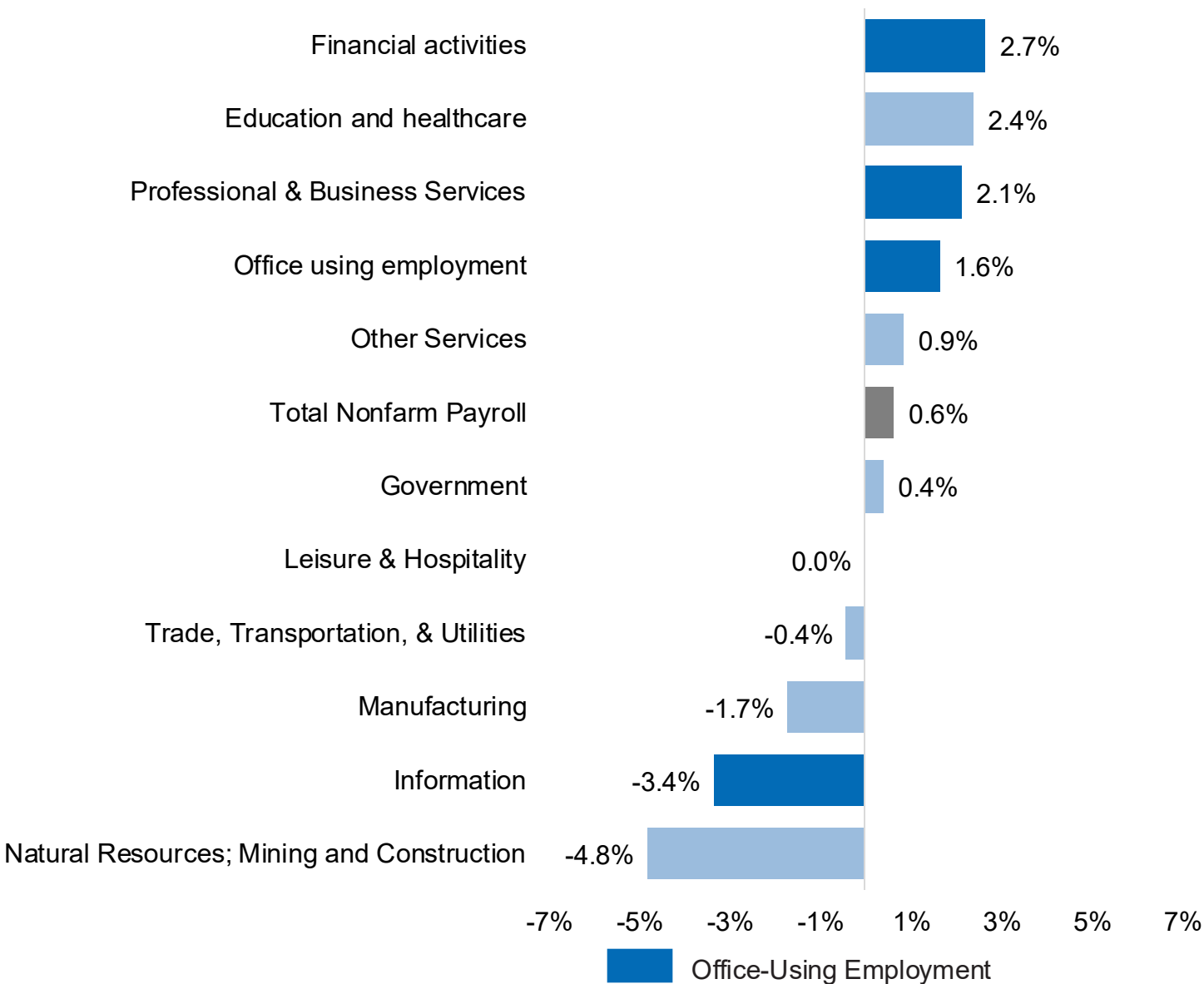
Employment by Industry and Employment Growth

Within the Bridgeport-Stamford-Norwalk, CT metro area, five industry sectors added jobs in February 2025, while four experienced losses. Job growth was led by financial services, which saw a year-over-year increase of 2.7%, followed by education and health services (+2.4%), professional and business services (+2.1%), other services (+0.9%), and government (+0.4%). Job losses were primarily concentrated in the natural resources and construction sectors, which declined by 4.8% year-over-year, followed by information (-3.4%), manufacturing (-1.7%), and trade, transportation, and utilities (-0.4%).

