

ROCHESTER, NY INDUSTRIAL

Economic Indicators

	Q2 18	Q2 19	12-Month Forecast
Rochester Employment	152.8	154.8	▲
Rochester Unemployment	4.3%	3.8%	▼
U.S. Unemployment	3.9%	3.6%	▼

Market Indicators (Overall, All Product Types)

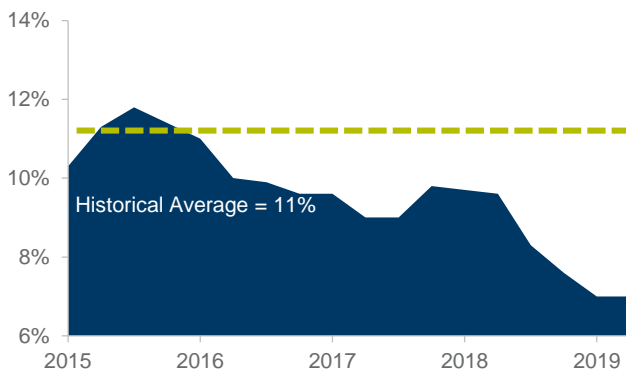
	Q2 18	Q2 19	12-Month Forecast
Overall Vacancy	9.6%	6.9%	▼
Total Leasing Activity	197k	123k	▼
Under Construction	0	0	■
Average Asking Rent*	\$5.40	\$5.40	■

*Rental rates reflect net asking \$psf/year

Leasing Activity/Asking Rent 4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

The City of Rochester is situated in Monroe County and is the centermost and largest county in the six-county region, south of Lake Ontario in the state of New York. As of April 2019, the unemployment rate in Rochester was 3.8%, 10 basis points (bps) below the New York rate. While individual sectors expand or contract in response to economic stimuli, household-based data from the U.S Bureau of Labor Statistics (BLS) shows that the labor force and general employment are both in good shape and puts Rochester ahead of the mark for total job gains. Rochester is home to 18 colleges and universities which is a linchpin to the area economy. The strong relationship between education and the business community is a major player in Rochester's growth and economic well-being.

Market Overview

Overall market vacancy decreased from 7.3% in the first quarter of 2019 to 6.9% in the second quarter. Overall flex vacancy measured 7.0%, manufacturing vacancy recorded 7.9%, and warehouse vacancy for the second quarter of 2019 ended at 3.7%. Vacancy rates are expected to remain steady as new tenants in the market are looking to occupy space. Despite the tightening in vacancy, asking rental rates have remained the same and are speculated to increase as available product decreases..

Outlook

In the South Central market Cantel Medical, a leading global company, has leased out the former Sam's Club space in Henrietta, NY. Cantel will be utilizing the space for an international distribution center and is expected to bring 100 jobs to the area.

Optimax completed its 60,000-square-foot (-sf) expansion in Ontario. The new expansion will allow the company to support its technological and employee growth as one of the United States' most notable players in high-precision optics. The \$21 million facility expansion will add over 60 jobs over the next five years, creating career pathways that are purposeful, satisfying, and rewarding, and bringing highly technical jobs to the Rochester area.

Carestream will be relocating from its current west side location and occupying 115,000 ± square feet (sf) in Pittsford. Carestream is a global market leader in Medical Imaging and Healthcare IT. All eyes are on the rapidly growing optics, photonics and imaging in the Rochester market which includes more than 120 optic companies creating new jobs for the area.

MARKETBEAT

Rochester, NY

Industrial Q2 2019



SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	YTD LEASING ACTIVITY (SF)	YTD USER SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD NET OVERALL ABSORPTION (SF)	UNDER CNST (SF)	YTD CONSTR COMPLETEIONS	OVERALL WEIGHTED AVG. NET RENT (HT)	OVERALL WEIGHTED AVG. NET RENT (MF)	OVERALL WEIGHTED AVG. NET RENT (WD)
CBD	402	30,418,517	103,764	215,575	7.2%	197,575	0	0	\$10.50	\$4.74	\$3.75
Suburban	788	43,132,956	18,750	474,774	6.7%	355,533	0	0	\$10.49	\$4.75	\$4.25
ROCHESTER TOTALS	1,190	73,551,473	122,514	690,349	6.9%	553,108	0	0	\$10.50	\$4.75	\$4.00

*Rental rates reflect asking \$psf/year

HT = High Tech/Flex MF = Manufacturing W/D = Warehouse/Distribution

Key Lease Transactions Q2 2019

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
1555 Lyell Avenue	87,600	Arch Chemicals	High Tech	CBD
57 O'Connor Road	14,128	Corning Tropel	Warehouse	Suburban – South East
3495 Winton Place	7,600	Dormitory Authority	High Tech	Suburban – South Central
1999 Mt Read Blvd	6,319	Autopart International	Manufacturing	CBD
300 Airpark Drive	4,800	Blackburn Physicians Pharmacy	High Tech	Suburban – South Central

Key Sales Transactions Q2 2019

PROPERTY	SF	SELLER/BUYER	PROPERTY TYPE	PRICE/\$PSF	SUBMARKET
900 Linden Avenue	233,547	Sentry Safe/Star Sentry	Warehouse	\$2,000,000/\$9	Suburban – South East
882 Linden Avenue	115,020	Touhey Associates/Costanza Enterprises	Warehouse	\$2,575,000/\$22	Suburban – South East
650 Trabold Road	5,510	B Fifty B LLC/Iron Workers Local 33	Manufacturing	\$325,000/\$59	Suburban – South West

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