

# NEW HAVEN | OFFICE

Quarter 2 2018

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## Higher One Space Adds to Office Vacancy

Office vacancy rates in New Haven continued their upward trend this past quarter as another large block of available space hit the market. The latest chapter involves the gradual unwinding of Higher One, the locally grown financial services firm that fell on hard times and was sold in 2016 to two separate buyers, Customer’s Bank, headquartered in suburban Philadelphia, and Blackboard, of Washington, D.C.

As often happens when companies are acquired, the operations of Higher One have been streamlined, with the result that the two new owners need far less office space than was occupied by the original firm. Higher One was headquartered in a 140,000-square-foot building in the Science Park complex, purchased and renovated by the firm in 2011. Blackboard – which now owns the building and, along with Customer’s Bank, occupies part of it – is looking for tenants for 126,000 square feet. The building is also on the market for sale and will likely change hands again sometime soon.

Overall office vacancy in New Haven rose during the quarter from 19.3 to 20.8 percent, the highest rate since we began keeping these statistics in 2003. Class A vacancy actually came down by eight-tenths of a point, but Class B availability rose from 10.9 to 14.4 percent. Along with severe downsizing in the city by Alexion Pharmaceuticals and Frontier Communications, the Blackboard offering contributes to an increase in vacancy from 14.1 percent a year ago to the aforementioned figure of 20.8 percent today.

There were several other notable transactions during the quarter. The owners of 555 Long Wharf Drive leased 31,608 square feet to the accounting and consulting firm Markham, which recently

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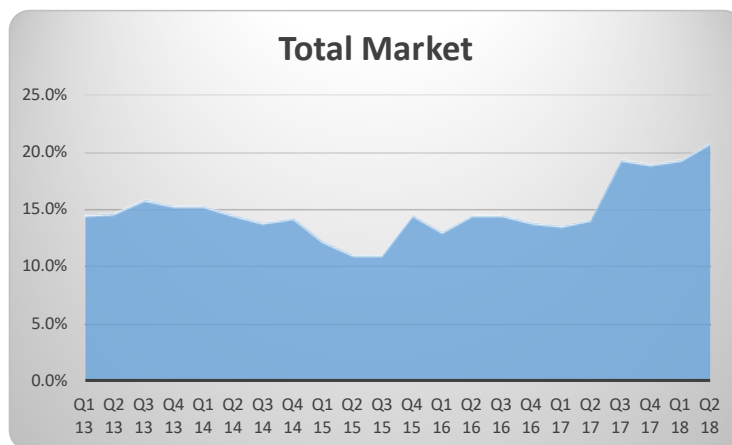
### Market Indicators

Relative to prior period

New Haven Q2 2018    New Haven Q3 2018\*

VACANCY	↑	↓
NET ABSORPTION	—	+
CONSTRUCTION	↔	↔
RENTAL RATE	↓	↔

\*Projected



Vacancy rates in New Haven have moved steadily higher over the last year



115 Munson Street, New Haven

acquired its smaller competitor Meyers, Harrison and Pia. The deal represents an expansion of the Markham space in the building by 20,000 square feet.

The owners of 157 Church Street, also known as Connecticut Financial Center, have begun offering the full 22nd floor of 20,391 square feet for lease. That floor is occupied by the United States Probation and Parole Office.

Health Venture, a hybrid technology/investment/incubator start-up founded by recent graduates of the Yale School of Management, subleased 5,326 square feet at 195 Church Street from Malin Life Sciences International, an investor in biotech companies that closed its local office and consolidated operations in its native Ireland.

Arvinas, Inc. and Cybrea, Inc., tenants in the office and lab building at 5 Science Park, expanded their space with new leases for 6,337 and 2,060 square feet respectively, bringing that building within 500 square feet of full occupancy.

NEW HAVEN OFFICE VACANCY Q2 2018						
	INVENTORY	DIRECT AVAILABLE	SUBLET AVAILABLE	TOTAL AVAILABLE	NET ABSORPTION	VACANCY %
<b>CBD</b>						
CLASS A	1,854,265	192,904	257,980	450,884	(10,277)	24.3
CLASS B	1,248,081	76,467	0	76,467	6,965	6.1
<b>TOTAL</b>	<b>3,102,346</b>	<b>269,371</b>	<b>257,980</b>	<b>527,351</b>	<b>(3,312)</b>	<b>17.0</b>
<b>NON-CBD</b>						
CLASS A	687,052	238,642	43,883	282,525	32,689	41.1
CLASS B	1,899,467	241,171	18,789	376,058	(116,098)	19.8
<b>TOTAL</b>	<b>2,586,519</b>	<b>484,517</b>	<b>90,657</b>	<b>658,583</b>	<b>(83,409)</b>	<b>25.5</b>
<b>TOTAL OFFICE MARKET</b>						
CLASS A	2,541,317	431,546	301,863	733,409	22,412	28.9
CLASS B	3,147,548	433,736	18,789	452,525	(109,133)	14.4
<b>TOTAL</b>	<b>5,688,865</b>	<b>865,282</b>	<b>320,652</b>	<b>1,185,934</b>	<b>(86,721)</b>	<b>20.8</b>

Source: John Keogh - Colliers International

## FOR MORE INFORMATION

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Colliers International tracks occupancy levels in 57 office properties throughout the City of New Haven and reports the results on a quarterly basis. Buildings are included in the survey if they are intended for occupancy by more than a single tenant, contain at least 5,000 square feet of rentable office area, meet the generally accepted standards of a Class A or B facility and are occupied principally by non-medical space users. We appreciate the cooperation of the building owners, managers and rental agents who provide information for this report.

To receive this report regularly or for help leasing, buying or selling commercial real estate, please contact us.

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