NEWMARK

Fairfield County Office Market Overview

1Q26

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Market Observations

Major Transactions

- Connecticut policymakers have in recent months, including into Q1 2026, advanced measures to accelerate redevelopment of underutilized commercial assets, including proposed legislation for a state tax credit to support office-to-residential conversions, alongside discussions of expedited permitting, zoning flexibility in transit-oriented downtowns such as Stamford and Norwalk, and continued municipal tax abatements to improve project feasibility. As of 2026, the county begins the year with a “cleaner slate” of 34.4 million SF, down 1.0 million SF year-over-year following the removal of several relatively underperforming assets, including 120 Long Ridge Rd and 177 Broad St in Stamford, as well as 101 and 201 Merritt 7 in Norwalk.
- In the capital markets, a total of 841,000 SF of office product traded in Q1 2026 for $156 million, reflecting an average of $186/SF, a notable increase from the same period last year when just over 500,000 SF traded at roughly $160/SF. Transaction volume is picking up as a prolonged period of limited pricing discovery gives way to more activity, while debt capital markets over the past 12 months have become increasingly constructive for suburban office. The largest sale occurred in Stamford, where 260 Long Ridge Rd, a 197,000-SF medical office building, sold for $71 million ($360/SF). In Westport, two Class A assets also traded: 55-57 Greens Farms Rd for $25 million ($206/SF) and 1 Glendinning Pl for $20.4 million ($456/SF), underscoring continued investor demand for high-quality, well-located product.
- This environment is creating opportunities for investors, particularly for well-located assets with potential for alternative uses. Nayala Farms in Westport (372,000 SF) is currently being marketed for sale and has likely attracted interest from a range of potential users. Entitlement, parking, and community considerations remain key factors, underscoring the limited availability of institutional-scale opportunities in supply-constrained markets such as Westport.

Leasing Market Fundamentals

- Leasing activity showed improved momentum in the first quarter of 2026, outperforming much of the pace observed throughout 2025. Total volume reached ~780,000 SF, up 32% from 590,000 SF in the same period last year and 12% above the 10-year average of 695,000 SF. As a result, the county posted positive net absorption of 136,376 SF for the quarter. Renewal activity accounted for roughly half of that total (~390,000 SF), driven in large part by Gartner’s ~172,000 SF renewal in the Stamford/Cummings Point area.
- While overall demand strengthened, new leasing activity remained relatively measured, totaling ~350,000 SF, or 24% below the historical average. This reflects a post-pandemic normalization in leasing volumes as hybrid and remote work continue to reshape tenant requirements. Contemporaneously, however, availability of space has tightened across lower Fairfield County’s core markets, with post-COVID demand initially concentrated in Greenwich before extending into Stamford, Darien, and Westport as options diminished. It is fair to assess that the limited supply of high-quality space also plays a meaningful role in holding leasing activity below historical averages. Last but also notable, smaller deals continued to dominate percentage share of leasing activity, with those under 5,000 SF leading activity, trending 10.2% above the long-term average.
- Fairfield County’s Class A rents averaged $40.25/SF, up 1.3% year-over-year, while Class B rents averaged $29.65/SF. The removal of lower-priced, obsolete space from the statistical base has lifted the weighted average, recalibrating market metrics. As a result, pricing now reflects a more stable, higher-quality inventory base, aligning with current fundamentals. Upside pressure was most pronounced in core submarkets, with Greenwich CBD recording the strongest growth, as Class A rents rose 6.8% year-over-year to $114.47/SF. At the other end of the county, the Eastern Fairfield submarket (Shelton, Trumbull, Stratford, and Bridgeport) also saw gains, with average rents increasing 6.5% year-over-year to $23.61/SF.

Outlook

- Looking ahead to 2026, Fairfield County, like most U.S. markets, is expected to continue its flight-to-quality trajectory, with performance increasingly bifurcated between modern Class A assets and older commodity product. Premium office space across core markets remains well-positioned to outperform, supported by ongoing tenant demand tied to talent retention and recruitment. As occupiers place greater emphasis on location, transit access, and building experience, assets offering enhanced amenities, wellness programming, and collaboration-driven layouts are likely to capture a disproportionate share of leasing activity.
- Another important theme in 2026 is the role of commercial real estate debt, which has become increasingly embedded in leasing outcomes. Select large assets are in various stages of refinancing and recapitalization. In several cases, upcoming lease expirations are aligning with debt maturities, tightening the link between leasing performance and capital structure execution. This creates a more nuanced operating environment for both owners and tenants, where some landlords may be incentivized to deploy capital, concessions, and flexibility to support financing objectives, while others remain constrained during loan restructuring. For tenants, this presents both opportunity and complexity, as the supply of large, walk-to-transit Class A blocks remains limited.

