

## New Haven rents rise as vacant space dips

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NEW HAVEN — The amount of vacant office space in the city fell to 10.7 percent in the first quarter, down from 13.4 percent a year earlier, and the scarcity of available space has prompted some landlords to start raising rents, according to the latest report by Colliers Dow & Condon.

“It surprises me that it took as long as it did for rental rates to firm up,” said John Keogh, senior broker at Colliers Dow & Condon in New Haven and author of the quarterly report, which tracks occupancy levels at 53 city office properties.

“It’s only in the last year or so that there’s been this fairly dramatic increase.”

Among buildings where rental rates have increased, according to Keogh, is 59 Elm St., renting at \$21.50 per square foot under its new owner, up from \$17.50 under the previous one.

Owners of the two buildings that comprise the Long Wharf Maritime Center, 545 and 555 Long Wharf Drive, also have raised rents — to \$27.50 and up to \$30, respectively, from \$26 per square foot at both buildings.

Office space in the city has long been scarce, with little new construction, but Keogh said rents were held down in recent months by landlords more eager than usual to strike deals with tenants out of fear space would lay vacant during the recession. Now that trend appears to be diminishing, he said.

“There’s a real shortage of good, small space in downtown buildings,” he said. “Landlords have gotten a lot more confident in their position.”

Chris Nicotra, managing principal at city-based Olympia Properties, said the shortage of space is leading some office tenants to set up shop in retail spaces.

Demand continues to be steady, particularly for space within the Central Business District, he said.

“As a result of this, rents have remained stable and in many cases have risen,” he said.

“I have had calls recently from tenants in some of the Class A office buildings in town looking to relocate simply because the rents in those buildings are going up and they are looking for more affordable space.”

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