

Metropolitan Area Economic Overview

POPULATION		EMPLOYMENT	
Total Est. 2006	1,047,084	Total Est. 2006	480,730
Population Growth Index – 2011	0.17	Office Index	0.93
Income Index	1.11	Health Services Index	1.17
Affordability Index	1.23	Government Index	1.16
Education Index	1.08	Retail Services Index	1.00
Age Index	1.05	Wholesale Index	0.86

Rochester 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)	\$ 18.00	\$ 33.00	\$ 21.00	12.2%
Class B (Secondary)	\$ 10.00	\$ 16.00	\$ 12.00	31.8%
SUBURBAN OFFICE				
New Construction (AAA)	N/A	\$ 23.00	N/A	N/A
Class A (Prime)	\$ 16.00	\$ 23.00	\$ 19.50	9.5%
Class B (Secondary)	\$ 12.00	\$ 18.00	\$ 15.00	12.5%
INDUSTRIAL				
Bulk Warehouse	\$ 1.50	\$ 4.50	\$ 3.00	23.0%
Manufacturing	\$ 2.50	\$ 7.00	\$ 5.50	9.5%
High Tech/R&D	\$ 6.00	\$ 10.00	\$ 8.00	7.0%
RETAIL				
Downtown	N/A	N/A	N/A	N/A
Neighborhood Service Centers	\$ 7.00	\$ 18.00	\$ 12.00	7.0%
Community Power Center	\$ 12.00	\$ 25.00	\$ 16.00	10.0%
Regional Malls	\$ 18.00	\$ 50.00	\$ 30.00	N/A

DEVELOPMENT LAND	Low (Price/Acre)	High (Price/Acre)
Office in CBD (Per Buildable SF)	N/A	N/A
Land in Office Parks	N/A	N/A
Land in Industrial Parks	\$ 35,000	\$ 75,000
Office/Industrial Land - Non-park	\$ 30,000	\$ 125,000
Retail/Commercial Land	\$ 100,000	\$ 700,000
Residential	\$ 5,000	\$ 12,000

Market Overview

The office market has rebounded after several years of little or no new construction and steady asking rates. In the southeast submarket, pre-leasing has begun on Woodcliff VII, a proposed 120,000 square foot office building located in Woodcliff Office Park. A new entry to the Route 96 corridor is High Point, a planned mixed-use development to be located near Eastview Mall featuring several restaurants, a luxury town-home community and a Class A office park. A local developer is currently constructing a 40,000 square foot building on Route 96, the majority of which will be occupied by Merrill Lynch. Office activity in the Central Business District represented the greatest opportunity for market entry fueled by attractive vacancies and aggressive lease rates. CGI Communications continues to display a commitment to the City of Rochester and is expanding its corporate headquarters in the Granite Building. JPM Chase announced it will be renovating its building downtown and relocating employees from the Midtown Complex to Chase Tower.

The Rochester retail market continued to be active with new or planned construction in every submarket. Wal-Mart is expanding with new Superstores in Albion, Macedon, Brockport, Greece (planned), and Victor (planned). Chase Pitkin closed all its locations in the Spring of 2006, creating large blocks of vacancies in every submarket, the dominant vacancies being situated in plazas anchored by a Wegmans grocery. Target opened a new store at Medley Centre in

Irondequoit in the fall of 2006 and is rumored to be targeting a location in Chili. Market Square, a 450,000 square foot center located on Jefferson Road in Henrietta and anchored by Christmas Tree Shop, AC Moore, Bed Bath & Beyond, and Marshal's in need of completion at year end. The center will also feature several restaurants including: Red Robin and Smokey Bones BBQ. Rental rates have increased slightly in 2006, and while opportunities do exist for entering the Rochester market, leasing activity has been strong.

The industrial market remained active, highlighted by the demand for quality buildings in the 15,000 to 50,000 square foot range. Two large buildings (624,000 square feet and 188,000 square feet), formerly occupied by Kodak, on the border between the Town of Greece and City of Rochester have recently been offered for sale. Additionally, the Kodak Hawkeye facility (759,000 square feet) is currently under contract. These three buildings will add a significant amount of vacant space to the inventory in the future as the local market continues to feel the impact of Kodak's restructuring. However, the market has been resilient: the 1,500,000 square foot Valeo facility on Lyell Ave sold to a local developer, which has had success converting the facility to a multi-tenanted building. Barilla recently announced construction of a 300,000 square foot, \$96 million manufacturing and warehouse facility in Avon situated just south of Rochester off I-390.

Source: NAI Pyramid Brokerage Company of Rochester, Inc.