

MARKETBEAT

Binghamton, NY

Industrial Q2 2019



BINGHAMTON INDUSTRIAL

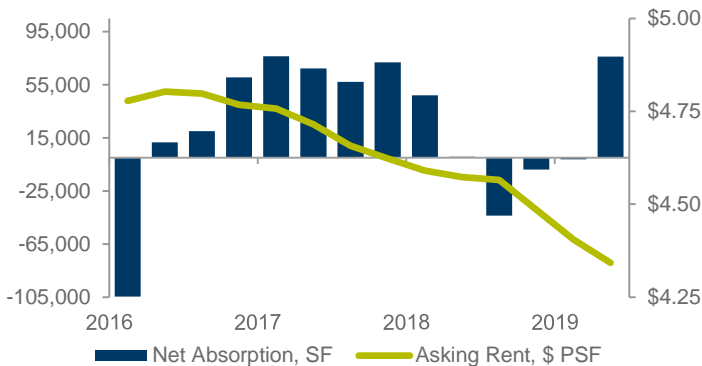
Economic Indicators	Q2 18	Q2 19	12-Month Forecast
Binghamton Employment	102.9	102.3	▲
Binghamton Unemployment	4.4%	3.9%	▲
U.S. Unemployment	3.9%	3.6%	▼

Market Indicators (Overall, All Property Types)

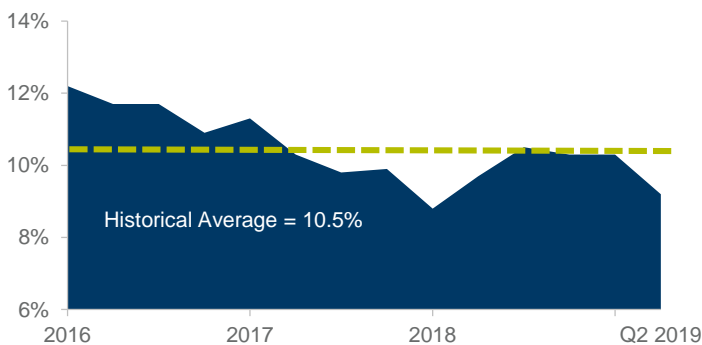
	Q2 18	Q2 19	12-Month Forecast
Vacancy	9.7%	9.2%	▼
Net Absorption (sf)	-104.5k	205,362	▲
Under Construction (sf)	0	0	■
Average Asking Rent*	\$4.57	\$4.32	▲

*Rental rates reflect net asking \$psf/year

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



Overall Vacancy



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 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 Overview

Absorption of 205,000 square feet (sf) of industrial space through new leases during the second quarter of 2019 dropped the vacancy rate 110 basis points (bps) from year-end 2018 to 9.2 percent, while rental rates remained steady at \$4.32 per square foot (psf). The sale of a 300,000-square-foot (sf) manufacturing building to a hemp processor did not affect the absorption calculation, since the property changed hands within the quarter. The absorption and repurposing of industrial space from the second half of 2018 through the first two quarters of 2019 is an encouraging sign, but the loss of additional manufacturing jobs will have a negative impact on the local economy. 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.

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 transitioned from electronic assembly to hemp processing and product development. Several other sizable industrial facilities, ranging from 60,000 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 Raytheon Corporation continues to strengthen, based on national activity.

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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	3,773,221	84,000	0	7.0%	73,400	0	N/A	N/A	\$4.50
BNG NORTHEAST	575,838	0	0	2.5%	0	0	\$6.24	N/A	N/A
BNG NORTHWEST	7,129,462	9,900	7,594	14.5%	30,520	0	\$3.35	\$6.50	\$4.50
BNG SOUTHEAST	5,181,333	0	308,000	5.3%	132,442	0	\$4.50	\$8.00	\$3.50
BNG SOUTHWEST	832,805	0	0	2.1%	0	0	N/A	\$9.00	N/A
BINGHAMTON TOTALS	17,492,659	93,900	315,594	9.2%	236,362	0	\$4.13	\$6.59	\$4.22

*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)
Warehouse/Distribution	239	6,048,507	0	6.9%	131,742	0	\$4.22	\$4.22
Manufacturing	171	9,311,068	308,000	6.7%	73,620	0	\$4.09	\$4.13
Office Service/Flex	19	2,133,083	7,594	28.3%	31,000	0	\$6.59	\$6.59

Key Lease Transactions Q2 2019

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
2 Titchner Road Binghamton, NY	84,000	Galaxy Brewing Company	Manufacturing	BNG-CBD
100 Oakdale Road Johnson City, NY	6,300	Schmict Baking Company	Warehouse	BNG-NW
2271 Airport Road Johnson City, NY	3,600	Maine Electronics	Warehouse	BNG-NW

Key Sales Transactions Q2 2019

PROPERTY	SF	SELLER / BUYER	PRICE / \$PSF	SUBMARKET
47 Pine Camp Drive Kirkwood, NY	308,000	Shop Vac/ Canopy Growth	\$9,500,000/ \$31	BNG-SE
3400 East Main Street Endicott, NY	7,594	3400 Maine St East LLC/ JKS Home Improvement	\$65,000 / \$9	BNG- NW

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