

Office Rents Increase; Industrial Vacancy Rate Continues to Drop

Quick Stats - Office

Vacancy Rate	Current	*Change from last report
Downtown A	9.4%	↓
Downtown B	12.9%	↑
Suburban A	12.5%	↑
Suburban B	9.1%	↓

Lease Rate**	Current	*Change from last report
Downtown A	\$18.49	↑
Downtown B	\$14.04	↑
Suburban A	\$18.19	↑
Suburban B	\$13.97	↑

* The arrows are trend indicators over the specified time period and do not represent a positive or negative value.

** Average lease rate includes heat, A/C, electric, janitorial service and taxes.

The Syracuse **OFFICE** MarketView includes multi-tenant, single-tenant and medical office buildings in Onondaga County, which encompasses Downtown Syracuse, as well as the suburban office market. All buildings included in this report have a minimum of 20,000 sq. ft. of office space and were identified via qualified office real estate brokers and office property owners/managers.

In **Downtown Syracuse**, 102 buildings were surveyed, securing a total of over 7.84 million sq. ft. of office space.

The average lease rate for Class A space in the Central Business District was \$18.49 per sq. ft., while the average for Class B space was \$14.04.

The **Suburban Market** survey includes 94 buildings with a total of over 5.67 million sq. ft. of office space.

The average lease rate for Class A space in the suburbs was \$18.19 per sq. ft., while the average for Class B space was \$13.97 per sq. ft.

All office lease rates were tallied to include electric, heat, air conditioning and janitorial fees.

Over the past year, average lease rates increased for all Downtown and Suburban office space.

The changes were more varied for vacancy rates, which decreased for Downtown A space from 10.4% to 9.4%, and for Suburban B space from 11.6% to 9.1%. There were also vacancy increases for Downtown B space, from 11.2% to 12.9%, and for Suburban A space, from 11.1% to 12.5%.

Quick Stats - Industrial

	Current	*Change from last report
Vacancy Rate	13.5%	↓
Lease Rate**	\$4.52	↑

* The arrows are trend indicators over the specified time period and do not represent a positive or negative value.

** Average lease rate is triple net, excluding taxes, insurance and utilities.

The Syracuse **INDUSTRIAL** MarketView includes single-story commercial/industrial buildings located in Onondaga County. All buildings included in this report have a minimum of 10,000 sq. ft. and were identified via qualified industrial real estate brokers and industrial property owners/managers.

In the Central Business District and surrounding suburban areas, 101 buildings were surveyed, securing a total of over 19.84 million sq. ft. of industrial space. Quoted lease rates for industrial space increased over the past year to an average \$4.52 per sq. ft. These rates were tallied to exclude taxes, insurance and utilities (NNN).

The industrial vacancy rate for Onondaga County continues to decrease, from 15.0% to 13.5%.

CBRE News

CBRE|Syracuse negotiated a couple larger space leases:

- Mark Rupprecht, CCIM, and Brian Tennant represented corporate client Goodyear in its lease of 40,000 sq. ft. of warehouse space at 6549 Chrysler Lane, East Syracuse.

- Bill Anninos and Rick Searles were the listing agents in the lease of 40,000 sq. ft. of warehouse space at 21 Dutch Mill Road, Ithaca, to Sedgewick Business Interiors.

Ed Kiesa, CCIM, was the 2016 top producer for CBRE|Syracuse. Notable deals were:

- \$9,778,256 sale of 1200 State Fair Blvd., Syracuse, a 567,000 sq. ft. industrial facility to United Auto Supply.

- Multiple leases at 101 Richmond Ave., Syracuse, including 34,000 sq. ft. of commercial space to Rural/Metro Ambulance's lease and 4,515 sq. ft. of office space to revMD.

- Represented the landlord for seven long-term lease renewals on Empire VisionWorks locations throughout Central New York.

- The \$395,000 sale of Grace Court, a 9,200 sq. ft. multi-tenant office building at 4583 Jamesville Road, Jamesville.

CBRE Group Inc. was named to the Fortune 500 list for the ninth straight year. CBRE's 2016 ranking is 259, a leap from the previous year's 321. Companies are ranked by total revenues for that fiscal year.

