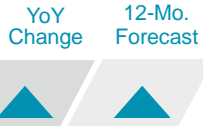


13.5%
Vacancy Rate



-301K
YTD Net Absorption, SF



\$16.90
Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q42023

320.3K
Syracuse MSA Employment



3.6%
Syracuse Unemployment Rate



3.7%
U.S. Unemployment Rate



Source: BLS, Moody's Analytics

ECONOMY: Remaining Stable

After dipping to 2.9% at the end of Q2, the Syracuse unemployment rate has slightly increased to 3.6% year-over-year (YOY), however, Syracuse MSA Employment has increased 133 basis points (bps) YOY. Though healthcare and education continue to be major economic drivers in the region, after years in increasingly aging facilities, local government and municipal entities are planning relocations or have relocated within the market. It has been shown to be more cost-effective to invest in new market spaces rather than attempting to retrofit and refurbish their current facilities attaining better value for money and long-term sustainability.

The City of Syracuse recently occupied 26,500-square feet (sf) at One Park Place and has now taken an additional 6,824-sf completely vacating City Hall Commons. The building formerly owned and occupied by the city will be sold to a private developer for \$850,000 who plans to transform the historic building into ground-floor retail and apartments in the six stories above. The City of Syracuse fire and police departments have been approved to move to the city's west side into a currently vacant building that will be redeveloped at the cost of \$25 to \$30 million. The city is expected to take occupancy in the second half of 2025.

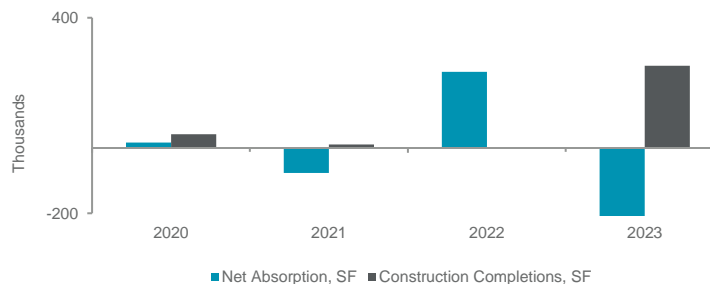
SUPPLY & DEMAND: Neutral

Syracuse area office leasing has slowed with very little activity in the market. Landlords are continuing to contend with the inflation of their operating expenses while tenants continue to downsize as the work-from-home trend continues. Some tenants have opted to add recreational space to their office to entice employees return and encourage team building around these added activities. There has been an increase demand for incubator space leading to a 46,000-sf expansion of the Syracuse Tech Garden. Several companies that have started in The Tech Garden are now thriving in the Syracuse Central Business District (CBD). Impel, formerly SpinCar just vacated the Tech Garden and now occupies 30,000-sf at the recently redeveloped City Center.

PRICING: Increasing from Inflation

Total market overall office rates have remained fairly stable at \$16.90 per square foot (psf), a 1.5% increase YOY. Class A CBD rates remain on average \$17.39 psf with Class A, non-CBD rates holding at \$17.31 psf. With the cost of materials and labor for new tenant buildout also increasing, Landlords are struggling to fund improvements because there is a gap in the amount their lender will allow them to finance, and the amount desired by the Tenants. This disparity is increasingly becoming an impediment to making new deals. As high vacancy lingers, some Landlords will need to get aggressive with lower rates and other incentives to backfill spaces as the reality of foreclosure sets in.

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	4,976,613	0	770,513	15.5%	-36,790	-145,369	78,788	46,000	\$17.20	\$17.39
Non-CBD	8,804,328	93,885	994,260	12.4%	-33,517	-155,890	75,388	21,000	\$16.25	\$17.31
MARKET TOTALS	13,780,941	93,885	1,764,773	13.5%	-70,307	-301,259	154,176	67,000	\$16.90	\$17.37

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS 2023

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
333 Butternut Drive	Non-CBD	Community Bank	62,640	New Lease
100 Madison Street	CBD	Equitable Advisors	12,064	Renewal*
5788 Widewaters Parkway	Non-CBD	New York Life Insurance	11,386	Renewal*
5786 Widewaters Parkway	Non-CBD	RBC Capital Markets	11,260	Renewal*
5786 Widewaters Parkway	Non-CBD	CNA Insurance	8,092	Renewal*
333 Butternut Drive	Non-CBD	Excellus Health Plan	5,900	Renewal*
1035 Seventh North Street	Non-CBD	Ducks Unlimited	4,130	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	STATUS
711 Adams Street	Non-CBD	Nappi Wellness Institute	196,000	New York State	COMPLETE
930 South Salina Street	Non-CBD	Syracuse Community Health	56,000	Syracuse Community Health	COMPLETE
235 Harrison Street	CBD	Syracuse Tech Garden	46,000	City of Syracuse	Under Construction
5490 Cobbler Way	Non-CBD	Hematology-Oncology Associates of CNY	21,000	HOA Camillus Properties, LLC	Under Construction

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