

MID-YEAR 2025

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 Redevelopment and conversion of outdated office properties remain a practical solution to address excess supply, as owners of struggling assets increasingly pursue multifamily development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 continue to show resilience. Year to date, 15 properties totaling 762,612 SF traded for a combined \$97.3 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 55 Railroad Avenue in Greenwich as well as 400 Atlantic Street and 200 Elm Street in Downtown Stamford. These deals underscore 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. Still, today's financing environment remains selective. Even for high-quality assets, lenders are approaching office deals with a greater level of scrutiny. Capital is available, but it's favoring properties with strong cash flow, durable tenancy, and a clear path to long-term stability. Well-positioned assets continue to attract both debt and equity, but success depends on fundamentals more than ever.



## Leasing Market Fundamentals

- Leasing activity totaled just under 1.2 million SF in the first half of 2025, marking a 25% decline from both midyear 2024 and the 10-year historical average of 1.6 million SF. The slowdown could reflect a combination of limited availability of quality space in core CBDs and a more cautious approach from occupiers. That said, leasing has been active in areas like the Greenwich Non-CBD and Norwalk.
- Greenwich Non-CBD led demand in the first half of 2025, driven primarily by renewal activity, which accounted for 56% of the submarket's total volume. The largest deal was a renewal by Lotus Infrastructure for 24,027 SF at Greenwich Office Park. Meanwhile, Norwalk experienced an unusually active first half, with just over 200,000 SF leased across 19 deals, 18.9% above the 10-year historical average. However, consistent with broader market trends of corporate rightsizing and a continued flight to quality, many of these deals involved footprint reductions, offering limited relief to Norwalk's overall occupancy levels.
- Deal volume also skewed smaller, with just one transaction exceeding 50,000 SF: a renewal by Cummings & Lockwood at 6 Landmark Square in Stamford. Leasing activity year-to-date has been largely driven by transactions in the 5,000 to 10,000 SF range, while larger deals have remained limited.
- The total vacancy rate fell to 23.2%, from 23.8% in the previous quarter. The availability rate, which include both vacant properties and those that are still occupied but available for lease, decreased to 27.0%, from 27.3% in the previous quarter. Both vacancy and availability rates remained stable from a year ago.



## Outlook

- After peaking at \$38.83/SF in 2023 and holding at \$38.35/SF in 2024, the county's direct average asking rent declined to \$37.57/SF by Q2 2025. The removal of premium space from the market, such as at 51 Weaver Street #8 due to conversion and recent leasing at 400 Atlantic Street (with rents around \$60.00/SF) has contributed to the decline. This is because the weighted average is influenced more heavily by larger availabilities, so when lower-priced or vacant space becomes more prominent, it drags the average down. With activity and pending leases concentrated in high-end buildings, further softening of the average may continue into the second half of 2025.
- While demand has been notably more subdued compared to prior years, there is cautious optimism that activity will pick up in the second half of the year and help bring annual totals closer to historical norms. 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 the market.
- Office leasing decisions continue to hinge on long-term business visibility, and recent uncertainty surrounding U.S. tariffs has added another layer of complexity. Economic headwinds have prompted more cautious decision-making, with occupiers and investors focused on minimizing risk, managing costs, and prioritizing stability. Encouragingly, macroeconomic sentiment began improving toward the end of the quarter, as optimism grew around tariff negotiations. As business confidence strengthens, tenant activity is expected to pick up. With quality Class A space near transit becoming more limited, early signs of demand spillover into Class A- and well-located suburban assets may begin to emerge as top-tier availability tightens.

