

# MARKET REPORT

Multifamily  
Fairfield County Metro Area

IPA  
INSTITUTIONAL  
PROPERTY  
ADVISORS

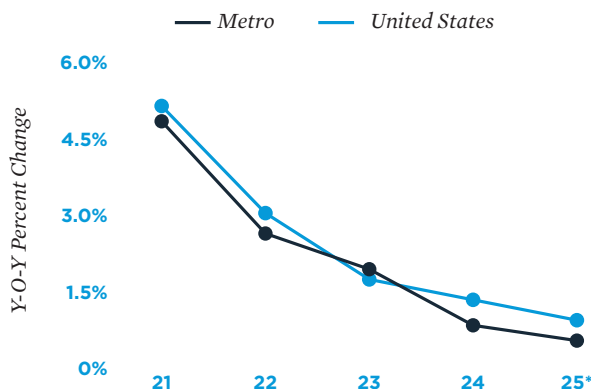
2Q/25

## Labor Market Milestone Underpins Recent Swell of Renter Demand, Aiding Apartment Performance

**Higher end of the market gathering momentum.** Vacancy for Class A and B apartments in Fairfield County fell to 3.5 percent and 3.1 percent, respectively, in March — down more than 200 basis points over the past two years. Tightening availability among the county's mid- and upper-tier rentals, in turn, facilitated double-digit year-over-year rent growth for these classes in certain submarkets. Renter demand is being aided by a growing workforce. More people were employed in Fairfield County as of this spring than at any point since 2000. Recent hiring was most prominent among the education, health care and professional services sectors, which include some high-skill ceiling roles. While vacancy has also lessened among Class C rentals, upward rent momentum is less pronounced in the sector.

**Construction schedule favors areas southwest of Bridgeport.** Improving renter demand supports supply additions, although the concentration of deliveries creates short-term headwinds. Even though the Bridgeport-Danbury area noted vacancy rates of 3.6 percent or lower across all apartment classes at the end the first quarter, projects opening this year are largely located closer to Norwalk and Interstate 95. Additional projects are underway or proposed for Bridgeport and Danbury beyond this year, but the largest upcoming rental properties are further south. While these projects are warranted in the long term, they may foster modest short-run pressure on Class A and B vacancy during their immediate lease-up phase.

### Employment Trends



\* Forecast

Sources: BLS; CoStar Group, Inc.; RealPage, Inc.

## Multifamily 2025 Outlook



**2,000  
JOBS**

*will be created*

### EMPLOYMENT:

Barring a greater-than-expected pull-back in corporate hiring intentions, the county's employment base is set to inch up by 0.5 percent in 2025. This will bring the total headcount to nearly 3 percent above the 2019 mark.



**1,600  
UNITS**

*will be completed*

### CONSTRUCTION:

The volume of completions will retreat from last year's multi-decade high. Still, total inventory expands by 2.5 percent in 2025. The largest project slated to open is 18 Dock in Harbor Point with over 400 units.



**80  
BASIS POINT**

*increase in vacancy*

### VACANCY:

Demand growth this year will fall closer in line with the long-term average and push the countywide vacancy rate back up to 3.8 percent. This rate is nevertheless 110 basis points under the 2010-2024 mean.



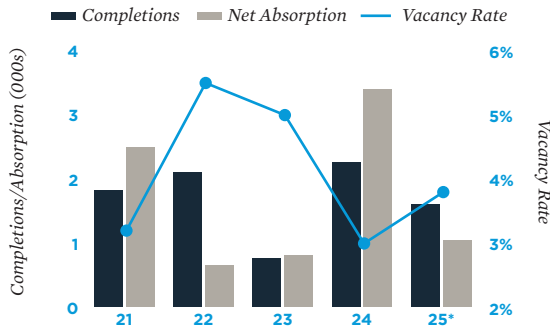
**2.8%  
INCREASE**

*in effective rent*

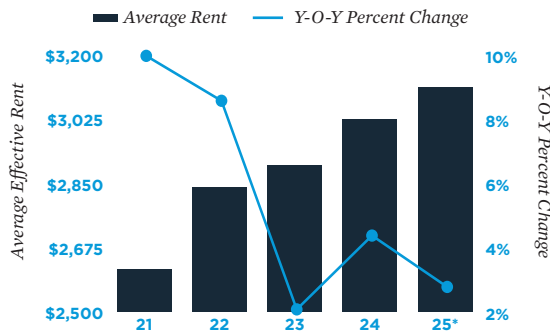
### RENT:

