

Industrial Q2 2022

YoY Chg 12-Mo. Forecast

4.5 %
Vacancy Rate



84.6K
YTD Net Absorption, SF



\$6.28
Asking Rent, PSF



Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2021

YoY Chg 12-Mo. Forecast

144.3K
Rochester, NY Employment



3.1%
Rochester, NY Unemployment Rate



3.6%
U.S. Unemployment Rate



Source: BLS

ECONOMY: Unemployment, and Key Economic Indicators

The City of Rochester is situated in Monroe County and is the centermost and largest county in the six-county region. The Bureau of Labor Statistics (BLS) reported that the unemployment rate for Rochester decreased in Q2 of 2022 to 3.1%. This figure remains lower than surrounding metros and the national average which sits at 3.6%. The job market is growing faster than both the state and the U.S. The City has added about 18,000 Private sector jobs within the last year with a growth rate of 4.1%.

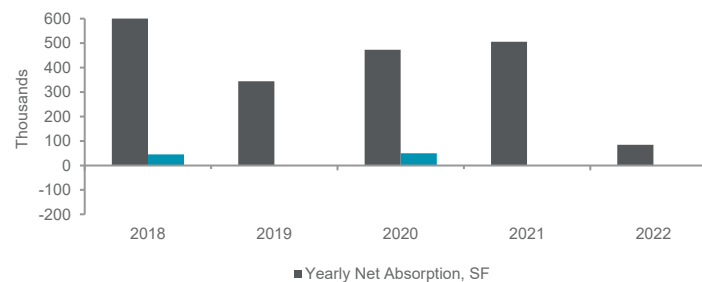
MARKET OVERVIEW: Demand for Manufacturing Space is Still Strong

The Rochester, NY MSA region has just over 74 million square feet (msf) of industrial space including over 53 msf of manufacturing space, 16.7 msf of warehouse/distribution space and 3.7 msf of flex service space. The overall vacancy rate is at 4.5% and the overall weighted average asking rental rate is \$6.28 per square foot. The majority of available industrial inventory in the Rochester market is aging. With little new Industrial space being developed on the market, landlords are commanding higher rental rates and getting them. Demand in the market has caused companies like Amazon to start building their 2.6 msf of manufacturing and distribution centers from the ground up to serve as a new hub for delivery. These facilities were set to be completed in Q4 of 2022 however recent events came up causing them to be pushed back to 2023. We can expect to see new companies and business continue to move into the Rochester market as the city continues to re-establish itself as a stable growing economy. Rochester also continues to prove itself as a strategic location for many companies demanding logistics issues. This is the result of its proximity to major cities like Toronto, NYC, and Boston to name a few.

OUTLOOK:

The number of small to medium sized companies within Rochester is continuing to grow. Many of these companies are involved in Computer and electronics, manufacturing, and chemicals, so in return, we will see ancillary businesses grow as well. Rochester's high-tech output ranks 20th out of 319 metropolitan areas in the United States, this likely will continue and consistently lead manufacturing to play a major role in the local economy. The outlook for Rochester is very promising with a booming economy, no shortage of jobs, and continuing expansion into the city. We are optimistic these trends will continue.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



Industrial Q2 2022

MARKET STATISTICS

| SUBMARKET | INVENTORY (SF) | OVERALL VACANCY RATE | YTD USER SALES ACTIVITY (SF) | YTD INVESTOR SALES ACTIVITY (SF) | YTD LEASING ACTIVITY(SF) | UNDER CNSTR (SF) | CONSTR COMPLETIONS (SF) | OVERALL WEIGHTED AVG NET RENT (MF) | OVERALL WEIGHTED AVG NET RENT (HT) | OVERALL WEIGHTED AVG NET RENT (W/D) |
|-------------------------|-------------------|----------------------|------------------------------|----------------------------------|--------------------------|------------------|-------------------------|------------------------------------|------------------------------------|-------------------------------------|
| SUBURBAN | 43,132,956 | 5.4% | 270,591 | 110,034 | 254,080 | 0 | 0 | \$5.75 | \$12.00 | \$8.50 |
| CBD | 30,418,517 | 3.9% | 217,845 | 88,705 | 19,580 | 0 | 0 | \$4.50 | \$9.00 | \$7.50 |
| ROCHESTER TOTALS | 74,185,311 | 4.5% | 488,436 | 198,739 | 273,460 | 0 | 0 | \$5.25 | \$11.00 | \$8.00 |

*Rental rates reflect weighted net asking \$psf/year

** Statistics not reflective of U.S. MarketBeat Tables

| CLASSES | 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 (W/D) | OVERALL WEIGHTED AVG NET RENT (MF) | OVERALL WEIGHTED AVG NET RENT (HT) |
|--------------------------|----------------|---------------------|----------------------|--|---------------------------------|------------------|-------------------------|-------------------------------------|------------------------------------|------------------------------------|
| Warehouse / Distribution | 16,672,069 | 342,463 | 2.1% | -225,966 | -381,726 | 0 | 0 | \$8.00 | | |
| Manufacturing | 53,795,797 | 2,869,424 | 5.3% | 347,895 | 417,930 | 0 | 0 | | \$5.25 | |
| High Tech / Flex | 3,717,445 | 162,428 | 4.4% | -18,375 | 48,457 | 0 | 0 | | | \$11.00 |

*Does not include renewals

MF = Manufacturing HT = High Tech/Flex W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q2 2022

| PROPERTY | SUBMARKET | TENANT | SF | TYPE |
|--------------------------|-----------|--------------------------|---------|---------|
| 105 McLaughlin Rd | Suburban | GridOne Solutions | 40,435 | Direct |
| 1600 Lexington Ave | Suburban | Thermo Fisher Scientific | 144,950 | Direct |
| 1777 E. Henrietta Road | Suburban | Greenlight Networks | 5,290 | Renewal |
| 1233 Lehigh Station Road | Suburban | West Herr | 10,200 | Direct |
| 39 Jetview Dr | Suburban | Corning Tropol | 44,121 | Direct |

KEY SALES TRANSACTIONS Q2 2022

| PROPERTY | SUBMARKET | SELLER / BUYER | SF | PRICE / \$PSF |
|----------------------------------|-----------|--|-----------|-------------------------|
| 2580 Manitou Road, Rochester, NY | Suburban | Cove Capital Investments/CPI Rochester | 109,772 | \$18,792,000 / \$171.19 |
| 105 Vanguard Parkway | CBD | Alro Steel Corp/ Klein Steel | 206,603 | \$13,700,000 / \$66.31 |
| 68 Humboldt Street | CBD | Monroe Piping and Sheet metal/ ESP Building MGMT | 23,764 | \$525,000 / \$22.09 |
| 720 Basket Road | Suburban | Graywood Custom Homes/ Twin Granite and Marble | 32,750 | \$1,000,000 / \$30.53 |
| 800 Phillips Road | Suburban | Xerox Corporation/ Tessy Plastics | 1,500,000 | \$26,000,000 / \$17.33 |

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