1. Economy
2. Leasing Market Fundamentals



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# Economy

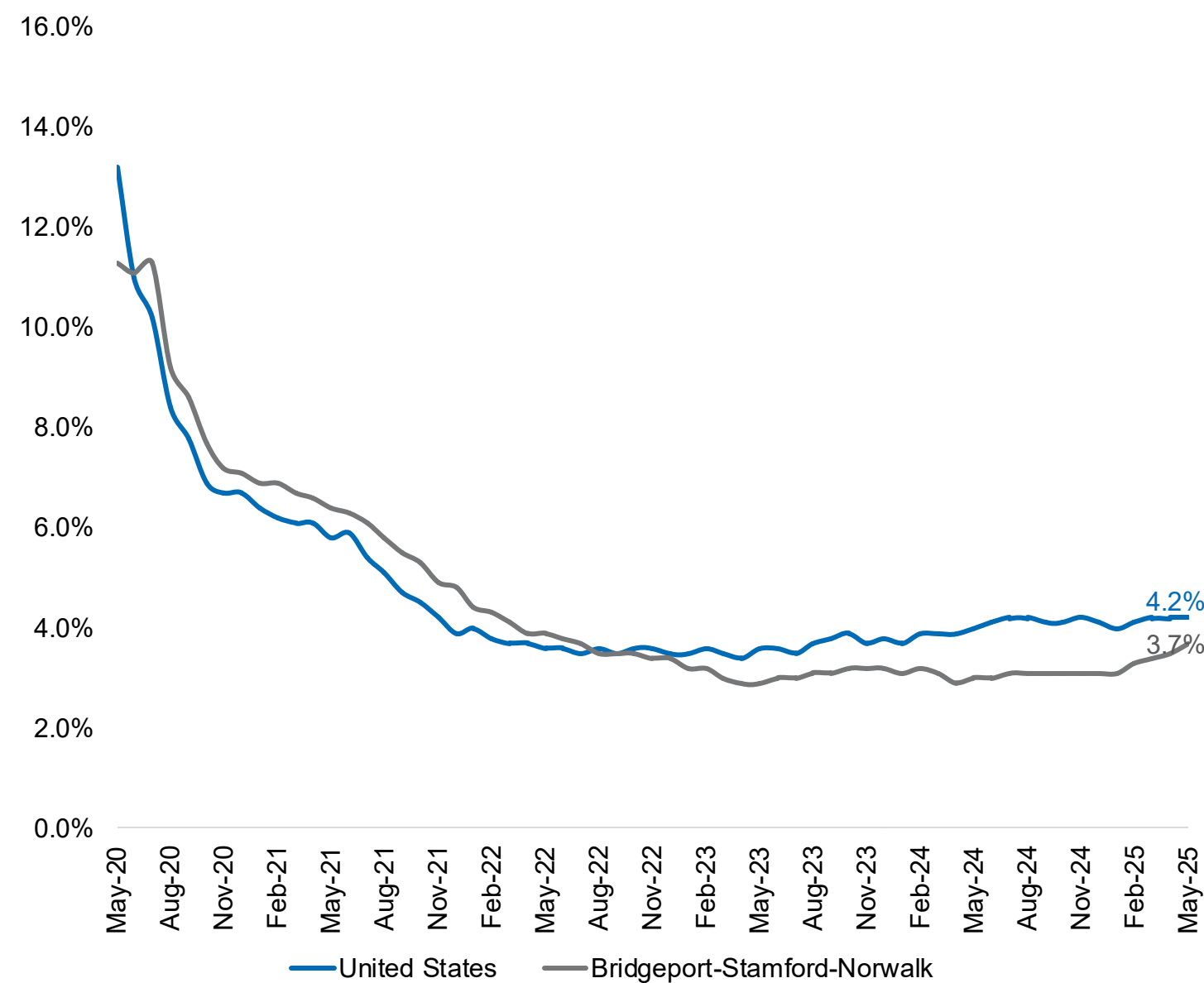




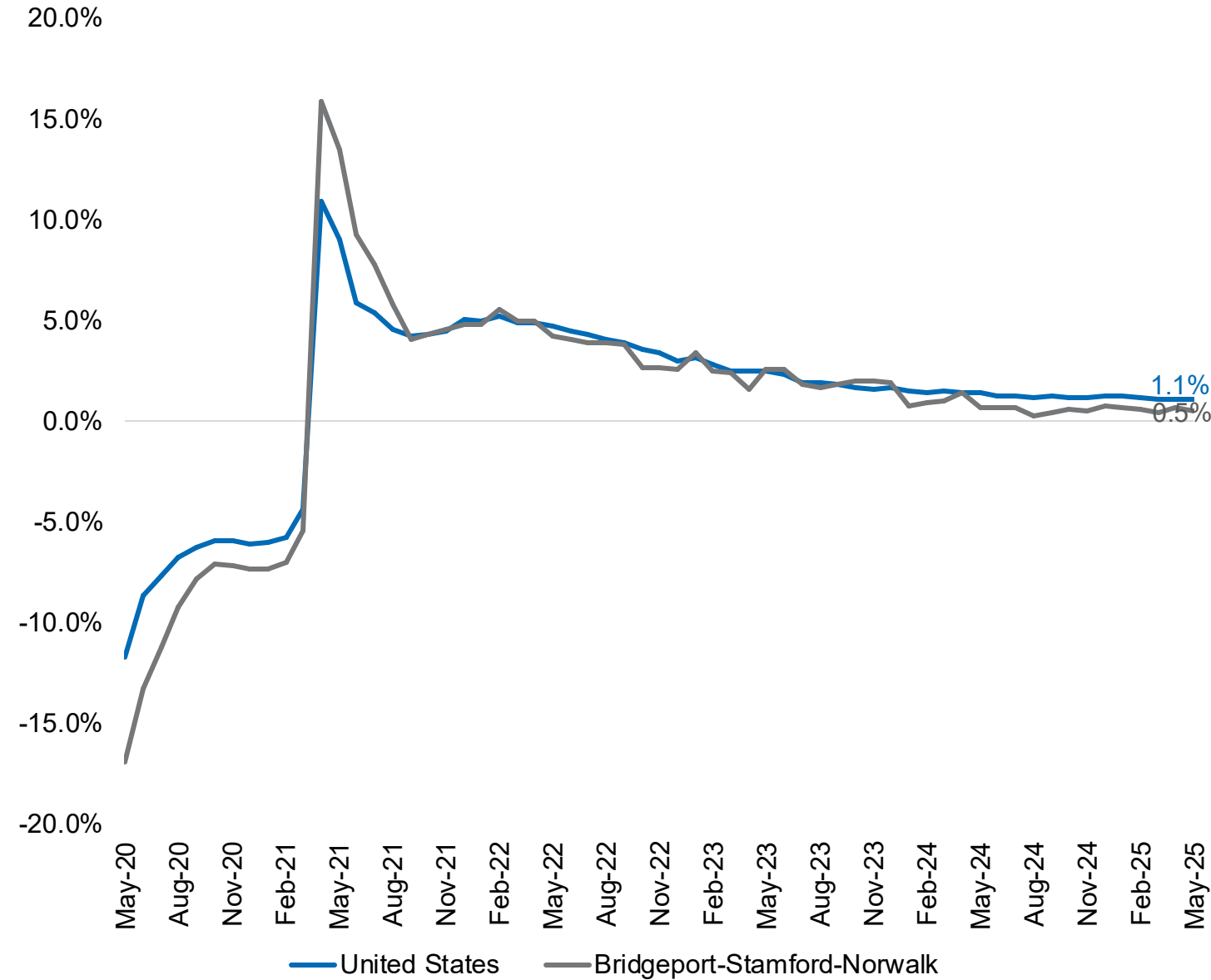
# Metro Employment Trends in Fairfield County

May 2025 unemployment rates ended at 4.2% in the U.S., 3.9% in the state of Connecticut and 3.7% in the Bridgeport-Stamford-Norwalk area. Although reflecting a 0.7 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 May 2025, nonfarm payroll employment for the Bridgeport-Stamford-Norwalk area reflected an increase of 0.5% year-over-year.

