

	YoY Chg	12-Mo. Forecast
<b>13.1%</b> Vacancy Rate	▲	▼
<b>-171K</b> YTD Net Absorption, SF	▼	▲
<b>\$18.00</b> Asking Rent, PSF	▬	▼

(Overall, All Property Classes)

**ECONOMIC INDICATORS  
Q4 2019**

	YoY Chg	12-Mo. Forecast
<b>138K</b> Rochester Employment	▼	▲
<b>7.1%</b> Rochester Unemployment Rate	▲	▲
<b>6.7%</b> U.S. Unemployment Rate	▲	▼

Source: BLS

**ECONOMY OR SUPPLY: Optimistic Market Outlook Ahead**

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. The Bureau of Labor Statistics (BLS) reported that the unemployment rate for Rochester fell 0.7 percentage points in November 2020 to 5.8%. For the same month, the metro unemployment rate was 2.6 percentage points lower than the New York rate. The unemployment rate in Rochester peaked in April 2020 at 15.3% and is now 9.5 percentage points lower. The coronavirus pandemic of 2020 will almost certainly be remembered as an historic turning point for Rochester, the latest in a long-line of transformations that have shaped this city since its founding. Rochester is home to 18 colleges and universities which are 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.

**SUPPLY & DEMAND: Activity Decreased in 2020**

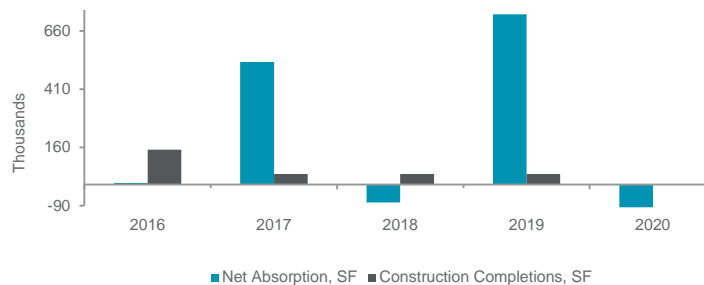
The Rochester office market's overall vacancy rate increased to 13.1% in the fourth quarter of 2020, up slightly from 12.5% at the end of the third quarter 2020. The CBD office market vacancy continued to drop from 17.4% to 17.1%. The overall suburban market vacancy increased from 8.8% in the third quarter to 10.2% at end of 2020. Following the pandemic, it's likely that more Americans will split their time between working from home and from a corporate office which has had a direct impact on the overall market vacancy rate. With more people working remotely, companies may open regional hubs or provide access to co-working spaces wherever their workers are concentrated rather than have the majority of their workforce at one central office.

**PRICING: Asking Rents Expected to Change in 2021**

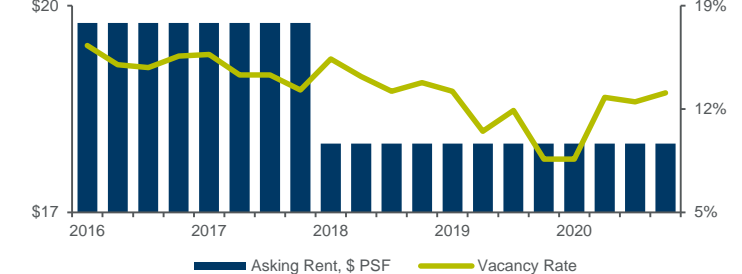
The average asking rent was unchanged at \$18.00 per square foot (psf). The intensity with which the COVID-19 outbreak and the response to it has escalated continues to impact both landlords and tenants under commercial leases. It is safe to say that landlords and tenants will be viewing certain routine boilerplate language in leases such as asking rents, differently in the future.

Despite the impacts Rochester has seen from COVID-19 the market still showed activity in 2020. The former Xerox Tower sold to a local developer with an extensive redevelopment plan. New office space was constructed in Penfield, NY with tenants already in place. In the South Central Market UR Medicine announced its new ownership of the former Sears store at Marketplace Mall. The new UR Medicine Orthopedics & Physical Performance Center will cover approximately 330,000 square feet and be the largest offsite facility for the organization.

**SPACE DEMAND / DELIVERIES**



**OVERALL VACANCY & ASKING RENT**



## MARKET STATISTICS

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR LEASING ACTIVITY	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD	61	5,986,389	1,021,423	17.1%	50,685	76,750	0	\$19.50	\$24.00
South Central	90	4,104,571	352,340	8.6%	21,763	53,889	20,000	\$16.50	\$18.25
South East	98	3,978,708	473,763	11.9%	13,542	162,772	25,000	\$18.00	\$19.75
<b>ROCHESTER TOTALS</b>	<b>249</b>	<b>14,069,668</b>	<b>1,847,526</b>	<b>13.1%</b>	<b>85,990</b>	<b>293,411</b>	<b>45,000</b>	<b>\$18.00</b>	<b>\$20.66</b>

\*Rental rates reflect gross asking \$psf/year

## KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
350 Linden Oaks	South East	Invesco Group	16,305	New Lease
259 Monroe Avenue	CBD	United Healthcare	10,122	New Lease
1250 Scottsville Road	South Central	Jackson & Sheffield	8,200	New Lease
1663 St. Paul Street	CBD	Catholic Charities of Rochester	7,261	New Lease

\*Renewals not included in leasing statistics

## KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
55 St. Paul Street	CBD	NYS Urban Development / Rochester Economic Development	130,000	\$1.6M/\$12
60 Barrett Drive	North East	Barrett Partners LLC / Joseph F. Burkhart, IV	24,720	\$2.2M/\$90
55 Webster Commons Blvd	North East	FW Properties LLC / 55 Webster Commons LLC	4,240	\$475K/\$112

## JENNIFER PATTISON

Director, Marketing & Research

+1 585 248 9426 [jpattison@pyramidbrokerage.com](mailto:jpattison@pyramidbrokerage.com)

[pyramidbrokerage.com](http://pyramidbrokerage.com)

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