Source: Newmark Research

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Economy

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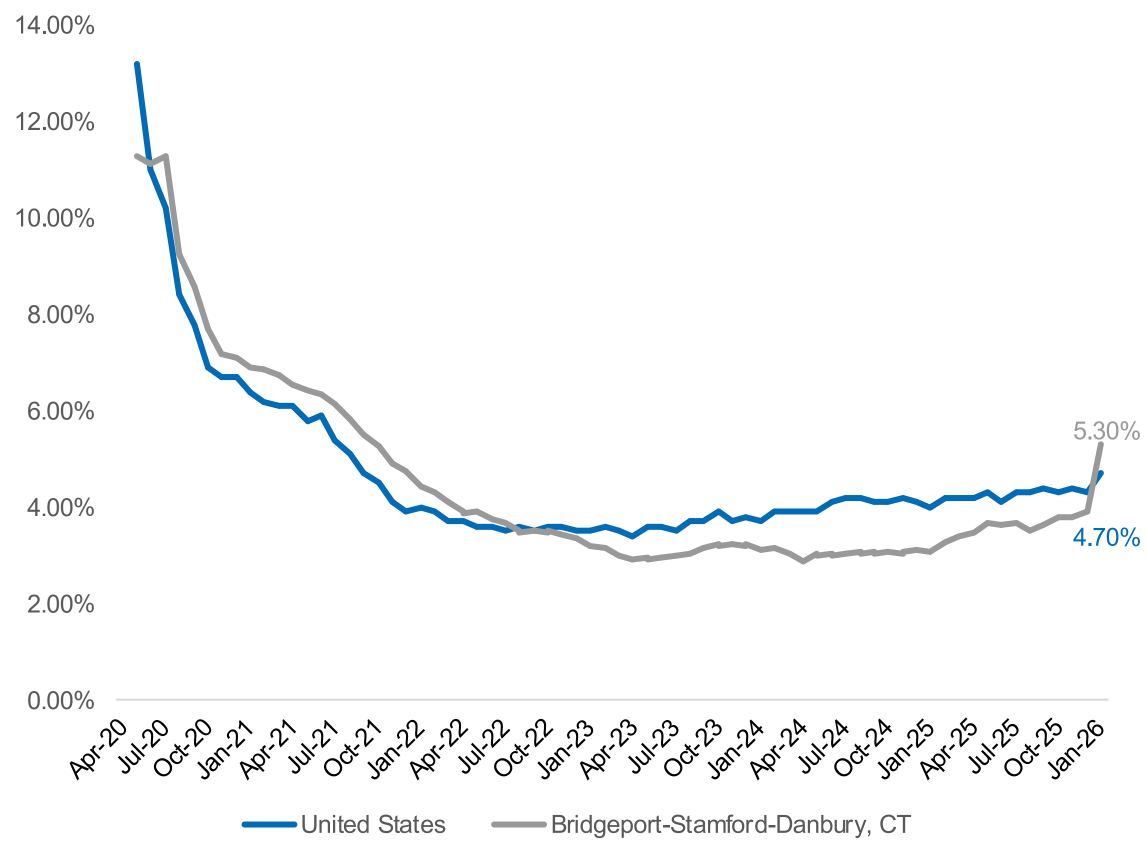
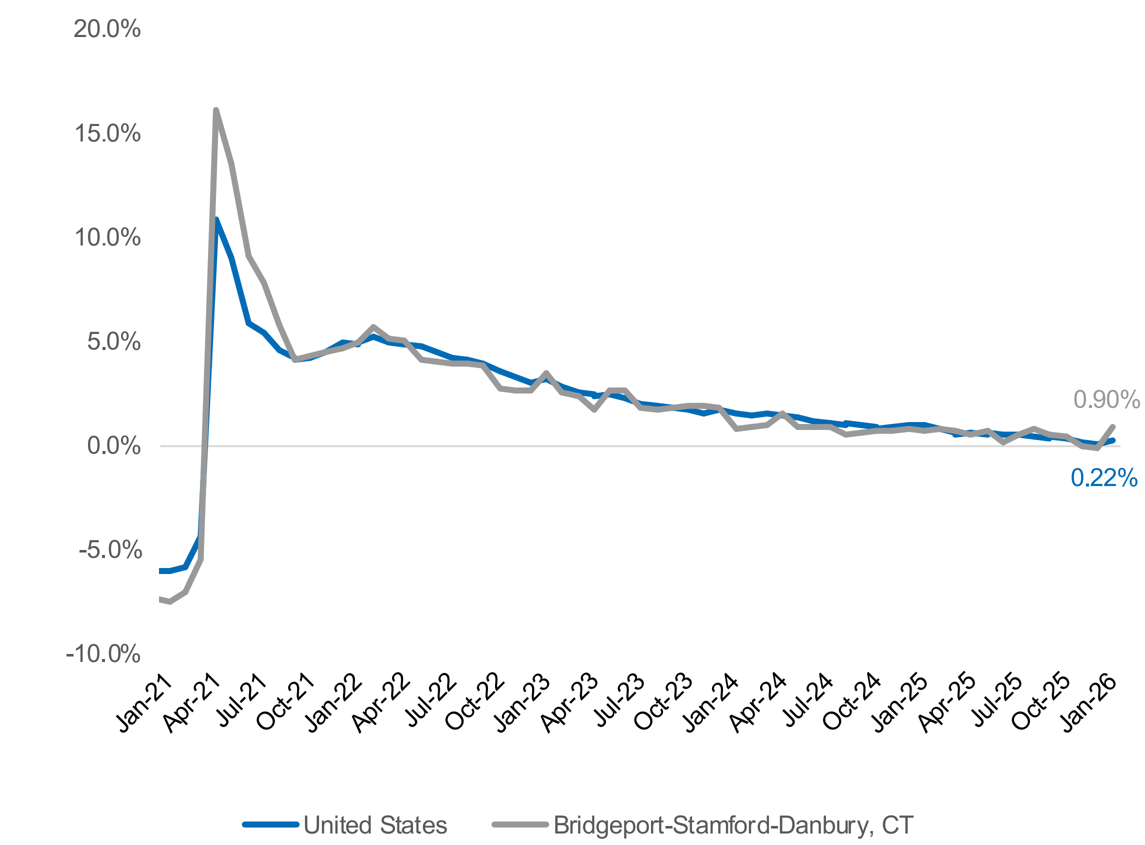
Metro Employment Trends in Fairfield County

The national unemployment rate reached 4.7% in January 2026, its highest level since Q3 2021, while the Fairfield County unemployment rate moved higher to 5.3%. Even with that increase, local unemployment remained below Connecticut's statewide rate. Per the CT Department of Labor, January unemployment swings reflected harsh winter weather and a bump in self-employed workers entering the labor market in search of payroll jobs. Local nonfarm payrolls were still up nearly 1% from a year earlier, modestly ahead of national job growth, pointing to a labor market absorbing recent volatility and layoff activity while still generating incremental employment gains.

