

# THE HASTINGS REPORT

By David P. Fugitt, SIOR

## The Lower Fairfield County Commercial Real Estate Market

### Comparative Office Vacancy Rate and Rental Rate Trends

#### Office Vacancies

#### Office Rental Rates

	<u>1<sup>st</sup> Quarter 2009</u>		<u>1<sup>st</sup> Quarter 2008</u>			<u>1<sup>st</sup> Quarter 2009</u>		<u>1<sup>st</sup> Quarter 2008</u>	
	<u>Direct</u>	<u>Including Sub-let</u>	<u>Direct</u>	<u>Including Sublet</u>					
Westport	6.4%	(7.3%)	7.0%	(7.3%)	Westport	\$33.12/S.F.	\$34.66/S.F.		
Norwalk	10.4%	(10.9%)	6.7%	(8.7%)	Norwalk	\$31.70/S.F.	\$38.67/S.F.		
Stamford	9.9%	(10.6%)	11.8%	(12.1%)	Stamford	\$27.14/S.F.	\$28.42/S.F.		
Greenwich	4.0%	(11.1%)	9.5%	(10.7%)	Greenwich	\$39.24/S.F.	\$36.65/S.F.		
Wilton	9.7%	(6.4%)	2.6%	(4.1%)	Wilton	\$58.68/S.F.	\$55.11/S.F.		
Fairfield	2.4%	(2.6%)	2.3%	(2.4%)	Fairfield	\$30.02/S.F.	\$29.50/S.F.		
Darien	10.9%	(10.9%)	9.4%	(10.1%)	Darien	\$35.09/S.F.	\$35.82/S.F.		
New Canaan	4.5%	(5.3%)	2.8%	(3.3%)	New Canaan	\$40.64/S.F.	\$45.97/S.F.		
Trumbull	2.8%	(3.9%)	3.3%	(4.8%)	Trumbull	\$22.25/S.F.	\$24.19/S.F.		
Shelton	6.0%	(6.6%)	7.3%	(7.7%)	Shelton	\$20.39/S.F.	\$21.75/S.F.		
<b>Overall</b>	<b>8.2%</b>	<b>(9.2%)</b>	<b>7.9%</b>	<b>(8.8%)</b>		<b>\$32.80/S.F.</b>	<b>\$32.20/S.F.</b>		

I find it interesting and also amazing that the overall vacancy rate increased marginally from the first quarter of 2008 to the same point in 2009. One would think that with a significant drop in leasing activity, the vacancy rate would increase to a much greater extent than the above numbers indicate.

However, numbers can be deceiving. Since mid-2008 when the very stability of the national and global financial markets were shattered, leasing activity slowed but did not stop. Any commercial broker working in this market can attest to this. I would expect vacancy rates to continue to inch up and possibly jump up until users regain confidence in economic stability and increased spending habits of the general public. I believe the recent rise in the financial indexes, along with various other positive news, indicates an improved economy

within the next six months or so. By the way, we have now been in this current recession for the past 16 months and an additional 3-6 months will make this downturn one of the longest recessions over the past several decades.

If the next six months brings about improved economic activity, which I believe it will, the regional commercial real estate market will gain strength very quickly as there won't be significant amounts of vacant office space to fill as in previous recessions.

Now is the time to act. The next six months will be the ideal time for tenants to either move to new space or renegotiate a new lease where they lease now and enter into a longer term lease as I believe rents are sure to move considerably higher over the next few years. This is one of the best opportunities to lock in a long

term lease at what will be considered to be well below market for the term of the lease.

Working with an experienced commercial tenant rep will help locate the right space at a very competitive rate which will become more and more below market each year of your lease term.

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)