Employment by Industry, February 2025



Employment Growth by Industry, 12-Month % Change, February 2025

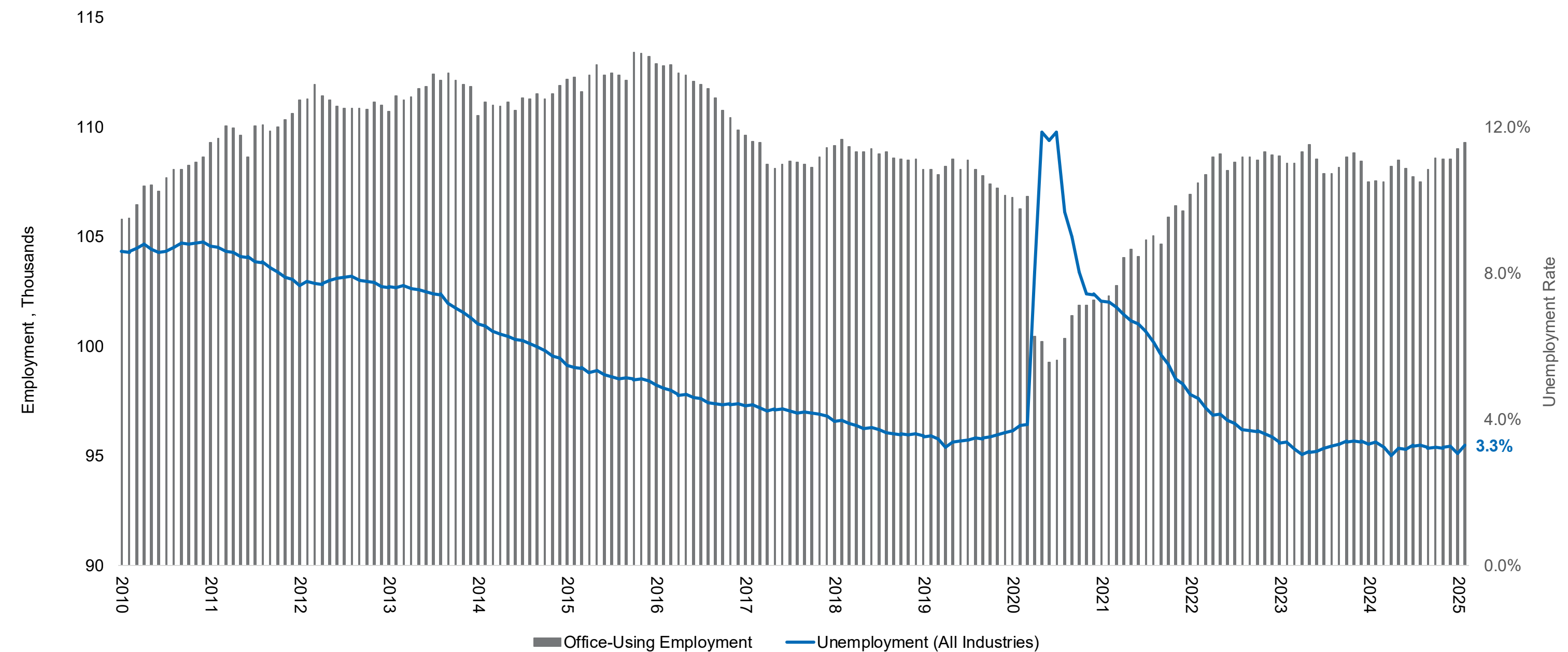


Source: U.S. Bureau of Labor Statistics, Bridgeport-Stamford-Norwalk Area

Overall Office-Using Employment

Office-using employment rose by 1.6% year-over-year, reaching 109,310 positions in February 2025, compared to 107,541 positions in the same period last year. Among the three office-using sectors, financial services employment increased by 2.7%, followed by professional and business services with a 2.1% gain. The information sector, on the other hand, recorded a 3.4% year-over-year decline in employment.

Office-Using Employment* and Unemployment Across All Industries



Source: U.S. Bureau of Labor Statistics, Bridgeport-Stamford-Norwalk Area
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

