

# Rochester, NY



## Industrial Q4 2020

	YoY Chg	12-Mo. Forecast
<b>6.6 %</b> Vacancy Rate	▼	▼
<b>473K</b> YTD Net Absorption, SF	▲	▼
<b>\$5.40</b> Asking Rent, PSF	▬	▲

Overall, Net Asking Rent

### ECONOMIC INDICATORS Q4 2020

	YoY Chg	12-Mo. Forecast
<b>138K</b> Rochester, NY Employment	▼	▲
<b>7.1%</b> Rochester, NY Unemployment Rate	▲	▲
<b>6.7%</b> U.S. Unemployment Rate	▲	▼

Source: BLS

### ECONOMY: Expansion & Diversity Impact Rochester's Economy

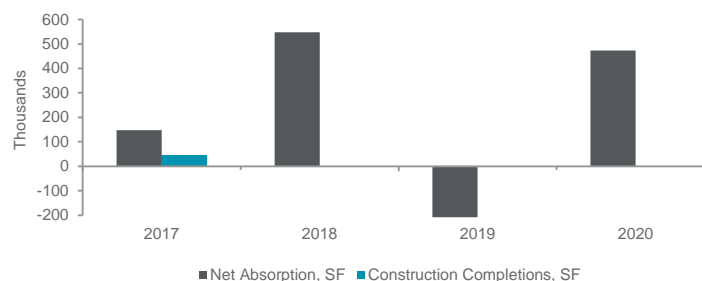
The City of Rochester is situated in Monroe County and is the centermost and largest county in the six-county region, south of Lake Ontario in the state of New York. The Bureau of Labor Statistics (BLS) reported that the unemployment rate for Rochester fell 0.7 percentage points in November 2020 to 5.8%. For the same month, the metro unemployment rate was 2.6 percentage points lower than the New York rate. The unemployment rate in Rochester peaked in April 2020 at 15.3% and is now 9.5 percentage points lower. The coronavirus pandemic of 2020 will almost certainly be remembered as an historic turning point for Rochester, the latest in a long-line of transformations that have shaped this city since its founding. . In place of manufacturing, health care and higher education have become the most significant industries in the area. Rochester is well known for its world-class optics, imaging, and photonics cluster, which includes a number of small to medium-sized companies often working in partnership with local higher education institutions.

### MARKET OVERVIEW: Need for Quality Industrial Product Remains

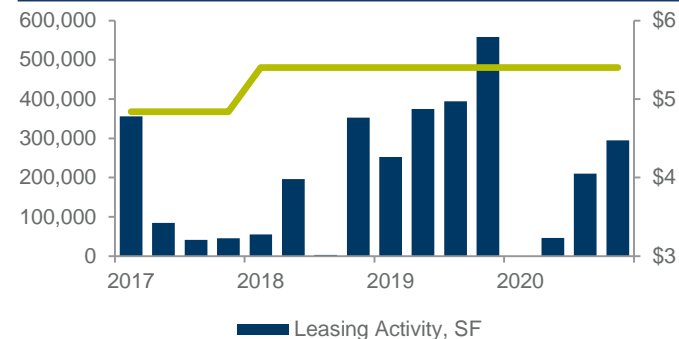
The Rochester, NY MSA region has just over 73.5 million square feet (msf) of industrial space including 53 msf of manufacturing space, 16.5 msf of warehouse/distribution space and 3.7 msf of office service space. The overall vacancy rate is at 6.6% and the overall weighted average asking rental rate is at approximately \$5.40 per square foot (psf). The majority of available industrial inventory in the Rochester market is older and outdated space. As a result of this lack of quality industrial product, we are seeing that any new construction that occurs in the region is commanding higher rental rates and existing buildings are selling at a rapid pace. Warehouses, fulfillment centers and other industrial properties are the one bright spot in the commercial real estate industry, which has otherwise been pummeled by the coronavirus pandemic. Industrial investments and developments are expected to be the best-performing commercial real estate asset through at least 2021.

**OUTLOOK:** The Rochester area is home to more than 1,500 small and medium sized manufacturing companies, most of which are involved in high technology sectors such as computer and electronic products, machinery and chemicals. The trend continues for record low vacancy rates for high-bay warehouse space, which shifts market momentum to landlords/sellers. Adaptive reuse projects are still in the forefront of the rebuilding of Rochester where a large quantity of vacant and functionally obsolete product is being taken out of the industrial inventory. In response to major transitions and challenges in the automotive industry Delphi Technologies closed its research and development facility in Henrietta which was purchased by Rochester Regional Health. Plug Power plans to open a 200,000 ± square foot facility within Monroe County separate than the plant located in Eastman Business Park. Coronavirus-related supply chain issues are causing warehouse owners to store up inventory to hedge against future disruptions. The expected longevity of e-commerce increases the demand for space in the industrial market during this pandemic.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



# Rochester, NY



## Industrial Q4 2020

### MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANCY RATE	YTD USER SALES ACTIVITY (SF)	YTD INVESTOR SALES ACTIVITY (SF)	YTD LEASING ACTIVITY(SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (HT)	OVERALL WEIGHTED AVG NET RENT (W/D)
SUBURBAN	43,132,956	6.2%	122,708	0	262,418	0	0	\$4.75	\$10.50	\$4.25
CBD	30,418,517	7.0%	22,500	0	32,275	0	0	\$4.75	\$10.50	\$3.75
<b>ROCHESTER TOTALS</b>	<b>73,551,473</b>	<b>6.6%</b>	<b>145,208</b>	<b>0</b>	<b>294,693</b>	<b>0</b>	<b>0</b>	<b>\$4.75</b>	<b>\$10.50</b>	<b>\$4.00</b>

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

CLASSES	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (HT)	OVERALL WEIGHTED AVG NET RENT (W/D)
Warehouse / Distribution	16,535,739	495,666	3.0%	6,908	395,084	0	0	\$4.75	\$10.50	\$4.00
Manufacturing	53,298,289	4,098,900	7.7%	-21,554	55,337	0	0	\$4.75	\$10.50	\$4.00
High Tech / Flex	3,717,445	258,113	6.9%	-25,505	22,299	0	0	\$4.75	\$10.50	\$4.00

\*Does not include renewals

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

### KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
1777 E Henrietta Road, Rochester, NY	Suburban	Amazon	28,889	Direct
40 Scutti Blvd, Rochester, NY	Suburban	Caliber Collision	13,272	Direct
150 Broadway, Albany, NY	CBD	Epoch Collectibles	5,600	Direct

\*Renewals not included in leasing statistics

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### KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / \$ PSF
1964 Lake Avenue, Rochester, NY	CBD	Semiconductor Components LLC / FabExchange INC	229,149	\$2,790,000 / \$12.18
2883 Brighton Henrietta TL Rd, Rochester, NY	Suburban	Natapow / STAG RE Holdings	128,609	\$8,840,000 / \$68.73
1455 Jefferson Rd, Rochester, NY	Suburban	Rowe Properties / Brolex Properties	12,470	\$750,000 / \$60.14

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