

# THE HASTINGS REPORT

By David P. Fugitt, SIOR

## The Lower Fairfield County Commercial Real Estate Market

	<u>Office Vacancy (Availability)* Rates</u>				<u>Average Asking Office Rental Rates</u>			
	<u>End of 3<sup>rd</sup> Quarter</u>		<u>End of 3<sup>rd</sup> Quarter</u>		<u>End of 3<sup>rd</sup> Quarter</u>		<u>End of 3<sup>rd</sup> Quarter</u>	
	<u>2008</u>		<u>2007</u>		<u>2008</u>		<u>2007</u>	
Westport	5.7%	(7.3%)	7.7%	(8.3%)	Westport	\$35.81/S.F.	\$33.96/S.F.	
Norwalk	10.2%	(10.8%)	11.9%	(12.2%)	Norwalk	\$28.41/S.F.	\$27.51/S.F.	
Stamford	9.1%	(10.5%)	8.2%	(9.4%)	Stamford	\$35.38/S.F.	\$35.33/S.F.	
Greenwich	3.9%	(5.7%)	4.9%	(5.3%)	Greenwich	\$57.95/S.F.	\$55.68/S.F.	
Wilton	10.1%	(12.7%)	4.1%	(6.3%)	Wilton	\$32.65/S.F.	\$33.11/S.F.	
Fairfield	1.7%	(2.3%)	3.7%	(3.8%)	Fairfield	\$29.88/S.F.	\$29.22/S.F.	
Darien	8.4%	(8.5%)	7.1%	(7.1%)	Darien	\$35.77/S.F.	\$35.73/S.F.	
New Canaan	4.4%	(4.6%)	3.9%	(3.9%)	New Canaan	\$43.41/S.F.	\$42.17/S.F.	
Trumbull	3.5%	(4.8%)	3.5%	(5.3%)	Trumbull	\$23.61/S.F.	\$19.89/S.F.	
Shelton	5.9%	(7.1%)	6.7%	(7.0%)	Shelton	\$21.01/S.F.	\$21.59/S.F.	
<b>TOTAL</b>	<b>7.60%</b>	<b>(8.9%)</b>	<b>7.6%</b>	<b>(8.4%)</b>	<b>\$34.05/S.F.</b>	<b>\$33.05/S.F.</b>		

\*Availability rates include both sublease and direct availabilities.

There is no hiding from the challenges and issues presented by the severe economic downturn beginning in mid-2008. Businesses are having difficulty obtaining financing to keep them able to operate and many individuals are experiencing the same problem.

With businesses laying off considerable numbers of employees, they do not need as much space which initially creates an increasing amount of sub-let space and later on additional direct availabilities.

However, times like these present opportunity. Market office rents from what I have been experiencing have fallen since early 2008. This is a fantastic time for companies to relocate to less expensive and

possibly better space with more flexible terms. I recommend to tenant clients to look for a longer term lease reflecting this lower market pricing rather than short term so their rents won't go back to much higher rates when the economy and the office market rebounds.

Commercial rents have certainly softened but, so far, it has not been as devastating as the real estate market of the late 1980's to early 1990's. when market rental rates plunged approximately 25%-30%. This was in part due to a very high vacancy rate created by significant "spec" development during the mid 1980s. When the economy softened and demand lightened we were left with far too much product which brought on a precipitous

fall in market rental rates as well as property values. This time around the vacancy rate began at a relative low level so the supply is not nearly as high as before.

Therefore, if it is any consolation, that horrific real estate market rebounded and continued to do well and expand for years. This market will rebound too.

We at **HASTINGS** look forward to the opportunity to be of service to you and your company. John D. Hastings, Inc., established in 1948, is a commercial real estate firm specializing in commercial leasing, investment sales and appraisals serving lower Fairfield County. Visit our web site at [www.johndhastings.com](http://www.johndhastings.com)