

FIGURES | ALBANY INDUSTRIAL | H2 2024

# Vacancy Decreases, Still at Pre-Pandemic Level



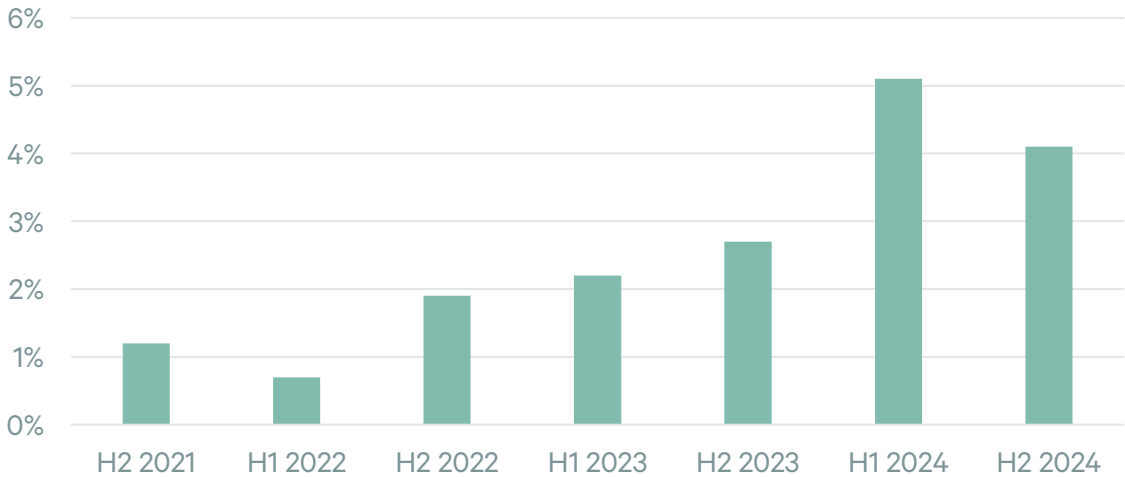
Note: Arrows indicate change from previous period.

## REGIONAL OUTLOOK

Vacancy decreased by 100 basis points (bps) in the Capital Region Industrial market in H2 2024, dropping from 5.1% to 4.1%. Although vacant square feet decreased by ±705,529 sq. ft. reporting period over reporting period, vacancy is still up year-over-year with H2 2024 experiencing an increase of 130 bps over H2 2023. The change in vacancy is primarily due to Regeneron’s acquisition of the former Quad building in Saratoga. Despite this absorption, Saratoga county continues to have the highest vacancy among the core counties. The high vacancy in Saratoga county is due in part to larger vacant spaces including the former Cascades building and space previously occupied by Essity.

Industrial sublease availability rose to 1.1%, a 10 bps increase over H1 2024 and a 60 bps increase year-over-year. Over half of the ±718,575 sq. ft. of available sublease space is in Albany county. Notable available sublease spaces include the ±195,000 sq. ft. former AAF International building on Vapor Trail in Columbia County and the FYE warehouse on Corporate Circle in Albany.

FIGURE 1: Vacancy Rate %



Source: CBRE Upstate NY Albany Office Research, H2 2024

New construction deliveries were down slightly in H2 2024. A total of ±334,764 sq. ft. of new construction was added into inventory, a ±35,810 sq. ft. decrease over H1 2024, and a ±288,461 sq. ft. decrease year-over-year. H2 2024 marks the third consecutive reporting period of decreased construction completions. The ±334,764 sq. ft. of new construction was spread over six buildings that included a ±110,000 sq. ft. building constructed on Stonebreak Road in Malta, the ±50,000 sq. ft. Soleno Pipes building on Duplainville Road in Saratoga and ±25,000 sq. ft. on Native Drive in Queensbury.

