

FIGURES | ALBANY OFFICE | H2 2024

Asking Rates Fall as Vacancy Holds Steady

▼ 30,891,121

Sq. Ft. Total Inventory

▼ 13.1%

Vacancy Rate

▲ 7,892

Sq. Ft. Net Absorption

▼ \$18.71

Asking Rate

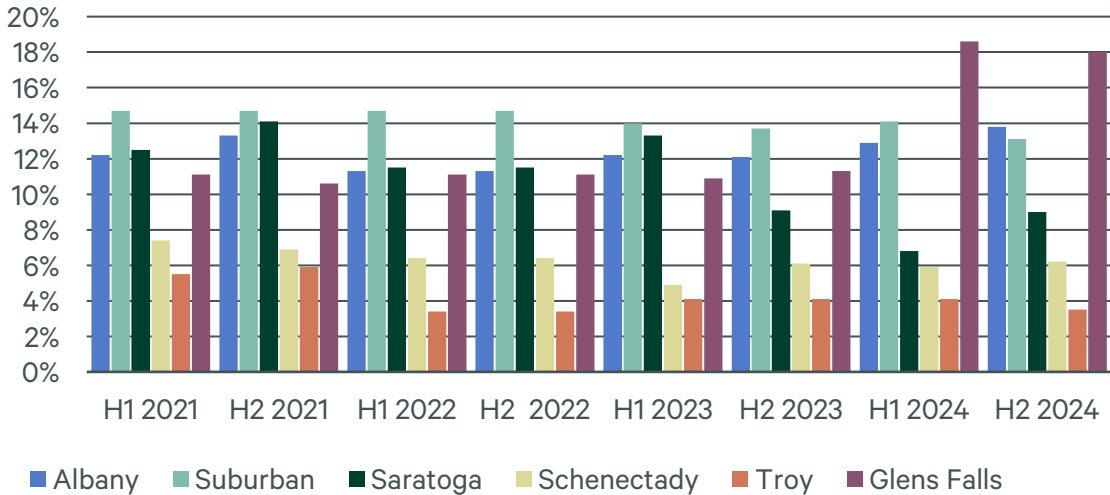
Note: Arrows indicate change from previous period.

REGIONAL OUTLOOK

Vacancy fell to 13.1% in H2 2024, a decrease of 30 basis-points over the 13.4% vacancy rate in H1 2024 but a 60 basis-point increase year-over-year. Most submarkets experienced a decrease in vacancy, with exception of the Albany and Schenectady CBDs. The largest increases in vacancy occurred within Class A and B properties in the Albany CBD. Class A properties within the Albany CBD continues to be the submarket with the highest overall vacancy rate, with Class C properties in Suburban areas having the second highest vacancy. The lowest vacancy among the submarkets in the Capital Region is within the Saratoga CBD. Class A properties in the Suburban submarket experienced the largest decrease in vacancy, due in part to the removal of vacant product for conversion.

Sublease availability rose to 2.1% in H2 2024. Available sublease space totaled ±641,528 sq. ft. in H2 2024, a ±87,812 sq. ft. increase over H1 2024. The sublease asking rate was \$22.85 per sq. ft. Full Service Gross in H2 2024, a \$1.13 increase over the H1 2024 asking rate of \$21.72 per sq. ft. FSG. The majority of office sublease space available in the Capital Region is within Class A product.

FIGURE 1: Vacancy Rate %



Source: CBRE Upstate NY Albany Office Research, H2 2024

Office conversions are down for the second consecutive reporting period. Conversions in H1 2024 and H2 2024 combined fall short of the conversions experienced in H2 2023. Planned and on-going construction is up from previous reporting periods. The following projects are proposed or underway:

- Prime Group is in the process of adding two additional stories, totaling ±45,000 sq. ft. to their building on Broadway in Saratoga. Prime Group acquired the property in H2 2023.
- Construction is underway for City Station North, the United Group’s mixed-use project along 6th Avenue in Troy. The project includes ±40,000 sq. ft. of office space.
- A ±125,000 sq. ft. medical center is in the works for Maple Avenue in Wilton. The project will be occupied by multiple medical tenants including: OrthoNY, Albany ENT & Allergy Services, Schenectady Saratoga Gastroenterology Associate, Capital Cardiology Associates and EyesNY.

