

MARKET FUNDAMENTALS

|                                                                               | YOY Chg | Outlook |
|-------------------------------------------------------------------------------|---------|---------|
| 19.9%<br>Vacancy Rate                                                         | ▲       | ▬       |
| 139.5K<br>YTD Net Absorption, SF                                              | ▲       | ▲       |
| \$17.50<br>Asking Rent, PSF<br><small>(Overall, All Property Classes)</small> | ▬       | ▬       |

ECONOMIC INDICATORS

|                                                             | YOY Chg | Outlook |
|-------------------------------------------------------------|---------|---------|
| 518.9K<br>Rochester, NY<br>Employment                       | ▲       | ▼       |
| 3.9%<br>Rochester, NY<br>Unemployment Rate                  | ▲       | ▲       |
| 4.3%<br>U.S. Unemployment Rate<br><small>Source:BLS</small> | ▲       | ▲       |

ECONOMY: Repositioning and Investment Continue Driving the Office Market

Rochester, anchored in Monroe County at the heart of the nine-county region, continues to demonstrate economic resilience, with unemployment below the national average. Suburban investment drove activity through the first half of 2026. Christa Development acquired five buildings at Willowbrook Office Park in Perinton for \$9.5M, launching a roughly \$50M repositioning of the park into an amenity-rich, mixed-use campus meeting modern office user demand. Megazone Cloud is establishing its U.S. headquarters at the park. Paylocity proposed a \$5.7M expansion at 3750 Monroe Avenue, doubling its footprint to 89,000 sf. Downtown, the \$72.3M Gateway Apartments broke ground in May, continuing the conversion of obsolete office stock to residential. Medical office remains a durable demand driver anchored by Rochester Regional Health’s \$20M expansion in Greece and the newly announced \$17.5M project in Canandaigua. Despite ongoing shifts in user demand, reinvestment across both the suburbs and the urban core reflects sustained confidence in the market.

SUPPLY AND DEMAND: Suburban Markets Sustain Positive Momentum

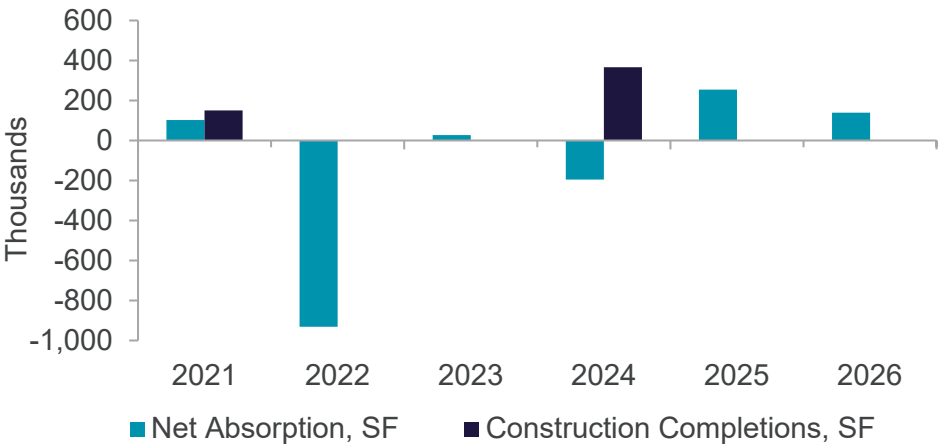
The suburban office market recorded its fourth consecutive quarter of positive absorption in the second quarter of 2026. Year-to-date, Non-CBD submarkets combined for positive 130,329 square feet (sf), lifting the four-quarter total to 374.6K sf and improving suburban vacancy to 15.3%, the lowest level since Q2 2022. Demand continues to concentrate in well-located, amenitized assets, as flight-to-quality, smart repositioning, and return-to-office mandates channel activity into the South-Central and South-East markets.

In the Central Business District, absorption was essentially flat year-to-date at positive 9,172 sf, with overall vacancy at 29.2%. Conditions downtown continue to be shaped less by traditional tenant demand than by the steady removal of obsolete inventory, as properties are repurposed into multi-family housing. Projects such as Clinton Square illustrate this trend, with additional conversion candidates continuing to emerge.

