

Industrial Q4 2021

YoY Chg 12-Mo. Forecast

3.6%

Vacancy Rate



386K

Net Absorption YTD, SF



\$5.66

Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2021

YoY Chg 12-Mo. Forecast

296.4

Syracuse MSA Employment



5.2%

Syracuse Unemployment Rate



4.2%

U.S. Unemployment Rate



Source: BLS

ECONOMY: Continuing to Improve

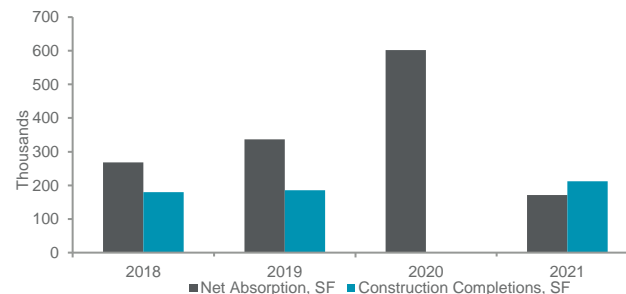
Due to supply chain slowdowns across the globe throughout 2021, completion of several projects in the market have been delayed. JMA Wireless has invested over \$25m in a new 118,670 square foot (sf) facility in Downtown Syracuse which was expected to open in 2021 has now been moved out to early 2022. Due to ongoing concerns of COVID-19, the layout of the administrative/office area has been revised causing the delay. Also delayed from opening in 2021 is the 3.8 million square foot (msf) Amazon fulfillment center which is now expected to open in early 2022. Though the building construction is complete, a supply chain issue with receiving computer chips for the internal conveyor system installation is blamed for the delay. The current unemployment rate in the Syracuse MSA is 5.2% down 0.6% from Q2 and 1.2% year-over-year. We do expect to see a slight decrease through the next twelve months. As the future of Interstate 81, running north/south through the City of Syracuse, continues to be debated, other infrastructure work is beginning to take place bringing more contractors to the area. These contractors are contributing to the absorption of industrial space, and they are willing to lease now and leave vacant until needed to secure the most convenient locations.

SUPPLY AND DEMAND: Historic Low Vacancy

The industrial market in Syracuse has continued to be extremely active with vacancy falling to a historic and completely unprecedented low of 3.6%. Continuing to be in high demand are high-bay warehouse/distribution (W/D) spaces between 15,000 to 50,000-sf with docks and drive-ins and 5,000 to 25,000-sf of Office Service (Flex) space with docks and drive-ins, both of which are in very short supply. Tenants turned buyers are also contributing to the overall short supply. Infrastructure work in the Syracuse area has fueled some of the increase demand as contractors are relocating to the area and need outdoor storage and a small office and/or warehouse. Outside secured storage on a hard pack or paved lot demand has increased in 2021 and expected to continue into 2022. Landlords are seeing ground lease rates of \$1,500 to \$2,000 per acre per month for such lots. The idea of converting long standing vacant retail big boxes to functional industrial space has been suggested. However, at this time it is not a viable option as the cost associated with such a conversion is high and, in many cases, zoning changes may be required and difficult to obtain. In addition to those hurdles, there is often not enough land to accommodate trailer swing and equipment storage. As the market continues to tighten, those maybe the only options left that don't require new construction.

PRICING: Continues to Increase

As asking rents continue to increase, spaces that have remained vacant long-term due to location and inaccessibility within a building, or landlords' unwillingness or inability to make a space suitable for a national tenant are now becoming worth the investment to make those leasable spaces. Year-over-year asking rents increased 18.2% landing at \$5.66 per square foot for industrial space. Landlords are continuing to see more renewals and expansions with existing tenants as options in the markets are limited. Landlords prefer to retain a tenant versus incurring the costs of building out a space for a new tenant as construction material costs are at higher-than-normal level.



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT (MF)	OVERALL WEIGHTED AVG NET RENT (OS)	OVERALL WEIGHTED AVG NET RENT (W/D)
CBD	236,384	72,064	30.5%	0	0	118,670	0	NA	NA	NA
East	16,084,590	688,857	4.3%	173,607	614,003	115,000	0	\$4.33	\$5.00	\$6.03
North	19,123,795	313,987	1.6%	12,979	-6,018	3,900,000	0	\$5.00	\$7.11	\$5.34
South	1,442,974	39,914	2.8%	0	-124,020	0	0	NA	NA	NA
West	5,473,449	401,205	7.3%	32,125	0	0	0	\$6.26	NA	\$3.65
SYRACUSE TOTALS	42,361,192	1,516,027	3.6%	218,711	456,616	4,133,670	0	\$5.07	\$6.84	\$5.60

TYPE	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	CONSTR COMPLETIONS (SF)	OVERALL WEIGHTED AVG NET RENT
Warehouse / Distribution	23,807,843	875,421	3.7%	47,852	11,635	4,015,000	0	\$5.60
Manufacturing	14,719,612	505,564	3.4%	143,347	513,891	0	0	\$5.07
Office Service / Flex	2,861,862	135,042	4.7%	27,485	-139,816	0	0	\$6.84
High Tech	971,875	0	0.0%	0	0	118,670	0	

KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
738 Erie Blvd West	West	Lowes	100,000	Direct
241 Farrell Road	West	United Auto Supply	92,878	Direct
2801 Court Street	East	Pioneer Warehousing	68,590	Sublease
1 General Motors Drive	East	JMA Wireless	43,238	Direct
105 Kuhn Road	East	Erie Materials	37,000	Direct
1810 Lemoyne Ave	East	Keystone Automotive	33,580	Direct

KEY SALES TRANSACTIONS YTD 2021

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
158 Syracuse Street	West	RAM Construction LLC / MLR Realty LLC	30,625	\$2.5M / \$82
6681 Schuyler Road	East	LMK Graphics / 6881 Schuyler Road LLC	26,060	\$1.7M / \$64
1215 State Fair Blvd	West	Brown's Moving & Storage / 1215 State Fair Blvd LLD	17,616	\$650K / \$37
6940 Fly Road	East	Fly Road Properties LLC / 6940 Fly Road LLC	15,871	\$615K / \$39
114 Palmetter Street	East	Parish Properties LLC / Spirit & Sanzone	14,000	\$895K / \$64
514 West Genesee Street	East	Plum Street Management Company / Habitat for Humanity	16,500	\$550K / \$33

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