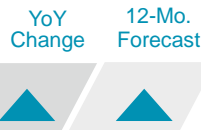


12.8%

Vacancy Rate



-214K

YTD Net Absorption, SF



\$16.80

Asking Rent, PSF

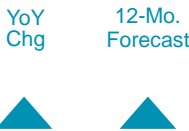


(Overall, All Property Classes)

ECONOMIC INDICATORS Q22023

317.9K

Syracuse MSA Employment



2.9%

Syracuse Unemployment Rate



3.6%

U.S. Unemployment Rate



Source: BLS, Moody's Analytics

ECONOMY: Remaining Stable

In April 2023, the unemployment rate in the Syracuse MSA hit an all time low of 2.5% with it increasing slightly to 3.3% at the close of the second quarter, a decrease of 20 basis points (bps) year-over-year (YOY). Most of the activity in the office market continues to be driven by the medical sector. Hematology-Oncology Associates has broken ground on a new, 21,000 square foot (sf) cancer treatment center in Camillus, a western suburb of Syracuse and the 196,000 sf Upstate Medical University Nappi Wellness Institute has officially opened and is now seeing patients.

SUPPLY & DEMAND: Neutral

The demand for office space has continued to remain neutral even as the COVID-19 public health emergency has officially ended. Work from home has continued to hinder the need for office space. Larger office tenants can demand workers return to the office and easily replace those who don't. However, in the Syracuse MSA, over half of private employers have fewer than five employees and with unemployment at historic lows, employers need to accommodate employee demands to retain current staffing. Some employers, such as Bankers Healthcare recently abandoned their plans for expansion and instead offered all their employees funds to outfit their home office. Since employees have proven they can be just as, if not more productive working remote, office tenants are instead downsizing to decrease overhead. Until there is a change in this trend, demand for office space in the market will remain neutral. Offsetting the dip in demand caused by reduced occupancy was the conversion of a large office building to apartments at the former M&T Bank Building.

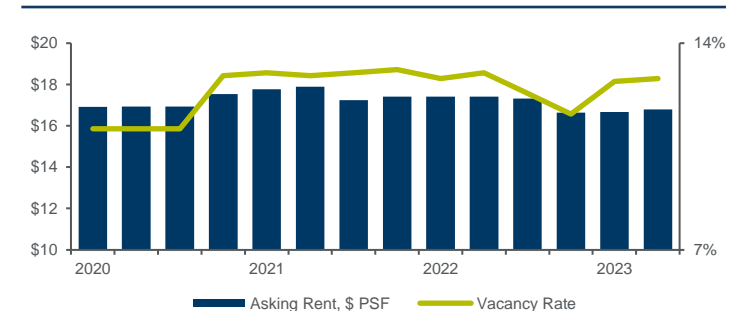
PRICING: Timing is Everything

Six months into 2023 the market has seen unprecedented inflation rates and continued labor and material shortages. In the past, tenants could wait until six months prior to their lease expiration to begin renewal negotiations and relocation options. If the Landlord isn't willing to negotiate favorable renewal terms, tenants could easily find a new space, negotiate a new lease and have the space ready in 30 days. However, with the cost of goods and labor and material shortages, much longer lead times are needed for build-out, sometimes as much as six months for the same size and finishes that used to be 30 days. This has led to office rates increasing to \$16.80 (\$0.13 increase from Q12023) as the cost for Landlords to improve spaces has increased. Tenants that have waited too long to review renewal and/or relocation options are forced to renew and at higher rates. Tenants who have a lease expiration 18-24 months out and begin the process to renew or relocate are seeing the most favorable deals since Landlords need to retain office tenants.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD NEW LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD	4,976,825	0	727,221	14.6%	39,364	-102,077	77,688	242,000	\$16.81	\$16.97
Non-CBD	8,836,038	82,711	961,982	11.8%	-51,018	-112,438	57,407	56,000	\$16.77	\$18.09
MARKET TOTALS	13,812,863	82,711	1,689,203	12.8%	-11,654	-214,515	135,095	298,000	\$16.80	\$17.28

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
5000 Brittonfield Parkway	Non-CBD	Crouse Hospital	25,401	New Lease
120 Madison Street	CBD	NBT Bank	14,251	Renewal*
251 Salina Meadows Parkway	Non-CBD	The Hanover Insurance Company	12,231	Renewal*
5010 Campuswood Drive	Non-CBD	Centene Management Company	11,848	Renewal*
101 North Salina Street	CBD	NBT Bank	8,109	New Lease
500 Plum Street	Non-CBD	JPMorgan Chase	7,346	New Lease
300 South State Street	CBD	The Colwell Law Group	6,353	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS YTD 2023

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
313-23 S Crouse Ave & 1014-16 S Crouse Ave	Non-CBD	South Crouse Commons/TLSP CODA LLC	29,752	\$4,000,000/\$134.44
200 Elwood Davis Road	Non-CBD	200 Elwood Davis LLC/Ronda T AKL & Associates PLLC	19,639	\$1,260,000/\$64.15
717 Erie Blvd W	Non-CBD	Commonfund Realty LLC/PEACE Inc	9,800	\$800,000/\$81.63
636 Old Liverpool Road	Non-CBD	Railroad LLC/Sai Chekuri	6,800	\$605,000/\$88.97
6723 Lyons Road	Non-CBD	Euchner USA Inc/Pierpoint Partners	5,564	\$473,582/\$85.11

KEY CONSTRUCTION PROJECTS 2023

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
711 Adams Street	Non-CBD	Nappi Wellness Institute	196,000	New York State
930 South Salina Street	Non-CBD	Syracuse Community Health	56,000	Syracuse Community Health
235 Harrison Street	CBD	Syracuse Tech Garden	46,000	City of Syracuse

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