Unemployment Rate, Non-Seasonally Adjusted



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

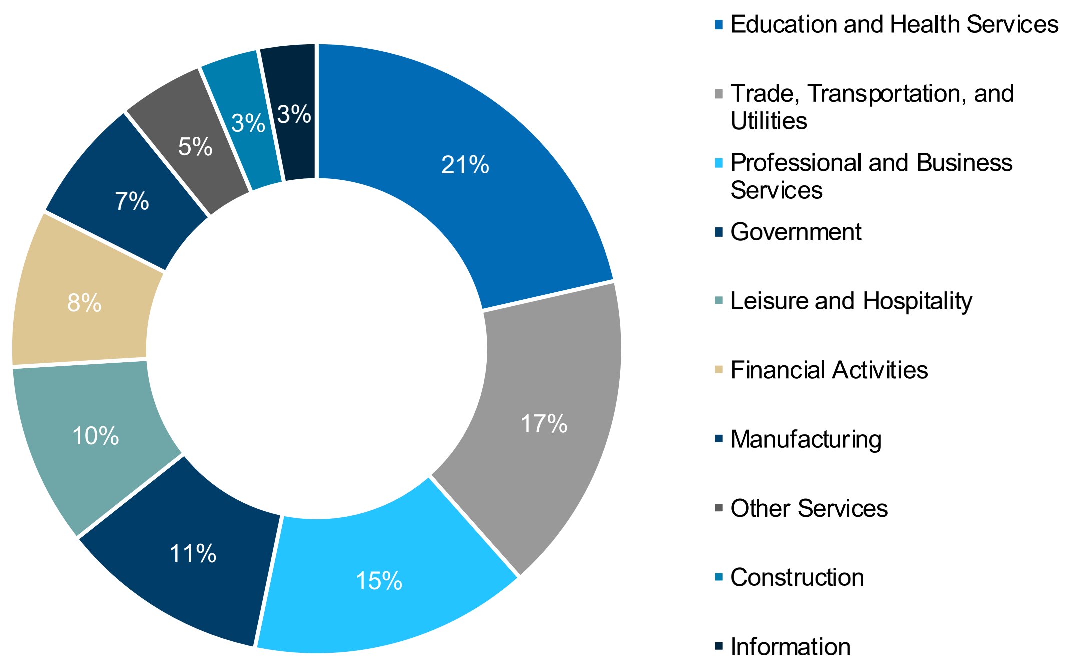


Source: U.S. Bureau of Labor Statistics, Bridgeport-Stamford-Danbury Area

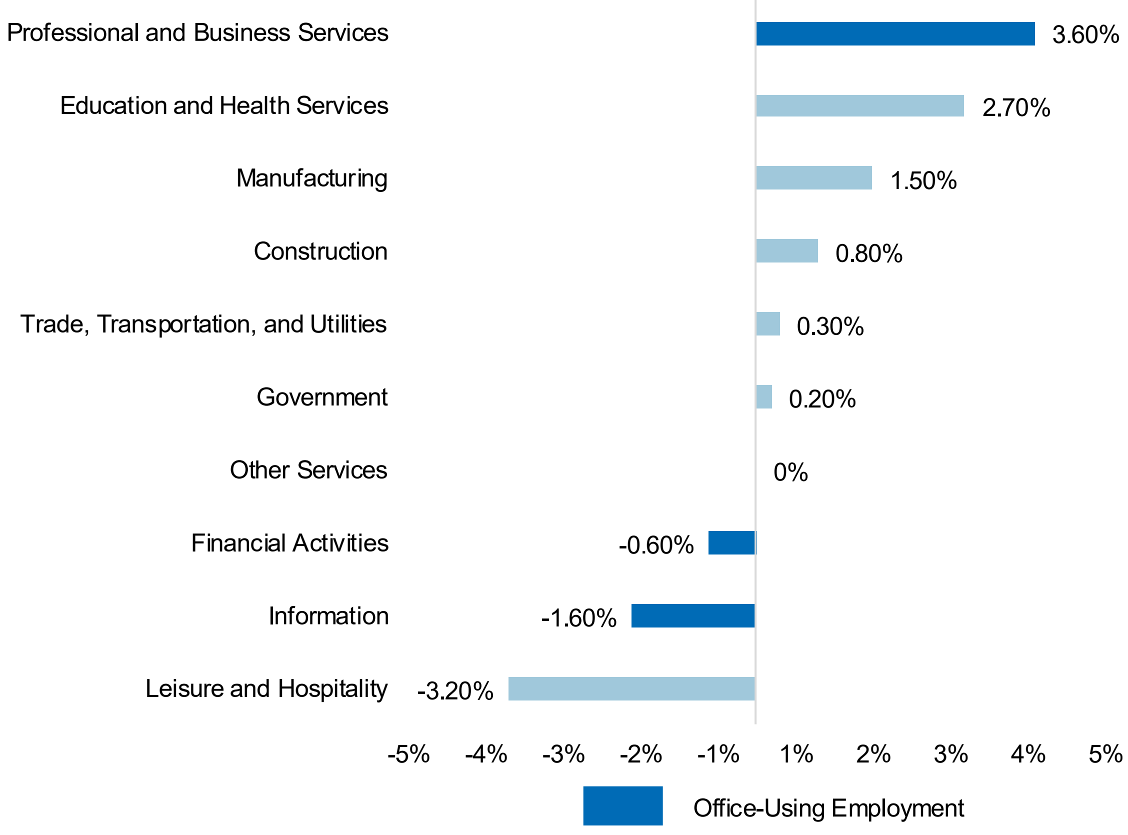
Metro Job Growth Remains Concentrated in Office-Using and Service Industries

Recent job growth in the Bridgeport-Stamford-Danbury metro has been led by professional and business services, up 3.6% year over year, and education and health services, up 2.7%, reinforcing that hiring momentum remains concentrated in office-using and essential service sectors. Leisure and hospitality posted the sharpest decline, down 3.2% year over year, though some weakness in January is typical following seasonal holiday hiring. This divergence underscores a labor market that continues to favor higher-skilled, service-oriented roles while more consumer-facing industries dip after the holiday peak.