Unemployment Rate, Non-Seasonally Adjusted



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

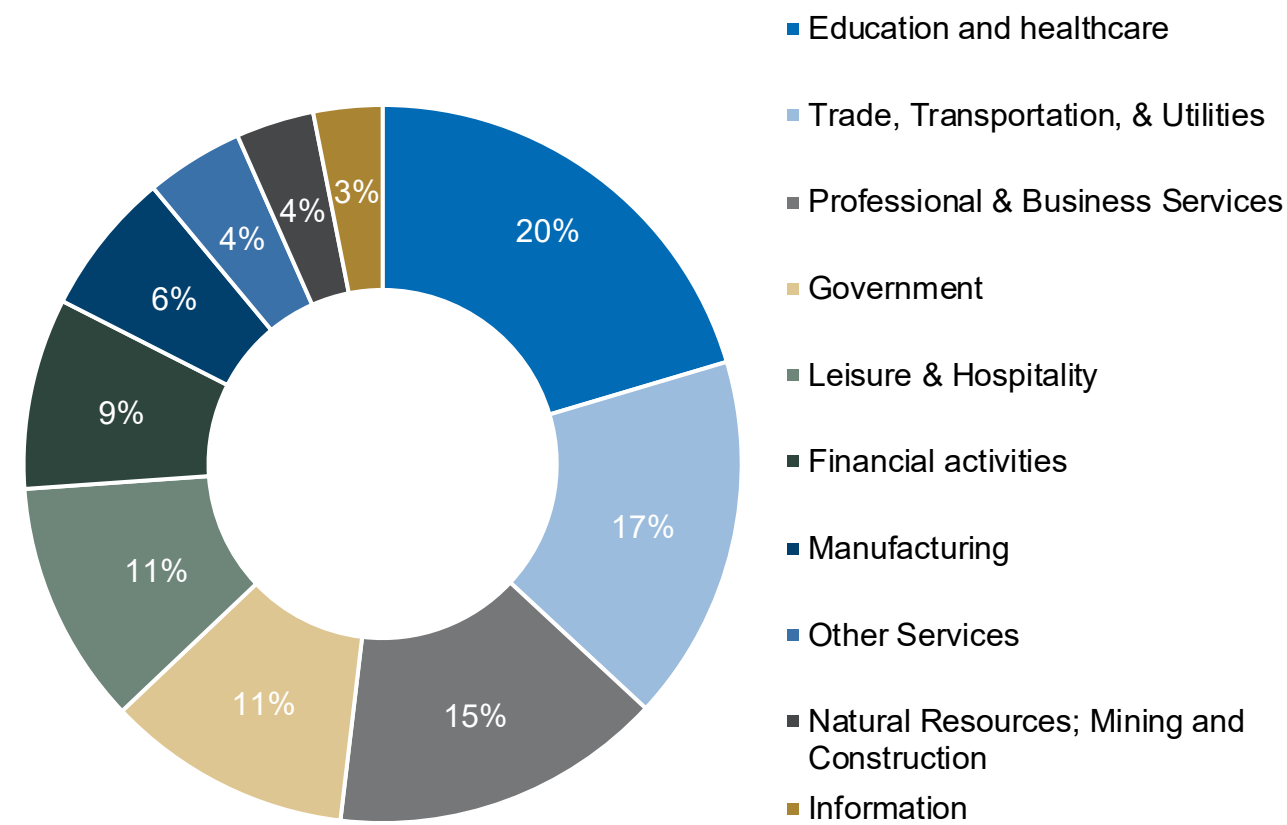


Source: U.S. Bureau of Labor Statistics, Bridgeport-Stamford-Norwalk Area

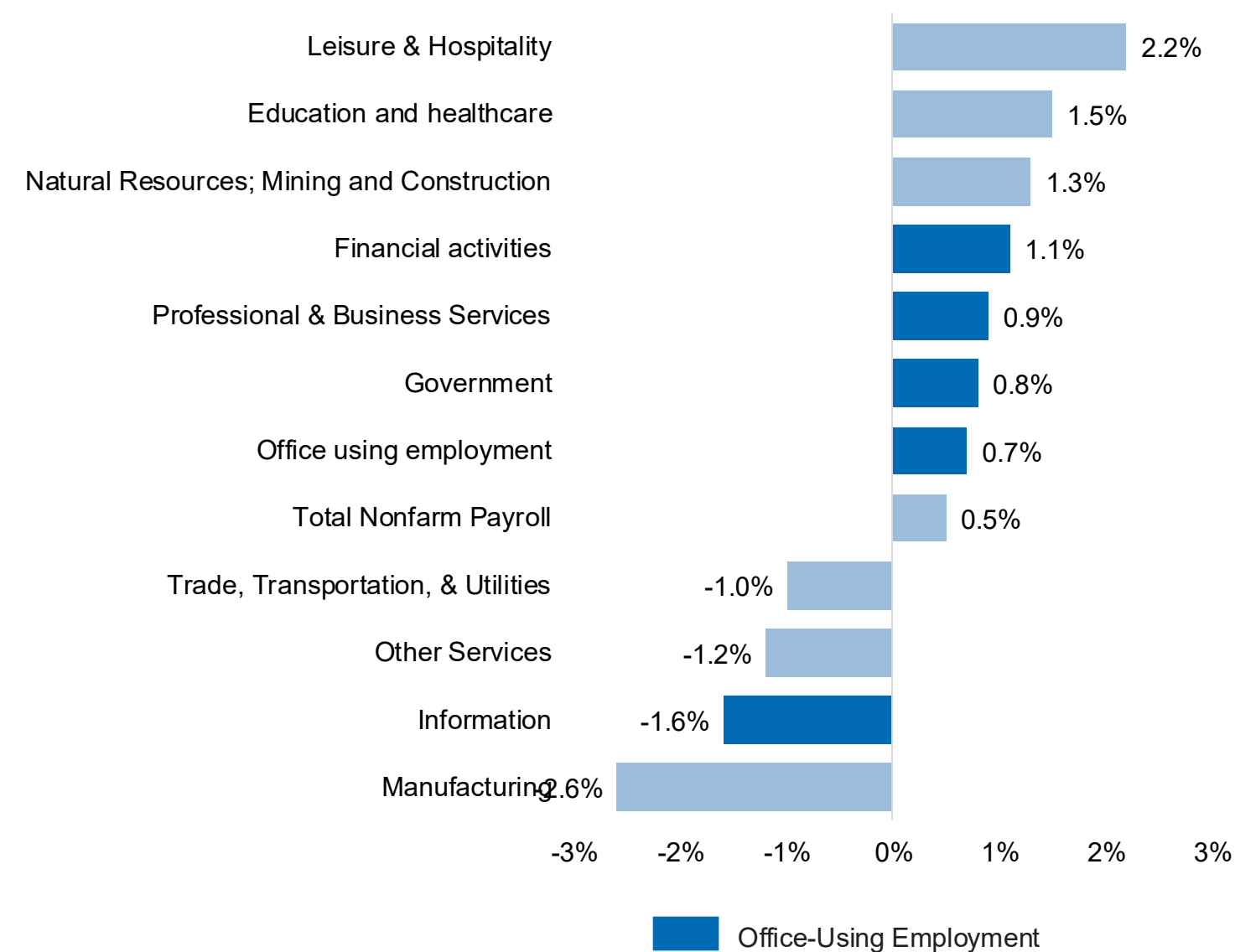
# Employment by Industry and Employment Growth

Over the past year, the Bridgeport-Stamford-Danbury Metropolitan area job growth has been modest, with total nonfarm payrolls increasing by just 0.5%. Sectors traditionally associated with office use posted subdued gains, with professional & business services up only 0.9%, financial services rising 1.1%, and the broader office-using category growing just 0.7%. In contrast, hiring was more robust in consumer-facing sectors like leisure & hospitality (+2.2%) and education and healthcare (+1.5%). Meanwhile, several goods-producing and legacy sectors registered declines, including manufacturing (-2.6%), information (-1.6%), and trade, transportation & utilities (-1.0%). The overall pattern points to a stable but sluggish labor market, with office-using employment showing only marginal momentum.

