

YoY Chg 12-Mo. Forecast

15.2%

Vacancy Rate



-291K

YTD Net Absorption, SF



\$18.00

Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2021

YoY Chg 12-Mo. Forecast

135K

Rochester Employment



9.4%

Rochester Unemployment Rate



5.9%

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 increased in November 2020 to 22.7%. The coronavirus pandemic 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 Increased in 2021

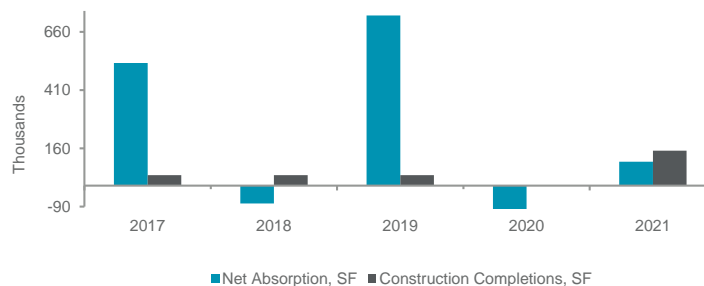
The Rochester office market's overall vacancy rate increased to 15.2% in the second quarter of 2021, up slightly from 13.1% at the end of the fourth quarter 2020. The CBD office market vacancy saw a decrease from first quarter of 2021 from 20.9% to 19.9% end of second quarter 2021. The overall suburban market vacancy decreased from 12.3% in the first quarter to 11.7% at end of second quarter 2021. 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

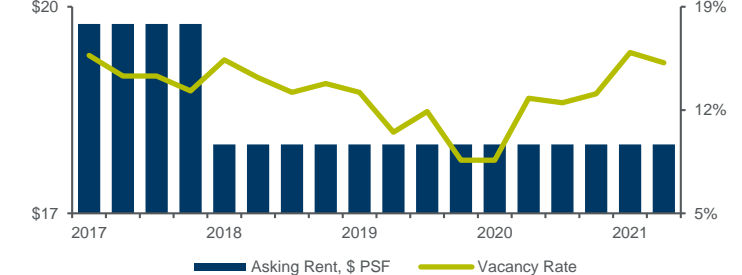
The average asking rent was unchanged at \$18.00 per square foot (psf). The intensity with which the COVID-19 outbreak and the response to it has escalated continues to impact both landlords and tenants under commercial leases. It is safe to say that landlords and tenants will be viewing certain routine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

Despite the impacts Rochester has seen from COVID-19 the market is still active with activity in 2021. Riverwood Tech Campus consisting of 350,000 square feet (sf) on 76 acres is now completely leased. Riverwood is located on what used to be Kodak's most renowned campuses and is uniquely positioned to support a new generation of Rochester based innovation. 300 Tech Park in Victor, NY is now completed with the first tenant signed and approximately 75,000 sf remains available. Greenlight entered the South Central market taking approximately 26,000 sf of space.

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 | 1,193,269 | 19.9% | 0 | 4,894 | 0 | \$19.50 | \$24.00 |
| South Central | 90 | 4,104,571 | 419,981 | 11.7% | 31,042 | 31,042 | 20,000 | \$16.50 | \$18.25 |
| South East | 98 | 3,978,708 | 525,000 | 14.1% | 15,555 | 44,632 | 25,000 | \$18.00 | \$19.75 |
| ROCHESTER TOTALS | 249 | 14,069,668 | 2,138,250 | 15.2% | 46,597 | 80,568 | 45,000 | \$18.00 | \$20.66 |

*Rental rates reflect gross asking \$psf/year

KEY LEASE TRANSACTIONS Q2 2021

| PROPERTY | SUBMARKET | TENANT | RSF | TYPE |
|---------------------------|---------------|----------------------------|--------|-----------|
| 170 Sawgrass Drive | South Central | Elizabeth Wende Brest Care | 32,035 | New Lease |
| 70 Linden Oaks | South East | Troutman Pepper | 19,060 | New Lease |
| 370 Woodcliff Drive | South East | Amica | 18,323 | Renewal |
| 175 Corporate Woods Drive | South Central | Axa Equitable Life | 11,345 | Renewal |

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2021

| PROPERTY | SUBMARKET | SELLER / BUYER | SF | PRICE/\$ PSF |
|-------------------|------------|---|---------|--------------|
| 2600 Manitou Road | South West | Amazon.com Inc. / Acquest Development LLC | 800,000 | \$29.5M/\$37 |

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