Employment by Industry, January 2026



Employment Growth by Industry, 12-Month % Change, January 2026

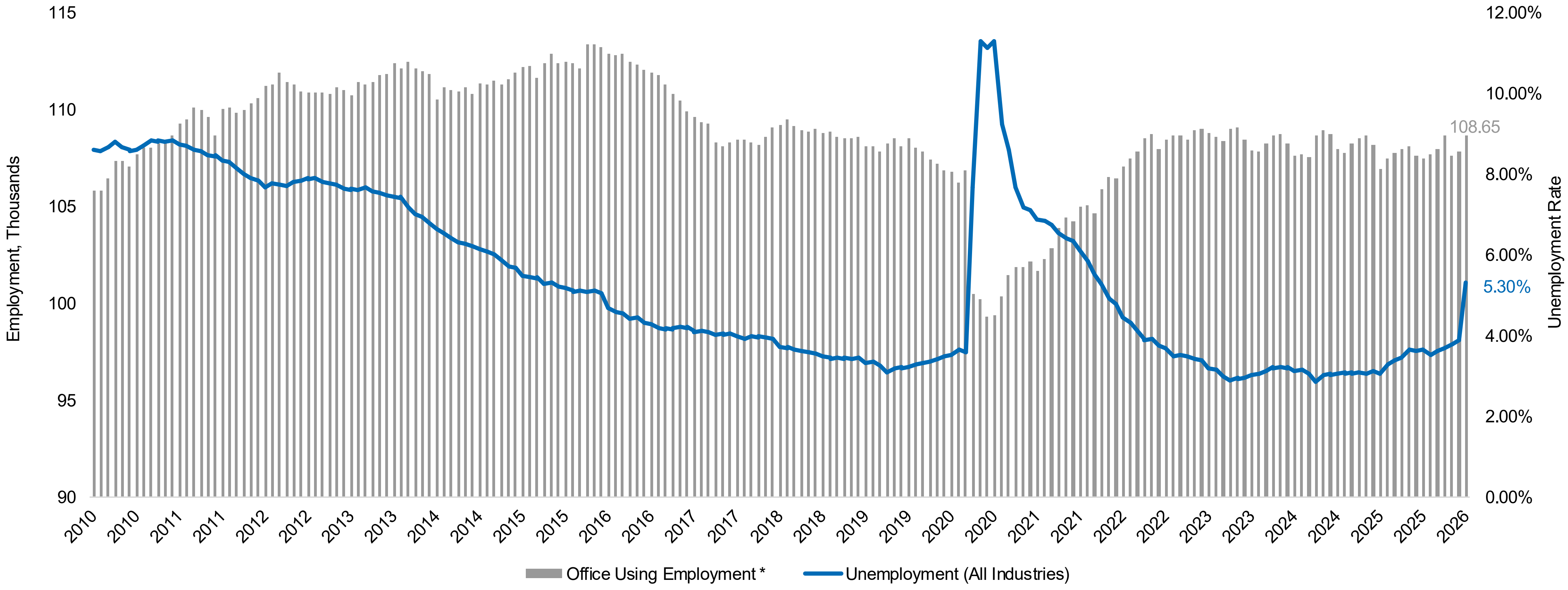


Source: U.S. Bureau of Labor Statistics, Bridgeport-Stamford-Danbury Area

Office-Using Employment Holds Firm Though Unemployment Edges Higher

Office-using employment remains near its post-COVID average, suggesting that overall job levels are still broadly aligned with normal economic-cycle conditions. While the preliminary January unemployment rate has risen to approximately 5.3%, up from a low near 3.0% in mid-2023, this points more to a moderation in labor-market momentum than a sharp deterioration. Taken together, steady office-using employment and a higher unemployment rate suggest a slower pace of net hiring and a more selective job market, as employers remain cautious about adding new positions.

Office-Using Employment* and Unemployment Across All Industries



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

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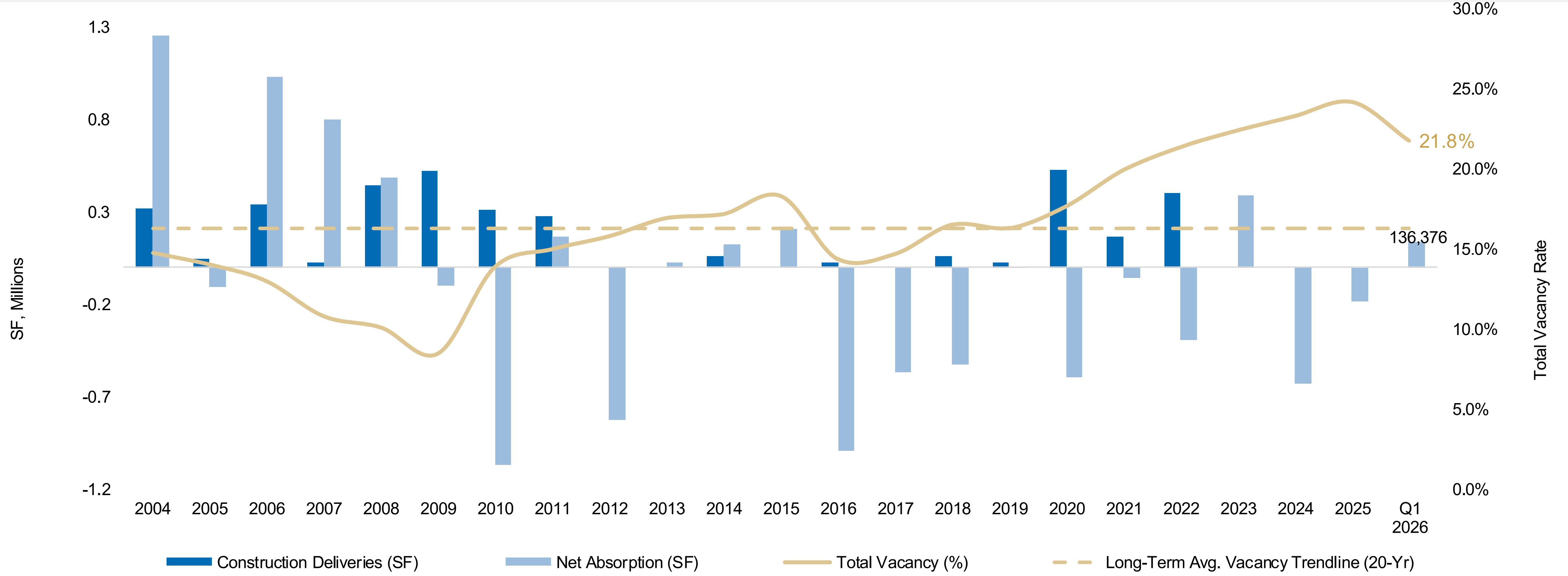
Fairfield County Office Market Reaches Inflection Point in Q1 2026