Employment by Industry, May 2025



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

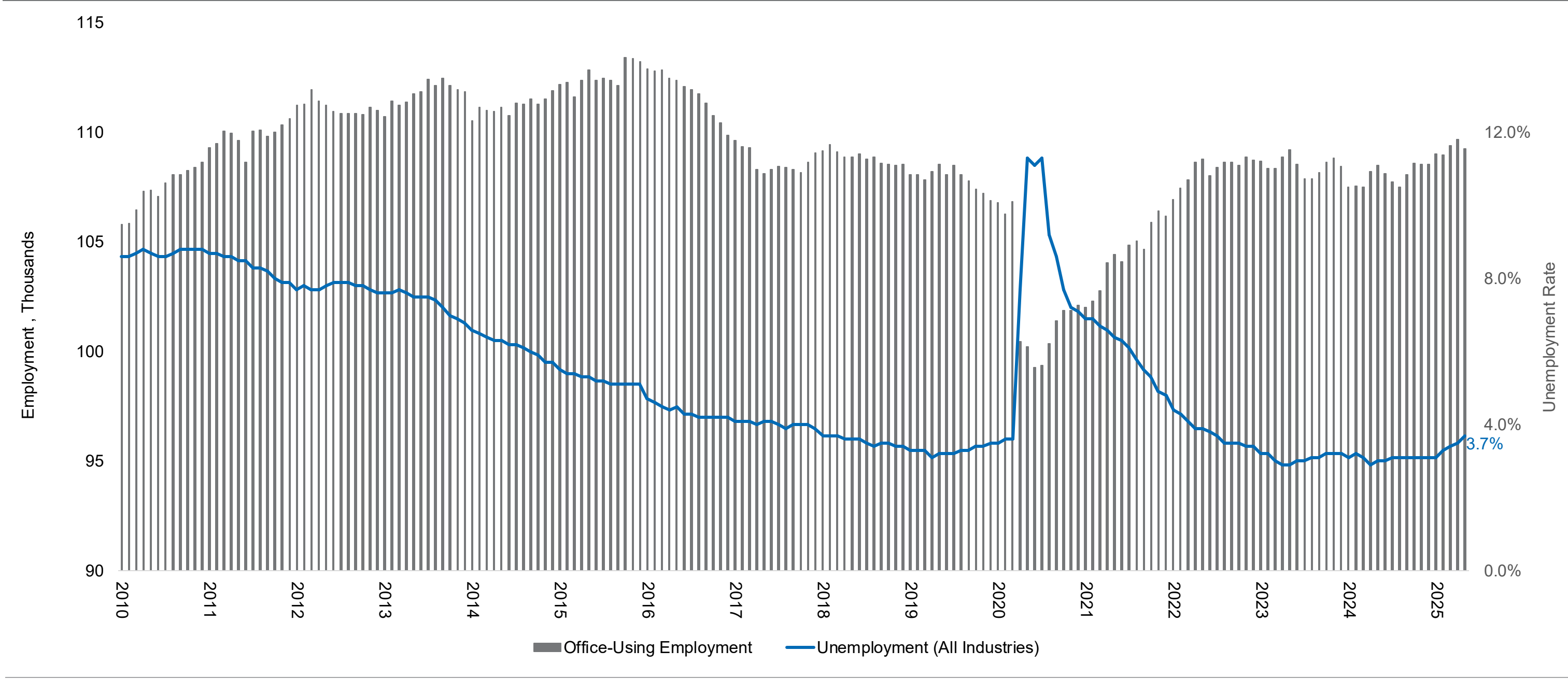


Source: U.S. Bureau of Labor Statistics, Bridgeport-Stamford-Norwalk Area

# Overall Office-Using Employment

Since the sharp decline in 2020, when office-using employment fell from 106,000 to under 99,000, the state’s office job market has seen a gradual but incomplete recovery. By mid-2025, employment edged back to just over 109,000, though growth has been modest and uneven. Meanwhile, the unemployment rate, which peaked at 11.3% during the pandemic, has settled at 3.7% as of May 2025. The slower rebound in office-using jobs compared to broader labor recovery suggests ongoing caution among employers.

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

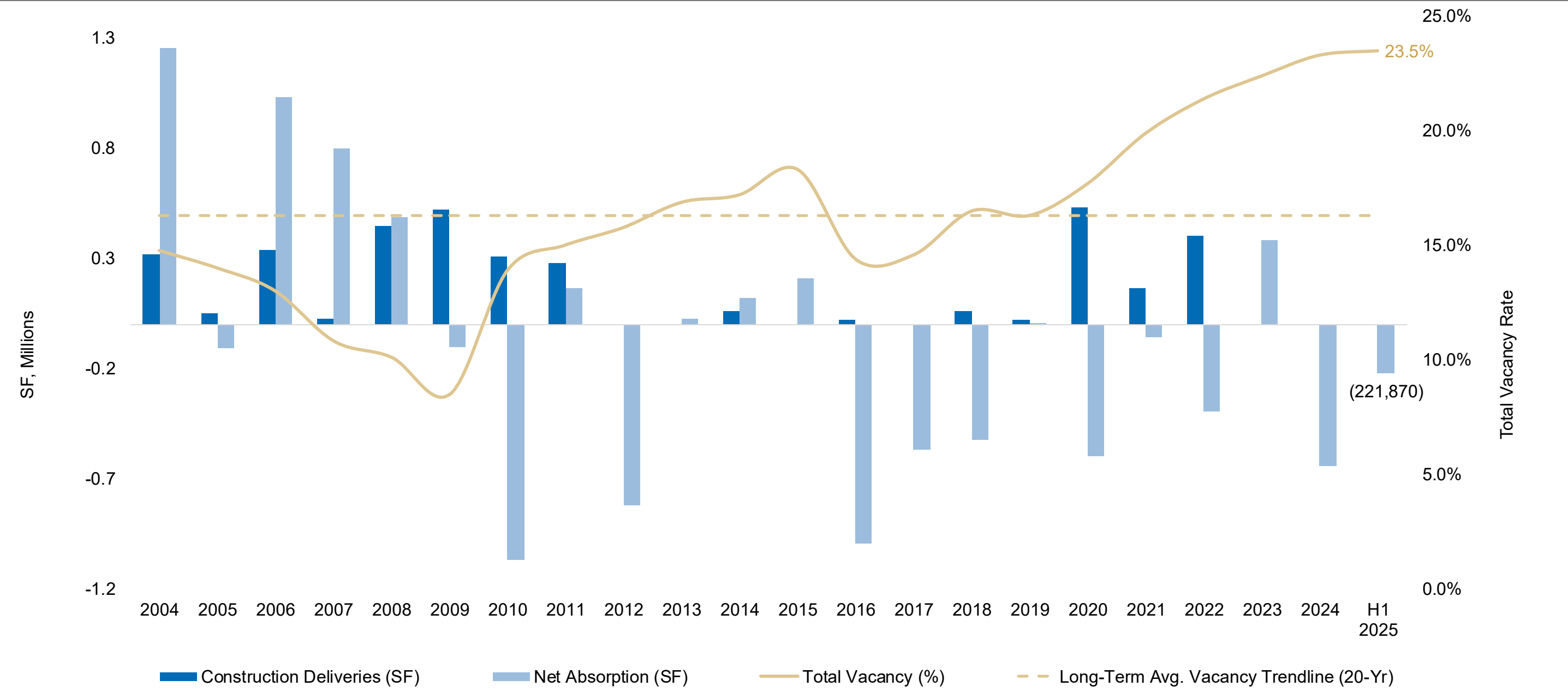




# Fairfield County Net Absorption Rebounds, Yet Q1 Losses Weigh on Midyear Totals

Despite a quarterly gain of 124,222 SF in net absorption, Fairfield County remained in negative territory at midyear 2025, largely due to early-year occupancy losses in Stamford's non-CBD. Significant blocks from GenRe (120 Long Ridge Road) and State Street Global (1600 Summer Street), each vacating 300,000 SF, underscore the ongoing trend of corporate migration toward downtown CBDs.

