

YoY Chg 12-Mo. Forecast

21.9%

Vacancy Rate



112.7K

YTD Net Absorption, SF



\$17.50

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2023

YoY Chg 12-Mo. Forecast

512.7K

Rochester, NY Employment



2.9%

Rochester, NY Unemployment Rate



3.6%

U.S. Unemployment Rate



Source: BLS

ECONOMY: Rochester, NY's Unemployment Rate Hits Lowest % since June of 1990.

The City of Rochester is situated in Monroe County, the centermost and largest county in the six-county region. The Bureau of Labor Statistics (BLS) reported that the unemployment rate for Rochester decreased YOY in Q2 2023 to 2.9%. This figure remains lower than surrounding metros and the national average which sits at 3.6%. Historically, the Bureau of Labor Statistics has not reported a local unemployment rate this low since June of 1990. Remote jobs, the growing medical industry, and the resurgence in Rochester manufacturing have played an integral role in the local job market. A huge win for the City of Rochester was announced in May. The Coca-Cola Company disclosed plans to develop a production facility over 600k square feet (sf) for Fairlife Farms, in Webster, NY. This \$650M investment is set to create 250 jobs and will have a positive economic impact felt throughout the City. Completion of this project is anticipated for 2025. Rochester is fortunate to be in a position of economic strength. Expect employment trends to stabilize. Should there be increased job growth, we could see labor shortages continue.

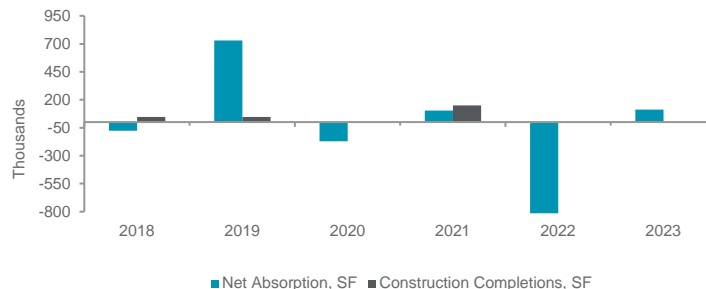
SUPPLY & DEMAND: Suburban Market Gaining Attention While Flight to Quality Persists

The Rochester office market's overall vacancy rate decreased to 21.9% in Q2 of 2023, down from 22.8% as of Q4 2022. Despite this vacancy decrease, there are still uncertainties within the market. The hybrid work environment for some organizations may be here to stay. Companies are looking to downsize. As a result, tenants are able to upgrade their space, currently considered a "flight to quality," i.e. properties with better amenities and modern upgrades. Property owners are hesitant to upgrade their buildings to compete in this dynamic marketplace due to high construction costs. These costs have caused tenants to look elsewhere for space that's ready for them now. With limited prime options in our overall market and many of those choices within our suburban market, alternatively, relocations are still occurring.

Outlook: Obsolescence Equals Opportunity

Rochester has many aging buildings in need of modernization. Demand for office space is not anticipated to grow and we will see more vacant space becoming available this year. The City of Rochester currently has millions of dollars in renovations, expansions, and conversions happening now, such as The Executive Building. Although one of many occurring, this conversion will turn the historic building into a residential/retail property. The city and the suburbs both are energized, and it seems construction is occurring everywhere. The opportunity is now being realized and it will be a matter of time before more projects are undertaken.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR LEASING ACTIVITY**	YTD LEASING ACTIVITY (SF)**	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD	51	4,704,458	1,228,777	26.1%	23,207	52,329	0	\$17.00	\$22.00
South-Central	93	3,896,364	800,413	20.5%	3,000	7,000	0	\$17.50	\$20.00
South-East	93	4,478,985	830,127	18.5%	13,859	9,859	0	\$18.50	\$21.00
ROCHESTER TOTALS	237	13,079,807	2,859,317	21.9%	47,899	69,188	0	\$17.50	\$21.00

*Rental rates reflect gross asking \$psf/year

**Leasing Activity Includes Renewals

KEY LEASE TRANSACTIONS Q2 2023

100 Highpoint Drive	Tenant	Landlord	RSF	TYPE
995 Senator Keating BLVD	IDE Imaging	Costello Receivership	21,424	New Lease
16 West Main Street	Revolution Title Agency	16 West Main LLC	15,382	New Lease
1890 S. Winton Road	BCC Software	Advarra Technology	10,332	Sublease
100 S. Clinton Ave	C&S Engineering	Gallina	7,698	New Lease
1 Bausch & Lomb Place	Monarc Holdings	Ardent Learning	7,648	Sublease
1239 University Ave	CH Robinson	1239 University Ave LLC	4,430	Renewal

KEY SALES TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
150 Sawgrass Drive	South Central	Paychex Inc / Golisano CH Pediatric Sleep Medicine LLC	125,000	\$10,000,000 / \$80.00
150 Mt Hope Avenue	South Central	Depaul Properties / Helio Health LLC	40,197	\$3,400,000 / \$84.58
1120 Pittsford-Victor Road	Southeast	Monroe Plan For Medical Care Inc/ Basin Tech Centre LLC	38,550	\$4,000,000 / \$103.76
20 East Avenue	CBD	Square Jib Associates LLC/ Jay Acquisitions LLC	23,823	\$1,279,650 / \$36.56

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