

# INVESTMENT FORECAST

Retail  
New Haven-Fairfield County

IPA  
INSTITUTIONAL  
PROPERTY  
ADVISORS

2026

## Daily-Needs Demand Underpins Swift Backfilling as Legacy Retailers Test Smaller Footprints

**Faster re-tenancing lifts outlook.** Retail vacancy in New Haven and Fairfield counties rose in 2025 amid several anchor tenant departures, though move-outs were concentrated in outer, secondary nodes such as Meriden. Despite topping 4 percent, Fairfield County's vacancy remained well below the roughly 7 percent level recorded in New Haven County, reflecting its deeper, more affluent consumer base. Backfilling activity in Fairfield County also proved more resilient, with two roughly 50,000-square-foot Stop & Shop locations re-leased to new grocery tenants in late 2025. At the same time, tenant demand broadened modestly across the market as traditional retailers expanded through smaller formats, including recent openings by Barnes & Noble and Ashley Furniture, alongside Best Buy's planned 20,000-square-foot store in Waterbury. Ongoing backfilling activity and a more moderate pace of move-outs should allow vacancy to decline slightly in 2026, particularly as the development pipeline remains thin.

**Credit anchors strengthen neighborhood retail appeal.** Transaction activity remained measured in 2025, with private buyers continuing to dominate sales. Investment concentrated in residential nodes such as North Haven and Wilton, a pattern likely to continue as buyers prioritize assets tied to daily needs over discretionary spending. Buyer interest may build along U.S. Route 1 near Darien, as the city's first office building exceeding 100,000 square feet opens in 2026 as Phase I of a mixed-use project. With Wegmans and Target opening new stores nearby in 2025, the corridor is positioned to capture increased retail traffic, reinforcing local small-shop fundamentals. Meanwhile, institutional capital began re-entering the market late last year, focused on assets anchored by high-credit tenants, signaling firmer investor sentiment.

## 2026 MARKET FORECAST

+0.4%



**Employment:** Job growth stays limited in 2026, with a net gain near 3,000 roles. A growing office-using sector should sustain the region's higher-income consumer base, led by Fairfield County.

75,000  
sq. ft.



**Construction:** After several build-to-suit projects lifted completions last year, deliveries will return to 2024 levels and remain roughly 80 percent below the past decade's average.

-30 bps



**Vacancy:** Following three years of increases, vacancy is expected to ease as move-outs moderate and supply growth remains limited. The market's rate is forecast to reach 5.8 percent by year-end.

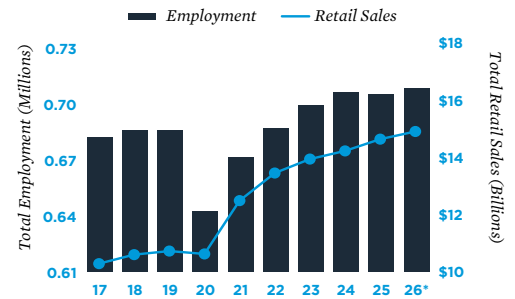
+2.1%



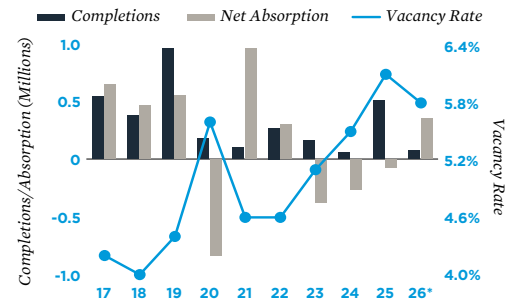
**Rent:** Both counties recorded asking-rent declines last year, though tightening vacancy should help rents firm up going forward. The market's average rent will rise to \$23.76 per square foot.

**INVESTMENT:** West Haven is repositioning its shoreline with higher-capacity dining and event venues while pursuing a grocery anchor, which could support steadier foot traffic and improve the area's investment appeal.

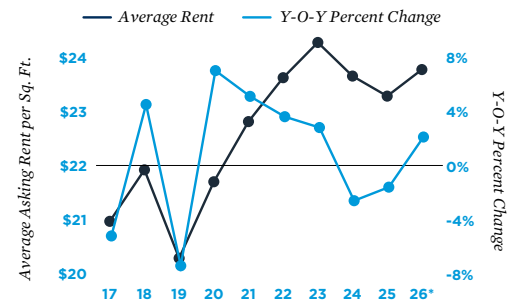
### Economic Trends



### Supply and Demand



### Rent Trends



\* Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

IPA Retail

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Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of January 2026. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Sales data includes transactions valued at \$1,000,000 and greater unless otherwise noted. Forecasts for employment and office data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. 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.