Historical Construction Deliveries, Net Absorption, and Vacancy

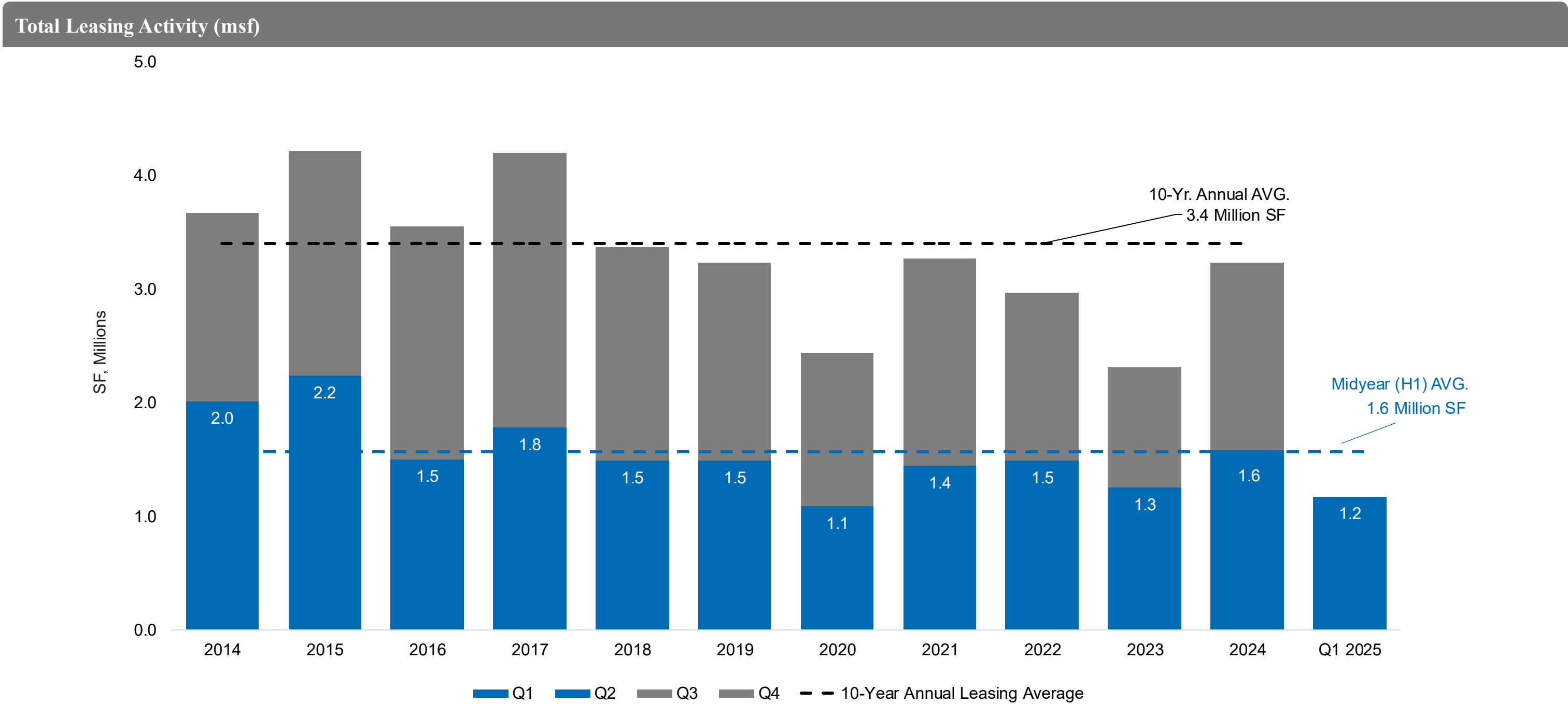


Source: Newmark Research



# Subdued Midyear 2025 Leasing Activity; Eyes on Second-Half Uptick

Total transaction volume reached 1.2 million SF, down 25% from both midyear 2024 and the 10-year historical average of 1.6 million SF. This slowdown may, in part, reflect a shrinking supply of quality space in desirable CBD locations, as well as a more cautious approach from decision-makers in light of ongoing economic uncertainties. With that said, there is hope that increased activity in the second half of the year will help balance out the annual totals.