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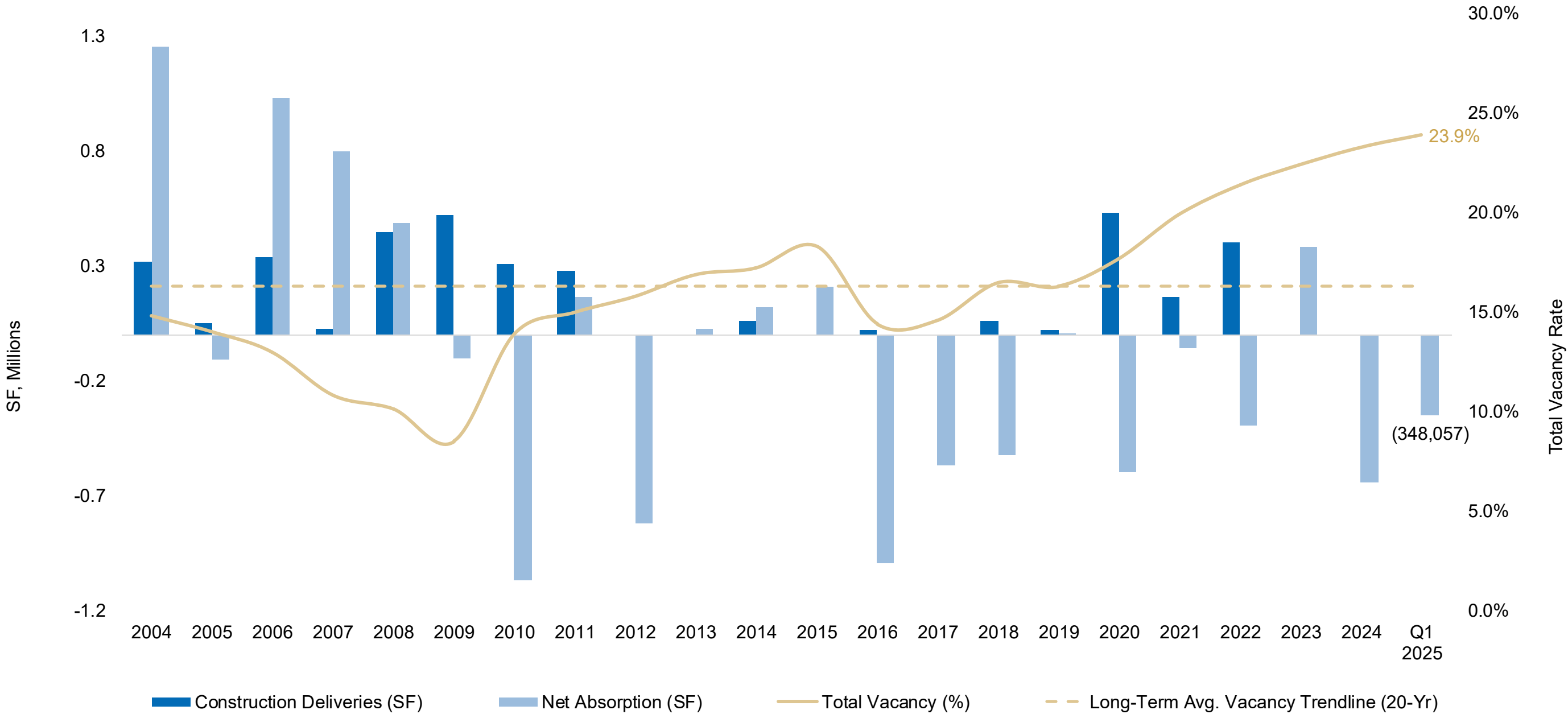
Leasing Market Fundamentals



Suburban Vacancies Drive Q1 Absorption Decline and Push Vacancy to 23.9%

With the remaining space from GenRe at 120 Long Ridge Road and State Street Global at 1600 Summer Street coming online in Stamford's non-CBD, the county's net absorption declined by 348,057 SF this quarter, and pushed the total vacancy rate up by 1.3 percentage points to 23.9%. Both tenants, each originally occupying 300,000 SF in their previous suburban locations, exemplify the ongoing trend of corporate relocations to downtown CBDs.

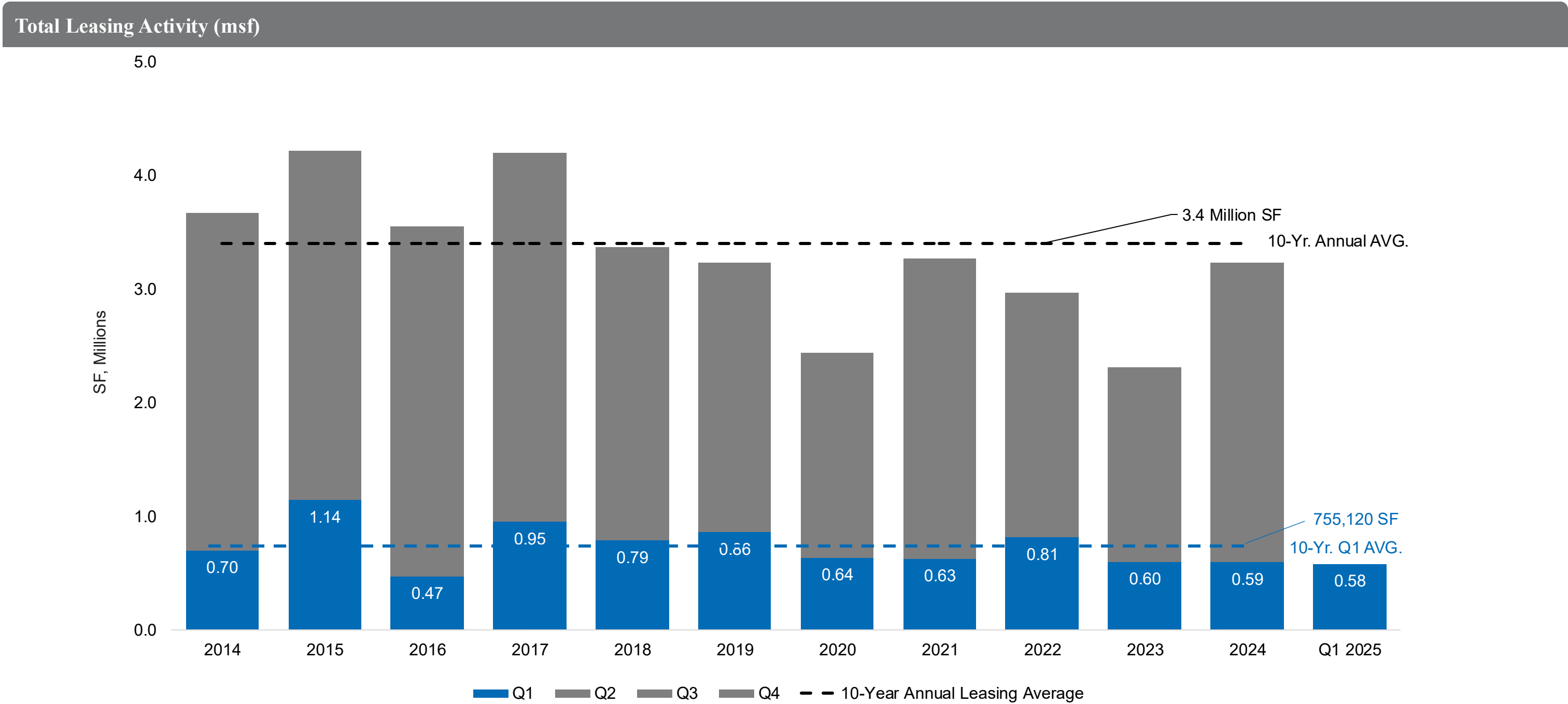
Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research

