

Metropolitan Area Economic Overview**POPULATION**

Total Est. 2006	658,364
Population Growth Index – 2011	0.25
Income Index	1.02
Affordability Index	1.28
Education Index	1.00
Age Index	1.04

EMPLOYMENT

Total Est. 2006	353,693
Office Index	1.03
Health Services Index	1.08
Government Index	1.53
Retail Services Index	0.82
Wholesale Index	1.18

Syracuse 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)	\$ 16.00	\$ 22.00	\$ 17.50	11.0%
Class B (Secondary)	\$ 7.00	\$ 15.00	\$ 12.00	14.0%
SUBURBAN OFFICE				
New Construction (AAA)	N/A	N/A	N/A	N/A
Class A (Prime)	\$ 15.00	\$ 19.50	\$ 17.50	13.0%
Class B (Secondary)	\$ 13.00	\$ 15.00	\$ 14.00	18.0%
INDUSTRIAL				
Bulk Warehouse	\$ 2.50	\$ 4.00	\$ 3.25	15.0%
Manufacturing	\$ 3.00	\$ 5.50	\$ 4.25	7.0%
High Tech/R&D	\$ 6.00	\$ 9.00	\$ 7.00	2.0%
RETAIL				
Downtown	\$ 6.00	\$ 18.00	\$ 11.00	11.0%
Neighborhood Service Centers	\$ 9.00	\$ 22.00	\$ 16.00	12.0%
Community Power Center	\$ 9.00	\$ 25.00	\$ 13.00	8.0%
Regional Malls	\$ 9.00	\$ 225.00	\$ 33.00	10.0%

DEVELOPMENT LAND

	Low (Price/Acre)	High (Price/Acre)
Office in CBD (Per Buildable SF)	N/A	N/A
Land in Office Parks	\$ 60,000	\$ 100,000
Land in Industrial Parks	\$ 25,000	\$ 85,000
Office/Industrial Land - Non-park	\$ 15,000	\$ 75,000
Retail/Commercial Land	\$ 40,000	\$ 1,250,000
Residential	\$ 5,000	\$ 25,000

Market Overview

■ In the office market, the most significant news here was a major office portfolio changing hands in 2006. Locally based Widewaters Group sold its 24 suburban office properties to HRPT Properties Trust of Newton, MA. The investment sale encompassed approximately 1.4 million square feet of Class A office space in Upstate, NY. Other noteworthy movement included a 40,000 square foot build to suit in Sanders Creek for Aspen Dental, AXA Equitable Life Insurance Co has signed a new lease through 2023 ensuring that the company and its work force of about 1,000 people will remain in the CBD and Excellus has been negotiating with City officials to retain its presence downtown. Overall, rental rates have eroded slightly due static demand, but the CNY community still remains a viable option for many Fortune 500 companies. Factors such as low rental rates and qualified labor have contributed to an increase in expansion for technology based companies such as Sensis, Syracuse Research, Lockheed Martin and Welch Allen.

The industrial market has shown increased absorption in 2006 with some large former manufacturing buildings being bought up by investors and users. Precision Wood Flooring purchased the 200,000 SF former Smurfit Stone building in Fulton, NY. The 110,000 square foot former Wabash Aluminum facility in Dewitt, NY was sold to Metalico Company, and B&B Manufacturing purchased the 257,680 square foot facility in East Syracuse. This

increase in absorption has also contributed to an increase in the build to suit activity evidenced by various new construction projects. Southern Wine & Spirits recently announced plans to build a 200,000 square foot distribution facility in the Town of Salina. American Granby completed a new 112,000 square foot facility and Raymour & Flanigan added 125,000 square feet of warehouse both on Morgan Road in the Town of Clay.

2007 should see a stable market growth in the retail market. Walgreens secured numerous sites and regional chain Kinney Drugs is also active. The pending Rite-Aid acquisition of Eckerd should bring a spate of closings. Dunkin Donuts maintains an aggressive pace, while Tim Horton's still works on its local market strategy. Texas Road House has its first Syracuse restaurant open with Red Robin and Buffalo Wild Wings deals signed and slated for multiple 2007 openings. Value City plans two 2007 store openings as Ashley Furniture looks to add a second location. Departures in the market include Thomasville Furniture, Radio Shack shutter 2, Comp USA closed their only area store and Hancock Fabrics departs New York. Best Buy has opened store number 2; Target has two more stores approved; Wal-Mart opened one new Supercenter with several more pending; Lowes opened their first two stores and has others in the works. The Carousel Center metamorphosis into Destiny USA remains in the conceptual stages.

Source: NAI Pyramid Brokerage Company