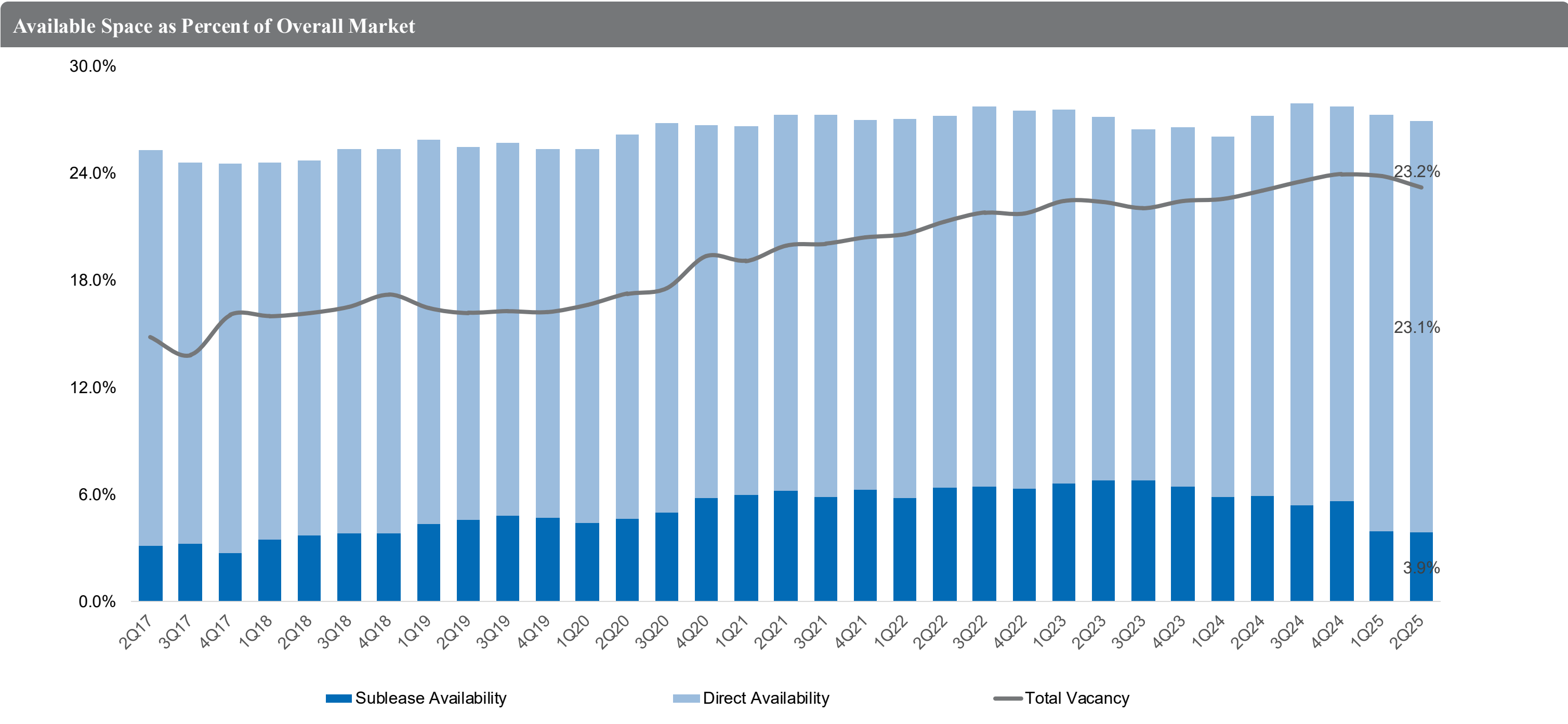


Source: Newmark Research



# 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. These changes contributed to a