Q1 2025 Leasing Activity Holds Steady Year-over-Year, But Trails Historical Norms

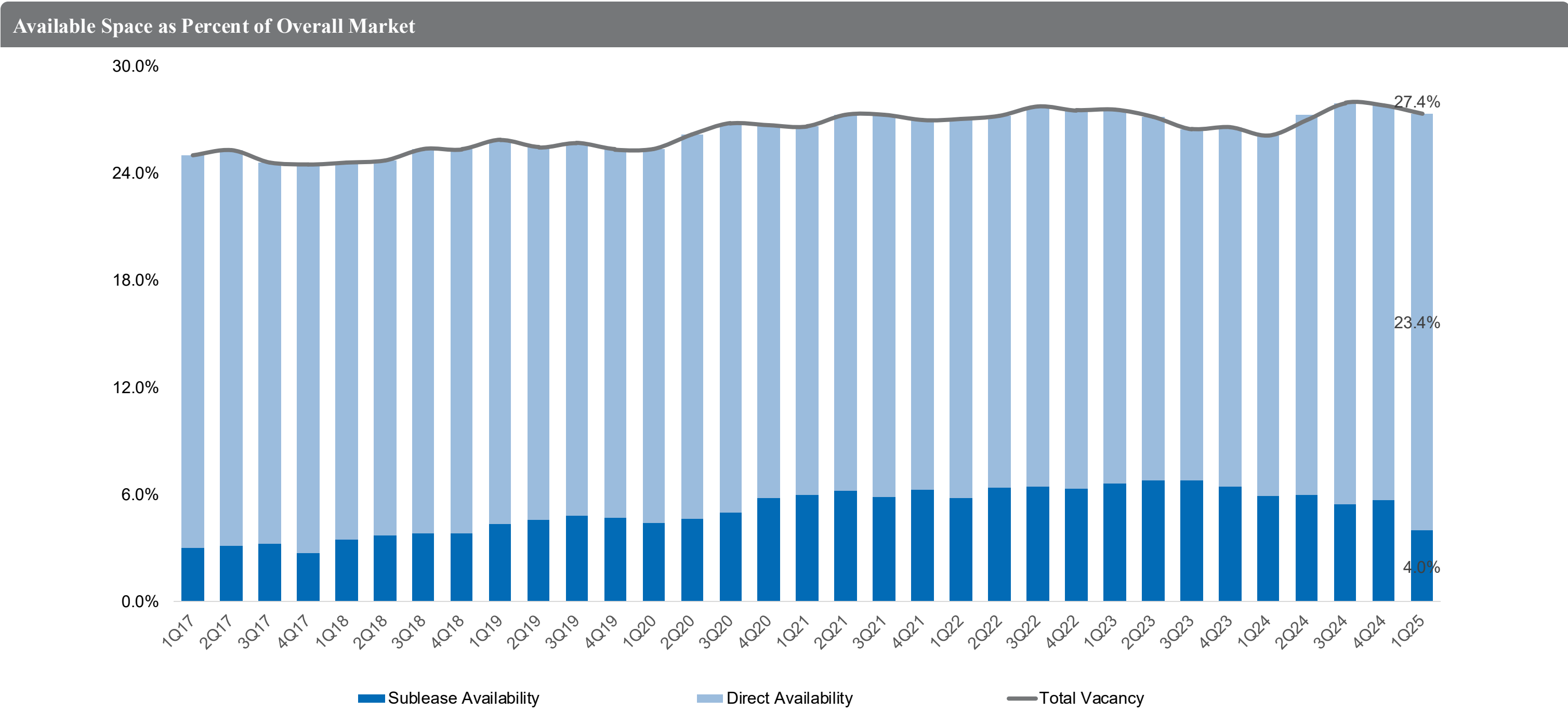
Leasing activity in the first quarter of 2025 totaled 581,861 SF across 95 deals, matching levels from the same period last year but falling 23.0% below the 10-year historical average of 760,000 SF. While Stamford, Downtown Greenwich, and the Central to Northern markets saw declines in leasing velocity, the Greenwich Non-CBD and Norwalk markets experienced notable increases.



