

MARKETBEAT

SYRACUSE, NY

Office Q2 2020



YoY Change 12-Mo. Forecast

11.1%

Vacancy Rate



-42K

Net Absorption, SF



\$16.94

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2020

YoY Change 12-Mo. Forecast

260K

Syracuse MSA Employment



15.8%

Syracuse Unemployment Rate



13.0%

U.S. Unemployment Rate



Source: BLS

ECONOMY: Stable & Cautious

Despite the unknowns surrounding the impact of the COVID-19 pandemic, the Central New York economy appears stable. The first two quarters of 2020 suggest that many companies continue to make commitments to the region. Much of the activity in the office market is driven by the medical and education sectors. Aerospace and engineering also continue to stimulate the economy in Central New York. The implications of COVID-19 cannot be overlooked, and many are cautious about the long-term effects the pandemic will have on the region's growth and demand for office space.

The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access the most recent information specific to COVID [here](#).

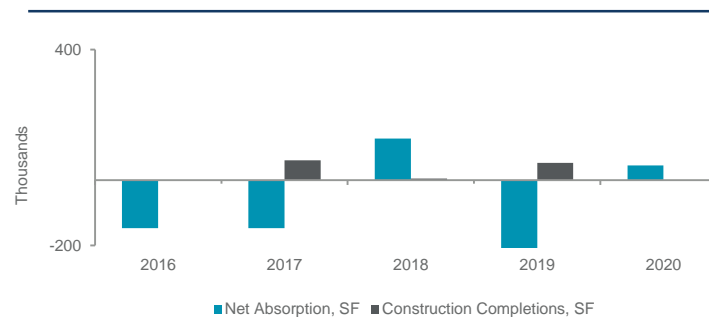
SUPPLY & DEMAND: No Significant Change in Q1 & Q2 2020

Due to inactivity during the government mandated shutdown period, nothing significant has occurred to positively or negatively influence supply and demand for office space in Central New York. Demand for High quality, Class A office space remained high for the first half of 2020. There is still an abundance of Class B office space and large blocks of unfinished office space ranging in size from 30,000 to 100,000 sf. In the short run, the overall demand for office space in Central New York is down. Vacancy decreased from 12% to 11.1% throughout Q1 and Q2 of 2020. This decrease is the result of absorption from deals that were signed late in 2019 and early in 2020 prior to the pandemic. Many companies are looking for short-term renewals because future occupancy and business needs are currently unknown.

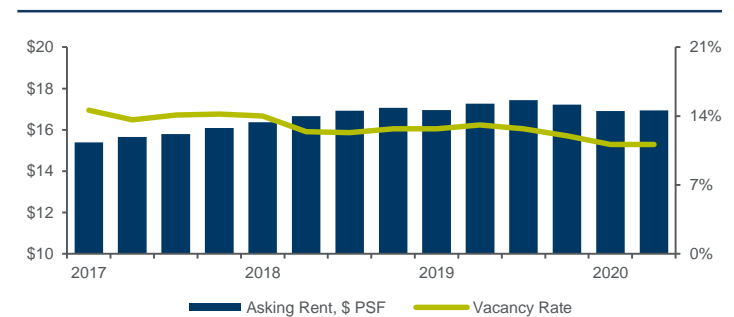
PRICING: Downward Trend in Lease Rates

Prior to 2020, lease rates appeared to be stable overall. A downward trend in lease rates are expected as tenants who are impacted by COVID-19 are looking for lower lease rates and less square footage. Also, companies who are not hindered will try to capitalize on the downward trend in the market by renegotiating leases. The Syracuse office market has been a tenant's market for decades. Landlords have historically offered large tenant improvement allowances and rent abatement periods to incentivize tenants. Although many believe landlords will continue to offer incentives to win deals, it is also believed that landlords will evaluate tenant's financial qualifications in more depth going forward.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD	5,643,859	3,428	836,288	14.9%	-1,624	83,110	101,581	196,000	\$16.84	\$18.58
East	4,719,410	13,245	410,578	9.0%	-13,707	-17,482	17,150	42,000	\$15.41	\$16.28
North	3,858,957	0	353,997	9.2%	-5,411	1,431	32,472	0	\$16.67	\$19.58
South	303,363	0	1,700	0.6%	0	0	1,000	0	\$0.00	\$0.00
West	1,770,222	0	195,901	11.1%	-21,635	-22,385	11,447	0	\$19.17	\$20.34
MARKET TOTALS	16,295,811	16,673	1,798,464	11.1%	-42,377	44,674	163,650	238,000	\$16.94	\$18.87

*Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
103 Commerce Blvd	North	Thermo Cidtech Inc.	18,190	Renewal*
301 Plainfield Road	North	Travelers Indemnity Company	8,725	Lease
500 Plum Street	West	lheartmedia & Entertainment	8,075	Lease
90 Commerce Blvd	North	Crosby-Brownlie Inc	3,780	Lease
5100 West Taft Road	North	Advanced Cardiovascular Diagnostics	2,556	Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS YTD 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
5015 Campuswood Drive	East	American Landmark/Morris Adler	99,476	\$8.6M / \$86
5010 Campuswood Drive	East	American Landmark/Morris Adler	70,215	\$6.1M / \$86
5009 Campuswood Drive	North	American Landmark/Joseph McSherry	6,984	\$300K / \$43
250 Commerce Blvd	North	QLS Realty/FMV Associates	3,535	\$325K / \$92

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
NA				

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