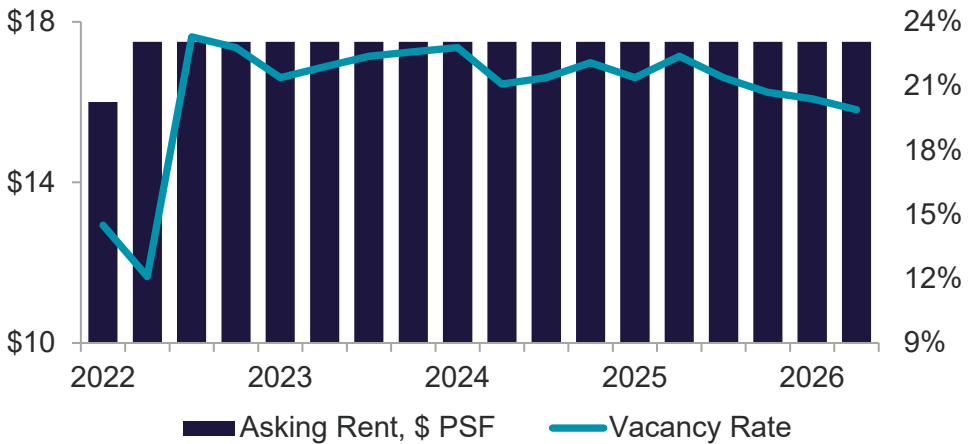
OUTLOOK: Suburban Strength Anchors A Bifurcated Recovery

Suburban submarkets are positioned to carry the market's gains through the second half of 2026, with durable medical office demand the segment least exposed to hybrid-work risk. Downtown, the conversion pipeline is set to expand, with a few notable properties reportedly under contract with residential repurposing viewed as the likely outcome, adding to an estimated \$625M in downtown investment announced or underway across 2025 and 2026. Performance will remain tied to asset quality, location, and adaptability to evolving tenant preferences.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

| SUBMARKET            | INVENTORY (SF) | DIRECT VACANT (SF) | OVERALL VACANCY RATE | CURRENT QTR OVERALL NET ABSORPTION (SF) | YTD OVERALL NET ABSORPTION (SF) | YTD LEASING ACTIVITY (SF) | UNDER CNSTR (SF) | OVERALL AVG ASKING RENT (ALL CLASSES)* | OVERALL AVG ASKING RENT (CLASS A)* |
|----------------------|----------------|--------------------|----------------------|-----------------------------------------|---------------------------------|---------------------------|------------------|----------------------------------------|------------------------------------|
| South-East           | 4,492,521      | 714,523            | 15.9%                | 5,208                                   | 50,224                          | 12,444                    | -                | \$18.75                                | \$21.00                            |
| South-Central        | 4,578,146      | 673,414            | 14.7%                | 90,859                                  | 80,105                          | 6,065                     | -                | \$17.50                                | \$19.50                            |
| CBD                  | 4,528,077      | 1,323,093          | 29.2%                | -33,050                                 | 9,172                           | 23,314                    | -                | \$17.00                                | \$22.00                            |
| ROCHESTER, NY TOTALS | 13,598,744     | 2,711,030          | 19.9%                | 63,017                                  | 139,501                         | 41,823                    | -                | \$17.50                                | \$21.00                            |

\*Rental rates reflect full-service asking

KEY LEASE TRANSACTIONS Q2 2026

| PROPERTY               | SUBMARKET | SF    | SPACE TYPE | TRANSACTION TYPE |
|------------------------|-----------|-------|------------|------------------|
| 32 North Main Street   | Non-CBD   | 6,174 | Direct     | New Lease        |
| 277 N Goodman Street   | CBD       | 5,000 | Direct     | Renewal          |
| 1239 University Avenue | CBD       | 4,430 | Direct     | New Lease        |
| 1250 Scottsville Road  | Non-CBD   | 2,625 | Direct     | Renewal          |
| 16 West Main Street    | CBD       | 1,007 | Direct     | New Lease        |

KEY SALES TRANSACTIONS Q2 2026

| PROPERTY                             | SUBMARKET | BUYER/SELLER                                           | SF      | PRICE / \$ PSF     |
|--------------------------------------|-----------|--------------------------------------------------------|---------|--------------------|
| 4901 Lac Deville Blvd, Rochester, NY |           | University of Rochester/<br>Anthony J Costello and Son | 107,397 | \$7,979,190 / \$74 |
| 155-165 W Main St, Rochester, NY     |           | 1SW Building/<br>WJM Properties                        | 67,140  | \$2,125,000 / \$32 |
| 1295 Portland Ave, Rochester, NY     |           | Portland 1295 LLC/<br>Morgan Portland Development      | 21,330  | \$1,115,000 / \$52 |
| 7870 Lehigh Crossing, Victor, NY     |           | Morrell Commercial/<br>Gallina Bluestone               | 19,922  | \$1,185,000 / \$59 |
| 640-642 Kreag Road, Fairport, NY     |           | Kreag Rd Mgmt/<br>640-642 Kreag Rd                     | 13,704  | \$985,000 / \$72   |
| 1775 Buffalo Rd. Rochester, NY       |           | 1775 Buffalo Holdings/<br>Heracles Properties          | 11,700  | \$795,000 / \$68   |
| 1331 East Victor Road, Victor, NY    |           | 1331 East Victor Realty/<br>1331 Victor                | 9,517   | \$935,000 / \$98   |

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