NATIONAL OUTLOOK

- The U.S. office market improved in Q4, with the overall vacancy rate falling by 10 basis-points (bps) to 18.9% as net absorption outpaced construction completions for a second consecutive quarter.
- Demand for high-quality space in prime locations remained strong, while commodity buildings continued to draw limited tenant interest. The prime office vacancy rate fell by 10 bps quarter-over-quarter to 15.3%, while the non-prime vacancy rate stayed at 19.2%
- Space under construction fell to 24 million sq. ft. at year-end, less than half of what it was a year earlier.
- Average asking rent ticked up by 23 cents year-over-year to \$36.31 per sq. ft., while average taking rent rose by 15 cents to \$32.29.
- Available sublease space fell to 3.9% of total office inventory in Q4, down by 50 bps year-over-year.

FIGURE 2: Market Statistics

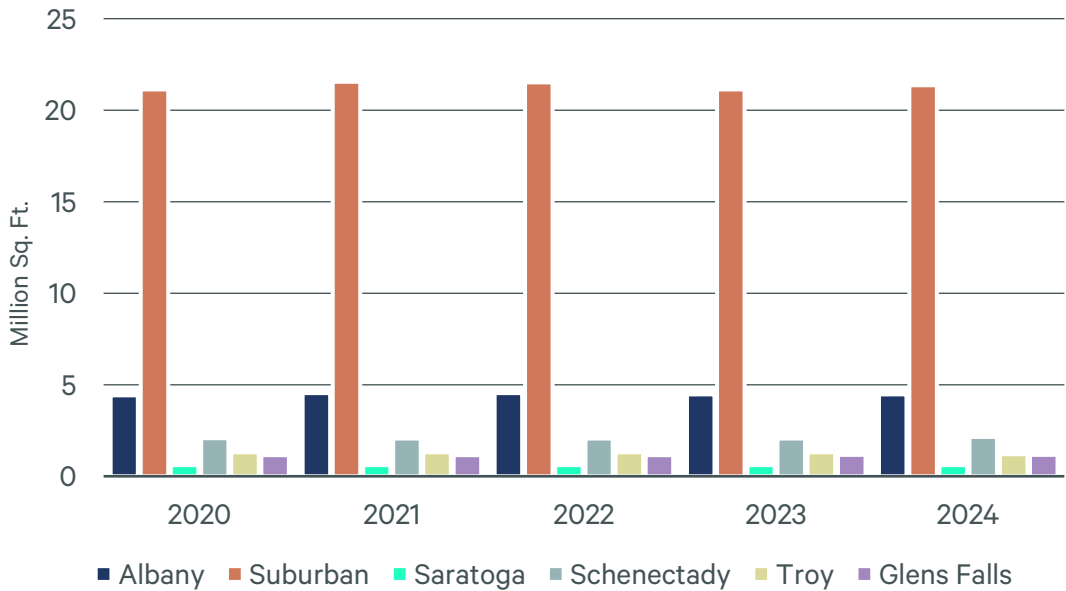
Market	Total Inventory (Square Feet)	Vacant (Square Feet)	Vacancy Rate %	Asking Lease Rates (Per SF, Full Gross)
Albany CBD Total	4,480,101	663,131	14.8%	\$20.51
Class A	992,220	273,696	27.6%	\$25.01
Class B	3,313,881	370,225	11.2%	\$19.15
Class C	174,000	19,210	11.0%	\$14.75
Glens Falls	1,168,351	199,168	17.0%	\$16.53
Saratoga	603,984	36,111	6.0%	\$24.54
Schenectady	2,147,048	144,698	6.7%	\$17.85
Troy	1,210,727	144,336	11.9%	\$17.24
Suburban Total	21,280,910	2,862,757	13.5%	\$18.42
<div>• Albany</div> <div>• Rensselaer</div> <div>• Saratoga</div> <div>• Schenectady</div>	<div>15,335,505</div> <div>2,508,314</div> <div>2,895,020</div> <div>542,071</div>	<div>2,449,478</div> <div>166,964</div> <div>223,280</div> <div>23,035</div>	<div>16.0%</div> <div>6.7%</div> <div>7.8%</div> <div>4.3%</div>	<div>\$18.52</div> <div>\$17.38</div> <div>\$18.64</div> <div>\$13.75</div>
Total	30,891,121	4,050,201	13.1%	\$18.71

