

## Industrial Market Update in Central CT

The industrial market in Central Connecticut has held steady over the past year with continued sales and leasing activity, and pockets of new construction. The industrial market represents distribution, manufacturing, and research & development or high-tech facilities. In 2025, sales activity included a blend of owner-operated and investor acquisitions, including a total of 156 sales in Hartford, Middlesex, and New Haven Counties of which 109 sales represented industrial buildings in excess of 10,000 square feet. The highest industrial sale in 2025 occurred last February at 301 Governors Highway, South Windsor, CT, a Macy's Logistics facility which sold to a New York investor for a sale price of \$27,850,000 or \$67 per square foot of gross building area in a sale/leaseback transaction. The facility contained 416,640 square feet, built in 1972, on 37.49 acres of land. In 2024, sales activity was slightly better than 2025 with a total of 167 industrial building sales in Hartford, Middlesex, and New Haven Counties, including 115 sales greater than 10,000 square feet in size. In April 2024, the highest ticketed industrial sale was 140 Old County Circle, Windsor Locks, CT, which traded for \$37,250,000 or \$139 per square foot of gross building area. At the date of sale, the building was subject to a long-term lease with Eversource.

Interviews with active commercial brokers in the market confirmed the current state of the industrial market. According to long-time commercial broker Nicholas Morizio, CRE, SIOR President of Hartford New Haven Colliers International, the "industrial market is still strong. There is less than one percent availability in industrial facilities having a ceiling height of 30-feet or more." Morizio also stated that rental rates have stabilized in recent months. For several years, ceiling height has been a significant criteria impacting market demand in the industrial market. Other key factors impacting industrial demand include proximity near highways, the percentage of office finish, loading docks, mezzanines, and the potential for expansion. Currently, Colliers has two large proposed distribution facilities listed for sale or lease in CT including 500,000 square feet in Enfield, CT and 1.3 million square feet in Killingly, CT.

The industrial market in the Greater Waterbury market also has been positive according to Edward Godin, Jr., SIOR principal of Godin Property Brokers, LLC of Middlebury, CT. Per Godin, "the greater Waterbury industrial market has a limited supply of quality inventory. The sale market remains very strong; whereas, the leasing market has cooled but is still active." Godin reported two long-term industrial leases signed in 2026, including 1.) 575 Broad Street, Bristol, CT with 77,876 square feet leased to LK Tempered Glass, LLC; and 2.) 65 North Plains Industrial Road, Wallingford, CT with 3,455 square feet leased to Luther Holdings, LLC.

As of the 4<sup>th</sup> Quarter 2025, Cushman & Wakefield reported 4.4 percent overall industrial vacancy rate in the combined Hartford/New Haven markets. Despite the generally low industrial vacancy, over 1 million square feet of negative absorption occurred with western New Haven County leading the way with 390,000 square feet of negative absorption. C & W also reported average triple net rental rates of \$7.39 per square foot-manufacturing space; \$13.20 per square foot-high tech/R&D space; and \$8.16 per square foot for warehouse/distribution space.

Fundamentals of appraising industrial buildings has remained the same in recent times with the sales comparison approach still representing the primary approach to value. The cost approach continues to be considered despite higher construction costs in recent years. The income capitalization approach has significant relevance when industrial facilities are subject to leases and investors are the primary purchaser. Due to the various industrial types, appraisers must be careful to compare “apples with apples.” For example, a research & development sale should not be considered in comparison to a distribution facility. Further low-ceiling manufacturing facilities lack similarity to modern manufacturing facilities with high ceilings and the dual purpose of warehousing.

In summary, the industrial market remains overall positive despite some fluctuations in the overall real estate market. The industrial market oftentimes parallels the ebbs and flows of the residential market; however, in CT, the industrial market has not quite kept pace with the torrid residential market. In general, the aerospace and defense industries continue to hold the greater Hartford industrial market in place with Raytheon’s Pratt & Whitney and Collins Aerospace as its leaders. The growth of distribution facilities along the Interstate 91 and 84 corridors also has boosted the overall market.

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