

MARKETBEAT

FAIRFIELD COUNTY OFFICE REPORT

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION



2Q10

ECONOMY

Economic conditions in Fairfield County have mirrored the rest of the nation. The region appears on track for a steady recovery in employment. With unemployment levels at 8.2% it remains healthier than the national unemployment rate of 9.7%. Total employment during the first five months of 2010 grew by 2,000 jobs – half of those in the private sector, the other half in government, related in part to the 2010 Census. In the key office-using industries (financial, professional services and information), payrolls increased by 1,200 jobs or 1.1%, as growth in professional services employment more than offset a continuing decline in financial services payrolls. The regional economy has stabilized, which we expect to be followed by growth along with the national economy in 2010.

OVERVIEW

Although second quarter 2010 leasing activity in Fairfield County decreased 24.8% from first quarter, it is up 154.5%, year-over-year. While leasing activity was down in most markets, leasing in the Stamford non-CBD increased 22% from last quarter. Leasing activity in Wilton and Weston doubled from last quarter and is up more than 250% from the second quarter 2009. The most significant transaction of the quarter brought Starwood Hotels & Resorts from White Plains to Stamford, signing a 250,000-square foot (sf) new lease at 333 Ludlow Street. Other notable deals were The Nielsen Company's 55,531-sf lease at 40 Danbury Road and Bridgewater Associates' 16,683-sf lease at 300 Nyala Farms Road in Westport.

The class A direct vacancy rate rose to 15.7%, up more than two percentage points from second quarter 2009. The addition of 144,134 sf of direct space at One Blachley Road in Stamford and 115,000 sf of sublease space at 100 Connecticut Avenue in Norwalk represent the two largest blocks of available office space added to the market this quarter. The Wilton and Weston submarket is the only market in Fairfield County that has seen a considerable decrease in the vacancy rate, falling to 15.4%, down from 18.1% in the previous quarter.

Fairfield County direct asking rents fell \$1.09 per square foot (psf) from last quarter and average \$31.71 psf, the lowest point that it has been since the second quarter 2007. While there were minimal increases in rents, it was Greenwich with the biggest increase, up 2.5% since last quarter. Stamford rents saw the biggest quarterly decline in the county as both the Stamford CBD and non-CBD declined by more than 5%.

FORECAST

Although market conditions remain relatively weak throughout the county, two consecutive quarters with strong leasing offers encouragement for the future. As the Fairfield economy shifts from contraction to growth during the second half of 2010, vacancy is expected to peak and begin to decline.

BEAT ON THE STREET

"The Fairfield County market is a slow, but undeniable march towards recovery. This recovery will be uneven and it will test our convictions, but it is underway."

—Jim Fagan, Senior Managing Director

ECONOMIC INDICATORS

National	2009	2010F	2011F
GDP Growth	-2.4%	3.1%	3.9%
CPI Growth	-0.3%	1.8%	2.1%
Regional			
Unemployment	5.2%	7.5%	8.7%
Employment Growth	-0.1%	-2.0%	-0.5%

Source: Moody's | Economy.com

MARKET FORECAST

LEASING ACTIVITY is expected to remain stable throughout the third quarter



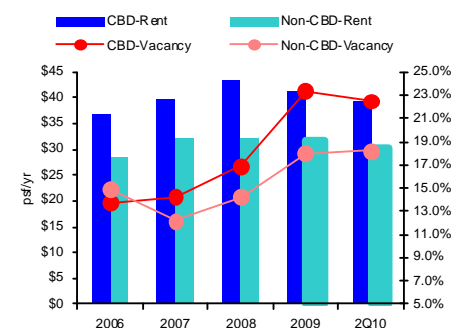
RENTAL RATES are expected to continue to decrease modestly and bottom before the end of 2010.



INVESTMENT SALES will continue to be slow throughout 2010 and will pick up once the market stabilizes.