Source: CBRE Upstate NY Albany Office Research, H2 2024

TOTAL MARKET INVENTORY

The Total Market Inventory as of H2 2024 was 30,891,121 sq. ft, a net decrease of $\pm 80,003$ sq. ft. from H1 2024. Five of the last six reporting periods experienced a decrease in inventory due to limited new construction and a strong conversion pipeline in response to high demand for housing. Conversions have slowed in H2 2024, with removed inventory down $\pm 269,261$ sq. ft. Year-over-year. Ongoing construction and limited conversion projects should result in slight inventory increases in future reports.

FIGURE 3: Total Inventory



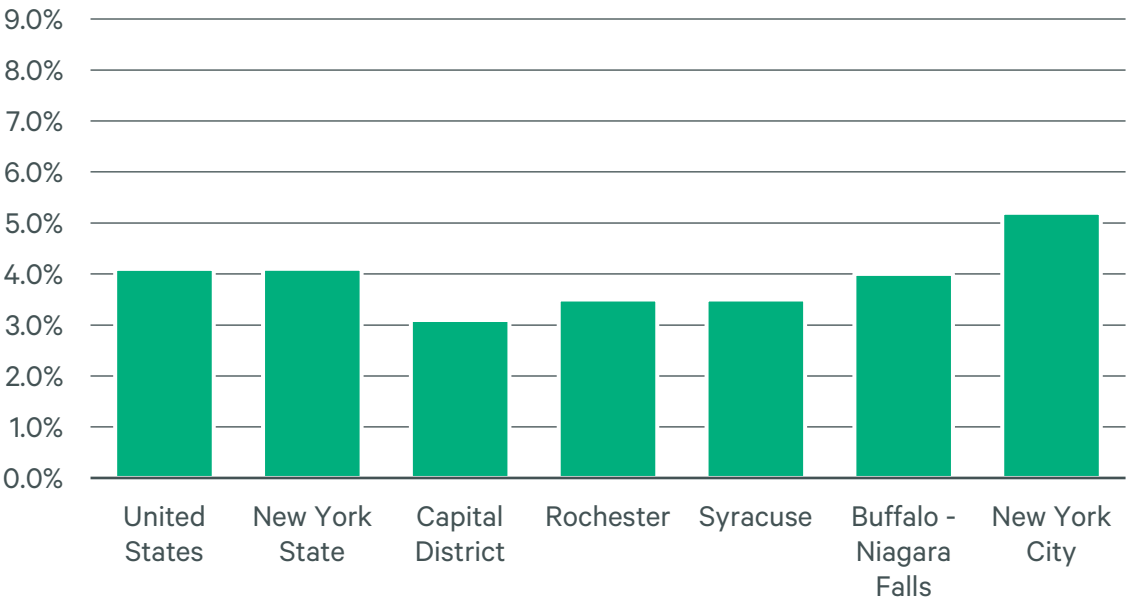
Source CBRE Upstate NY Albany Office Research, H2 2024

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.

The employment sector that experienced the most growth in the Albany-Schenectady-Troy MSA during H2 2024 was Private Education and Health Services. The most job loss by sector in the MSA during H2 2024 occurred in the Leisure and Hospitality sector.

