

ECONOMY: \$100M In Funding Awarded to Inner Loop North Transformation

The City of Rochester, located in Monroe County—is a key economic hub in Upstate New York. With a metro population of over 1 million, Rochester’s economy is driven by healthcare, advanced manufacturing, education and a growing real estate sector. Rochester’s unemployment rate finished 2024 at 3.3%, lower than the U.S. rate of 4.2%. Enhancing the advanced manufacturing presence in Rochester, Pfisterer completed their new 100,000-square foot (sf) facility near Rochester Tech Park. This will add at least 50 new jobs to the economy and add to an already large pool of manufacturers in Rochester. In a press release from U.S. Senator Chuck Schumer, \$100M in funding has been awarded to aid Rochester’s Inner Loop North Transformation project. The project aims to replace the inner loop with an accessible, multimodal, at-grade network of complete streets, reclaiming 22 acres for redevelopment and improving connectivity. Upon completion, the project could bolster economic development opportunities throughout the region.

MARKET OVERVIEW: THE STATE OF THE ROCHESTER INDUSTRIAL MARKET

The Rochester MSA industrial market totals 86 million square feet (msf), 59% of which is manufacturing space while warehouse/distribution space makes up 36% of the total. As of year-end 2024, the overall vacancy rate stood at 5.3%, with an average asking rent of \$7.01 per square foot (psf). However, rates vary significantly based on property age, condition, and quality. New developments are achieving rates as high as \$12.50 psf NNN, while older assets—such as the Hawkeye Building in downtown Rochester—remain vacant. Warehouse demand remained strong through Q4, with vacancy at 1.9%, a trend expected to continue. In contrast, manufacturing space softened, ending 2024 with -758,342 square feet of occupancy losses. The vacancy gap between city (8.2%) and suburban (3.6%) industrial properties has widened, driven by aging urban buildings that no longer meet the needs of modern industrial users. To stay competitive, property owners and landlords must prioritize strategic investments in modernization or adaptive reuse to attract and retain tenants in this evolving market.

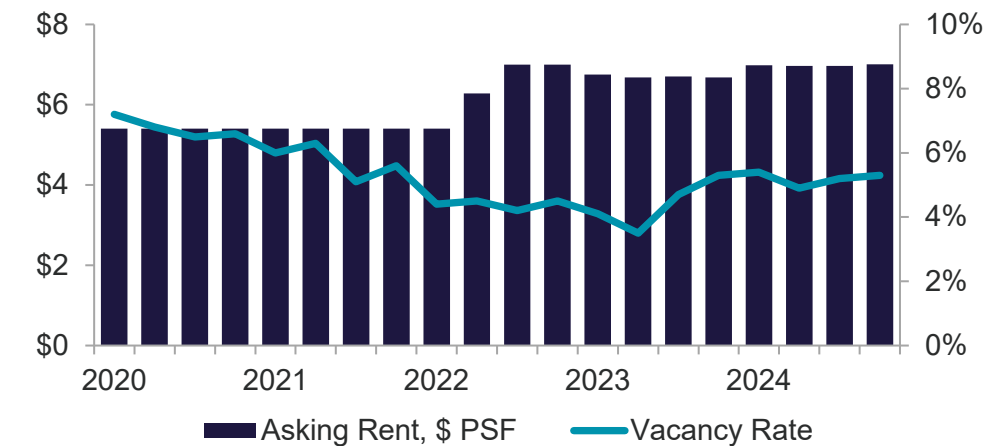
OUTLOOK: INDUSTRIAL DEMAND SLOWS AS 2024 COMES TO A CLOSE

Vacancy reached a record low of 3.3% at mid-year 2023. Since then, demand has tapered off, and the days of turning users away due to the lack of space are behind us. Although large quality spaces are still hard to come by in Rochester, the industrial market has stabilized. Despite demand decreasing from record levels, the revitalization of Downtown Rochester through projects like Roc the Riverway and the Inner Loop North Transformation—combined with Micron’s expansion in Syracuse and Rochester’s highly educated workforce—will help keep the city an attractive destination. While the full impact on the industrial market remains uncertain, this transformation may draw new users seeking to benefit from Rochester’s modernization and prime location, offering a strong reason for optimism.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET FUNDAMENTALS

	YOY Chg	Outlook
5.3% Vacancy Rate	—	▼
-624K YTD Net Absorption, SF	▼	▼
\$7.01 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i>	▲	—

ECONOMIC INDICATORS

	YOY Chg	Outlook
505K Rochester, NY Employment	▼	▲
3.3% Rochester, NY Unemployment Rate	▼	▲
4.2% U.S. Unemployment Rate	▲	▲

Source: BLS

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)	CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
SUBURBAN	55,234,060	3.6%	-	-	-	-	-	\$7.00	\$11.00	\$7.50
CITY	31,087,305	8.2%	-	-	-	-	-	\$5.50	\$9.50	\$6.50
ROCHESTER TOTALS	86,307,415	5.3%	80,992	132,028	169,623	-	-	\$6.50	\$10.50	\$7.25

*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)	YTD CNSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
Warehouse / Distribution	30,711,733	568,669	1.9%	350,031	407,206	-	-			\$7.25
Manufacturing	50,926,857	3,600,943	7.1%	-296,480	-758,342	-	-	\$6.50		
Office Service / Flex	4,668,825	410,005	8.8%	-99,204	-161,907	-	-		\$11.00	

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
8 Marway Circle, Rochester, NY	Suburban	-	31,440	Direct
37 Breck Street, Rochester, NY	City	-	15,948	Direct
75 Town Center Drive, Rochester, NY	Suburban	-	10,000	Renewal
961 Lyell Avenue, Rochester, NY	City	-	2,550	Direct

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	BUYER/SELLER	SF	PRICE / \$ PSF
100 Gates Greece Townline Road, Rochester, NY	Suburban	TFI Rochester/ APM Holdings	89,328	\$11,085,517 / \$124.09
1 Boon Drive, North Chili, NY	Suburban	BOON NC NY/ DPB Holdings	51,890	\$1,600,000 / \$30.83
155 Balta Drive, Rochester, NY	Suburban	Horizon Cold Storage/ Balta NY Cold Storage Industrial	42,700	\$7,187,306.70 / \$168.32
47 Scrantom Street, Rochester, NY	City	Prometheus Holdings/ RG Rock Jr Holdings	37,946	\$1,900,000 / \$50.07
20 Cairn St, Rochester, NY	City	Cairn St Properties / Cairn Street LLC	25,600	\$2,050,000 / \$80.07
450 Mile Crossing Blvd, Rochester, NY	City	Ferguson Electric Construction/ Cygnus Properties	15,300	\$1,250,000 / \$81.69

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