Source: Newmark Research

Sublease Vacancy Falls as Office Buildings Exit Market

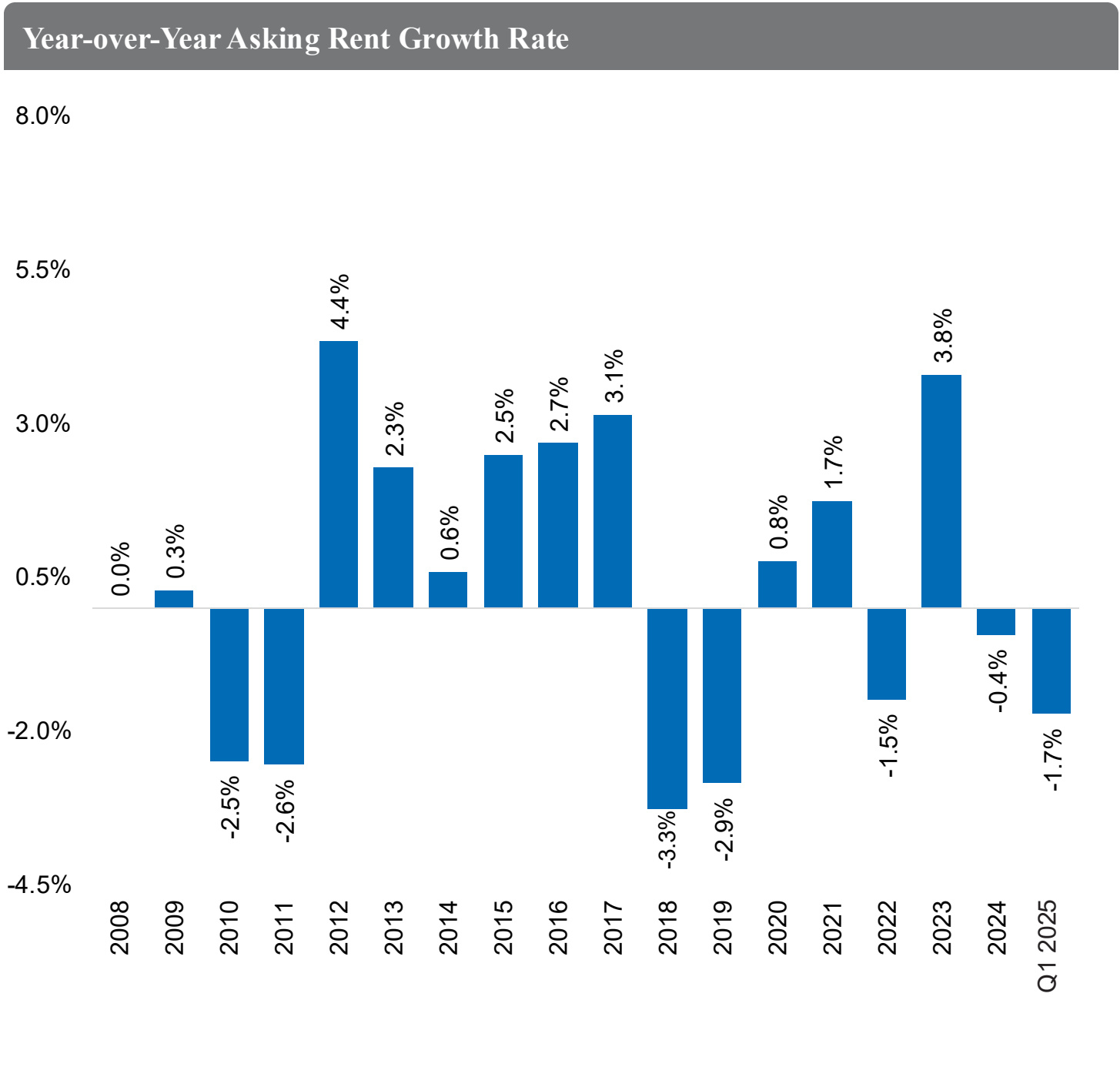
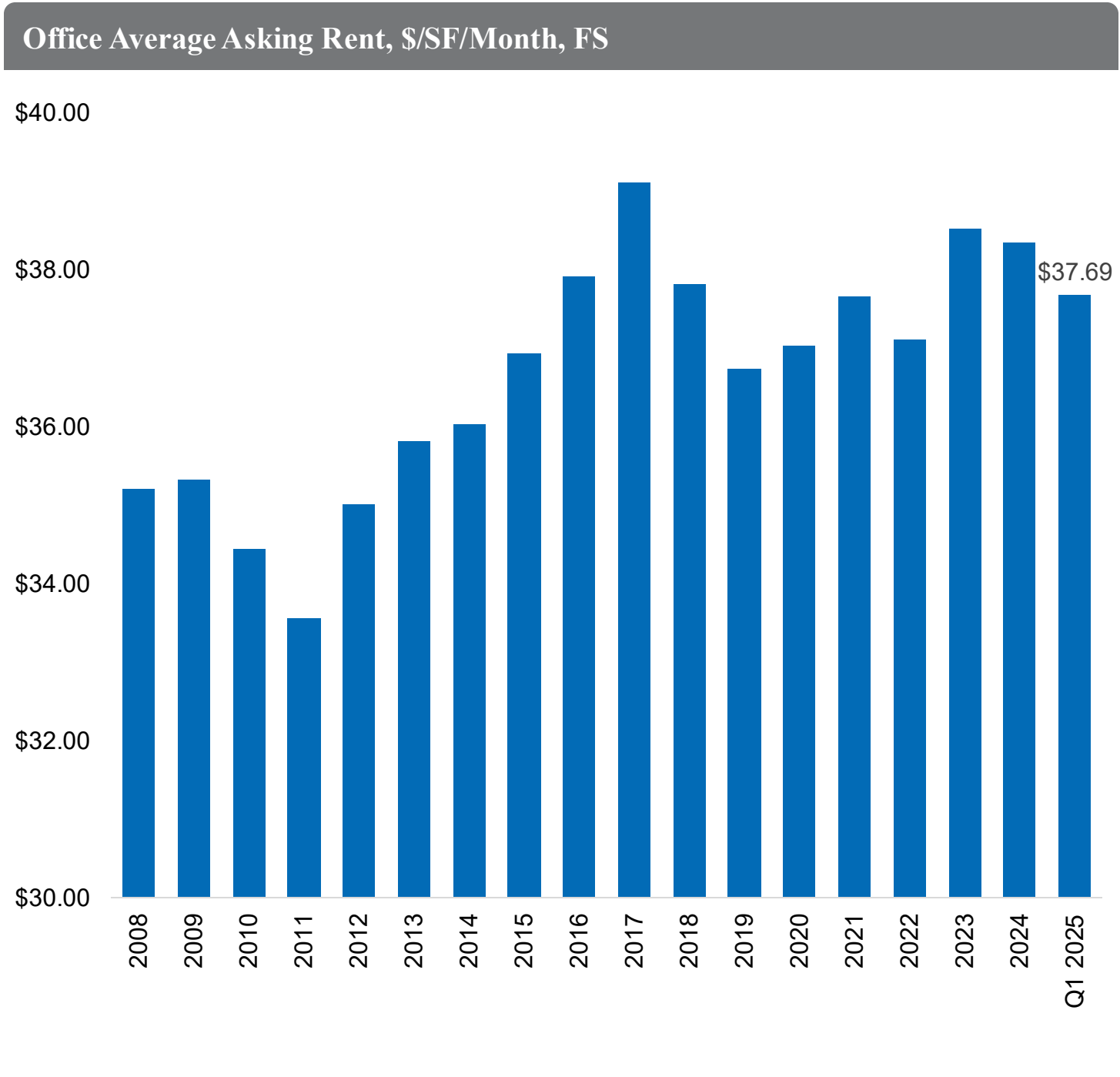
A combined 225,000 SF of sublease space from Nestlé Waters at 900 Long Ridge Road and Gartner at 700 Fairfield Avenue in Stamford was removed from the market, as both buildings are slated for residential conversion and no longer included in the statistical inventory. Additionally, 110,000 SF of GenRe’s space at 120 Long Ridge Road, which had remained on the sublease market, became direct following lease expiration. As a result, the sublease vacancy rate declined to 4.0%, down from 5.9% a year ago.



