

Hartford industrial market remains tight despite decreased leasing activity

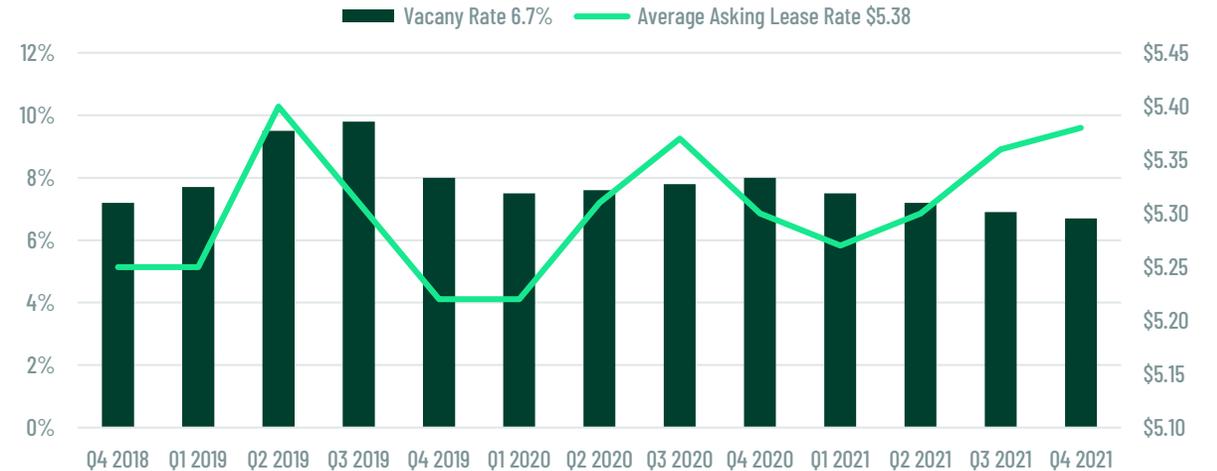


Note: Arrows indicate change from previous quarter.

The Greater Hartford industrial market closed the fourth quarter of 2021 with 160,172 sq. ft. of positive absorption, and 827,298 sq. ft. of positive absorption YTD. The vacancy rate decreased slightly to 6.7%, while the availability rate increased slightly, finishing the quarter at 8.5%. Average asking rents increased to \$5.38 per sq. ft. NNN. The Hartford market remains tight, with only 5.14 million sq. ft. of vacant space, most of which being class B and C inventory slated for renovation and improvements.

New deals drove leasing activity during Q4, however a noticeable slowdown in leasing volume was felt in the market. This activity was concentrated in the suburban Hartford market, with notable transactions occurring only in the Hartford North submarket. In East Windsor, Blue Triton signed a new 275,000 sq. ft. lease at 18 Craftsman Road, the largest transaction of the fourth quarter. In Windsor Locks, UPS took all 83,000 sq. ft. of the recently constructed 120 Old County Circle in a new lease.

FIGURE 1: Vacancy vs. Lease Rate



Source: CBRE Research, Q4 2021

Hartford Periphery

The average asking rent in the downtown Hartford industrial submarkets decreased slightly quarter-over-quarter, closing out 2021 at \$5.38 per sq. ft. NNN. Availability increased slightly, given the lack of deal activity in the market, finishing the year 0.4% higher than it did in Q3, at 8.6%, while vacancy decreased significantly to 7.1%. 26,529 sq. ft. of positive absorption was recorded during the fourth quarter, bringing the YTD total to 38,569 sq. ft. of positive absorption.

Hartford East

The Hartford East submarket experienced minor contraction during the fourth quarter, recording 47,180 sq. ft. of negative absorption, however due to strong leasing activity in the second and third quarters, the market finished 2021 with 436,295 sq. ft. of positive absorption YTD. Availability and vacancy both decreased by 0.3%, ending the year at 9.8% and 7.1%, respectively. The average asking rent decreased slightly to \$5.21 per sq. ft. NNN.

Hartford North

The Hartford North submarket had the strongest quarter of all the suburban submarkets, capturing the bulk of the quarter’s leasing activity. The market experienced 204,760 sq. ft. of growth in Q4, and 539,384 sq. ft. of positive absorption YTD. Average asking rent increased very slightly to \$5.39 per sq. ft. NNN, as did availability, to 7.9%. Vacancy decreased to 6.0%, remaining one of the lowest in the market.

Hartford South

The Hartford South submarket saw the most contraction of all the suburban markets, with 68,068 sq. ft. of negative absorption in Q4, and 81,924 sq. ft. of negative absorption YTD. Both availability and vacancy increased slightly, finishing the year at 10.1% and 9.3%, respectively. Average asking rent remained flat quarter-over-quarter (q-o-q) at \$5.41 per sq. ft. NNN.

