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## **The commercial real estate market continues to strengthen with Fairfield County leading the way**

March 19, 2015 - Connecticut

A year in retrospect...

The commercial real estate market continues to strengthen. Leading the way, Fairfield County retail market's vacancy rates have declined to 4.3% starting Q1 2015 from 4.6% in Q1 of 2014.

Currently, available retail spaces include, 113 properties for sale and 377 properties for lease, with an additional 527 spaces not publicly marketed.

2014's largest lease signings included 150,000 s/f, signed by Bass Pro Shops at 325 Stratford Ave., part of the Steelpoint Development, which is gaining momentum with other retail tenants such as Starbucks and Chipotle in Bridgeport.

A macro look at rental rates for the county, are up from \$26.81 s/f, Q1 2014 to \$27.46 s/f Q1 2015. Over the past four quarters, a total of 51,582 s/f of new retail space has been built in Fairfield County. At the end of Q4 2014 there is an additional 208,968 s/f of retail space still under construction. Most notable 2014 deliveries include: 1 Sasco Hill a 20,000 s/f strip center that was delivered in first quarter 2014, 63% leased and by the end of 2014 was 100% leased.

Omni channel retailing is leading the retail sector in discussion and future development. Major retailers are researching retail service centers capable of delivering next day vs street retail. The retail market futures will depend on accessibility of products through online and in store venues and stores without specialization or enough consumer interaction/experience is projected to see a sharp decline, which is yet to be proven.

The Fairfield County office market vacancy rate now sits at 14.2% down from 15.2% in Q1 2014. Currently in Fairfield County there are 125 properties for sale and 502 properties with 1,048 spaces for lease not publicly marketed.

Tenants moving out of large blocks of space in 2014 include companies such as, Deloitte, vacating 126,017 s/f at Stamford Harbor Park, UBS vacating 78,017 s/f at One Stamford Forum and Save the Children Foundation vacating 62,000 s/f in Westport. Currently trending at \$36.70 for its office space in its transition to the town of Fairfield where the office market is trending \$28 s/f. This highlights a significant overall shift of business moving north along I-95 into less expensive markets as advances in technology allow for a more flexible utilization of space and easier access to consumers or end users.

The largest lease signings that occurred in 2014 include 137,375 s/f signed by Deloitte at BLT Financial Centre in the Stamford market, a 126,017 s/f deal signed by Starwood Hotels & Resorts Worldwide at Stamford Harbor Park in Stamford, and the 103,596 s/f lease signed by United Healthcare at Reservoir Corporate Centre in Shelton.

The Fairfield County Industrial Market vacancy has decreased to 12.3%. Currently in Fairfield County, the Industrial Market has 81 properties for sale and 136 properties for lease and 204

spaces for lease/sale, not publically marketed.

Tenants moving into large spaces in 2014 include: Cervalis at 167,691 s/f, NBC Sports group at 50,000 s/f at The Campus, and Club 24 with 28,000 s/f signed by Sperry Rail at Sperry Rail Building and the 30,000 s/f deal signed by ABC 31 at 470 Bridgeport Ave. in Shelton. The average rental rate at the start of Q1 2014 is 7.79 s/f.

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