Source: Newmark Research

Post-Peak Pricing Slips as Higher-Priced Inventory Shrinks

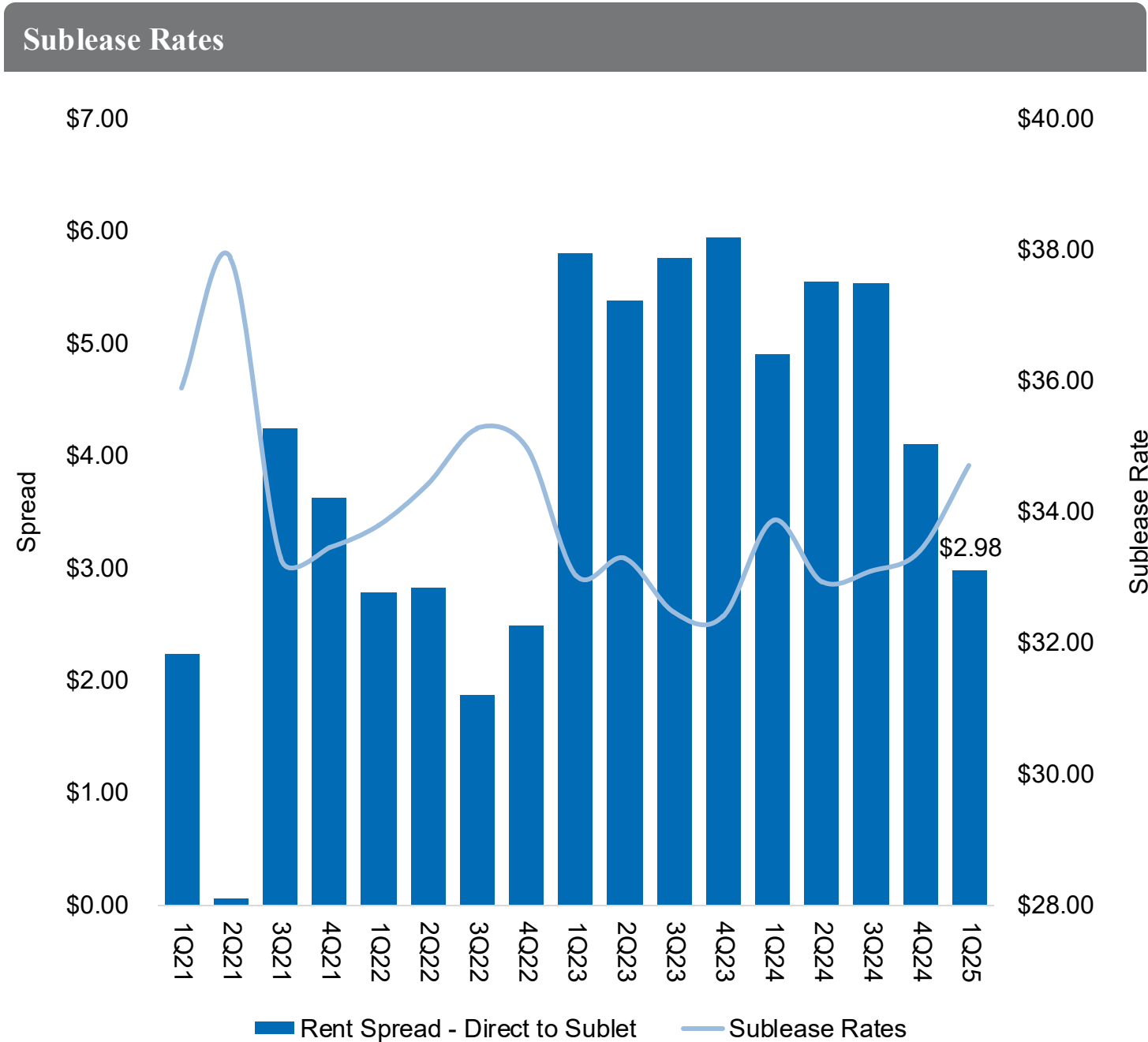
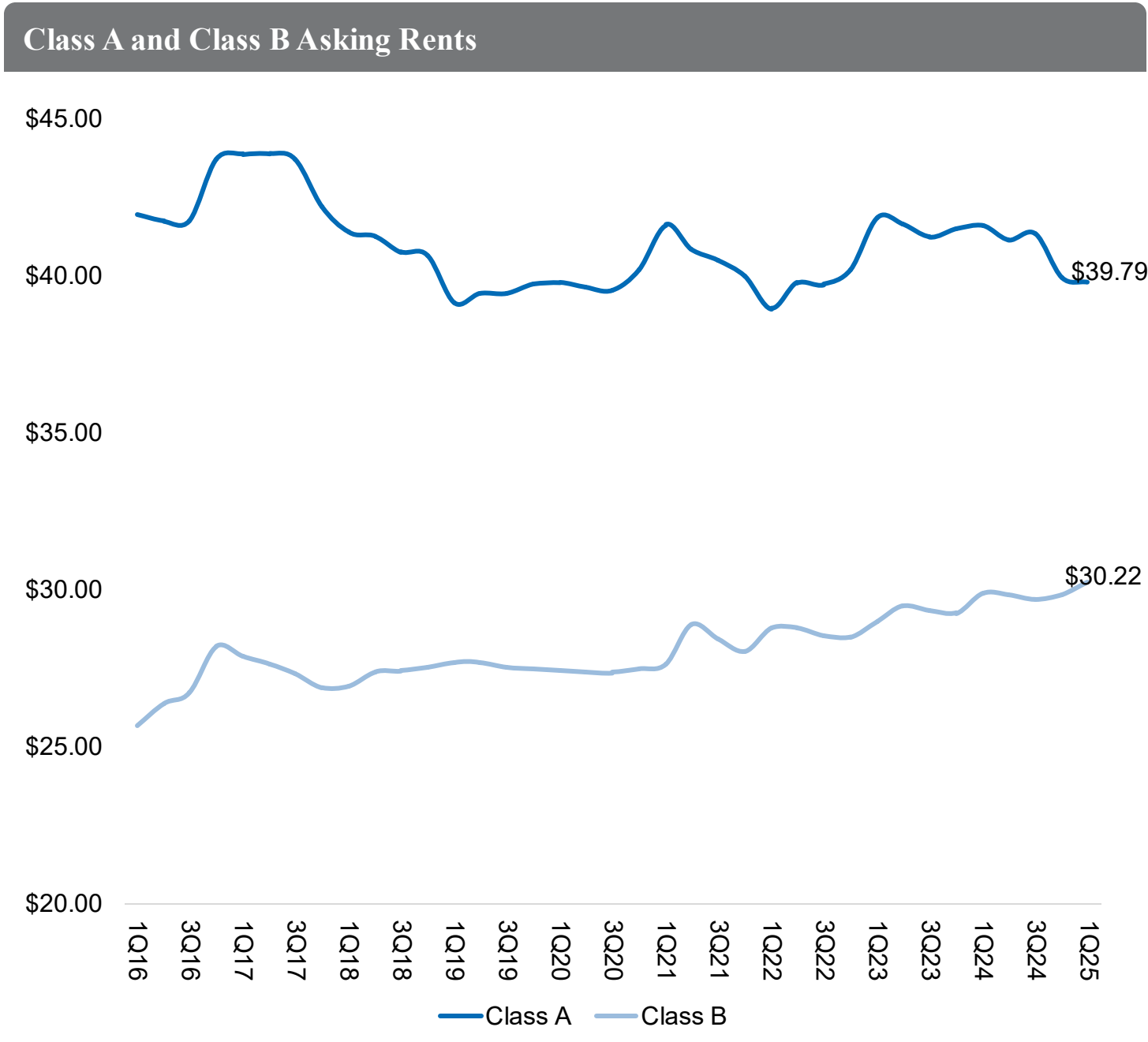
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Source: Newmark Research

