INVESTMENT FORECAST

Office

New Haven-Fairfield County Metro Area

IPA INSTITUTIONAL PROPERTY ADVISORS

2026

Broadening Tenant Demand Accelerates Capital Deployment Despite Divergent County Trends

Availability declining in Fairfield County as New Haven faces select strain. Performance diverged across counties in 2025, with Fairfield posting the nation's sharpest vacancy decline as both Class A and B/C rates fell by over 200 basis points. Although large-block leasing has slowed, the county's deep professional base and appeal to firms seeking proximity to New York City at lower costs should support further tightening in 2026. By contrast, New Haven County saw net move-outs in 2025, but they were confined to a few properties. Quantum-Si terminated its 65,000-square-foot headquarters lease, and upgrades at a Long Wharf tower prompted exits. Nevertheless, New Haven's vacancy near 10 percent — versus over 16 percent in Fairfield County — suggests these spaces should be leased again over time. Despite federal policy headwinds, the local university system is expected to remain a key driver of office demand, backed by a recent $50 million state investment in research facilities and infrastructure for life-science and technology firms.

Shrinking B/C vacancy broadens investor strategies. Across Fairfield County, investors gained greater confidence to acquire slightly older assets last year as net absorption extended into lower-tier buildings, driving Class B/C vacancy below 7 percent to near all-time lows. Stamford should continue to anchor investment, given its large corporate clusters, while long-term plans to overhaul the city's transportation center will reinforce tenant accessibility. Assets with vacancy risk here may sustain investor interest as improving demand conditions strengthen prospects for backfilling. Meanwhile, New Haven County experienced slower trading amid weaker net absorption. Even so, buyers may reengage going forward, particularly those targeting properties under 50,000 square feet, where leasing at multiyear highs drove vacancy below 5 percent in 2025.

2026 MARKET FORECAST

+0.4% — **Employment:** Employers create 2,900 new roles in 2026, including 700 typically office-using positions. New Haven-Fairfield County will see the third-fastest job growth among major Northeast markets.

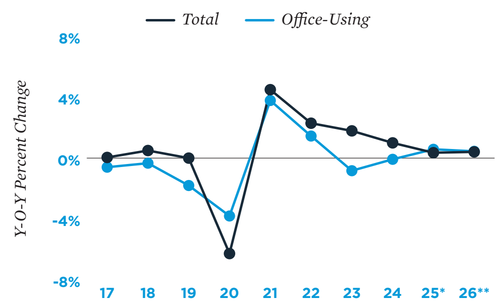
375,000 *sq. ft.* — **Construction:** After no notable deliveries last year, new supply inches up, led by a 255,000-square-foot medical office in downtown New Haven and a fully leased 120,000-square-foot building in Darien.

-50 bps — **Vacancy:** Minimal supply pressures and steady leasing activity push vacancy down to 13.8 percent, enabling the market's vacancy rate to decline for a fourth consecutive year.

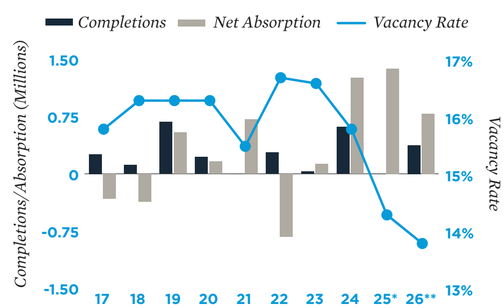
+2.4% — **Rent:** Tightening vacancy is expected to help the metro rank among the top 10 major markets for rent growth this year, lifting the metro's average asking rate to $25.70 per square foot.

INVESTMENT: *More investors may target East Haven and Branford, where GeBBS Healthcare Solutions plans to establish a 150-person U.S. headquarters, underscoring growing office demand near I-95 and Tweed Airport.*

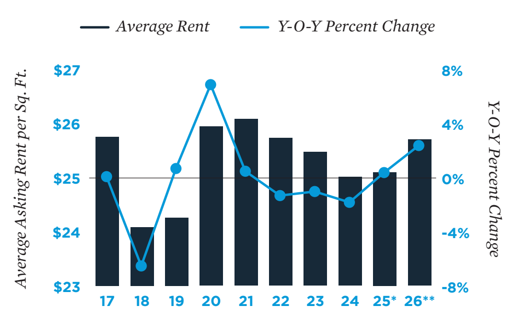
Employment Trends



Supply and Demand



Rent Trends



* Estimate ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics

IPA Office

Alan L. Pontius

Senior Managing Director, National Division Leader

Tel: (415) 963-3000 | apontius@ipausa.com

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.

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