

YoY Change 12-Mo. Forecast

12.9%
Vacancy Rate

27.9K
YTD Net Absorption, SF

\$17.53
Asking Rent, PSF

(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2020

YoY Change 12-Mo. Forecast

287.8K
Syracuse MSA Employment

6.9%
Syracuse Unemployment Rate

6.7%
U.S. Unemployment Rate

Source: BLS, Moody's Analytics

ECONOMY

Shortly after the arrival of COVID-19 in the United States, the national and local economy entered a recession in March 2020, recording the worst decline in modern history. Despite the downturn, many projects in the region continued to slowly trek forward while others struggle to finish heading into 2021. Many of the new projects and developments are being delayed or cancelled as companies try to better understand the long-term impacts of COVID-19.

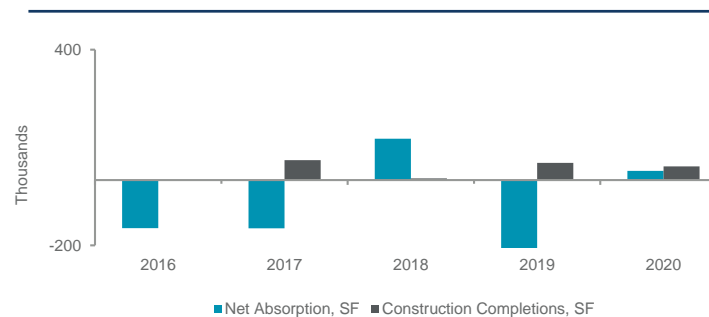
SUPPLY & DEMAND

As expected, the overall activity in the office market has decreased in 2020. Many companies are re-evaluating future office space needs as people have become accustomed to flexible remote working. As such, many companies are looking for ways to reduce occupancy costs, including: terminating leases, extending lease terms in exchange for giving space back to landlords and attempting to sublease excess space. The Central New York office market has been historically driven by the educational and medical sectors; however, these two sectors face many unknowns. Aerospace and engineering continue to help drive office space demand across the region such that numerous firms have expanded their office footprint in 2020. The implications of COVID-19 cannot be overlooked, and many are overly cautious about the long-term effects the pandemic will have on the growth and demand for office space.

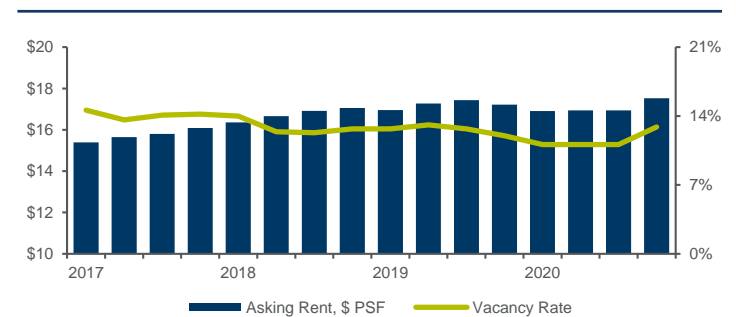
PRICING

Office lease rates had been stable throughout Central New York prior to 2020. The decreased demand for office space will likely result in decreased lease rates in all classes of office space heading into 2021. Many office users have given back space resulting in negative absorption. Landlords continue to offer incentives for tenants in an effort to win deals. The current environment has seen many landlords attempt to negotiate a longer lease term in exchange for a lower lease rate. Tenant Improvement allowances shifted upwards as construction costs saw a significant hike and shortage of materials. Rent abatement has become the new normal when discussing a new lease. It is more important than ever for tenants to work with their real estate services provider to develop short-term and long-term strategies that will be mutually beneficial to both the tenant and the landlord.

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 NEW LEASING ACTIVITY (SF)	*UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
CBD	5,091,016	3,428	840,102	16.6%	-3,814	79,296	148,116	196,000	\$16.88	\$18.77
Non-CBD	9,102,939	2,288	986,009	10.9%	-12,876	-51,312	159,753	0	\$17.91	\$19.30
MARKET TOTALS	14,193,955	5,716	1,826,111	12.9%	-16,690	27,984	307,869	196,000	\$17.53	\$19.42

*Rental rates reflect full service asking

*UC figure is not reflective of U.S. MarketBeat Tables

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
250 South Clinton Street	CBD	M&T Bank	35,287	Lease
500 South Clinton Street	CBD	Costello Cooney Fearon	35,000	Lease
250 South Clinton Street	CBD	Morgan Stanley Smith Barney	19,169	Renewal*
290 Elwood Davis Road	Non-CBD	Anchor QEA LLC	18,167	Lease
443 North Franklin Street	Non-CBD	Blitman and King	14,887	Renewal*
5794 Widewaters Parkway	Non-CBD	ProQuest	11,715	Lease
1035 Seventh North Street	Non-CBD	Speedway LLC	3,382	Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS YTD 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
115 Continuum Drive	Non-CBD	Excellus Healthcare/Pioneer Realty Co	48,300	\$650K / \$13.45
1226 East Water Street	Non-CBD	Hart-Lyman Companies/Block RE Services	33,836	\$13.2M / \$392
7453 Morgan Road	Non-CBD	PEGS/Morgan Road Real Estate	10,000	\$610K / \$61
5063 Brittonfield Parkway	Non-CBD	Dig Safely NY Inc/Pieman Brittonfield LLC	9,805	\$1.15M / \$117
7207 East Genesee Street	Non-CBD	Osher Management/7207 Properties LLC	8,468	\$1.05M / \$124
5740 Commons Park Drive	Non-CBD	Iroquois Healthcare/Dr. David Thurber	6,704	\$605K / \$90
2030 Erie Blvd East	Non-CBD	2030 Erie Blvd East LLC/Luckgrove Telecom	3,600	\$162K / \$45

KEY CONSTRUCTION COMPLETIONS YTD 2020

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER / DEVELOPER
5845 Widewaters Parkway	Non-CBD	Widewaters, Pyramid Brokerage Company, Pinnacle	41,537	Widewaters Development

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