

YoY Change 12-Mo. Forecast

12.9%
Vacancy Rate ▲ ▲

-41.2K
YTD Net Absorption, SF ▼ ▼

\$17.89
Asking Rent, PSF ▲ ▼

(Overall, All Property Classes)

ECONOMIC INDICATORS Q2 2021

YoY Change 12-Mo. Forecast

296.6K
Syracuse MSA Employment ▲ ▲

5.8%
Syracuse Unemployment Rate ▼ ▼

5.9%
U.S. Unemployment Rate ▼ ▼

Source: BLS, Moody's Analytics

ECONOMY: Rebounding

As the COVID-19 pandemic appears to be subsiding, many companies in Central New York look to the future with an optimistic attitude. The Syracuse MSA unemployment rate continues to decrease, down nearly 1.5 basis points (bps) from Q1 2021 to 5.8%, just below the U.S. national average. Local and regional companies are growing through mergers and acquisitions, while a few new companies have entered the market. The Central New York office market continues to be driven by healthcare, education, aerospace, and engineering. The large office construction projects in the market have been healthcare related: in Q2 2021, Crouse Hospital completed construction on their 42,000 square foot (sf) Pomeroy Treatment Center and throughout the COVID-19 pandemic, construction has continued at the 196,000-sf Nappy Longevity Institute at Upstate University Hospital. Companies are beginning to make larger investments into their future, which is helping to limit the negative impacts the pandemic had on the Syracuse economy.

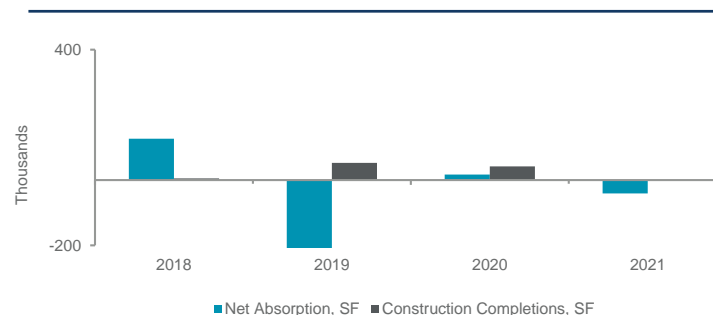
SUPPLY & DEMAND: Neutral

Overall demand for office space in Syracuse is neutral at the moment. Small to medium sized Class A office space continues to be in high demand relative to the of supply of such spaces. Numerous companies have given back large blocks of space or bought out their lease, resulting in increased vacancy. It appears insurance companies, call centers and firms with large cube farms are the first companies to shed their space. Consequently, supply of large blocks of office space, particularly Class B space, continues to be in high supply. Syracuse is also beginning to see the much-anticipated uptick in space for sublease. Overall absorption in the market has decreased over the past six months and this trend is expected to continue for at least another twelve months.

PRICING: Downward Pressure on Lease Rates

Many expect that it will take at least another eighteen months for the office market to rebound throughout the nation. When companies do return to the office, many expect that amenities, collaborative spaces, and entertainment will be desirable in the office space. It is expected that the current environment will continue to put downward pressure on lease rates for the foreseeable future. A major hurdle to overcome for current lease deals is the considerable increase in construction material cost and increased lead time. Landlords will have to get creative with incentives such as rent abatement and early termination options to win deals while still making financial sense. The role of a qualified real estate professional will continue to be extremely important for both landlords and tenants.

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	5,090,016	0	729,145	14.3%	9,094	-29,461	21,830	196,000	\$17.17	\$18.37
Non-CBD	9,112,285	1,537	1,095,547	12.0%	-60,788	-11,722	57,780	11,000	\$18.30	\$19.33
MARKET TOTALS	14,202,301	1,537	1,824,692	12.9%	-51,694	-41,183	79,610	207,000	\$17.89	\$19.06

*Rental rates reflect full service asking

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

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
5845 Widewaters Parkway	Non-CBD	Pinnacle Holding Company	14,431	Lease
1304 Buckley Road	Non-CBD	Nephrology Associates of Syracuse	11,456	Renewal*
1014 North Geddes Street	Non-CBD	Hidden Level Inc	9,800	Lease
231 Walton Street	CBD	Nave Law Firm	7,231	Lease
499 South Warren Street	CBD	Passalacqua & Associates, LLC	4,322	Lease
225 Greenfield Parkway	Non-CBD	Adecco USA Inc	4,078	Lease
636 Old Liverpool Road	Non-CBD	Rize Events	3,400	Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS YTD 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
101 South Salina Street	CBD	M&T Bank/Douglas Development	205,240	\$7.15M / \$35
5823 Widewaters Parkway	Non-CBD	SNH Medical Office Properties Trust/5823 Widewaters Parkway LLC	64,300	\$3.9M / \$60
910 Erie Blvd East	Non-CBD	PG Erie Properties LLC/GMR Syracuse LLC	36,725	\$6.1M / \$166
327 West Fayette Street	CBD	Hometown Management/327 Mill Pond Landing LLC	32,000	\$2.4 M / \$75
2921 Erie Blvd E	CBD	Lionel Gilels/Erie Gordon Company LLC	27,000	\$775K / \$29
232 & 238 West Division Street	Non-CBD	JGB Properties/Salt City Enterprises LLC	12,414	\$1.1M / \$89
812 State Fair Blvd	Non-CBD	Seneca Savings Bank/Kimball Family Group	8,000	\$396K / \$50
6690 Hammersmith Drive	Non-CBD	Stone II Realty LLC/JDE Exclusive Properties LLC	5,036	\$585K / \$116
2556 Hambletonian Way	Non-CBD	J&K Endeavors/Hambletonian Way LLC	3,600	\$350 / \$97

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