

THE HASTINGS REPORT

By David P. Fugitt, SIOR

The Lower Fairfield County Commercial Real Estate Market

Office Vacancy Rate Trends

Vacant & Available Space

Both Relet & Sublet

	<u>3rd Quarter</u> <u>2009</u>	<u>2nd Quarter</u> <u>2009</u>	<u>1st Quarter</u> <u>2009</u>	<u>4th Quarter</u> <u>2008</u>	<u>3rd Quarter</u> <u>2008</u>
Westport	14.8%	15.3%	14.1%	12.9%	13.5%
Norwalk	15.5%	15.3%	16.2%	16.3%	15.4%
Stamford	18.8%	17.5%	16.2%	15.7%	15.4%
Greenwich	12.5%	12.5%	12.1%	10.3%	9.3%
Wilton	18.1%	16.9%	17.2%	19.5%	19.1%
Fairfield	12.9%	10.6%	7.1%	6.1%	4.6%
Darien	22.9%	24.4%	22.4%	16.5%	16.5%
New Canaan	14.4%	10.7%	11.8%	9.1%	9.0%
Trumbull	14.1%	12.0%	11.9%	14.1%	14.5%
Shelton	15.0%	14.0%	13.8%	14.0%	14.1%
Overall	16.8%	16.0%	15.4%	15.0%	14.5%
Overall Relet	14.5%	14.1%	13.7%	13.3%	13.1%
Overall Sublet	2.3%	1.9%	1.6%	1.6%	1.4%

It's common knowledge these days that there is more office space available now than a year ago. The five year trend was a lowering of available space from approximately 17% in 2004 to 13% in 2007. Since 2007 the vacancy rate has increased back up to approximately 17%, the same as five years ago.

An important indication of where the market is going is in the direction of sub-let space. The sub-let vacancy rate has increased from a very low level of 1% in 2007 to 2.3% in the third quarter of 2009. This is a rather large increase and it is difficult to predict when it may peak as it has increased each quarter from 1.4% in the third

quarter of last year to 2.3% in this past recent third quarter.

With all of this data indicating continued challenges, there has been increased activity in the market with several large deals being made and a considerable increase in small to medium sized requirements. There seems to be improved confidence and activity from decision makers which allows them to commit to leasing new or larger space. This is also being stimulated by greatly reduced rental rates as much as 20%-25%.

Forecasting the state of the office market in 2010 is difficult due to the differential between

perceived new leasing activity and the continued high unemployment rate. I go back to the sub-lease market. Once the sub-let vacancy level begins to decrease then there will be less competition for re-let space which will be a strong indicator of the office market bottoming and finally improving going forward.

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