

# MARKETBEAT

# Binghamton, NY

## Industrial Q4 2017



### BINGHAMTON INDUSTRIAL

#### Economic Indicators

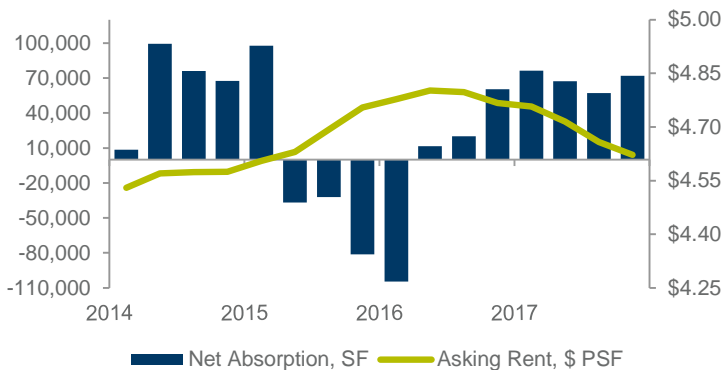
|                         | Q4 16  | Q4 17  | 12-Month Forecast |
|-------------------------|--------|--------|-------------------|
| Binghamton Employment   | 103.9k | 102.8k | ▲                 |
| Binghamton Unemployment | 5.1%   | 5.4%   | ▼                 |
| U.S. Unemployment       | 4.7%   | 4.1%   | ▼                 |

#### Market Indicators (Overall, All Property Types)

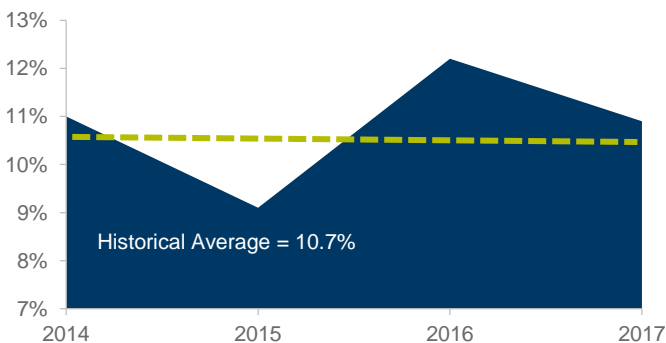
|                         | Q4 16  | Q4 17  | 12-Month Forecast |
|-------------------------|--------|--------|-------------------|
| Vacancy                 | 10.8%  | 9.9%   | ▼                 |
| Net Absorption (sf)     | 8.6k   | 67.3k  | ▲                 |
| Under Construction (sf) | 923K   | 0k     | ■                 |
| Average Asking Rent*    | \$4.71 | \$4.57 | ▲                 |

\*Rental rates reflect net asking \$psf/year

#### Overall Net YTD Absorption/Overall Asking Rent 4-QTR TRAILING AVERAGE



#### Overall Vacancy



### Economy

The fourth quarter of 2017 produced small, but consistent gains in the labor force of the Binghamton MSA, as well as year-over-year gains in net employment registered for most months. Despite the slight increase in the unemployment rate to 5.4%, this trend is encouraging. Gains in the service sector, particularly in education, health, leisure and hospitality have compensated for the continued loss of manufacturing jobs, as the local economy shifts away from a once dominant manufacturing base. The Greater Binghamton housing market sustained the market rebound that began in mid-2017, with sales volume for the year up 4.5% and the median sales price increasing 6.0% in November and 5.0% in December. Upstate consumer sentiment rose 1.5 points in the fourth quarter over the third quarter reading, just 1.9 points below the statewide measurement.

### Market Overview

As anticipated, absorption in the industrial sector through the fourth quarter outpaced the 250,000 square feet (sf) recorded in 2016, ending at 287,000 sf. This statistic, indicative of continued economic recovery in the market, dropped vacancy a full percentage point over the year to 9.9 percent. New leasing activity was modest by year-end 2017, totaling 46,000 square feet. Investment activity predominated throughout the year, with sales in the fourth quarter of a 37,800-sf industrial and office complex and a 29,500-sf manufacturing and warehouse building to growing companies. The continued tightening of the market and the paucity of lease transactions are both indicators of the increasing inability of the existing industrial inventory to meet demand and facilitate market growth without new construction.

### Outlook

The \$20 million Greater Binghamton Fund, a portion of the \$500 million Upstate Revitalization Initiative in the Southern Tier, was announced in the fourth quarter, focusing on projects driving economic development in the idistricts, or innovation districts, in the urban core of Broome County. Awards to competing projects will be made early in 2018. The Kauffman Southern Tier Incubator in downtown Binghamton, a joint project of Binghamton University and SUNY Broome, now houses and assists 38 emerging companies. The 650,000-sf Dick's Sporting Goods distribution center has grown to 923,000 sf with projected hiring of 525 employees—200 of which were already hired. The formation of Imperium3, focused on research and production of more efficient lithium-ion batteries will create at least 230 new jobs in the county. New multi-family construction and conversion for both affordable housing and market-rate apartments continues, filling a gap for housing units in the county. These projects include 97 loft units to be created at a former factory building in Binghamton and the conversion of a 255,000-sf factory building in the Johnson City idistrict for affordable housing and commercial space.