The Fairfield County office market entered 2026 at a clear inflection point, as total vacancy declined from 24.2% at year-end 2025 to 21.8% in Q1 2026 following the removal of six obsolete blocks from inventory. These include 120 Long Ridge Road (310,000 SF) and 177 Broad Street (197,000 SF) in Stamford, as well as 101–201 Merritt 7 (472,000 SF) in Norwalk, resulting in a more accurate reflection of market conditions. As a result, the county recorded positive net absorption of 136,376 SF, driven largely by this inventory adjustment.

Historical Construction Deliveries, Net Absorption, and Vacancy

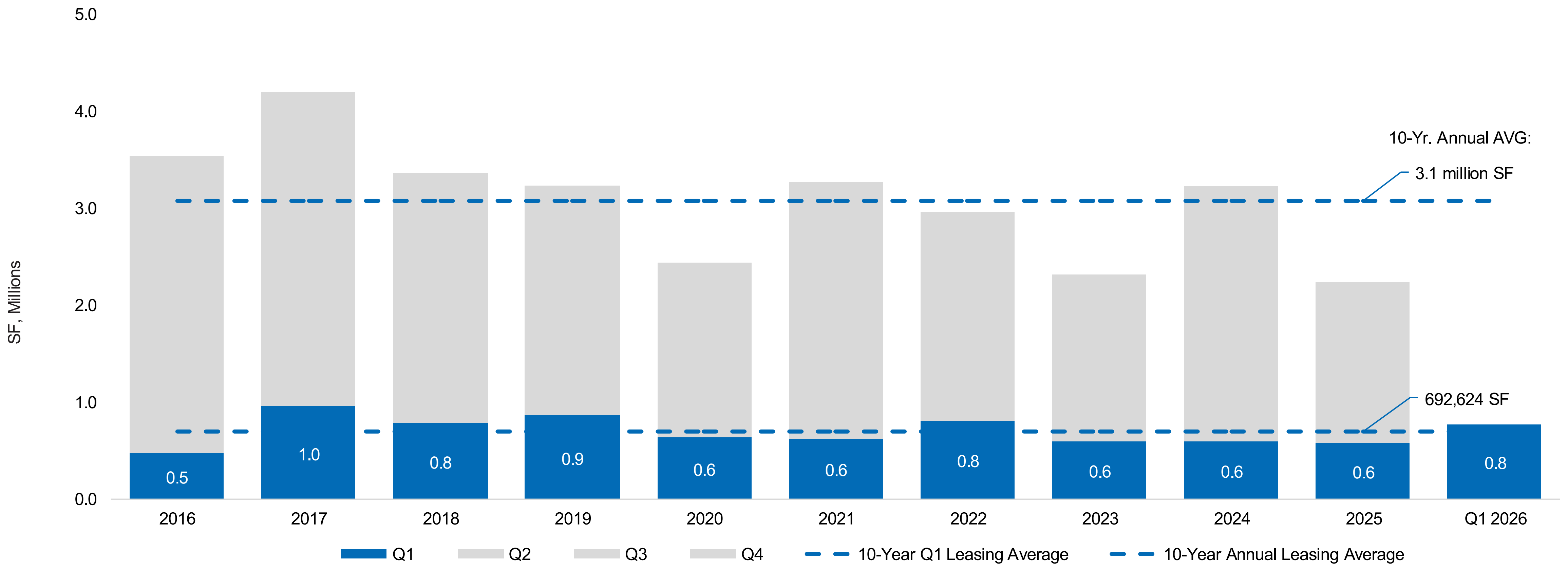


Source: Newmark Research

Leasing Activity Exceeds Long-Term Average for First Time Since 2022

Leasing activity reached approximately 780,000 SF in Q1 2026, up from 590,000 SF a year ago and above the 10-year Q1 average of 692,624 SF, marking the first Q1 outperformance since 2022. Since the pandemic, leasing volumes have generally trended below historical averages as hybrid and remote work have structurally reshaped tenant demand. At the same time, activity remains constrained by a limited supply of high-quality, amenitized Class A options, a result of minimal new office development in the county. Against this backdrop, Q1 2026 performance suggests renewed momentum, particularly within the most competitive segments of the market.

Total Leasing Activity (msf)