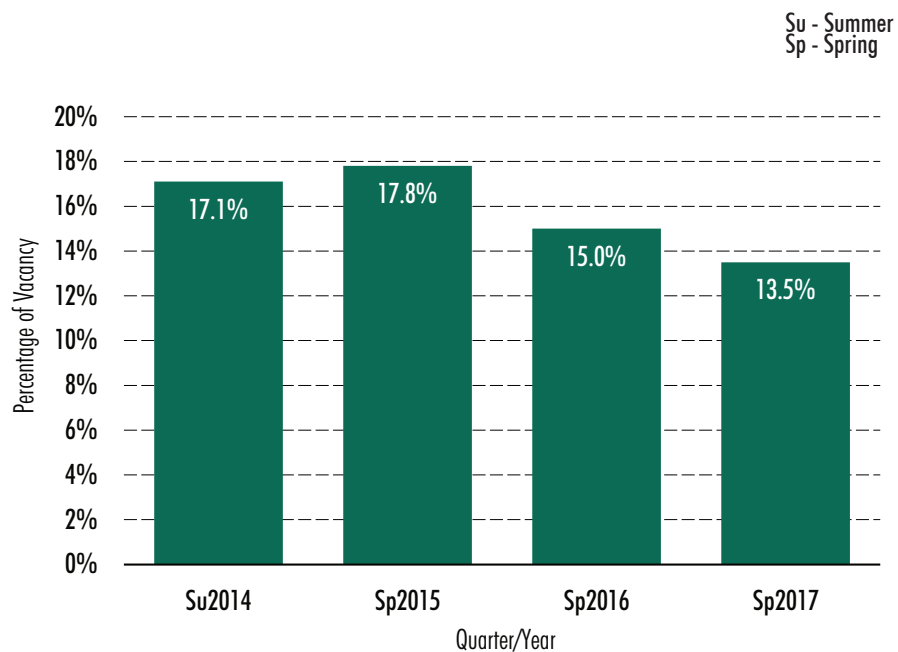
CBRE has also been named one of the **World's Most Admired Companies** by Fortune Magazine for the fifth consecutive year.

Vacancy & Lease Rate Report - Office

Market	Number of Buildings	Total Sq. Ft.	Available Sq. Ft.	Average Quoted Lease Rate Per Sq. Ft.	Vacancy Rate
Downtown Class A	39	4,249,511	339,957	\$18.49	9.4%
Downtown Class B	63	3,590,605	463,929	\$14.04	12.9%
Downtown Total	102	7,840,116	803,886	\$15.89	10.3%
Suburban Class A	41	2,987,370	373,824	\$18.19	12.5%
Suburban Class B	53	2,684,193	244,962	\$13.97	9.1%
Suburban Total	94	5,671,563	618,786	\$15.96	10.9%
Syracuse/Onondaga Co.	196	13,511,679	1,422,672	\$15.93	10.5%

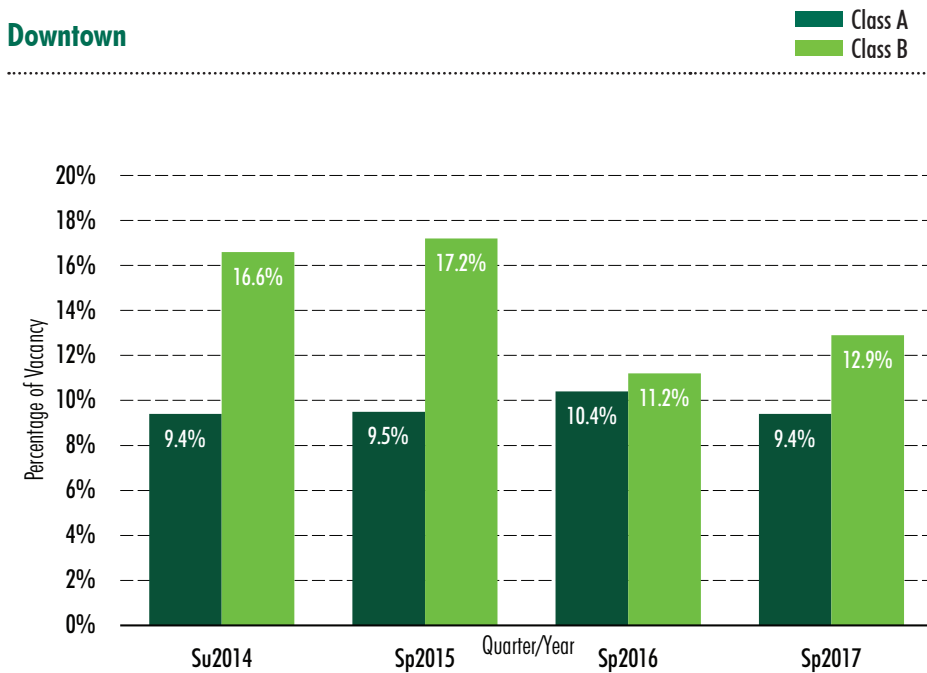
Vacancy & Lease Rate Report - Industrial

Market	Number of Buildings	Total Sq. Ft.	Available Sq. Ft.	Average Quoted Lease Rate Per Sq. Ft. (NNN)	Vacancy Rate
Syracuse/Onondaga Co.	101	19,841,540	2,678,182	\$4.52	13.5%

