



MARKET FUNDAMENTALS

6.7%
Vacancy Rate

YOY Chg
▲

Outlook
■

-1.2M
YTD Net Absorption, SF

YOY Chg
▼

Outlook
▼

\$6.80
Asking Rent, PSF
(Overall, Net Asking Rent)

YOY Chg
■

Outlook
■

ECONOMIC INDICATORS

515.1K
Rochester, NY
Employment

YOY Chg
▲

Outlook
▼

3.5%
Rochester, NY
Unemployment Rate

YOY Chg
▲

Outlook
▲

4.6%
U.S. Unemployment
Rate

YOY Chg
▲

Outlook
▲

Source: BLS

ECONOMY: Ongoing Capital Investment Signals Market Confidence

Rochester, anchored in Monroe County at the heart of the six-county region, continues demonstrating economic resilience with unemployment at 3.5%, well below the national average of 4.6%. Despite elevated borrowing and construction costs, several manufacturers and technology firms continued to deploy capital into new or expanded facilities across the region. Fairlife's new Webster facility reached full operational status in late 2025. LiDestri Foods advanced its planned \$30-million (M) expansion set for phased delivery through 2026. Additional commitments included McAlpin Industries \$23M new manufacturing investment in Webster, \$20M ongoing modernization efforts at Eastman Kodak, and expansions announced by QED Technologies and Corning, \$18.7M and \$139M respectively. The long-vacant Vacuum Oil site on Rochester's southwest riverfront also entered a new phase of redevelopment planning, signaling sustained confidence in the region's long-term vitality.

MARKET OVERVIEW: Large Vacancy Spikes in Q4 Will Stabilize Moving Into 2026

The Rochester industrial market closed Q4 with overall vacancy rising to 6.7%, up from 6.0% in Q2. Q4 alone recorded negative 959,013 square feet (sf) of negative absorption. This single-quarter decline accounted for the majority of the year's negative 1.2 million sf in total net absorption, reflecting several large blocks of space returning to the market late in the year.

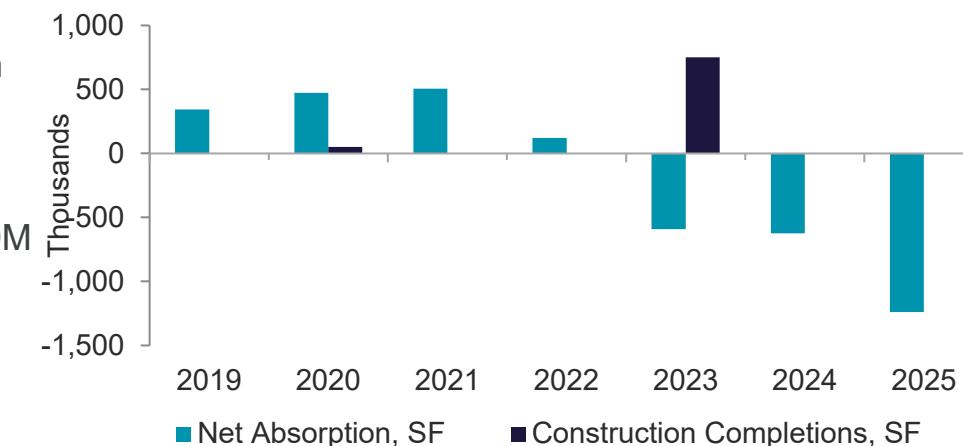
Suburban industrial markets were the primary driver, posting negative 813,864 sf of absorption in Q4 and closing the year at 5.8% vacancy. The rise in availability was concentrated in warehouse and manufacturing inventory, with vacancy reaching 4.9% and 6.3%, respectively. Flex space experienced minimal change.

City industrial availability increased more modestly, with negative 148,149 sf of Q4 absorption and vacancy finishing at 8.3%. Changes remained concentrated in a small number of older manufacturing buildings, consistent with the city's owner-occupied inventory profile and historically low turnover.

OUTLOOK: Market Conditions Expected to Level Off

The Rochester industrial market enters 2026 with higher year-end availability and steady leasing activity. Demand continues to be strongest for modern, functional space, while market performance varies by product type and location. Elevated development and financing costs remain a factor in the broader environment, and near-term conditions will be shaped by existing inventory and ongoing tenant requirements. Overall, the market is positioned for stable performance as users continue to assess space needs across the region.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



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	55,484,486	5.8%	151,972	60,113	191,888	745,000	-	\$7.00	\$11.50	\$7.60
CITY	31,313,542	8.3%	215,302	89,521	51,094	274,400	-	\$5.50	\$9.50	\$6.00
ROCHESTER TOTALS	86,798,028	6.7%	367,274	149,634	242,982	1,019,400	-	\$6.25	\$11.00	\$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	31,130,383	1,433,043	4.6%	-641,172	-853,374	-	-			\$7.25
Manufacturing	50,965,868	4,048,358	7.9%	-351,741	-447,415	1,019,400	-	\$6.25		
Office Service / Flex	4,701,777	348,422	7.4%	33,120	36,900	-	-		\$11.00	

KEY LEASE TRANSACTIONS Q4 2025

Property	Submarket	Tenant	SF	Type
1437 Scottsville Road	Suburban	-	20,715	Sublease
7401 Willowbrook Road	Suburban	-	12,071	Direct
275 Mile Crossing Blvd	Suburban	-	7,927	Direct
75 Town Centre Drive	Suburban	-	7,344	Direct
200 Air Park Drive	Suburban	-	5,700	Renewal
7625 Omnitech Place	Suburban	-	5,086	Direct

KEY SALES TRANSACTIONS Q4 2025

Property	Submarket	Buyer/Seller	SF	Price / \$ psf
97 Dewey Ave, Rochester, NY	City	Rosey Old Mill/ 97-101 Dewey Ave	60,507	\$485,000 / \$8
485 Hague St, Rochester, NY	City	Hague Realty Partners/ Jay Hague Properties	51,890	\$550,000 / \$12
117 Victor Heights Pkwy, Victor, NY	Suburban	JKL 117/ Victor Heights Campus	35,238	\$1,700,000 / \$48
175 Josons Drive, Rochester, NY	Suburban	Rexel USA/ 97-101 Dewey Ave	33,475	\$4,800,000 / \$143
1275 Mt Read Blvd, Rochester, NY	City	Stenson Properties/ R & K Peters	30,265	\$2,050,000 / \$80
1111 Corporate Drive, Farmington, NY	Suburban	Ferguson Electric Construction/ Cygnus Properties	15,300	\$500,000 / \$17

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