Hartford West

Despite recording 44,550 sq. ft. of negative absorption in Q4, and 105,026 sq. ft. of negative absorption YTD, the Hartford West submarket is the tightest in the market, with a vacancy rate of just 5.3%. The submarket holds the lowest availability rate, which finished the year at 6.1%, a decrease of 0.4%. q-o-q. With a slight increase of \$0.02, the average asking rent remains the highest at \$5.88 per sq. ft. NNN.

Figure 2: Transactions of Note

Tenant/Investor	Address	Sq. Ft.	Submarket	Type
Blue Triton Brands	18 Craftsman Road	275,000	Hartford North	New
UPS	120 Old County Circle	83,000	Hartford North	New

Source: CBRE Research, Q4 2021

Industrial Net Absorption

The Greater Hartford industrial market ended Q4 2021 with 160,591 sq. ft. of positive absorption, and 827,298 sq. ft. of positive absorption YTD. The Hartford North and Hartford periphery submarkets both experienced growth this quarter, finishing Q4 with 204,760 sq. ft. and 26,529 sq. ft. of positive absorption, respectively. The remaining three Hartford submarkets contracted in Q4.

Industrial Average Asking Rents

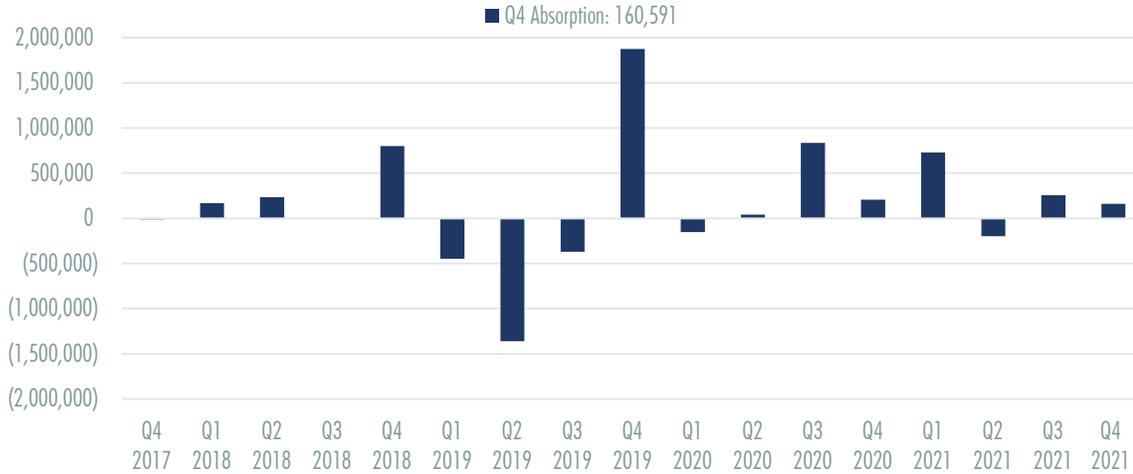
Average asking rents throughout the Greater Hartford industrial market increased overall during Q4 2021, to \$5.38 per sq. ft. The Hartford West submarket remains the highest average asking rent in the region, finishing the quarter at \$5.88 per sq. ft.

Figure 3: Market Statistics

Hartford Industrial	Bldgs	Total Sq Ft	Available (%)	Vacant (%)	Sublease (%)	Quarter Absorption	YTD Absorption	Avg Asking Rent \$ (NNN)
Hartford Periphery	113	4,448,145	8.6	7.1	0.0	26,529	38,569	5.38
Hartford North	464	31,965,160	7.9	6.0	0.5	204,760	539,384	5.39
Hartford South	278	12,275,984	10.1	9.3	0.0	(68,064)	(81,924)	5.41
Hartford East	385	17,674,381	9.8	7.1	0.0	(47,180)	436,295	5.21
Hartford West	237	10,254,376	6.1	5.3	0.0	(44,550)	(105,026)	5.88
Total Market	1477	76,618,046	8.5	6.7	0.2	160,591	827,298	5.38