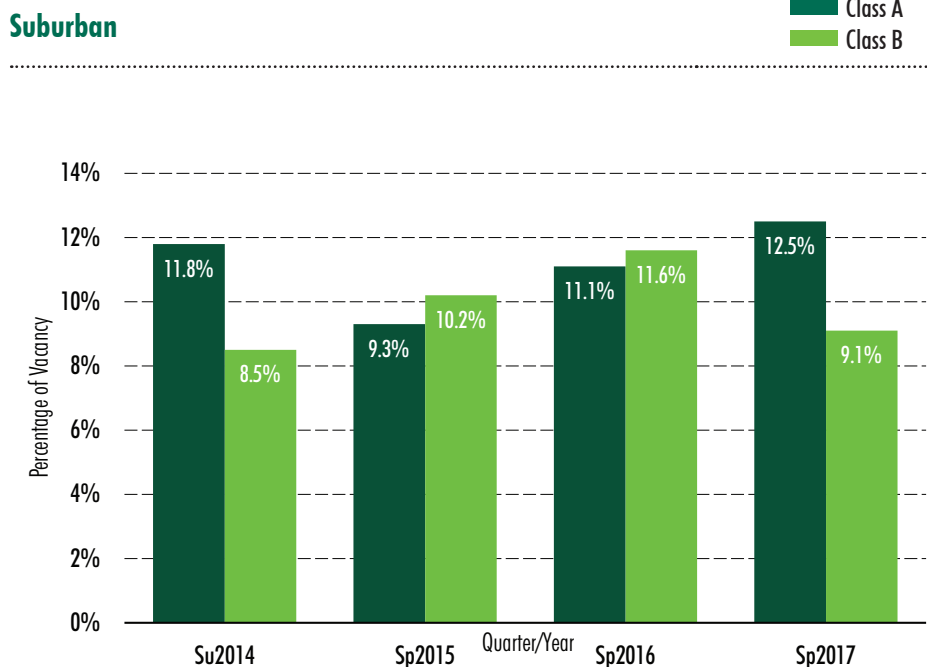
Change in Industrial Vacancy Rates


The industrial market continues to improve with a few large buildings becoming occupied. CBRE | Syracuse is responsible for brokering one of these large space transactions and anticipates continued improvement in this sector over the next few years.

Change in Office Vacancy Rates



Downtown Class A vacancy rates have remained relatively steady over the past four years. Even though there was an increase from 9.5% in 2015 to 10.4% in 2016, the rate has returned to its original range with a 9.4% vacancy. And though Downtown Class B vacancy has been more sporadic, this year's increased level of 12.9% from 11.2% in 2016 is still significantly lower than the 17.2% in 2015.



The increase in vacancy for Suburban Class A space from 11.1% to 12.5% is mainly attributable to a 100,000+ sq. ft. building being vacated. Luckily this square footage was absorbed into Downtown figures rather than completely vacating the market. There was also a great decrease in the Suburban market with Class B space. This was due to several smaller buildings becoming occupied.

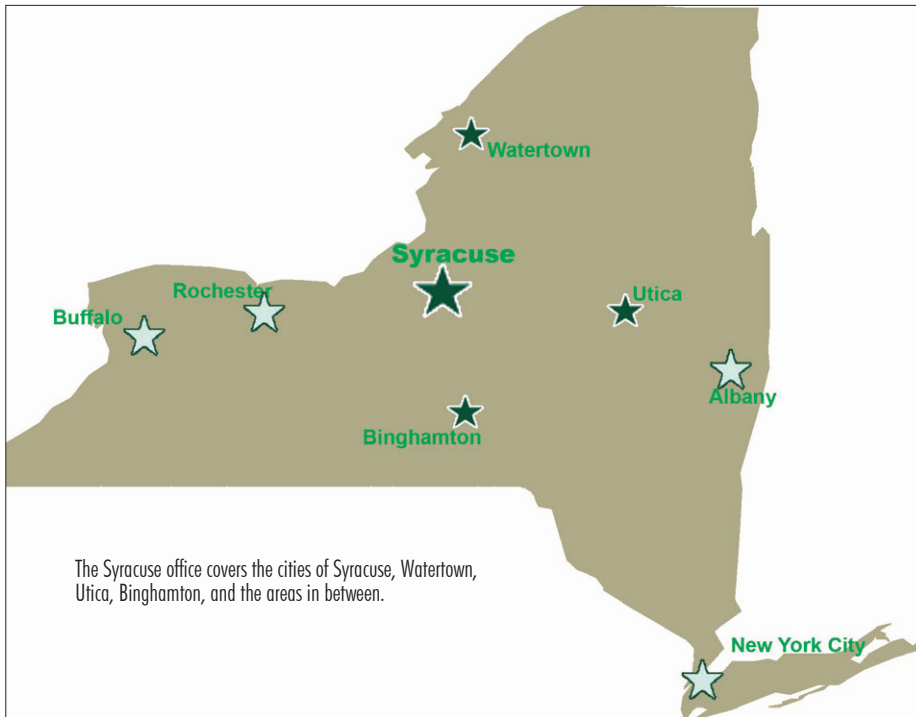
CNY Development Projects

Following are some key development projects or new businesses in CNY:

- Syracuse was ranked 28 on the 2017 list of 100 Best Places to Live in the United States by U.S. News & World Report. The list rates cities based on affordability, job prospects and quality of life. Syracuse was also number 1 in the state.
- A \$45.1 million renovation will take place at the **Syracuse Hancock Intl. Airport**. Renovations include: a redesign for a more spacious terminal, new facade with more natural light, new aviation history museum, glass pedestrian bridge, energy efficient windows and lighting. The project will create 869 construction jobs.
- A hotel is being constructed at **Destiny USA** with an **Embassy Suites by Hilton** affiliation. Anticipated completion of the \$48 million project is this fall. The hotel will feature seven stories and 209 rooms, as well as an on-site restaurant and pool.
- With \$30 million from New York State, **Saab Defense and Security USA** will move its North American headquarters from Virginia to Enterprise Pkwy., East Syracuse, bringing 260 new engineering and other high-tech jobs to the area.
- A \$15 million **cord-blood bank** opened at **Upstate Medical University**, becoming one of 32 in the country and only the second one in the state. Umbilical cord blood will be collected and used for research, as well as live-saving medical treatments.
- The troubled **Great Northern Mall** in Clay, which has lost several tenants in the past few years, was purchased by a Long Island company with plans for utilizing the space in more profitable ways.
- **Bodymind Float Center**, which offers salt therapy (floating in a tank of warm salt water), expanded from Rochester to a new location on Erie Blvd. East, Syracuse.
- Following a \$50 million renovation of the **New York State Fairgrounds**, a new renovation project will cost \$35 million. Plans are in the works to add an extra day to the fair calendar, install a gondola to transport people to and from the Fairgrounds and the Lakeview Amphitheater, and construct a new 80,000 SF Expo Center.
- New at **Destiny USA** are the following stores: **At Home**, a home furnishing and decor superstore; **BG Cowboys Saloon**, a restaurant, bar and entertainment venue; **ThinkGeek**, featuring pop culture and gaming collectibles; gourmet burger restaurant **Kraze Burgers**; women's clothing retailer **Torrid**; **Vans**, an action sports footwear and clothing store; and candy shop **IT'SUGAR**.
- With a \$10 million redevelopment, the **Empire Building** at 472 S. Salina St., Syracuse, will be converted to apartments, with the exception of the first floor, which will remain commercial. The building will contain 52 one-, two- and three-bedroom apartments. Five of the apartments will be loft-style penthouse suites on the top floor.

*Sources: CenterState CEO, Syracuse.com, CNY Business Journal

Map of CBRE New York Offices: Syracuse, Buffalo, Rochester, Albany & NYC



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Definition of MarketView Terms

Market Coverage

Office: Includes multi-tenant, single-tenant and medical office buildings 20,000 sq. ft. and greater in size.

Industrial: Includes single-story commercial/industrial buildings 10,000 sq. ft. and greater in size.

Class A

Excellent location, high-quality tenants and finish, professionally managed, well maintained, usually new or competitive with new buildings.

Class B

Good location, professionally managed, fairly high quality construction and tenancy, showing little or no functional obsolescence or deterioration.

Net Absorption

The change in occupied square feet from one period to the next.

Occupied Square Feet

Building area not considered vacant.

Vacant Square Feet

Building area which is either physically vacant or immediately available.

Vacancy Rate

Available inventory divided by total market inventory.

Full Gross Lease

Leases that include base rent plus all additional charges, including utilities.

Triple-Net Lease (NNN)

A lease in which the tenant is to pay all operating expenses of the property, such as taxes, insurance and utilities.

Recent Transactions

Industrial



Address: 1200 State Fair Blvd.
Syracuse
Size (SF): 567,000
Deal Type: Sale \$9,778,256
Buyer: United Auto Supply



Address: 450 Tracy St.
Syracuse
Size (SF): 69,567
Deal Type: Lease
Tenant: City Electric

Office



Address: 1001 James St.
Syracuse
Size (SF): 39,242
Deal Type: Sale \$768,000
Buyer: MESA of NY



Address: 217 S. Salina St.
Syracuse
Size (SF): 27,441
Deal Type: Lease
Tenant: NYS Dept. of Health