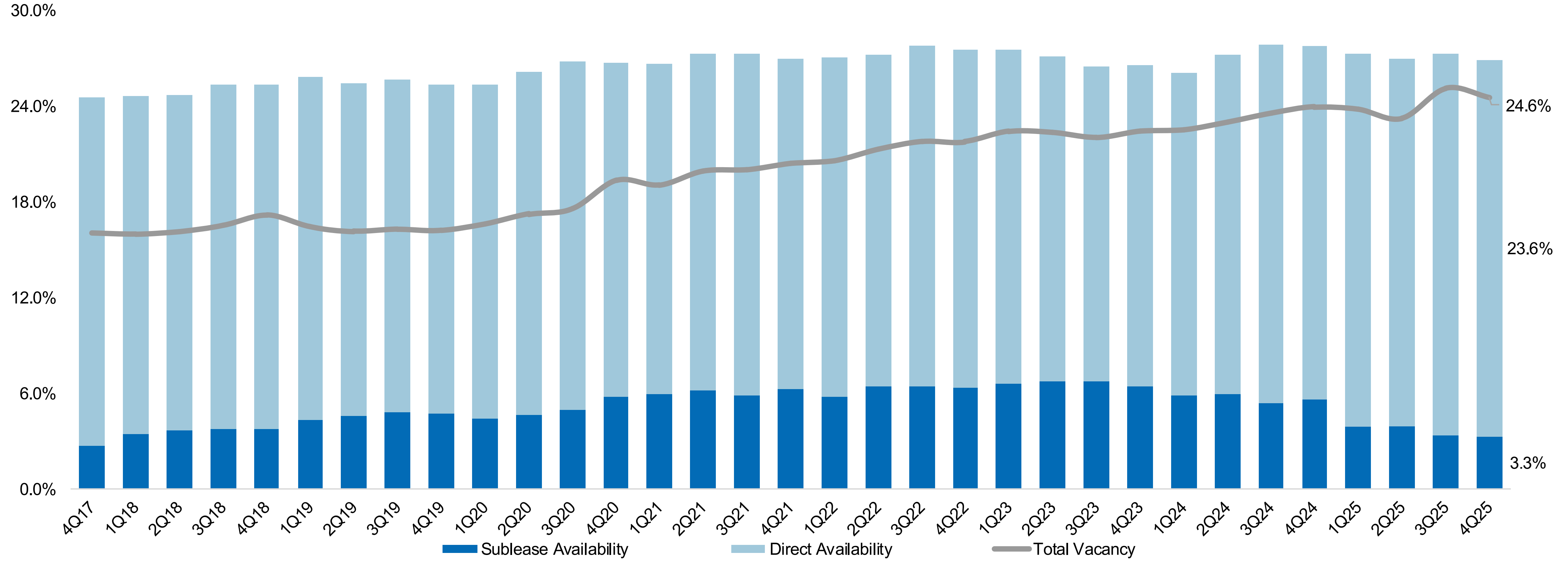


Source: Newmark Research

A Leaner, More Competitive Inventory Sets the State for Recovery

Fairfield county has experienced a sustained rise in total vacancy over the past decade, climbing from 13.7% in early 2017 to a peak of 24.5% in late 2024 before showing a notable improvement to 21.8% as of Q1 2026. This correction has been driven largely by the removal of obsolete, functionally vacant buildings from the tracked inventory. Sublease availability, which surged in the wake of the pandemic and peaked near 6.5% around 2022-2023, has since retreated to 3.1% in 1Q26, a level more consistent with pre-pandemic norms.

