

BINGHAMTON, NY

Industrial Q4 2020

	YoY Chg	12-Mo. Forecast
11.3% Vacancy Rate	▲	▼
-50K Net Absorption, SF	▲	▲
\$4.72 Asking Rent, PSF	▬	▬

Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2020

	YoY Chg	12-Mo. Forecast
97.9K Binghamton, NY Employment	▼	▲
5.4% Binghamton, NY Unemployment Rate	▲	▼
6.7% U.S. Unemployment Rate	▲	▼

Source: NYS Department of Labor, Division of Research & Statistics

ECONOMY: Economic Fundamentals Continue to Improve

Economic conditions in the Binghamton market have continued to improve as the region climbs out of the abyss created by COVID-19 closures in second quarter of 2020. The unemployment rate for the Binghamton MSA stood at 5.4% at the end of November, still higher than the 4.2% level reached in November 2019, but vastly improved from 15% nadir recorded in May 2020. The area unemployment rate compares favorably to the state and national statistics. The index of Consumer Confidence for New York State continued to climb through the third quarter, reaching a breakeven point between optimism and pessimism. Consumer plans to purchase a new home have hit an all-time high in New York State which is borne out in the dramatic upswing in activity and prices in the housing market in the two counties comprising the Binghamton MSA. The New York Manufacturing Index, an indicator of business activity has continued to drop through year end but at a moderating rate, indicating that the manufacturing sector is expanding slowly.

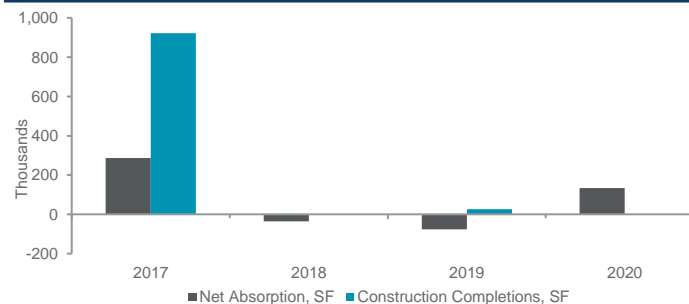
MARKET OVERVIEW: Vacancy Rate Remains Flat Year to Year

The industrial vacancy rate has remained flat year over year, increasing only 10 basis points (bps) from the fourth quarter of 2019 to the fourth quarter of 2020. Net absorption, while still negative by 50,000 square feet (sf), has improved significantly in the fourth quarter of this year, compared to 2019. Asking rent has also remained unchanged at \$4.72 per square foot (psf). The only sizeable transaction toward year end was the sale of a 97,000 sf former newspaper printing plant for warehousing and office. This seemingly stagnant industrial market is experiencing a great deal of activity at present as the impact of COVID closures has abated and the demand for space has increased. A large industrial facility is under contract for redevelopment as distribution, and several other sizable buildings are coming back on the market after a corporate liquidation thwarted their availability. Vacancy is expected to drop 300 bps within the first two quarters of 2021.

OUTLOOK: Direction of Office Activity in 2021 Too Soon To Predict

Demand has increased sharply in the final quarter of 2020, driven both by growth of local companies and by interest from companies desiring to exit more expensive markets. The supply of modern, functional industrial space has long been limited in the Binghamton market—a factor that has severely limited the growth of the local economy. It appears that this situation is changing in a timely way to meet the post-COVID demand for space. A couple of speculative construction projects are under discussion, in addition to the build-to-suit project now pending closing, and another significant industrial relocation now in the planning stages. All of this proposed development will spur much needed growth in the market.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)
BNG- CBD	3,764,017	268,862	7.1%	0	13,800	0
BNG- Northeast	575,838	14,505	2.5%	0	0	0
BNG- Northwest	7,145,607	962,541	13.5%	0	68,802	0
BNG- Southeast	5,495,466	736,520	13.4%	-50,000	48,000	0
BNG- Southwest	832,897	25,149	3.0%	0	4,000	0
NON-CBD TOTAL	14,049,808	1,738,715	12.4%	0	120,802	0
BINGHAMTON TOTALS	17,813,825	2,007,577	11.3%	-50,000	134,602	0

CLASSES	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Warehouse / Distribution	6,095,293	524,984	8.6%	0	188,536	0	\$4.22
Office Service / Flex	2,158,228	628,313	29.1%	0	-9,000	0	\$6.67
Manufacturing	9,560,304	854,280	8.9%	-50,000	-44,934	0	\$4.88

*Rental rates reflect weighted NNN asking \$psf/year

KEY SALES TRANSACTIONS Q3 and Q4 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
10 Gannett Dr Johnson City, NY	BNG-NW	Gannett Satellite Info Network/ BFSS LLC	97,287	\$4,500,000/\$46.25 PSF
2 Grant St, Binghamton, NY	BNG - City	W&D Leasing/ William Rexer Jr.	32,796	\$575,000/ \$17.53 PSF
225 Chenango St Binghamton, NY	BNG-City	225 Chenango Associates/ Forman Holdings	10,600	\$120,000/ \$11.32 PSF
404 Franklin St Endicott, NY	BNG-NW	Keller, Willam/ Perfect Beta LLC	9,558	\$215,000/ \$22.49 PSF
91 Broad St Binghamton, NY	BNG-City	Kesh Service LLC/ Albrite Electric KSA Inc.	3,200	\$120,000/ \$37.50 PSF

KEY LEASE TRANSACTIONS Q3 and Q4 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
147 Industrial Park Dr Binghamton, NY	BNG-SE	L3 Technologies	107,000	Direct
100 Oakdale Rd Johnson City, NY	BNG-NW	Confidential	63,736	Direct

*Renewals not included in leasing statistics

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