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| SUBMARKET                | INVENTORY (SF)    | YTD LEASING ACTIVITY (SF) | YTD USER SALES ACTIVITY (SF) | OVERALL VACANCY RATE | YTD NET OVERALL ABSORPTION (SF) | UNDER CNSTR (SF) | OVERALL WEIGHTED AVG. NET RENT (MF) | OVERALL WEIGHTED AVG. NET RENT (OS) | OVERALL WEIGHTED AVG. NET RENT (W/D) |
|--------------------------|-------------------|---------------------------|------------------------------|----------------------|---------------------------------|------------------|-------------------------------------|-------------------------------------|--------------------------------------|
| CBD                      | 3,804,426         | 0                         | 37,846                       | 9.5%                 | 89,236                          | 0                | \$4.50                              | N/A                                 | \$4.28                               |
| BNG NORTHEAST            | 575,838           | 0                         | 9,390                        | 2.5%                 | 0                               | 0                | \$3.74                              | N/A                                 | N/A                                  |
| BNG NORTHWEST            | 7,017,021         | 46,790                    | 57,000                       | 15.3%                | 150,040                         | 0                | \$4.08                              | \$6.50                              | \$4.50                               |
| BNG SOUTHEAST            | 5,173,055         | 0                         | 0                            | 4.4%                 | 48,043                          | 0                | \$4.58                              | \$8.00                              | \$3.50                               |
| BNG SOUTHWEST            | 832,805           | 0                         | 0                            | 3.9%                 | 0                               | 0                | N/A                                 | \$9.00                              | \$5.36                               |
| <b>BINGHAMTON TOTALS</b> | <b>17,403,145</b> | <b>46,790</b>             | <b>104,236</b>               | <b>9.9%</b>          | <b>287,319</b>                  | <b>0</b>         | <b>\$4.29</b>                       | <b>\$6.59</b>                       | <b>\$4.09</b>                        |

\*Rental rates reflect asking \$psf/year

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

|                        | TOTAL BLDGS | INVENTORY (SF) | YTD USER SALES ACTIVITY (SF) | OVERALL VACANCY RATE | YTD OVERALL NET ABSORPTION (SF) | UNDER CNSTR (SF) | OVERALL WEIGHTED AVG. NET RENT (Q1) | OVERALL WEIGHTED AVG. NET RENT (Q2) | OVERALL WEIGHTED AVG. NET RENT (Q3) | OVERALL WEIGHTED AVG. NET RENT (Q4) |
|------------------------|-------------|----------------|------------------------------|----------------------|---------------------------------|------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Warehouse/Distribution | 245         | 5,870,988      | 15,690                       | 6.5%                 | 54,690                          | 0                | \$4.23                              | \$3.90                              | \$3.96                              | \$4.09                              |
| Manufacturing          | 172         | 9,422,186      | 88,546                       | 7.8%                 | 237,319                         | 0                | \$4.32                              | \$4.29                              | \$4.29                              | \$4.29                              |
| Office Service/Flex    | 16          | 2,109,971      | 0                            | 28.6%                | 50,000                          | 0                | \$6.56                              | \$7.07                              | \$6.59                              | \$6.59                              |

### Key Lease Transactions Q4 2017

| PROPERTY           | SF     | TENANT              | PROPERTY TYPE | SUBMARKET |
|--------------------|--------|---------------------|---------------|-----------|
| 33 Lewis Road      | 28,530 | Walmart –East LP    | Flex          | BNG-SE    |
| 107 Brink Street   | 15,000 | Rizzuto Enterprises | Warehouse     | BNG-NW    |
| 441 Commerce Road  | 11,692 | PharmScript LLC     | Flex          | BNG-SW    |
| 610 Vestal Parkway | 7,557  | Marble.com          | Flex          | BNG-SW    |

### Key Sales Transactions Q4 2017

| PROPERTY            | SF     | SELLER / BUYER                            | PRICE / \$PSF             | SUBMARKET |
|---------------------|--------|-------------------------------------------|---------------------------|-----------|
| 100 Emerson Parkway | 37,846 | Emerson Power / 100 Save-A-Round Pkwy LLC | \$1,500,000/ \$39.63 psf  | BNG-CBD   |
| 631 Field Street    | 29,500 | 631 Field St LLC/ Amerco Real Estate Co.  | \$1,175,000/ \$ 39.83 psf | BNG-NW    |

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