Available Space as Percent of Overall Market

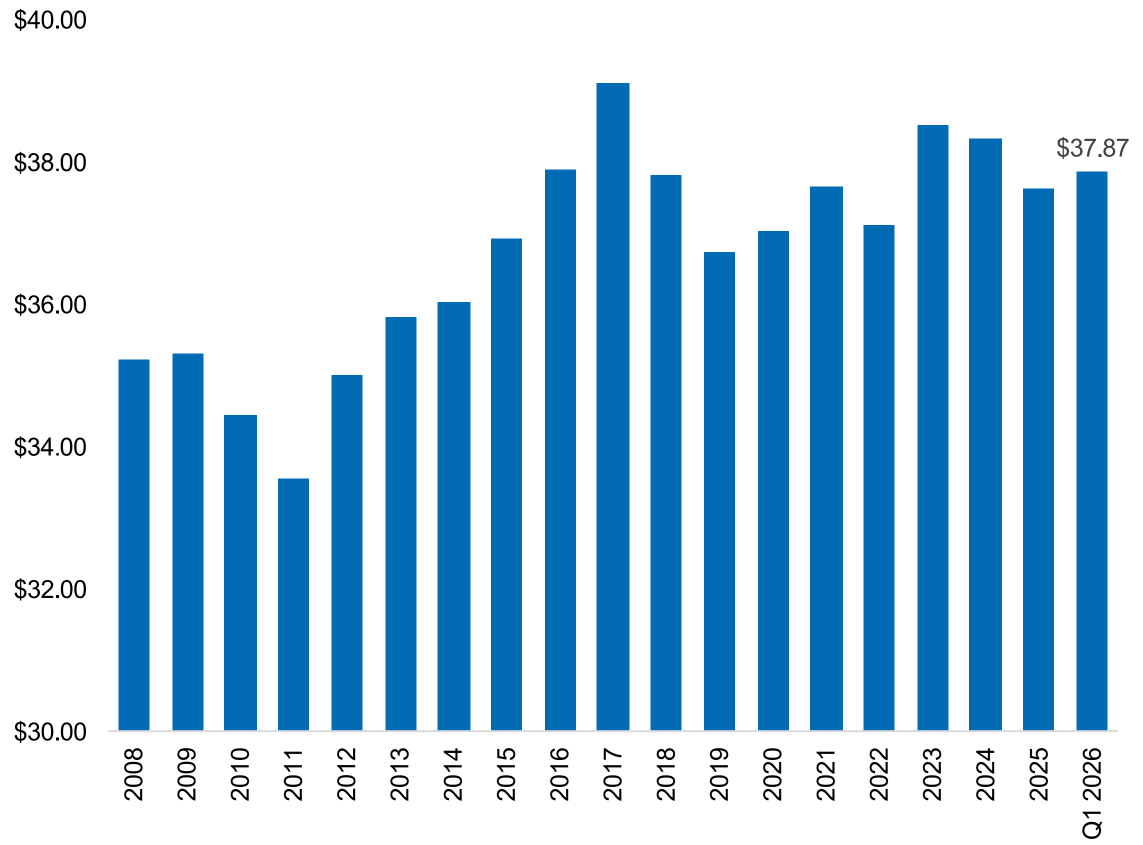


Source: Newmark Research

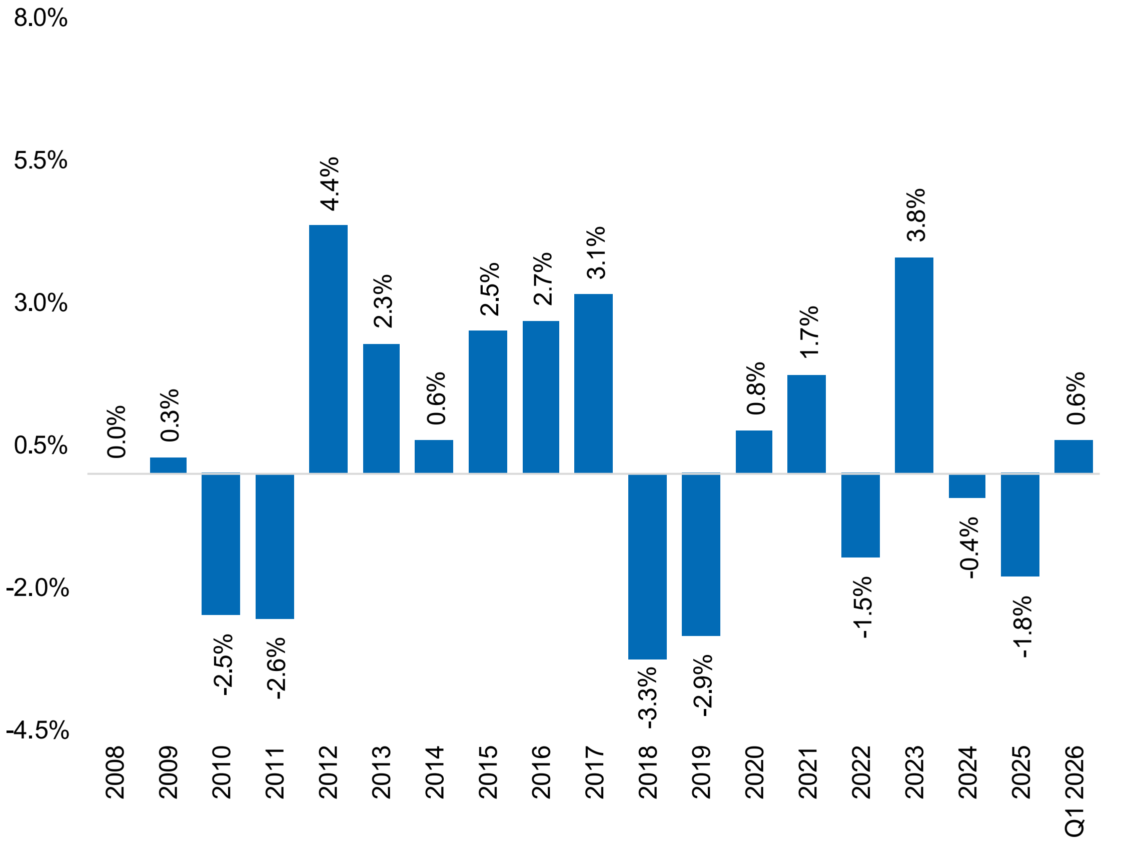
Asking Rents Rebound Following Inventory Adjustment

Following the softening observed at year-end 2025, driven largely by the absorption of high-priced available space, average asking rents moved higher again in Q1 2026. The removal of lower-priced, functionally obsolete space from the statistical baseline this quarter has lifted the overall weighted average, effectively recalibrating market metrics. As a result, average asking rents now reflect a more stabilized and higher-quality inventory base, aligning more closely with current market fundamentals.