drop in sublease vacancy rate to 3.9%, down from a high of 6.8% in 2023.

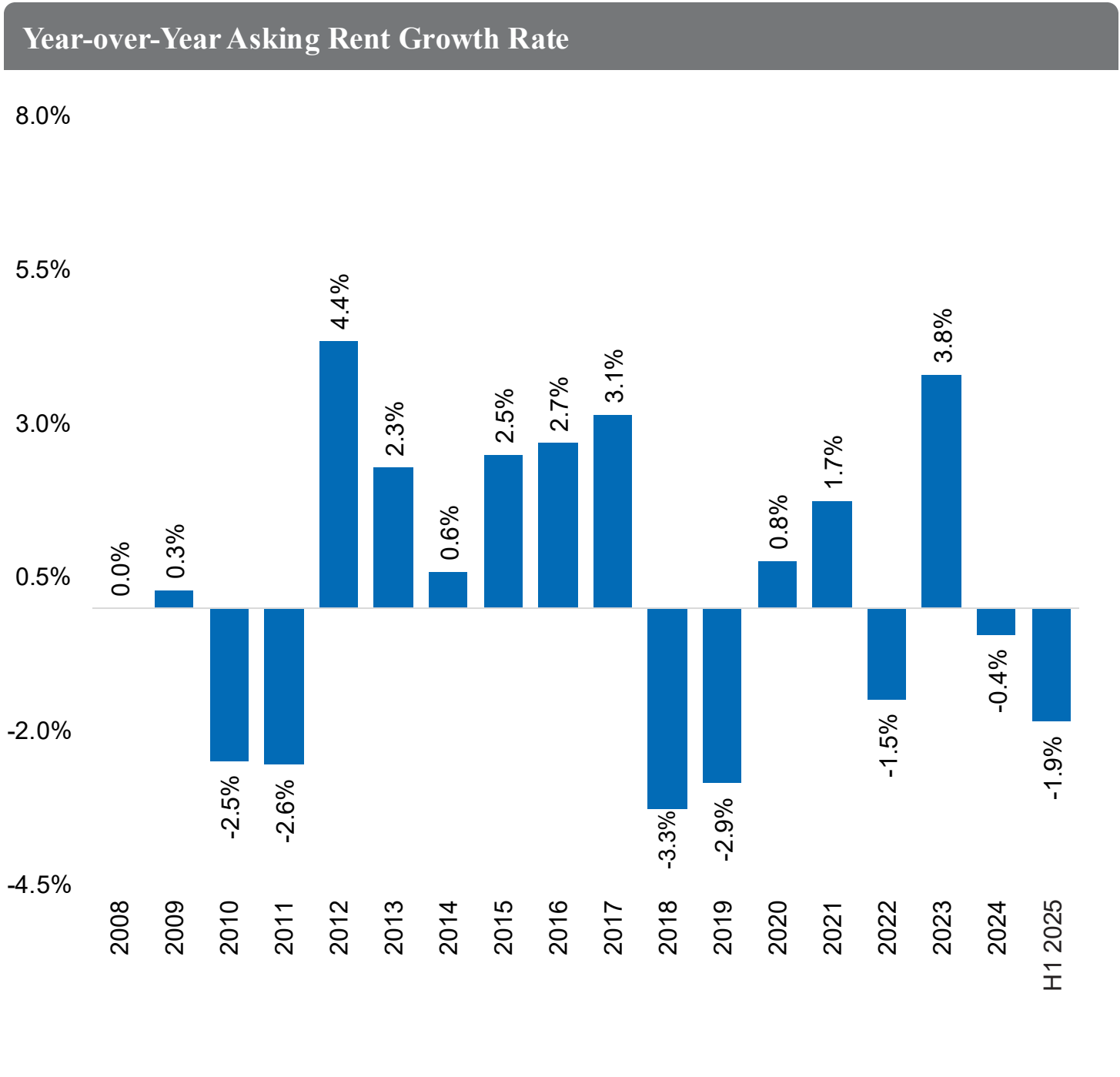
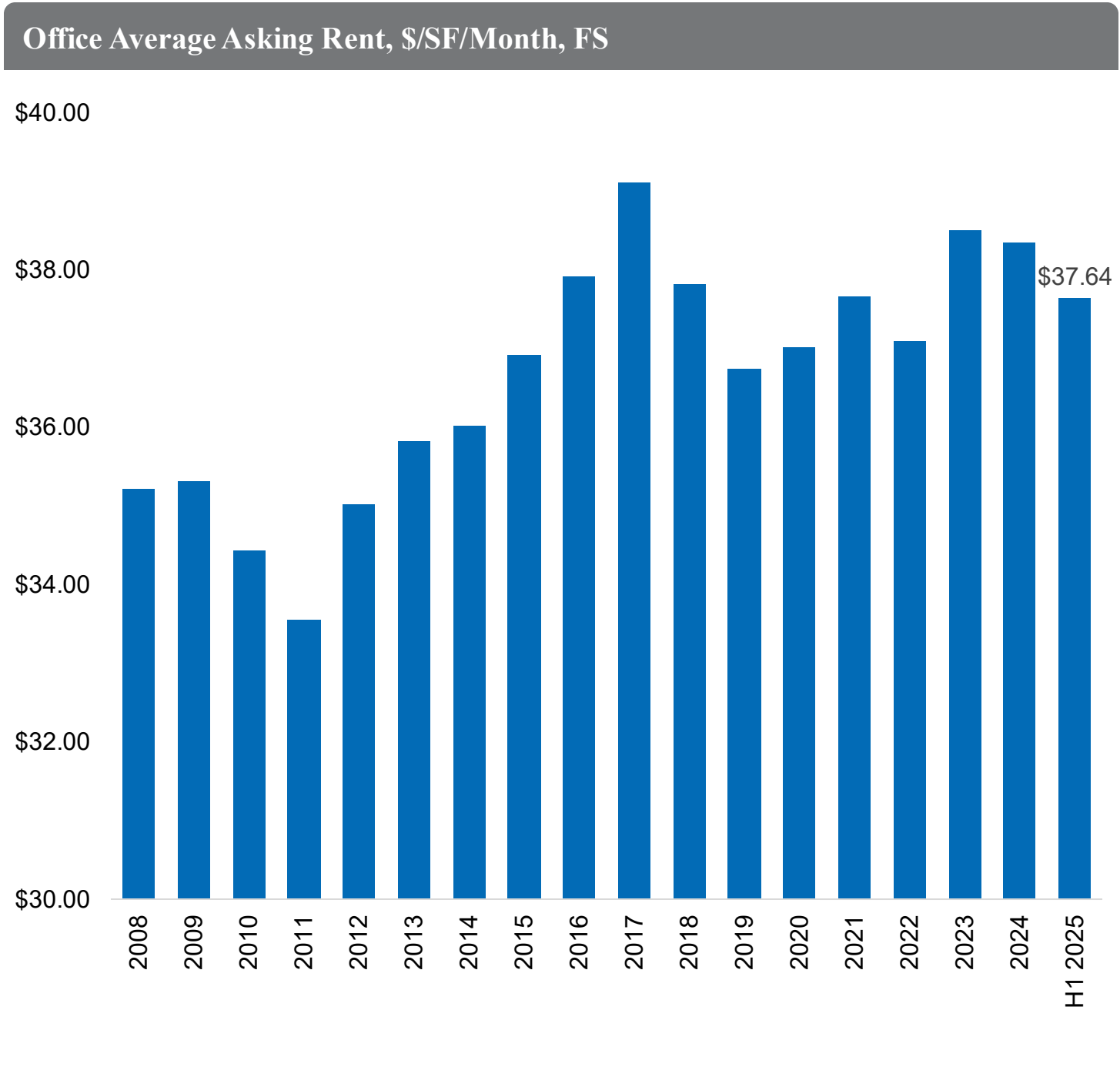


