

MARKETBEAT

Binghamton, NY

Office Q2 2019



BINGHAMTON OFFICE

Economic Indicators	Q2 18	Q2 19	12-Month Forecast
Binghamton Employment	102.9	102.3	▲
Binghamton Unemployment	4.4%	3.9%	▲
U.S. Unemployment	3.9%	3.6%	▼

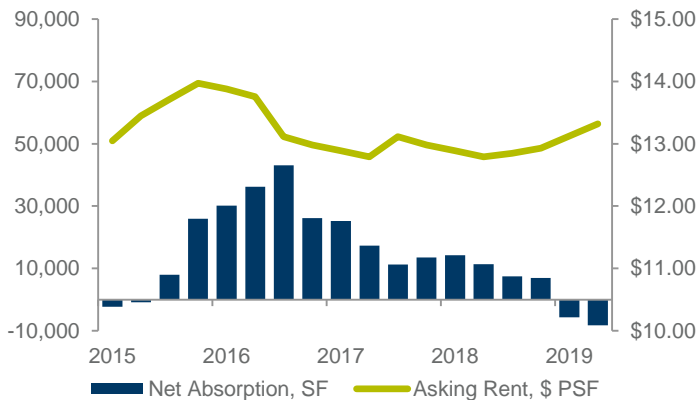
Economy

Change in the fundamentals of the Binghamton economy is not a cause for speculation but an immediate reality. Population decline and the shrinking of the labor force continues, even while the unemployment rate declines steadily, dropping to 3.9 percent in May of 2019. Electronics manufacturing leads the decline, while warehousing, general manufacturing, and employment in education and medicine continue to exhibit growth. The recent sale of specialty circuit board operations by a local manufacturer and the closure of local plants by an electrical appliance manufacturer demonstrate the trend. The potential for major investment in agriculture and processing facilities by hemp producers holds promise for future employment and manufacturing expansion in a new industrial sector. Along with the rest of New York State and the nation, the local housing market recorded a drop in sales and an increase in prices in early 2019. The latest statistics show a resurgence of sales volume. During this period statewide and Upstate consumer confidence indices have remained steadily positive with the Upstate measure trailing Metro New York by more than seven points.

Market Indicators (Overall, All Classes)	Q2 18	Q2 19	12-Month Forecast
Vacancy	8.6%	8.0%	▼
Net Absorption (sf)	7.3k	-8.3k	▲
Under Construction (sf)	0k	0	■
Average Asking Rent*	\$12.84	\$13.81	▲

*Rental rates reflect NNN asking \$psf/year

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



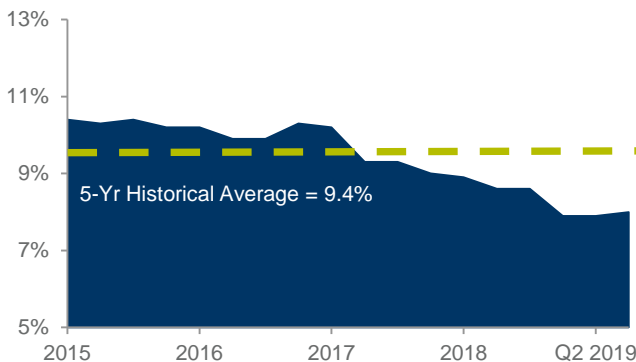
Market Overview

Net absorption turned slightly negative in the second quarter of 2019. The decline was precipitated by several small office buildings being placed on the market. The impact on the vacancy rate was not significant, because it was balanced by leasing activity. Vacancy increased 10 basis points (bps) from 7.9% to 8.0%. The average asking rent was unchanged in the first and second quarters of 2019 at \$13.81 per square foot (psf), but up from \$13.20 at the end of 2018. The increasing availability of office buildings for user-occupancy is a trend that is expected to continue and will have a positive impact on activity in a market that has experienced lack of product. The sale of the 155,000-square-foot (-sf) former Sears building will impact the office market as several sizeable office leases are slated for the property.

Outlook

New York State investment in the nascent hemp industry has spurred hemp processing companies to place bids on industrial property vacated by down-sizing industries. The first major transaction occurred in the second quarter, as a 300,000-sf manufacturing plant changed hands from electronic assembly to hemp processing and product development. Several other sizable industrial facilities, ranging from 60,000 square feet (sf) to over 250,000 sf are under contract or in negotiation to be sold to hemp processors. If these sales are consummated, the impact on employment by this new manufacturing sector will be significant. Redevelopment of the market's old manufacturing core continues as Binghamton University converts a multi-story pre-World War II shoe factory to its nursing campus in Johnson City. In addition, a 100-unit market rate housing project nears completion in a former film and camera factory in Binghamton. The economic position of major local employers, including BAE, Lockheed and Raymond Corporation continues to strengthen, based on national activity.

Overall Vacancy



MARKETBEAT

Binghamton, NY

Office Q2 2019



SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT (ALL CLASSES)*	OVERALL AVERAGE ASKING RENT (CLASS A)*
CBD	1,644,545	0	86,474	5.3%	-15,040	8,690	0	\$13.21	\$13.21
Northwest	1,216,399	0	113,266	9.3%	-5,552	4,600	0	\$11.47	\$11.47
Southwest	938,883	0	40,839	4.4%	9,192	0	0	\$17.00	\$17.00
Southeast	755,783	0	120,000	15.9%	0	0	0	N/A	N/A
Northeast	93,420	0	13,200	14.1%	0	0	0	N/A	N/A
BINGHAMTON TOTALS	4,649,030	0	373,879	8.0%	-11,400	13,290	0	\$13.81	\$13.81

*Rental rates reflect NNN asking \$psf/year

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVERAGE ASKING RENT*	DIRECT AVERAGE ASKING RENT (CLASS A)*
Class A	2,857,805	0	136,344	4.8%	1,900	13,290	0	\$13.81	\$13.81
Class B	1,791,225	0	238,635	12.7%	-13,300	0	0	\$11.47	\$11.47

Key Lease Transactions 2019

PROPERTY	SF	TENANT	TRANSACTION TYPE	SUBMARKET
222 Water Street Binghamton, NY	5,000	Motili Inc.	New Lease	CBD
1310 North Street Endicott, NY	4,600	Titan Services	New Lease	BNG-NW
4104 Old Vestal Road Vestal, NY	3,070	AXA Group	Renewal	BNG-SW
2 Court Street Binghamton, NY	2,590	Crowley-HP Hood	New Lease	CBD
95 Court Street Binghamton, NY	1,100	Broome Childrens Law Office	New Lease	CBD

Key Sales Transactions 2019

PROPERTY	SF	SELLER/BUYER	PRICE / \$PSF	SUBMARKET
24 Madison Ave Endicott, NY	5,775	24 Madison Ave LLC/ AJEM	\$70,000 / \$8.39 psf	BNG-NW

Pyramid Brokerage Company
84 Court Street; Suite 300
Binghamton, NY 13901
www.pyramidbrokerage.com

For more information, contact:
Maureen D. Wilson, President
Tel: +1 607 754 5990
Mwilson@Pyramidbrokerage.com

About Cushman & Wakefield

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value by putting ideas into action for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with 51,000 employees in approximately 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2019 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.