Although the “under construction” square footage is down from H1 2024, year-over-year there is a ±182,638 sq. ft. increase in the construction pipeline. Proposed and on-going projects in the region include:

- A ±200,000 sq. ft. warehouse is being constructed for NYS OGS in Green Island
- Atlas Copco is constructing a ±64,438 sq. ft. expansion to their Voorheesville facility
- AgroChem is finish up construction of a ±30,000 sq. ft. expansion of their Saratoga facility
- Espey is expanding their Saratoga building by ±25,000 sq. ft.
- F.W. Webb has plans to construct a new ±76,200 sq. ft. building in Queensbury
- Dollar General is moving forward with plans for their ±167,500 sq. ft. cold storage facility in Amsterdam
- Core Tech is proposing a ±12,000 sq. ft. expansion in Saratoga
- Curtis Lumber is planning to construct a light industrial park in Duanesburg

TOTAL MARKET INVENTORY

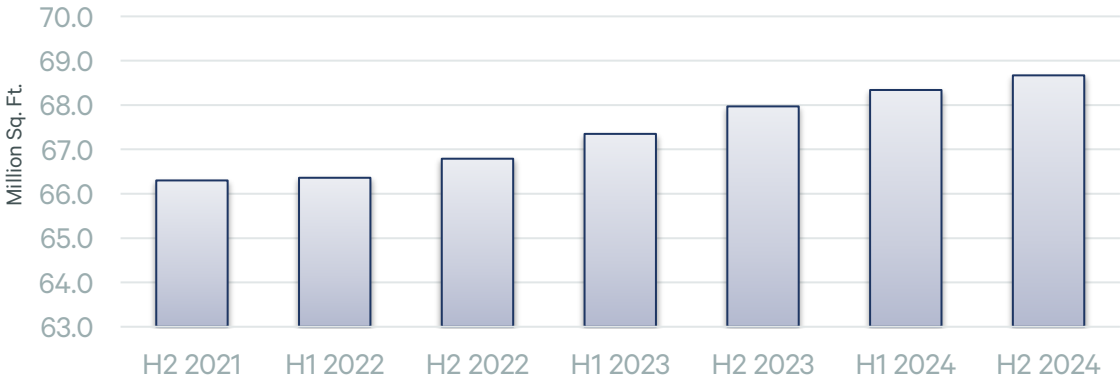
The Total Market Inventory increased by ±334,764 sq. ft. in H2 2024. This increase represents the 10<sup>th</sup> consecutive reporting period that experienced an increase in total market inventory. We anticipate the continued increase in inventory over future reporting periods as removal of functionally obsolete property for conversion has been minimal.

FIGURE 2: Market Statistics

Market	Total Inventory (Square Feet)	Vacant (Square Feet)	Vacancy Rate %	Asking Lease Rates (Per Square Feet)
Albany	26,427,936	638,253	2.4%	\$8.22
Rensselaer	4,197,924	59,006	1.4%	\$6.75
Saratoga	11,222,687	1,145,432	10.2%	\$6.93
Schenectady	10,263,010	161,200	1.6%	\$5.81
Non-core Areas	16,563,423	778,630	4.7%	\$6.73
Total	68,674,980	2,78,521	4.1%	\$7.26

Source: CBRE Upstate NY Albany Office Research, H2 2024

FIGURE 3: Total Market Inventory



Source: CBRE Upstate NY Albany Office Research, H2 2024

ABSORPTION & ASKING LEASE RATES

Net absorption for the Capital Region totaled ±1,040,293 sq. ft. in H2 2024, mostly due to the acquisition of over 1 Million square feet at 56 Duplainville Road by Regeneron. The non-core areas was the only submarket to experience negative absorption in H2 2024.

The average asking rate rose to \$7.26 per sq. ft. NNN in H2 2024, an increase of \$0.17 per sq. ft. over H1 2024. This increase was due to the amount of vacant new construction currently on the market. Albany County had the highest asking rate for the second consecutive reporting period, with a rate of \$8.22 per sq. ft. NNN.

