

April 21, 2025 **DEAL WATCH**

## Fairfield County's 'overbuilt' office market may shed 3.5M sq. ft. of space over next few years. Here's why.



PHOTO | COSTAR

The skyline of downtown Stamford, which had about 4 million square feet of empty office space at the end of the first quarter of 2025, according to Cushman & Wakefield.

By Michael Juliano

**C**ities and regions across the U.S. saw their office vacancy rates spike during and after the pandemic, as more companies embraced hybrid remote-work arrangements that lessened their need for space.

Fairfield County has a higher return-to-office ratio than the national average

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While many employers have called workers back to the office, at least for some of the workweek, office vacancy rates remain elevated in many markets across the U.S.

That's the case in Fairfield County, which had an office vacancy rate of 27.9% at the end of the first quarter of 2025, with most of the empty space (about 4 million square feet) located in the city of Stamford, according to data from real estate services firm Cushman & Wakefield.

However, experts say the pandemic wasn't the main driver of the Gold Coast's elevated office vacancy rate. Prior to the public health crisis gripping the U.S. in early 2020, Fairfield County's office vacancy rate was still high — reaching 27.5% in the fourth quarter of 2019, Cushman & Wakefield data shows.

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Experts say Fairfield County's office market — which contains 36.8 million square feet of space, of which 9.1 million square feet is vacant — has been overbuilt for decades. And even as employers call workers back to the office, it won't be enough to put a major dent in the region's vacancy rate, meaning some landlords will have to rethink the future use of their properties, or face financial challenges. (1)

Already, at least 3.5 million square feet of the region's office space is slated for conversion, including to residential or retail uses, experts said.



Sean Cahill

"Offices are overbuilt," said **Sean Cahill, principal and managing director** of commercial real estate broker **Avison Young**.

Cahill said a construction boom in the 1970s and '80s caused Fairfield County's office building oversupply.

That activity was spurred by companies, including General Electric, leaving New York City and relocating to Connecticut's nearby suburbs, which offered lower costs and a calmer setting.

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"In the '80s, there were tax incentives to build office, to build anything. We had robust developers here that were go, go, go," Cahill said. "There was more of a thought that Connecticut was going to be a more vibrant, growth community."

However, many young professionals left Fairfield County's suburbs for New York City's urban landscape over the past 20 years, hurting the demand for office space, he said.

That trend began to shift post-pandemic, increasing demand for multifamily units in Stamford, while office space has continued to struggle with higher vacancies.

### 'Flight to stability'

Despite the high vacancy rate, Fairfield County is still an attractive market, especially given its proximity to New York City. But today's tenants want workplaces that are in or near downtowns, and have lots of amenities, Cahill said.

"They're moving out of the suburban parks," he said.

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Landlords that invest in their properties are more likely to secure new tenants or hang on to existing ones, Cahill said.

A good example is The Link, a two-building office complex in Stamford — at 200 Elm St. and 695 E. Main St. — that contains about 560,000 square feet of space.

The property's owners — A.M. Property Holding Corp. and Northeast Capital Group — recently invested \$50 million in upgrades that included a reimagined lobby, modernized elevators and upgraded common areas. The Link's amenities include a state-of-the-art cafeteria and conference facility, outdoor fire pits, and a fitness center that offers semiprivate classes for tenants.

The recent investment allowed the landlords to complete nearly 400,000 square feet of new leases or renewals over the past 24 months, increasing the property's occupancy rate to 92%.

In March, the landlords, which acquired The Link in late 2021 for \$235 million, announced they secured a \$133 million loan to refinance the property's debt — a sign of its strength in the market.

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Commercial real estate firm Newmark helped arrange the financing from Deutsche Bank and Urban Standard.

Tenants want landlords who are committed to enhancing and keeping their office buildings long-term, Cahill said.

"There's always been a flight to quality, and now there's a flight to stability," Cahill said. "What landlords have the stability and the staying power to get through this?"

### Future outlook

One post-pandemic trend that may benefit Fairfield County's office market is landlords' increasing willingness to redevelop buildings with high vacancy rates.

Nationally, office conversions are coming off a banner year, according to real estate services firm CBRE. As of November, 73 conversions had been completed in 2024 in the U.S., with another 30 projects scheduled for delivery by year-end — the most since CBRE began tracking that data in 2016. (1)

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This year is expected to be even more active, CBRE said, with 279 conversions either underway or planned/announced.

**VACANT OFFICE BUILDINGS IN FAIRFIELD COUNTY SLATED FOR CONVERSION INTO MULTIFAMILY HOUSING**

 <p><b>800 Long Ridge Road, Stamford:</b> Building and Land Technology to turn 275,000 square feet of office space into 354 apartments; approved in December.</p>	 <p><b>900 Long Ridge Road, Stamford:</b> Monday Properties to convert a 164,300-square-foot office building into a 463-unit apartment building; approved in December.</p>	 <p><b>101 and 201 Merritt 7, Norwalk:</b> 511,318 square feet of office space owned by New York State Teachers' Retirement System; proposed for conversion into 564 apartments.</p>
 <p><b>3191 Broadbridge Ave., Buildings 1 and 2, Stratford:</b> 145,250 square feet of office space; proposed for conversion into 234 apartments.</p>	 <p><b>Thorndal Office Park, Darien:</b> TC NE Metro Development Inc. to turn five office buildings with a combined 108,000 square feet into 175 apartments; approved in February.</p>	

Source: Cushman & Wakefield | PHOTOS | COSTAR

Nearly half of Fairfield County's vacant office space may be turned into other uses over the next decade to attain a "healthy" vacancy rate of 12% to 14%, said **Tom Pajolek, executive vice president of commercial real estate broker CBRE.**

"There's a debate as to whether we're overbuilt, or we're underdemolished," Pajolek said.

Repurposing buildings into new uses is the best way to bring new life — and lease revenue — for what would otherwise remain vacant office space, he said.

"If there is a particular market sector (that's in higher demand), whether it's retail or health care or multifamily or industrial, for example, then those become the highest and best uses for those properties," Pajolek said.

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Cahill agreed, adding that most Fairfield County municipalities are seeing proposals to repurpose vacant office buildings into multifamily housing and/or retail locations.

Stamford, in particular, will be a hotspot for converting office space into multifamily uses, due to the city's urban appeal, which has been enhanced in the wake of the pandemic, Cahill said.

"There is a nightlife," he said. "Back in the '80s, things closed at 5 o'clock."

He added: "One could speculate that in two to three years, the tide may change and the removal of the weakest office buildings will leave the strongest-performing buildings."

### Fairfield County has a higher return-to-office ratio than national average

While Fairfield County's high office vacancy rate was a problem well before the pandemic hit in 2020, the public health crisis, which drove a work-from-home trend, certainly hasn't helped the situation.

But there may be some good news on that front.

**Thomas O'Leary, a senior director at Cushman & Wakefield,** said more companies are requiring their employees to be back in the office three to four days a week.

There's data to back up the return-to-office trend.

(1)

Commercial real estate firm Avison Young has created an “Office Busyness Index” that provides a snapshot analysis of a market’s office utilization rate compared to 2019 levels.

As of February 2025, office buildings across the U.S. were 61.5% as busy as they were in February 2019; in Fairfield County the rate was 71%, according to Avison Young.



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