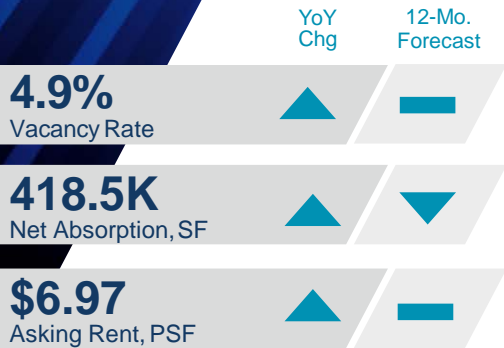


# Rochester, NY

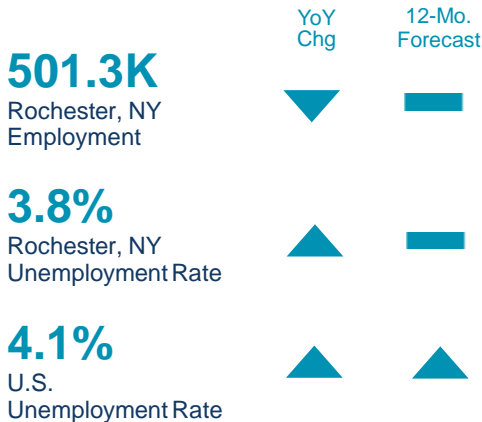


## Industrial Q2 2024



Overall, Net Asking Rent

### ECONOMIC INDICATORS Q2 2024



Source: BLS

### ECONOMY: Impact of Stagnant Interest Rates, and New Developments Remain to Be Seen.

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 increased in Q2 2024 to 3.8%, an increase from 2.9% in Q2 2023. Although the Federal Reserve originally aimed for three interest rate cuts in 2024, no cuts have occurred and it is likely there is just one reduction later this year. Despite the pullback from The Federal Reserve, Rochester's economy remains stable. According to John Mangan, Senior VP for commercial real estate at Five Star Bank, community banks continue to lend money for all types of real estate projects, and each segment will have a debt yield where a bank will consider the loan. New developments such as the \$80 million investment to renovate the Aqueduct Building for Constellation Brands HQ, and the \$5 million committed by NYS to accelerate reuse of the adjacent aqueduct, could command growth in an area where the market has struggled. Legislation currently under consideration could bring Rochester, N.Y. its own public bank, the first of its kind for New York State. The bill would authorize the creation of "The Bank of Rochester." This bill would aim to achieve cost savings, strengthen local economies, support economic development, and address housing needs for localities.

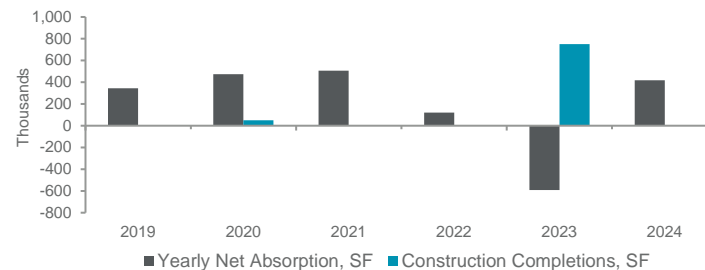
### SUPPLY & DEMAND: Demand Slows Down but Remains Strong for Prime Properties.

The Rochester, NY MSA Region has just over 80.4 million square feet (msf) of industrial space in its overall market. Vacancy rates have decreased by 40 basis points since Q4 2023 to 4.9%. When broken down into City and Suburban, vacancies sit at 7.9% and 2.9%, respectively. The gap between both markets widened by 51 basis points, supporting the notion the suburban market has product that is aligning with current user needs. Approximately half of the current vacancy in the city is contained within a few properties. The decrease in the suburban market vacancy is likely attributed to existing tenant growth and or new tenancy.