As vacancy modestly loosens, the pace of rent growth will ease. The market's average effective rent will end the year at \$3,112 per month. The mean will be lifted the most by higher rates among Class A and B apartments.

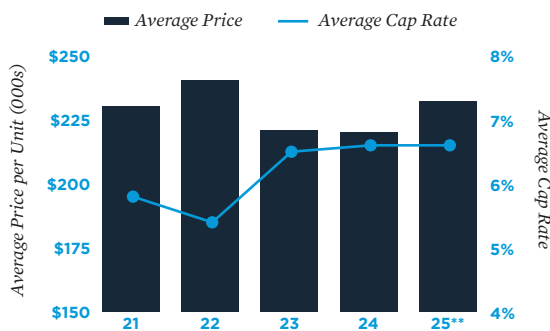
### Supply and Demand



### Rent Trends



### Sales Trends



\* Forecast \*\* Through 1Q

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

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Price: \$250

## 1Q 2025 — 12-Month Period

### CONSTRUCTION 2,044 units completed

- The county's total inventory increased by 3.3 percent over the yearlong period ended in March, with most deliveries occurring near the end of 2024.
- Roughly 1,070 units opened over the past 12 months in the Bridgeport and Danbury areas, equating to 3.8 percent of existing stock. About 970 rentals were completed across Stamford and Norwalk — a 2.9 percent expansion.

### VACANCY 170 basis point decrease in vacancy Y-O-Y

- After climbing from a multi-decade 2.6 percent low in autumn 2021 to a peak of 5.8 percent in March 2023, vacancy in the county tightened, falling to 3.4 percent at the end of 2025's opening quarter.
- Availability across the county's two submarkets were within 10 basis points of one another, with Stamford-Norwalk being lower at 3.4 percent.

### RENT 5.3% increase in the average effective rent Y-O-Y

- Rent growth began to pick up in the summer of last year, leading to an average effective rate of \$3,040 per month at the end of the first quarter.
- Contracting vacancy among higher-end apartments led to a 10.2 percent rise year over year in the mean Class A rent as of March, compared with gains of 4.2 percent and 1.5 percent for the Class B and C tiers, respectively.

### Investment Highlights

- Bridgeport continues to garner the most transactions in the market. Local sales activity nearly doubled in 2024 compared with the year before, as predominantly New York-based investors targeted sub-25-unit Class C assets. Segment vacancy as of March was down 340 basis points from two years prior, underscoring the demand for budget-conscious rentals in a market that trails only San Jose in average effective rent.
- The second-most active city for transactions over the past year was Norwalk, where similar to Bridgeport, smaller Class B and C assets were most targeted. Amid a multi-year stretch of elevated development, investors may be focusing on less supply-sensitive assets in neighborhoods where the median household income lies under \$100,000. While more than half of county households earn an income over that threshold — compared with 38 percent for the U.S. — the renter pool's income range will skew lower.
- The average sale price for trades completed between April 2024 and March 2025 — \$232,000 per unit — failed to surpass the market's 2022 high; however, the metric was up over 5 percent year over year. Upward price momentum and the highest mean cap rate since 2017 may aid future sales.

The information contained in this report was obtained from sources deemed to be reliable. Every effort was made to obtain accurate and complete information; however, no representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. Metro-level employment growth is calculated based on the last month of the quarter/year. Sales data includes transactions sold for \$1 million or greater unless otherwise noted. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice. Sources: Marcus & Millichap Research Services; Bureau of Labor Statistics; CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

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