Fairfield County, Connecticut

Tenant's Guide ▪ North American Markets ▪ Fourth Quarter 2011

Overview

There was a slight increase in the overall vacancy rate for Fairfield County class A buildings, finishing the year at 21.4%, while average rental rates ended the year slightly lower. A similar increase occurred in vacancy rates for class B buildings which ended the quarter at 26.5%, while average rental rates for class B buildings remained relatively unchanged.
The most significant changes in average rental rates occurred in class A buildings in Greenwich which increased by $4.00 while in Stamford, the average rental rate for class A buildings decreased by $2.80. The average asking rental rate for class A office space in Fairfield County ended 2011 at $36.65. This represents a decrease of $1.04 from the third quarter of 2011 but an increase compared to 2010 year end rental rates.

Market Trends

- The vacancy rate in Ridgefield class B buildings increased by over 12% due to an entire office building being listed on the market as available. These trends seem significant in markets where there is not abundant inventory.
- Class B buildings in Norwalk once again experienced the highest increase in vacancy rates of 2.8% and ended the quarter with the overall highest vacancy rate of 40%. For class A buildings, Danbury had the highest vacancy rate of 29.9% but experienced an insignificant increase over last quarter.
- Although there was a slight uptick in vacancy rates for all of Fairfield County compared to the third quarter, the end of year vacancy rate for 2011 of 22.5% represents a half point decrease compared to year end 2010.

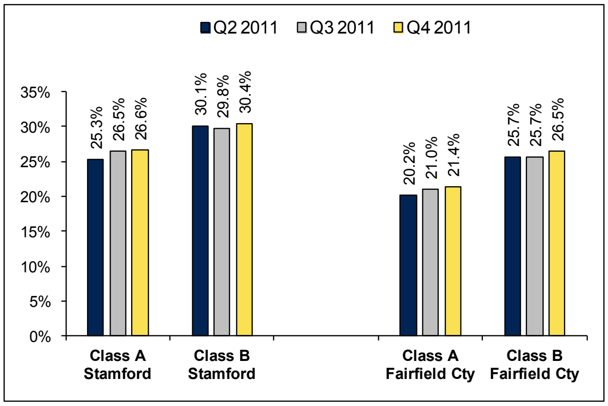
Tenant's Perspective

Now is the time to engage your landlord in renewal discussions if your lease is expiring in the next 24-36 months. In 2013 a good portion of the CMBS debt will need to be refinanced, and building owners (and lenders) recognize the value of longer-term leases. If a building owner can hedge against a vacancy, resulting downtime and additional capital costs, significant concessions may be offered in trade for an early renewal. It is important to have a clear understanding of the micro market conditions in order to benefit from these negotiations.

Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Wilson Elser LLP	124,000	Office	Lease
Aegean Capital LLC	103,367	Office	Sale
World Wrestling Entertainment	66,000	Flex	Lease
DRS Technologies	40,000	Office	Lease
GE Capital	39,000	Office	Lease
Gexpro	30,132	Office	Lease
WestMed	28,180	Office	Lease
Pentegra Retirement Services	26,435	Office	Lease
Fact Set	25,719	Office	Lease
Dorf Law Firm LLP	15,832	Office	Lease

Vacancy Rate



Average Rental Rates

Stamford	Q2 2011	Q3 2011	Q4 2011
Class A Office	$43.01	$44.66	$41.86
Class B Office	$26.55	$26.41	$26.64

Fairfield Cty	Q2 2011	Q3 2011	Q4 2011
Class A Office	$36.49	$37.69	$36.65
Class B Office	$26.88	$27.07	$26.94

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