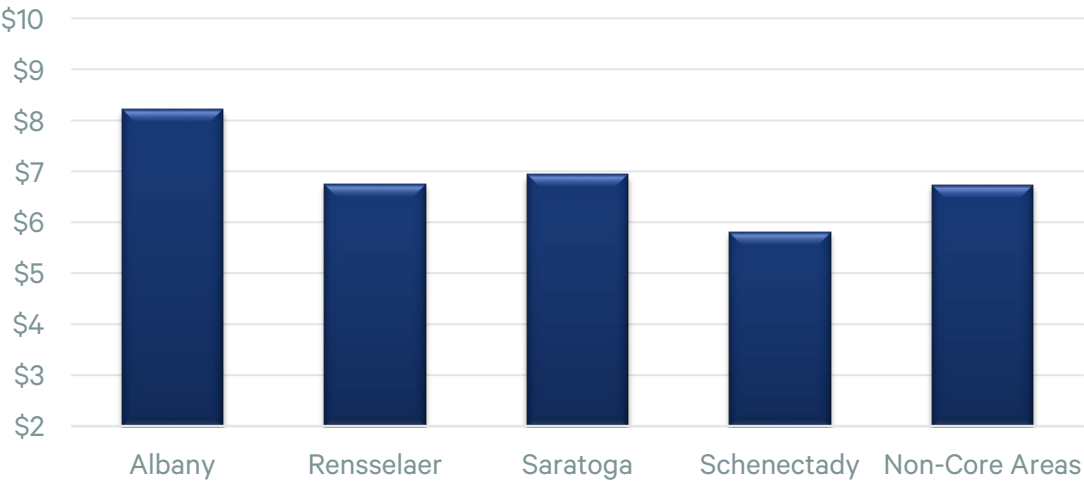
UNEMPLOYMENT

Unemployment in the Albany-Schenectady-Troy MSA decreased to 3.1% in H2 2024. New York City was the only market that experienced an increase in unemployment. The unemployment in the United States remained stable at 4.1%, while New York State unemployment, and unemployment in the upstate MSAs (Buffalo, Rochester, Syracuse and Albany) all decreased.

NATIONAL OUTLOOK

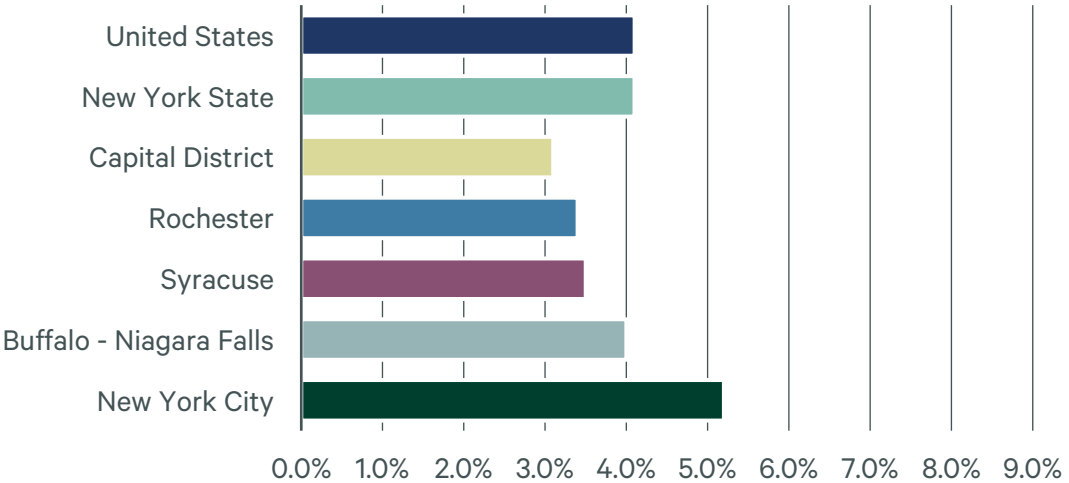
- Twenty of the 59 industrial markets tracked by CBRE posted negative absorption in Q4, leading to a 20-basis-point increase in the overall vacancy rate of 6.0%- the highest since Q1 2015.
- Annual net absorption slumped to its lowest level since 2010 at 151.4 million sq. ft., reflecting increased move-outs.
- Robust leasing activity in 2024 was driven by resurgent demand from the third-party logistics (3PL) industry. Overall leasing activity totaling 838.6 million sq. ft. was the third highest annual total on record.
- Both asking and taking rents declined for the third consecutive quarter as landlords focused on occupancy.
- Construction completions fell to their lowest quarterly level since Q2 2021 at 85.8 million sq. ft. Annual completions of 408.5 million sq. ft. were also the lowest since 2021.