FIGURE 4: Unemployment



Source: NYS Labor Department December 2024

OFFICE VACANCY SQUARE FEET

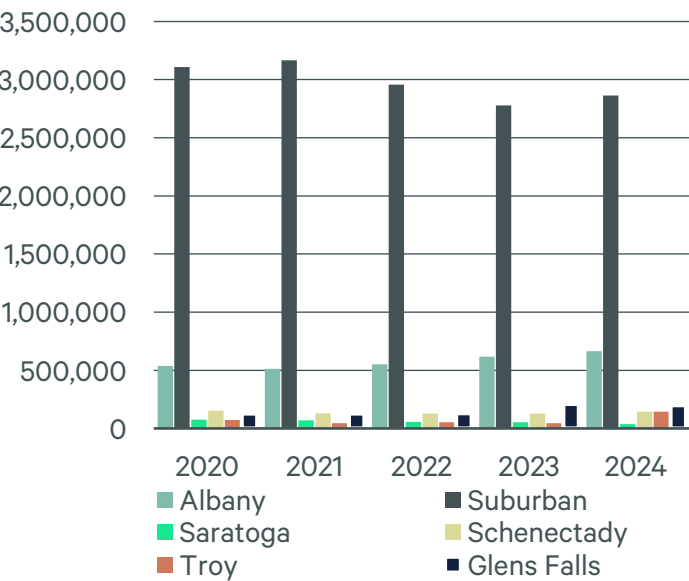
The total amount of vacant space decreased by ±87,892 sq. ft. in H2 2024. The decrease was primarily due to the removal of a vacant building from the suburban inventory. The Suburban submarket and Troy, Glens Falls and Saratoga CBDs all experienced a decrease in vacancy in H2 2024, while the Albany and Schenectady CBDs experienced an increase in vacancy.

ABSORPTION & ASKING LEASE RATES

The Capital Region experienced positive absorption for the first reporting period since H2 2022. Positive absorption in the Suburban submarket of ±43,449 sq. ft., counterbalanced the negative absorption of ±35,557 sq. ft. within the CBDs, for a net absorption of ±7,892 sq. ft. The negative absorption in the CBD markets occurred primarily in the Albany CBD.

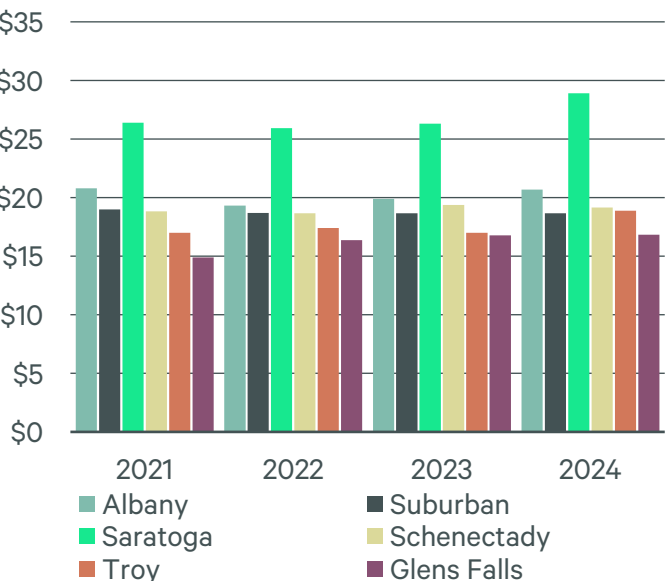
Asking rates fell overall in the second half of 2024. The largest decrease in asking rate occurred in the Saratoga CBD due to leasing activity within Class A buildings. The largest increase in asking rates occurred among Class A buildings in the Albany CBD.

FIGURE 5: Office Vacancy Square Feet



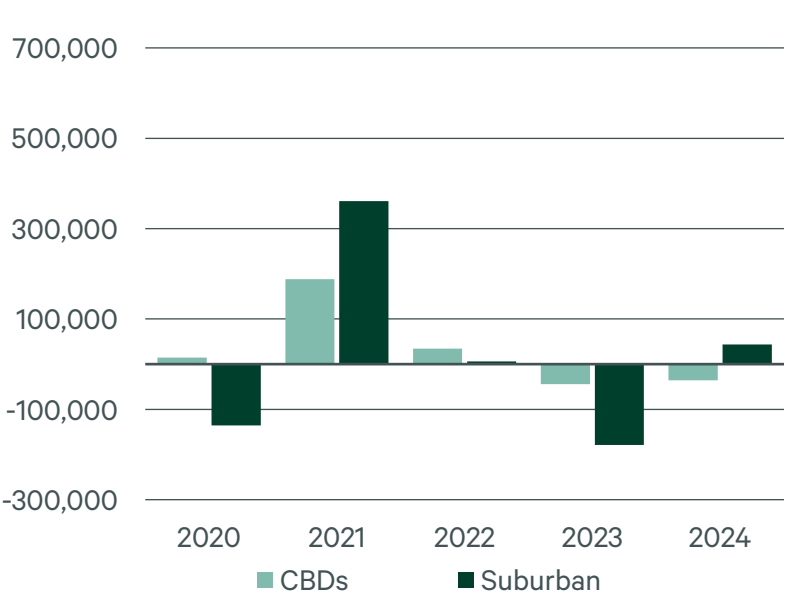
Source: CBRE Upstate NY Albany Office Research, H2 2024

