

Metropolitan Area Economic Overview

POPULATION		EMPLOYMENT	
Total Est. 2006	251,566	Total Est. 2006	112,217
Population Growth Index – 2011	0.04	Office Index	0.94
Income Index	0.97	Health Services Index	1.30
Affordability Index	1.29	Government Index	0.93
Education Index	0.93	Retail Services Index	0.81
Age Index	1.09	Wholesale Index	0.87

Binghamton At-A-Glance

(Rent/Square foot/Year)	Low	High	Effective Avg.	Vacancy
DOWNTOWN OFFICE				
New Construction (AAA)	N/A	N/A	N/A	N/A
Class A (Prime)	\$ 11.00	\$ 18.00	\$ 14.00	10.0%
Class B (Secondary)	\$ 8.00	\$ 12.00	\$ 10.00	30.0%
SUBURBAN OFFICE				
New Construction (AAA)	\$ 20.00	\$ 25.00	\$ 22.00	N/A
Class A (Prime)	\$ 16.00	\$ 19.00	\$ 18.00	10.0%
Class B (Secondary)	\$ 10.00	\$ 14.00	\$ 12.00	20.0%
INDUSTRIAL				
Bulk Warehouse	\$ 1.75	\$ 4.00	\$ 3.25	12.0%
Manufacturing	\$ 2.25	\$ 4.50	\$ 3.50	9.0%
High Tech/R&D	\$ 6.00	\$ 11.00	\$ 8.00	N/A
RETAIL				
Downtown	\$ 6.00	\$ 13.00	\$ 10.00	10.0%
Neighborhood Service Centers	\$ 8.00	\$ 14.00	\$ 12.00	8.0%
Community Power Center	\$ 12.00	\$ 16.00	\$ 14.00	3.0%
Regional Malls	\$ 10.00	\$ 30.00	\$ 24.00	N/A

DEVELOPMENT LAND	Low (Price/Acre)	High (Price/Acre)
Office in CBD (Per Buildable SF)	N/A	N/A
Land in Office Parks	\$ 100,000	\$ 150,000
Land in Industrial Parks	\$ 25,000	\$ 50,000
Office/Industrial Land - Non-park	\$ 30,000	\$ 350,000
Retail/Commercial Land	\$ 100,000	\$ 1,000,000
Residential	N/A	N/A

Market Overview

■ Market activity in 2006 was literally a rerun, or sequel, of 2005. The commercial real estate market remained extremely stable with little growth, no major additions to capacity, and no significant changes in vacancy rates. Disastrous river flooding at the end of June had the most notable impact on the market, causing short term dislocations for many businesses and long term relocations of some. The net result was removal of some space from the market inventory and a slight increase in absorption of industrial space in two affected sub-markets. Otherwise, intense investment activity continued to outpace all other market segments.

Activity in the office sector was driven primarily by relocation of existing tenants. Several of the larger deals will not play out until 2007. With the exception of one tenant that is new to the market, the deals concluded 2006 will not improve overall vacancy rates. Vacancy in class A and B+ space in the central business district increased due to an increasing supply of renovated space made available by new landlords and tenant movement away from landlords who have under performed. In the suburbs occupancy of class A space remained high but persistent vacancy in larger blocks of space formerly corporate-owned, skewed vacancy rates.

Industrial vacancy has increased modestly due in part to corporate consolidations to space outside of the market. These closures were offset by flood-related demand. On balance, there was

no net absorption of leased space, while a number of purchase requirements for industrial properties went unfulfilled due to lack of product. A scarcity of new or speculative development in the market over an extended time period is inhibiting potential growth. This industrial outlook began to improve at year end, with a number of new requirements for leased space and some increased availability of existing industrial property.

The preponderance of activity in the retail sector has been investment-driven, with numerous tenanted properties being snapped up by downstate and out-of-state investors. Demand for well-located property, particularly along the Vestal Parkway corridor has continued to drive land prices upward, with several deals inked at one million dollars per acre. Absorption of newly developed strip space has been uneven, with a 30,000 square foot project nearing full occupancy and a neighboring 20,000 square foot development virtually empty.

The volume of commercial activity has hinged on the continued flow of investment dollars into the market from downstate New York and out-of-state purchasers. Activity has been intense across all property types, including downtown office and commercial row buildings, suburban retail, multi-family and student housing, and garden apartment complexes. Development of a 70,000 square foot downtown center by Binghamton University has sparked speculative activity in the CBD.

Source: NAI Pyramid Brokerage Company of Binghamton, Inc.