FIGURE 6: Asking Lease Rates

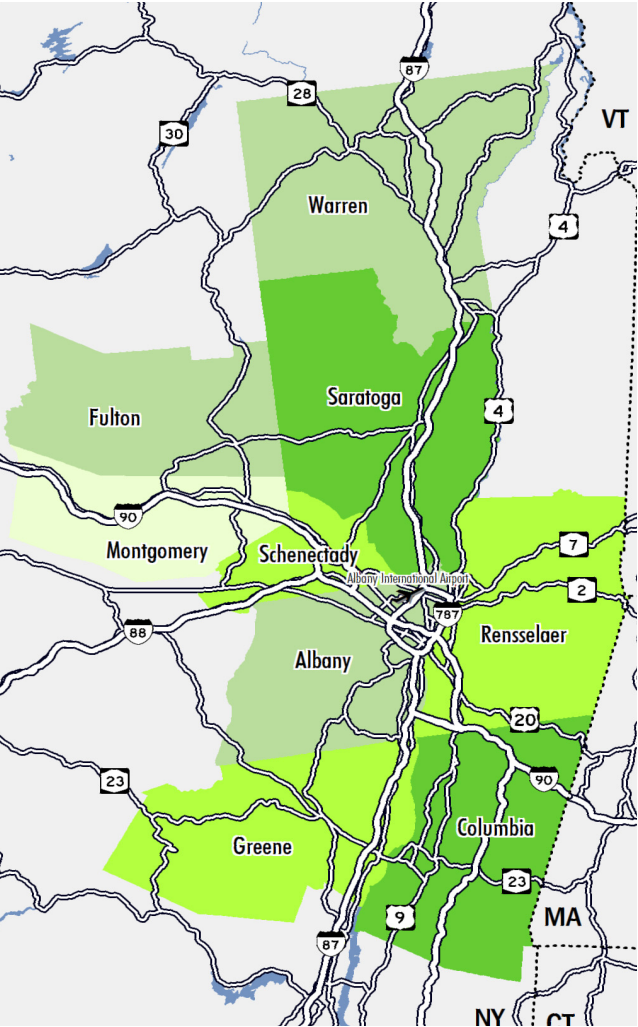


Source: CBRE Upstate NY Albany Office Research, H2 2024

FIGURE 7: Unemployment



Source: NYS Labor Department December 2024



ASSOCIATES

- Craig Darby
- Dan Davitt
- Gordon Furlani
- Tim Geddis
- Ann MacAffer, CCIM
- Tom MacClarence
- Kyle Rueckert
- Thomas Savino
- Eric Simonds, CCIM
- Dan Simpson, CCIM
- Dan Sleasman
- Brooke Stack
- Brendon Teetor
- Laurie Tylenda, SIOR
- John MacAffer, Managing Director
- Richard Sleasman, SIOR, President

MARKET & RESEARCH

- Carrie Field, Marketing Director
- Shawnee Zyskowski, Research Director

210 Washington Avenue Ext., Suite 201  
Albany, New York 12203  
Shawnee.Zyskowski@cbre-albany.com

Definitions

**Asking Lease Rate:** Average of Asking Lease Rates for each property weighted by the associated Available Space. Includes Direct Available Space unless otherwise indicated **Net Leases:** Includes all lease types whereby the tenant pays an agreed rent plus most, or all, of the operating expenses and taxes for the property, including utilities, insurance and/or maintenance expenses **Market Coverage:** Includes all existing one-story industrial space in buildings built post-World War II with a minimum of 10,000 sq. ft., vacant or occupied in Albany, Columbia, Fulton, Northern Greene, Montgomery, Rensselaer, Saratoga, Schenectady, Schoharie, and Warren Counties **Net Absorption:** The change in Occupied sq. ft. from one period to the next **Occupied Square Feet:** Rentable Building Area less Vacant Space Under **Construction:** Buildings that have begun construction as evidenced by site excavation or foundation work, and is on-going **Available Space:** Space being marketed to potential occupants, in Rentable sq. ft. (direct and sublease combined, unless otherwise indicated) **Availability Rate:** Available space as a percentage of the Base Inventory or Building sq. ft. **Vacant Space:** Available Space that is physically vacant, in Rentable sq. ft. **Vacancy Rate:** Vacant space as a percentage of the Base Inventory or Building sq. ft. **Class A Space:** Excellent location, high quality tenants & finish, well maintained, professionally managed, usually new space or space that is competitive with new buildings **Class B Space:** Good location, professionally managed, fairly high quality construction and tenancy, showing little or no functional obsolescence or deterioration **Class C Space:** Building with significant obsolescence that has not been brought up to current standards

MARKET AREA DESCRIPTIONS

Albany, Columbia, Fulton, Montgomery, Northern Greene, Rensselaer, Saratoga, Schenectady, Schoharie and Warren counties.

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