Rent Spread Between Direct and Sublease Space Up by \$4.24/SF

With large higher-priced product being leased, leaving behind lower price tag availabilities, the Class A direct average asking rate decreased to \$39.79/SF. Class B rents have gradually trended upward, ending the quarter at \$30.22/SF. The spread between direct and sublease space narrowed this quarter to \$2.98/SF versus \$4.10/SF in the previous quarter.



Source: Newmark Research

Norwalk and Greenwich Markets Show Surge in Leasing Activity

The Norwalk market experienced an unusually active quarter, with leasing activity totaling 160,000 SF across 11 deals, nearly double the volume of the 10-year historical average. However, continuing the trend of corporate rightsizing and flight to quality, most of these deals involved footprint reductions, which do little to improve occupancy levels. Similarly, the Greenwich non-CBD market, despite its distinct dynamics, also saw an uptick in demand, particularly on the Western Greenwich side. The largest deal there was a renewal by Lotus Infrastructure Partners for 24,027 SF at Greenwich Office Park, followed by Nightingale Veterinary, which will open a 14,535-SF medical facility at the newly renovated 100 Putnam Green.

Notable Q1 2025 Lease Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
Commonfund	601 Merritt 7	Norwalk/Route 7	New Lease	39,730
After exploring relocation options as early as 2015, the nonprofit financial firm has finally secured space in Norwalk, relocating from its longtime Wilton headquarters at 15 Old Danbury Road. The property was sold to Toll Brothers, which plans to replace it with a multifamily development following recent zoning approvals. This transaction represents a reduction of nearly half its original footprint.				
Newell Brands	301 Merritt 7	Norwalk/Route 7	Renewal	31,217
DATTO (a Kaseya Company)	501 Merritt 7	Norwalk/Route 7	New Lease	27,500
Relocation and downsize within the complex, from 134,000 SF at 101 Merritt 7				
North Mill Equipment Finance	601 Merritt 7	Norwalk/Route 7	Sublease	24,988
Previously subleasing 37,000 SF from GE through December 2025, the company is now renewing directly and downsizing by 11,860 SF				
Lotus Infrastructure Partners	51 Weaver Street #5	Greenwich – Non-CBD/Western	Renewal	24,027

Fairfield County Office Submarket Overview (Page 1 of 3)



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Fairfield County Office Submarket Map



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