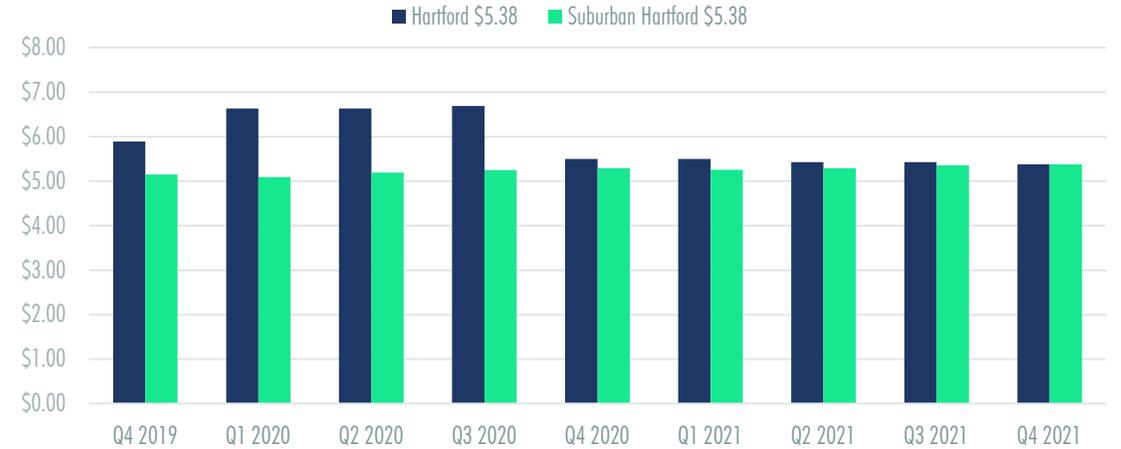
Source: CBRE Research, Q4 2021

Figure 4: Net Absorption



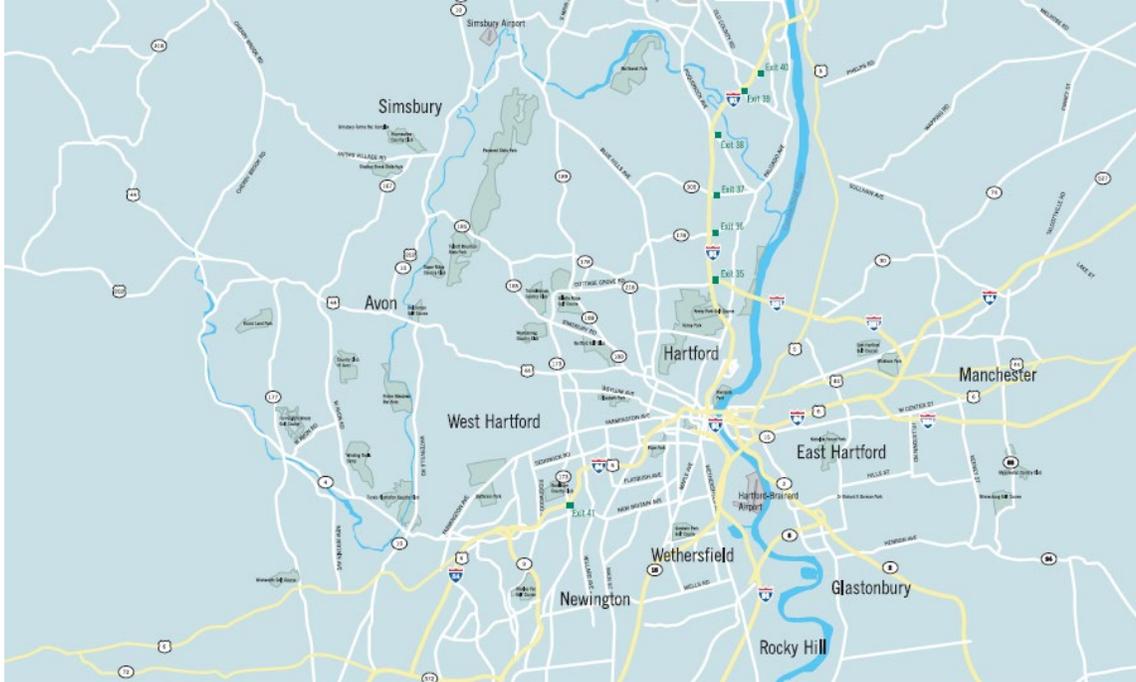
Source: CBRE Research, Q4 2021

Figure 5: Average Asking Leasing Rate



Source: CBRE Research, Q4 2021

Market Area Overview



Definitions

AVERAGE ASKING LEASE RATE: Rate determined by multiplying the asking gross lease rate for each building by its available space, summing the products, then dividing by the sum of the available space with net leases for all buildings in the summary. **GROSS LEASES:** Includes all lease types whereby the tenant pays an agreed rent plus estimated average monthly costs of the operating expenses and taxes for the property, including utilities, insurance and/or maintenance expenses. **NET ABSORPTION:** The change in occupied sq. ft. from one period to the next, as measured by available sq. ft. **NET RENTABLE AREA:** The gross building square footage minus the elevator core, flues, pipe shafts, vertical ducts, balconies and stairwell areas. **OCCUPIED AREA (SQ. FT.):** Building area not considered vacant. **UNDER CONSTRUCTION:** Buildings that have begun construction as evidenced by site excavation or foundation work. **AVAILABLE AREA (SQ. FT.):** Available building area that is either physically vacant or occupied. **AVAILABILITY RATE:** Available sq. ft. divided by the net rentable area. **VACANT AREA (SQ. FT.):** Existing building area that is physically vacant or immediately available. **VACANCY RATE:** Vacant building feet divided by the net rentable area. **NORMALIZATION:** Due to a reclassification of the market, the base, number and square footage of buildings of previous quarters have been adjusted to match the current base. Availability and vacancy figures for those buildings have been adjusted in previous quarters.

Survey Criteria

Includes all competitive buildings in CBRE's survey set for the Greater Hartford Industrial Market.

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