

## Industrial Q4 2022

YoY Chg 12-Mo. Forecast

**2.9%**

Vacancy Rate



**155K**

Net Absorption YTD, SF



**\$5.90**

Asking Rent, PSF



Overall, Net Asking Rent

### ECONOMIC INDICATORS Q4 2022

YoY Chg 12-Mo. Forecast

**312.1K**

Syracuse MSA Employment



**3.4%**

Syracuse Unemployment Rate



**3.7%**

U.S. Unemployment Rate



Source: BLS

### ECONOMY: Proceeding with Caution

After a slight uptick in the unemployment rate through the summer months, it finished the year at 3.4%, a decrease of 70 basis points (bps) year-over-year (YOY). Though major employer Amazon has announced layoffs nationwide, the recently opened 3.8 million square foot (msf) distribution center is not expected to be affected. However, there have been some significant exits and/or downsizings in the market. Specialty Welding and Fabricating of New York will be closing their 128,000 square foot manufacturing facility eliminating 62 jobs citing the declining economy. Lipari Foods out of Michigan acquired Deli-Boy (food distributor) and has since permanently laid off 67% of the local workforce and vacated over 70,000 sf of distribution space. Major defense contractor Lockheed Martin is retaining approximately 2,000 employees and seeking close to 100 more as they have secured a U.S. Air Force contract to produce a new generation of long-range radars and a U.S. Army contract extension worth up to \$1.6 billion over the next five years.

In October 2022, Micron Technology, Inc. announced plans to invest up to \$100 billion over the next 20 years to build the largest semiconductor fabrication facility in the history of the United States. Initial site work at the White Pine Business Park in Clay, New York (northern Onondaga County) is expected to begin in 2023 with the first construction phase expected to be fully operational by the conclusion of the decade. The overall investment is expected to bring nearly 50,000 jobs to the area which will create demand for housing and services.

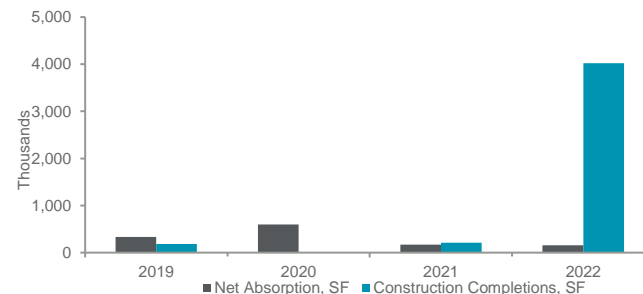
### SUPPLY AND DEMAND: Low Vacancy Endures

With the vacancy rate still at extreme lows, buyers and tenants are compromising on their location and/or building requirements. As high-bay warehouse/distribution space, which accounted for 80% of the 155,198 sf of absorption year to date, continues to be in demand, some buyers and tenants are now seeking larger blocks with lower ceilings and spreading out rather than racking up. This option tends to be more cost effective than new construction. With supply continuing to dwindle, landlords have now gained the advantage over tenants when negotiating lease rates and terms. Tenants are finding themselves with no where else to go or the cost of moving is far greater than the lease rate increases.

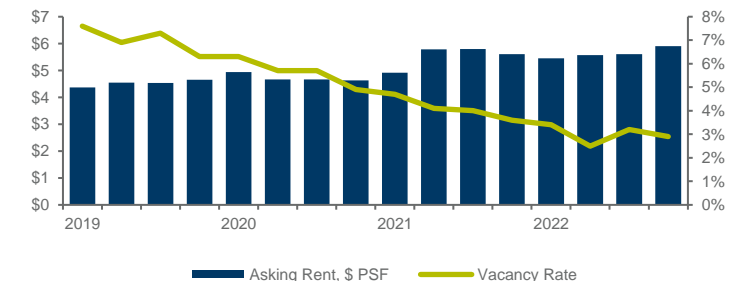
### PRICING: Continue to Increase

Asking rates continued to rise with an increase of 4.1% YOY and \$0.29 per square foot (psf) increase quarter-over-quarter (QOQ). This rise was mainly a direct result of the Micron announcement in early Q4. As the Micron project gets underway in 2023, demand for industrial space and shovel ready industrial zoned land will continue to increase, thereby increasing sale and lease prices. Buyers and tenants may need to consider options in adjacent counties – Oswego, Cayuga, Cortland and Madison.

### 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)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
East	16,173,339	634,733	3.9%	59,965	54,124	85,000	70,864	\$5.37	\$4.00	\$5.10
North	23,115,926	332,397	1.5%	74,732	-18,410	147,112	0	\$5.00	\$6.93	\$6.30
South	1,579,263	49,674	3.2%	0	-9,760	0	0	NA	NA	NA
West	5,496,783	344,025	6.3%	-10,464	57,180	0	0	\$15.00	NA	\$7.75
<b>SYRACUSE TOTALS</b>	<b>46,365,311</b>	<b>1,360,829</b>	<b>2.9%</b>	<b>124,233</b>	<b>155,198</b>	<b>232,112</b>	<b>70,864</b>	<b>\$5.48</b>	<b>\$6.57</b>	<b>\$5.73</b>

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

MF = Manufacturing OS = Office Service/Flex W/D = Warehouse/Distribution

TYPE	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
Warehouse / Distribution	28,655,934	934,249	3.3	251,559	-58,828	147,500	70,864	\$5.73
Manufacturing	13,839,304	261,785	1.9	-92,762	243,779	63,612	0	\$5.48
Office Service / Flex	2,893,198	164,795	5.7	-34,564	-29,753	21,000	0	\$6.57
High Tech	976,875	0	0	0	0	0	0	NA

**KEY LEASE TRANSACTIONS YTD 2022**

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
241 Farrell Road	West	United Auto Supply	92,878	Direct
29 Corporate Circle	East	DHL	25,200	Direct
114 Palmett Street	East	ITT EMD, LLC	14,000	Direct
27 Corporate Drive	East	Guitar Centers	12,112	Direct
112 Pickard Drive East	East	US Sky Distro	10,966	Direct
208 Longbranch Road	North	Square Deal Moving	8,000	Direct

**KEY SALES TRANSACTIONS YTD 2022**

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
7425 Morgan Road	North	Fays Drug/Taconic Capital	582,626	\$20.0M / \$34
2900 McLane Road	North	Orangeball LLC/MSM 2900 McLane Rd LLC	496,200	\$20.4M / \$41
4577 Buckley Road	North	Rite Aid/Taconic Capital JV Friedman RE Group	161,374	\$5.6M / \$34
1811 Lemoyne Ave	East	Scott Bennett/Ironhorn Enterprises	59,254	\$1.15M / \$20
6733 Myers Road	East	Teomax Properties/Freight Management Group	30,000	\$2.25M / \$75
324 Hiawatha Blvd	East	300-324 Hiawatha Blvd LLC/BYAN Investments LLC	27,492	\$700K / \$26

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