Office Average Asking Rent, $/SF/Month, FS



Year-over-Year Asking Rent Growth Rate

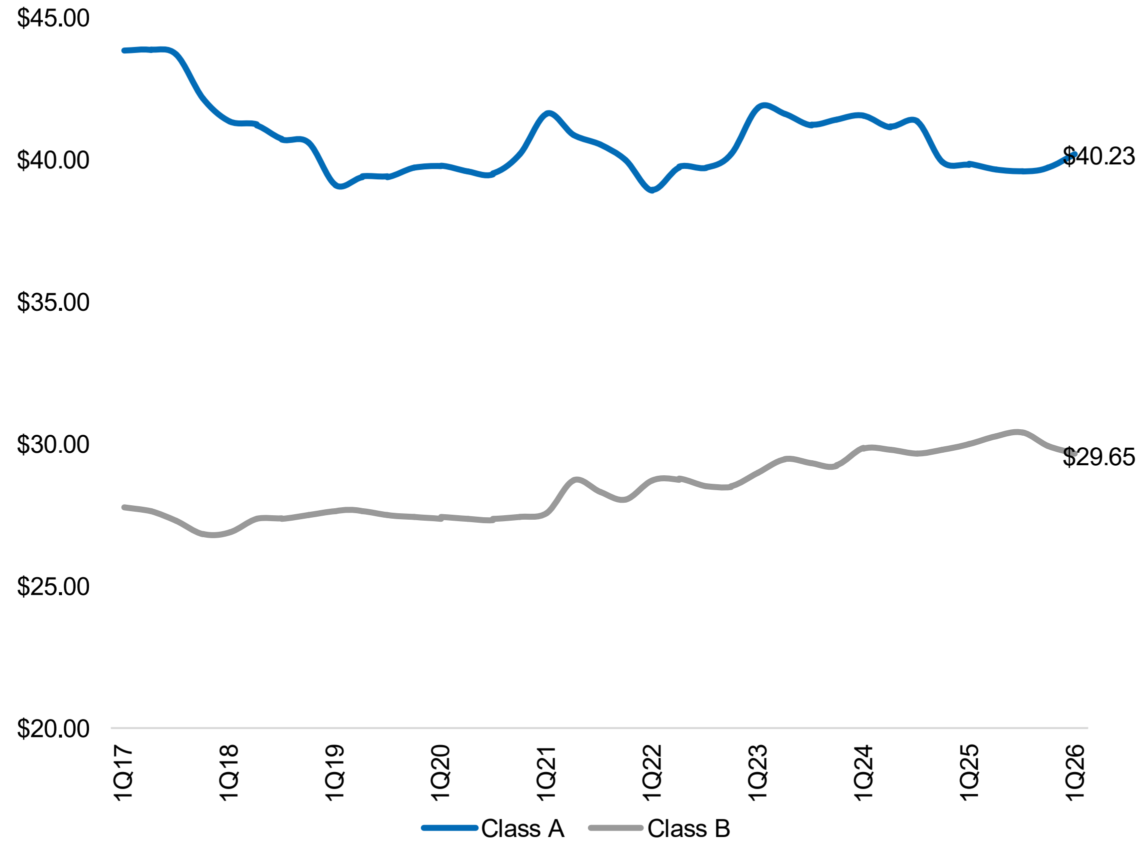


Source: Newmark Research

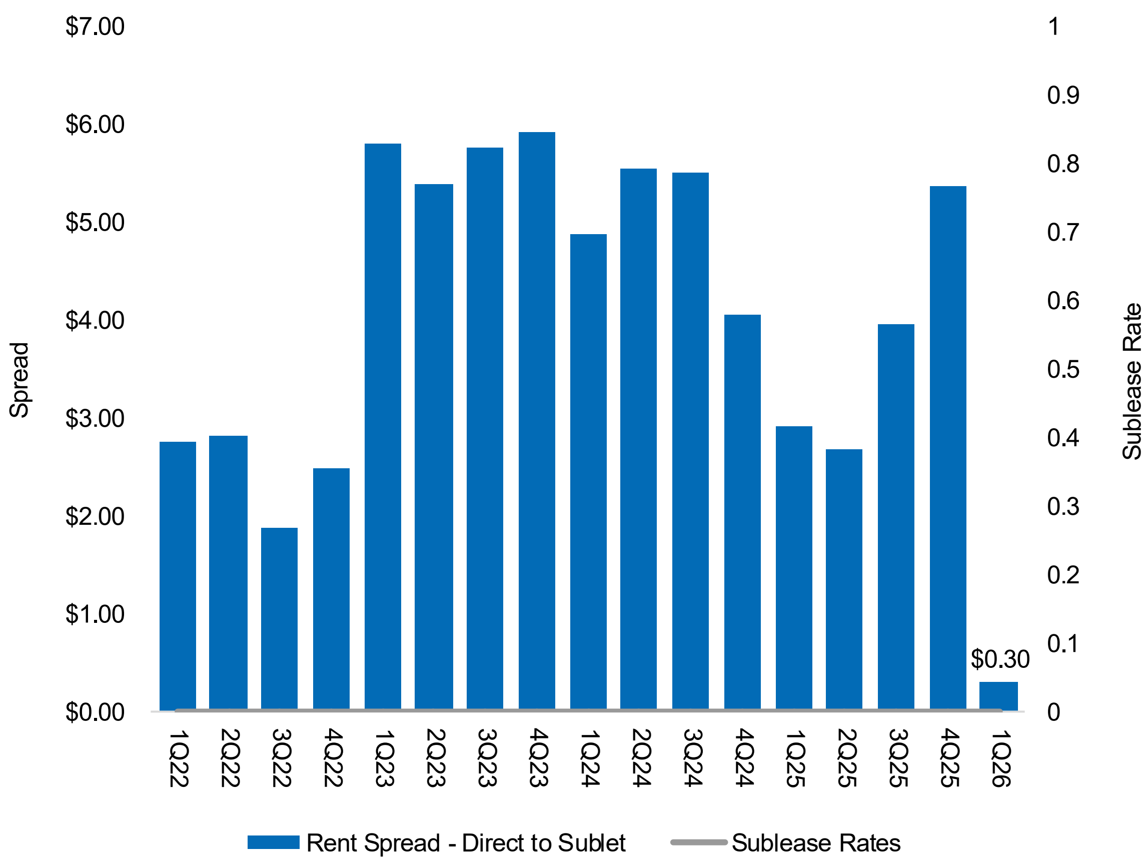
Class A Rent Trends Reflect Absorption of Premium Space

Asking rents have remained relatively stable overall, though Class A pricing has declined from pre-COVID levels as the market's highest-quality, higher-priced space has largely been absorbed. With much of that premium inventory already leased, the remaining available Class A space is more heavily weighted toward lower-priced options, placing downward pressure on average asking rents, which ended 1Q26 at $40.23 PSF. Meanwhile, Class B rents have trended upward since 2020, reaching $29.65 PSF in 1Q26. The trend highlights a market where headline Class A rents may appear softer, but that movement is driven more by the composition of available space than broad-based rent deterioration.

Class A and Class B Asking Rents



Sublease Rates



Source: Newmark Research

Renewal-Driven Leasing and Selective Investment Define Top Activity

The largest transactions were led by a handful of standout renewals and sales, with the top lease activity notably comprised entirely of renewals. While these deals underscore continued tenant commitment to existing locations, they also highlight the practical constraints shaping today's market, where limited high-quality alternatives leave many occupiers with little incentive, or ability, to relocate. On the sales side, activity continues to reflect ongoing selectivity from investors focused on well-positioned product.

Top 10 Notable Lease Transactions | Q1 2026

Tenant	Building(s)	Submarket	Type	Square Feet
Gartner	56 Top Gallant & 88 Gatehouse Road	Stamford Non-CBD/Cummings Point	Renewal	172,237
Edgewell Personal Care	6 Research Drive	Shelton/Eastern	Renewal	53,885
Deutsch Family Wine & Spirits	201 Tresser Boulevard	Stamford CBD/Train	Renewal	43,563
PartnerRe	200 First Stamford Place	Stamford CBD/Train	Renewal	35,000
Hexcel Corporation	281 Tresser Boulevard	Stamford CBD	Renewal	23,961

Top Q1 2026 Sale Transactions (By Price/SF)

Building	Market	Sale Price	Price/SF	Square Feet
1 Glendinning Place	Westport/Central	$20,400,000	$416/SF	49,051
260 Long Ridge Road	Stamford Non-CBD/North	$71,000,000	$360/SF	197,000
59 Danbury Road	Wilton/South Central	$9,250,000	$257/SF	35,962
55-57 Greens Farms Road	Westport/Central	$25,000,000	$199/SF	125,922
945, 999 & 1275 Summer Street	Stamford Non-CBD/North	$17,000,000	$164/SF	103,974

Source: Newmark Research

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