Source: Newmark Research



# Post-Peak Pricing Slips as Higher-Priced Inventory Shrinks

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, averaging \$37.64/SF in the first half of 2025. Leasing activity at 400 Atlantic Street, with asking rents around \$60.00/SF, brought the weighted average down. Similarly, the removal of other higher-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 in 2025.

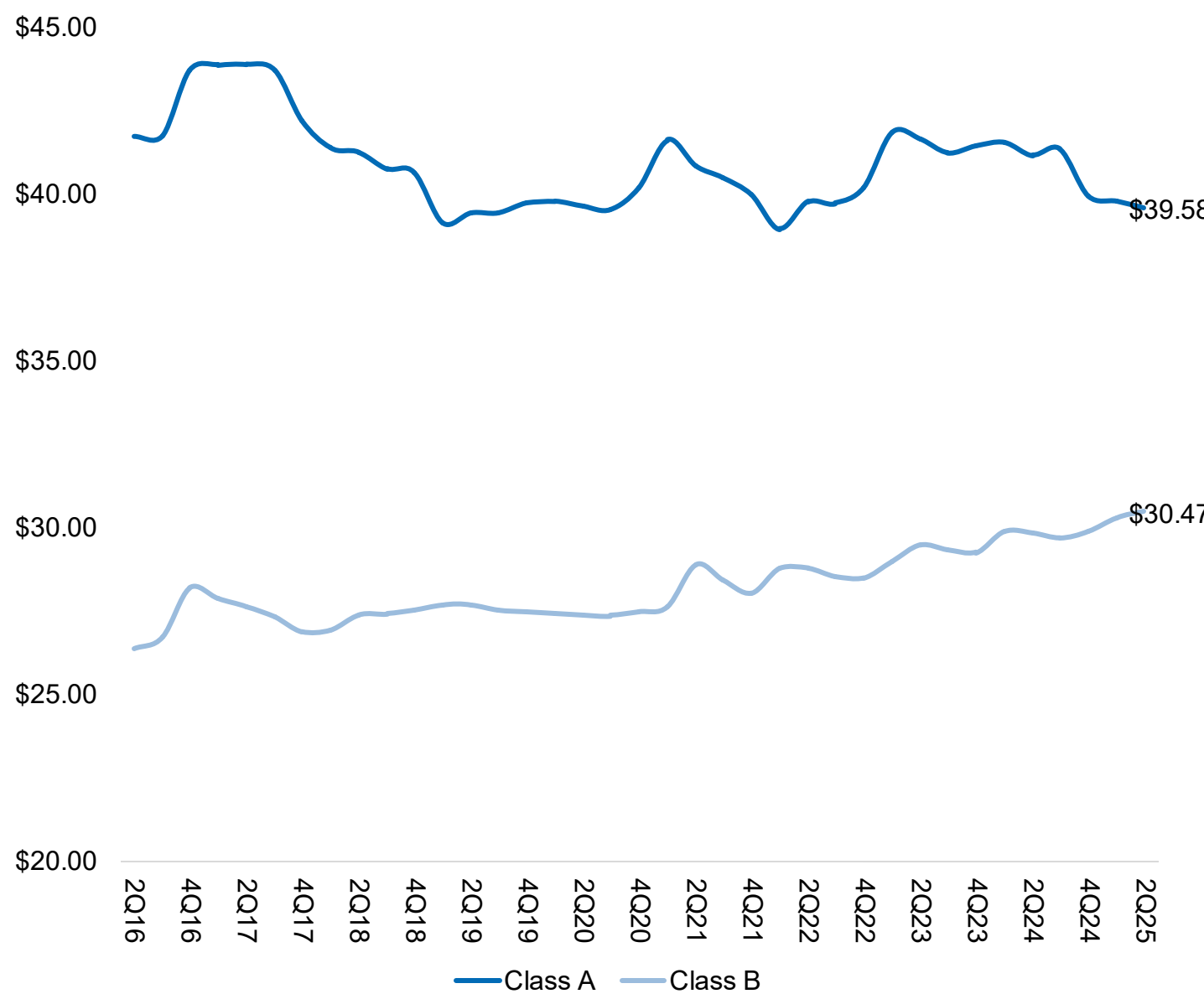


Source: Newmark Research

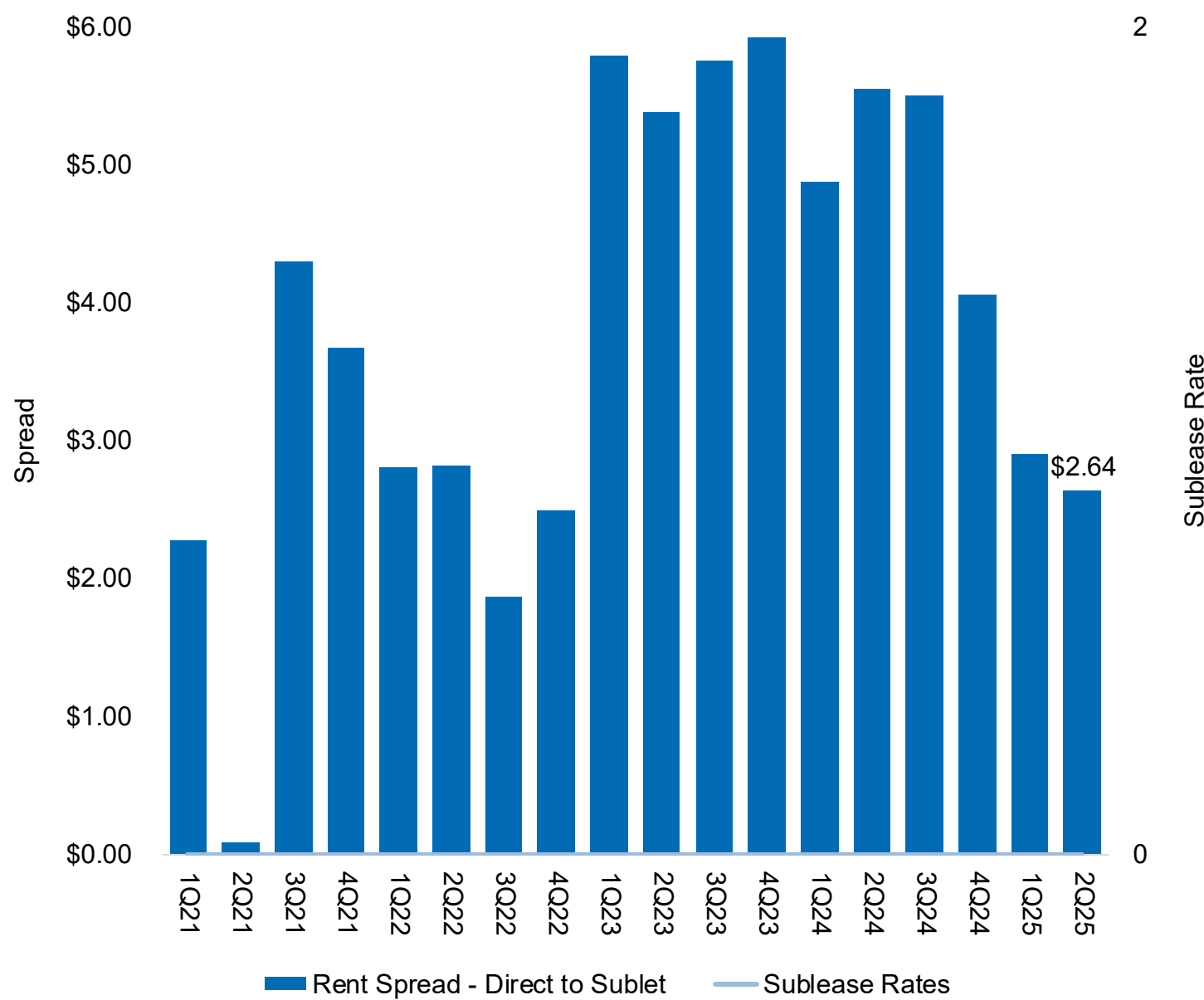
# Narrowing Rent Gap Driven by Leasing Trends

With higher-priced Class A spaces being leased quickly, the average direct asking rate declined to \$39.58/SF, leaving lower-priced listings behind. Meanwhile, Class B rents continued a gradual climb, reaching \$30.47/SF. The gap between direct and sublease rates shrank for the fourth straight quarter to \$2.64/SF. As high-priced direct space is absorbed, the overall average drops, while sublease rents remain steadier due to slower turnover, tightening the spread even without rising sublease rates.

Class A and Class B Asking Rents



Sublease Rates



Source: Newmark Research



# H1 2025 Leasing Volume Just Shy of 1.2 Million SF; Large Deals Scarce

Leasing activity reached just under 1.2 million square feet in the first half of 2025, with notable relative declines across the Greenwich CBD, Stamford Non-CBD, and Eastern submarkets. In contrast, more active leasing was observed in areas like the Greenwich Non-CBD and Norwalk. The slowdown in core markets isn’t necessarily a sign of weakness, limited availability of quality space has certainly been a factor. Additionally, deal volume has skewed smaller, with just one transaction exceeding 50,000 SF: a renewal by Cummings & Lockwood at 6 Landmark Square in Stamford.

Notable Midyear 2025 Lease Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
Cummings & Lockwood	6 Landmark Square	Stamford CBD/Train	Renewal	55,643
Stamford Health Integrated Practices	292 Long Ridge Road	Stamford Non-CBD/North Merritt Parkway	Renewal	46,392
Commonfund	601 Merritt 7	Norwalk/Route 7	New Lease	39,730
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
North Mill Equipment Finance	601 Merritt 7	Norwalk/Route 7	Sublease	24,988
Morgan Stanley	4 Landmark Square	Stamford CBD	Renewal	23,062
First County Bank	3001 Summer Street	Stamford Non-CBD/North Merritt Parkway	Renewal	19,683
UBS Financial Services	8 Wright Street	Westport/Central	Renewal	19,217
Information Services Group	400 Atlantic Street	Stamford CBD/Train	New Lease	17,552

Source: Newmark Research

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## Fairfield County Office Submarket Overview (Page 1 of 3)



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## Fairfield County Office Submarket Overview (Page 2 of 3)



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## Fairfield County Office Submarket Overview (Page 3 of 3)



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# Fairfield County Office Submarket Map



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