FIGURE 6: Asking Lease Rates

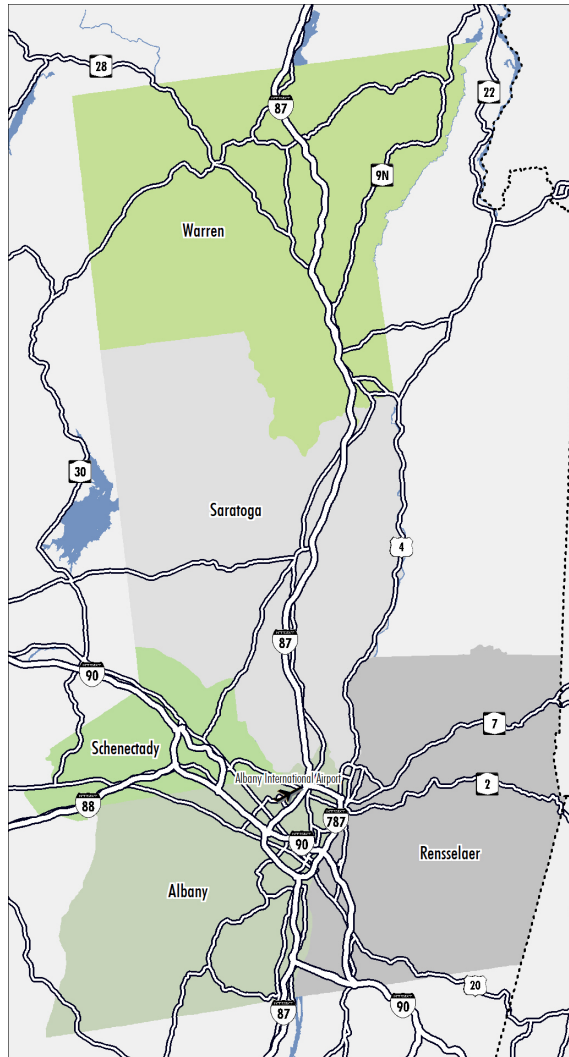


Source: CBRE Upstate NY Albany Office Research, H2 2024

FIGURE 7: Office Absorption (Sq. Ft.)



Source: CBRE Upstate NY Albany Office Research, H2 2024



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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 **Gross Leases:** Includes all leases wherein a tenant pays an agreed rent amount per year, usually paid monthly, and that rent payment includes monies to the Landlord which cover the building operating expenses including but not limited to taxes, maintenance, utilities and insurance. **Market Coverage:** Includes all competitive office buildings 10,000 sq. ft. and greater in size in Albany, Rensselaer, Saratoga, Schenectady, and Warren Counties. Government and institutionally owned buildings are excluded. **Net Absorption:** The change in Occupied sq. ft. from one period to the next **Net Rentable Area:** The gross building square footage minus the elevator core, flues, pipe shafts, vertical ducts, balconies, and stairwell areas **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

MARKETING AREA DESCRIPTIONS

Albany Central Business District: Lark Street (West) to Hudson River (East); Livingston Avenue (North) to Madison Avenue (South)

Suburban Market: Suburban Albany (City), Colonie, Guilderland, Bethlehem, Clifton Park, Halfmoon, Glenville, Malta, Niskayuna, East Greenbush, North Greenbush, Schodack.

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