

ROCHESTER, NY INDUSTRIAL

Economic Indicators

	Q4 17	Q4 18	12-Month Forecast
Rochester Employment	536k	540k	▲
Rochester Unemployment	5.1%	4.1%	▼
U.S. Unemployment	4.1%	3.7%	▼

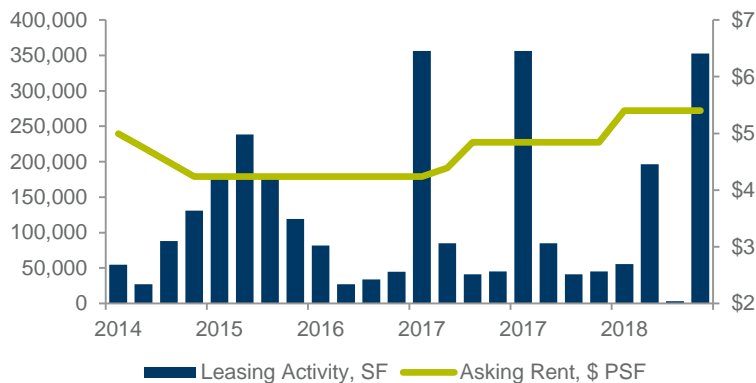
Market Indicators (Overall, All Product Types)

	Q4 17	Q4 18	12-Month Forecast
Overall Vacancy	9.8%	7.6%	▼
Total Leasing Activity	527k	353k	▼
Under Construction	50K	0	▼
Average Asking Rent*	\$4.84	\$5.40	▲

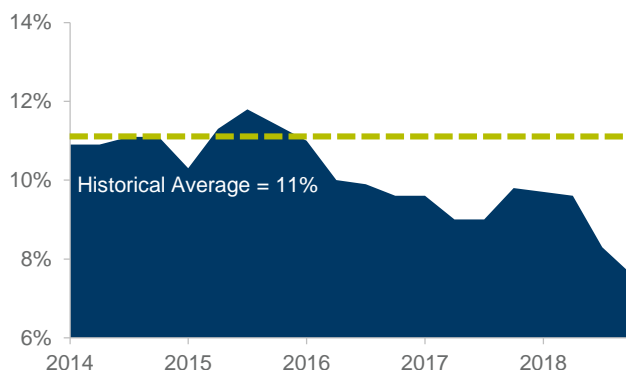
*Rental rates reflect net asking \$psf/year

Leasing Activity/Asking Rent

4-QTR TRAILING AVERAGE



Overall Vacancy



Economy

The City of Rochester is situated in Monroe County and is the centermost and largest county in the six-county region, south of Lake Ontario in the state of New York. As of November 2018, the unemployment rate in Rochester reported a decrease from 5.1% one year ago to 4.1%. While individual sectors expand or contract in response to economic stimuli, household-based data from the U.S. Bureau of Labor Statistics (BLS) shows that the labor force and general employment are both in good shape and puts Rochester ahead of the mark for total job gains. Rochester is home to 18 colleges and universities which is a linchpin to the area economy. The strong relationship between education and the business community is a major player in Rochester's growth and economic well-being.

Market Overview

Overall market vacancy decreased from 9.8% to 7.6% in 2018. Overall flex vacancy measured 6.8%, manufacturing vacancy recorded 7.8%, and warehouse vacancy for the fourth quarter of 2018 ended at 7.1%. Vacancy rates are expected to remain steady as new tenants in the market are looking to occupy space. Despite the change in vacancy, asking rental rates have remained the same since the end of the first quarter of 2018 and are speculated to increase as available product decreases.

Amazon opened its distribution center in the South Central market in the Town of Henrietta at the end of August, creating almost 100 jobs. Amazon's arrival is a major economic development and huge win for Monroe County and the first of its kind for Amazon in Upstate NY.

Life sciences and optics technology developer IDEX Health & Science LLC opened its new state-of-the-art facility in Rochester aiming for scalable future growth of its optical components, subsystems, and filters business. The newly-built 100,000-square-foot (-sf) facility will consolidate three separate buildings, including one from California, into one central location.

Outlook

Optimax broke ground on its 60,000-sf expansion in September. The new expansion will allow the company to support its technological and employee growth as one of the United States' most notable players in high-precision optics. The \$21 million facility expansion will add over 60 jobs over the next 5 years, creating career pathways that are purposeful, satisfying, and rewarding, and bringing highly technical jobs to the Rochester area.

MARKETBEAT

Rochester, NY

Industrial Q4 2018



SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	YTD LEASING ACTIVITY (SF)	YTD USER SALES ACTIVITY (SF)	OVERALL VACANCY RATE	YTD NET OVERALL ABSORPTION (SF)	UNDER CNST (SF)	YTD CONSTR COMPLETIONS	OVERALL WEIGHTED AVG. NET RENT (HT)	OVERALL WEIGHTED AVG. NET RENT (MF)	OVERALL WEIGHTED AVG. NET RENT (WD)
CBD	402	30,418,517	171,665	100,575	10.1%	545,632	0	0	\$10.50	\$4.74	\$3.25
Suburban	788	43,132,956	435,866	304,219	5.0 %	1,118,482	0	0	\$10.49	\$4.75	\$3.24
ROCHESTER TOTALS	1,190	73,551,473	607,531	404,794	7.6%	1,664,114	0	0	\$10.50	\$4.75	\$3.25

*Rental rates reflect asking \$psf/year

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

Key Lease Transactions Q4 2018

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
125 Mushroom Blvd.	149,000	Staples	High Tech	Suburban – South Central
200 Mushroom Blvd.	100,000	Staples	High Tech	Suburban - South Central
1555 Lyell Avenue	87,600	Archer Chemicals	High Tech	CBD
1600 Lexington Avenue	5,885	North American Mint	Warehouse	CBD
90 Canal Street	4,100	Karma Sauce	Manufacturing	CBD

Key Sales Transactions Q4 2018

PROPERTY	SF	SELLER/BUYER	PROPERTY TYPE	PRICE/\$PSF	SUBMARKET
10 & 11 Carriage Street	161,236	CFS Allocation/Lancor Development	High Tech	\$1,000,000/\$6	Suburban – South East
83 Estates Drive West	73,800	Perinton Industrial Ctr LLC/83 Estates Drive NY LLC	Manufacturing	\$4,775,000/\$65	Suburban – South East
350 Buell Road	48,962	PMI Industries LLC/350 Buell Road LLC	Manufacturing	\$1,400,000/\$29	Suburban – South West
179 Main Street North	20,206	Davin Family Associates LLC/179 North Main LLC	Manufacturing	\$550,000/\$27	Suburban – South East
49 Adelaide Street	15,000	Western Realty LLC/Shield Properties LLC	Warehouse	\$750,000/\$50	CBD
640 E. Main Street	10,560	James Russell/Leslie Miller	Manufacturing	\$275,000/\$26	Suburban – South West

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