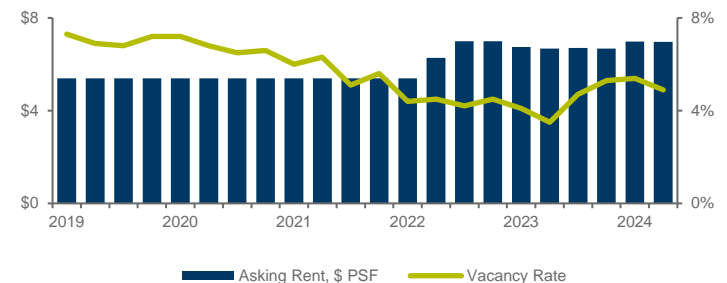
### OUTLOOK: Potential Impact of the Tech Hub Designation & NYS Proposal for the Hydrogen Hub Initiative

The White House announced that Upstate N.Y. has officially earned its place among 12 total designees as a regional tech hub. The designation spans much of the I-90 Corridor between Buffalo, Rochester, and Syracuse. \$40 million in federal funds, and \$8 million in matching funds from the state has been committed to accelerate the growth of the local semiconductor industry. The initial effort will work to educate the surrounding areas on advanced semiconductor manufacturing's supply chain, commercialization, and workforce training needs, to be better prepared to support this initiative. In addition, New York has put in a proposal to be considered for the Hydrogen Hub initiative. NY is one of seven states able to compete for the \$1.25 billion in funding. The initiatives directive hopes to advance production, consumption, and infrastructure for clean hydrogen. The initial impact of these initiatives on the Industrial market may offer a small increase in jobs or industrial space demand, but its long-term impact will likely promote industrial growth into the foreseeable future.

### SPACE DEMAND / DELIVERIES



### OVERALL VACANCY & ASKING RENT



## Industrial Q2 2024

### 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                | 49,372,147        | 2.95%                | -                            | -                                | 82,977                   | -                | -                       | \$7.25                             | \$12.25                            | \$7.25                              |
| CITY                    | 31,087,305        | 7.94%                | -                            | -                                | -                        | -                | -                       | \$5.50                             | \$9.50                             | \$6.25                              |
| <b>ROCHESTER TOTALS</b> | <b>80,459,452</b> | <b>4.9%</b>          | <b>-</b>                     | <b>-</b>                         | <b>82,977</b>            | <b>-</b>         | <b>-</b>                | <b>\$6.50</b>                      | <b>\$11.00</b>                     | <b>\$6.97</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 (W/D) | OVERALL WEIGHTED AVG NET RENT (MF) | OVERALL WEIGHTED AVG NET RENT (HT) |
|--------------------------|----------------|---------------------|----------------------|---|---------------------------------|------------------|-------------------------|-------------------------------------|------------------------------------|------------------------------------|
| Warehouse / Distribution | 27,212,903     | 863,799             | 3.4%                 | 148,406                                 | 10,146                          | -                | -                       | \$7.25                              |                                    |                                    |
| Manufacturing            | 50,753,942     | 2,807,154           | 5.5%                 | 243,945                                 | 24,248                          | -                | -                       |                                     | \$6.50                             |                                    |
| High Tech / Flex         | 4,030,956      | 252,135             | 5.9%                 | 26,135                                  | -11,181                         | -                | -                       |                                     |                                    | \$11.00                            |

\*Does not include renewals

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

### KEY SALES TRANSACTIONS Q2 2024

| PROPERTY                    | SUBMARKET | SELLER                  | BUYER             | SF      | PRICE / \$PSF         |
|-----------------------------|-----------|-------------------------|-------------------|---------|-----------------------|
| 1405 St Paul Street         | City      | WBS Capital             | Phoenix Rochester | 790,915 | \$300,000 / \$0.17    |
| 475 Quaker Meeting House Rd | Suburban  | Hyzon                   | Fulcrum Holdings  | 78,580  | \$3,075,000 / \$39.13 |
| 293 Patriot Way             | Suburban  | Country Lane Associates | 293 Patriot Way   | 40,674  | \$2,000,000 / \$49.17 |
| 1085 Lyell Ave              | City      | Accurate Tool and Die   | Bayi Capital      | 15,335  | \$600,000 / \$39.13   |
| 470 West Metro Park         | Suburban  | Rochester Electrical    | 470 W Metro Park  | 12,150  | \$1,000,000 / \$82.30 |
| 5 Moonlanding Rd            | Suburban  | Atalys Roc              | Moonlanding       | 11,500  | \$750,000 / 62.21     |
| 20 Saginaw Dr               | Suburban  | JHI Realty              | 20 Saginaw Dr LLC | 10,945  | 1,200,000 / 109.64    |

### KEY LEASE TRANSACTIONS Q2 2024

| PROPERTY              | SUBMARKET | TENANT | SF     | TYPE   |
|-----------------------|-----------|--------|--------|--------|
| 1600 Lexington Avenue | CTY       | -      | 23,435 | Direct |

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