OVERALL RENTAL VS. VACANCY RATES



MARKET/SUBMARKET STATISTICS

MARKET/SUBMARKET	INVENTORY	NO. OF BLDGS.	OVERALL VACANCY RATE	DIRECT VACANCY RATE	YTD LEASING ACTIVITY	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	YTD DIRECT ABSORPTION	YTD OVERALL ABSORPTION	DIRECT WTD. AVG. CLASS A GROSS RENTAL RATE*
Stamford CBD	6,832,948	35	22.5%	20.4%	169,565	0	0	(43,613)	(71,302)	\$42.23
Stamford Non-CBD	8,407,847	104	24.9%	20.4%	493,743	353,228	0	69,685	60,626	\$33.71
Greenwich	4,228,339	63	16.5%	11.0%	220,834	0	0	(43,777)	1,953	\$57.56
Darien/New Canaan	746,990	22	16.1%	14.8%	8,833	0	0	(9,724)	(9,724)	\$31.72
Norwalk	6,015,362	49	19.5%	13.6%	181,695	0	0	(42,834)	(231,881)	\$32.78
Wilton/Weston	1,758,279	16	15.4%	9.3%	143,962	0	0	20,542	37,130	\$28.13
South Central	8,520,631	87	18.4%	12.8%	334,490	0	0	(32,016)	(204,475)	\$31.91
Westport/Southport	1,569,782	38	16.0%	14.0%	56,834	0	0	(34,072)	(9,077)	\$34.98
Fairfield	1,371,961	22	4.1%	4.1%	26,882	0	0	3,845	12,345	\$30.91
Central	2,941,743	60	10.5%	9.4%	83,716	0	0	(30,227)	3,268	\$34.18
Bridgeport	1,759,711	20	7.0%	7.0%	14,338	0	0	0	0	\$23.82
Shelton/Stratford	3,414,336	34	14.0%	12.7%	161,882	0	0	(20,283)	(25,203)	\$21.71
Trumbull	1,476,132	18	16.7%	15.0%	6,230	0	0	(34,944)	(36,768)	\$25.23
Eastern	6,650,179	72	12.8%	11.7%	182,450	0	0	(55,227)	(61,971)	\$23.18
Greater Danbury	3,270,313	35	20.5%	19.7%	36,766	0	0	(9,314)	(28,314)	\$25.23
CBD	6,832,948	35	22.5%	20.4%	169,565	0	0	(43,613)	(71,302)	\$42.23
NON-CBD	34,019,052	421	18.2%	14.6%	1,351,999	353,228	0	(100,876)	(228,913)	\$32.11
FAIRFIELD TOTAL	40,852,000	456	18.9%	15.6%	1,521,564	353,228	0	(144,489)	(300,215)	\$33.64

* RENTAL RATES REFLECT \$PSF/YEAR

MARKET HIGHLIGHTS

SIGNIFICANT 2Q10 NEW LEASE TRANSACTIONS

BUILDING	SUBMARKET	TENANT	SQUARE FEET	BLDG CLASS
333 Ludlow Street	Stamford Non-CBD	Starwood Hotels & Resorts Worldwide, Inc.	250,000	A
40 Danbury Road	Wilton/Weston	The Nielsen Company	55,531	A

SIGNIFICANT 2Q10 SALE TRANSACTIONS

BUILDING	SUBMARKET	Buyer	SQUARE FEET	PURCHASE PRICE
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SIGNIFICANT 2Q10 CONSTRUCTION COMPLETIONS

BUILDING	SUBMARKET	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
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N/A

SIGNIFICANT PROJECTS UNDER CONSTRUCTION/RENOVATION

BUILDING	SUBMARKET	MAJOR TENANT	SQUARE FEET	COMPLETION DATE
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Harbor Point I & II	Stamford Non-CBD	N/A	353,228	N/A
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*Market terms & definitions based on BOMA and NAIOP standards.

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