MARKETBEAT
ROCHESTER, NY
OFFICE Q2 2025

CUSHMAN & WAKEFIELD | Pyramid Brokerage Company

MARKET FUNDAMENTALS

	YOY Chg	Outlook
22.4% Vacancy Rate	▲	▼
-45.6K YTD Net Absorption, SF	▼	▲
$17.50 Asking Rent, PSF	—	—

(Overall, All Property Classes)

ECONOMIC INDICATORS

	YOY Chg	Outlook
497.6K Rochester, NY Employment	▼	▲
3.0% Rochester, NY Unemployment Rate	▼	▲
4.2% U.S. Unemployment Rate	▲	▲

Source:BLS

ECONOMY: Transition with Targeted Investment and Adaptive Growth

Rochester, anchored in Monroe County at the heart of the six-county region, continues demonstrating economic resilience with unemployment at 3.0%, well below the national average of 4.2%. This stability is driven by diversified strengths in healthcare, advanced manufacturing, and education. While structural shifts in office remain ongoing, recent investments in medical, industrial, and mixed-use redevelopment including office-to-residential conversions, reflect a market actively reallocating capital and talent toward sectors with stronger demand and long-term growth potential. Suburban markets, in particular, have seen steady activity in Class B product, medical space, and owner-user acquisitions, even as vacancy rates fluctuate across submarkets. This cycle is separating challenged legacy assets from adaptable buildings and sites, revealing new opportunities for owners, developers, and brokers to reposition strategically.

SUPPLY AND DEMAND: Market Volatility Creates Selective Opportunities

In the suburban markets, absorption volatility dominated Q2 performance. The South-Central Market (SCM) experienced a dramatic swing, moving from +130,667 square feet (sf) absorption in Q1 to -40,159 sf in Q2, a 170,826 sf reversal. Class B properties outperformed Class A in the SCM market, with -4,550 sf versus Class A's -35,609 sf of absorption. Absorption in the South-East Market (SEM) proved more stable but still declined from +19,132 sf to -72,778 sf. SEM showed mixed results with Class A at -3,397 sf compared to Class B's -69,381 sf, driven primarily by a new to market 78,566 sf space.

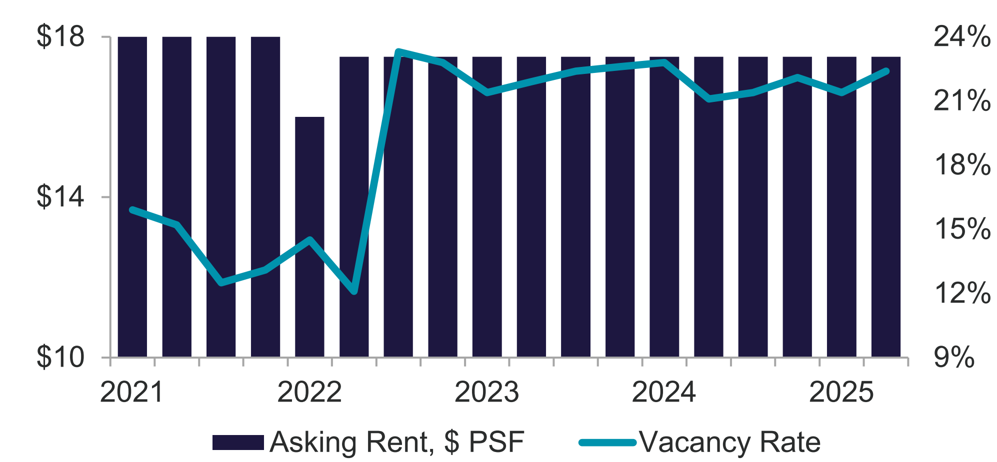
In Rochester's Central Business District (CBD), total vacancy increased from 28.51% in Q1 to 29.22% in Q2. CBD Class B properties significantly outperformed Class A, with Class B at +51,516 sf while Class A recorded -70,025 sf of absorption. This divergence reflects the evolution of "flight to quality" into "suburban flight to quality," with tenants seeking premium amenities in more accessible locations. A recent tenant downsized from 110,000 sf in premium CBD space to 40,000 sf at a high end suburban office park, exemplifying how businesses prioritize best-in-class suburban assets while optimizing space requirements as economic pressures persist and workplace needs evolve.

OUTLOOK: Evolving Demand Signals a Broker-Driven Realignment

Despite persistent headwinds in traditional office, Rochester is seeing growing traction in adaptive reuse, targeted tenant demand, and select leasing wins. Landlords are increasingly repositioning assets to meet evolving user preferences, while tenants seek efficiency, amenities, and flexibility over raw square footage. For brokers, this opens a wider lane to guide clients through space optimization and forward-looking asset strategy. As economic conditions stabilize nationally and conversions gain traction, the local market is better poised to stabilize. This wont happen through recovery to past norms, but through intentional, opportunity-driven evolution.

SPACE DEMAND / DELIVERIES

OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
South-East	4,492,660	879,948	19.6%	-72,778	-53,646	36,641	-	$18.75	$21.00
South-Central	4,773,243	882,769	18.5%	-40,159	90,508	26,606	-	$17.50	$19.50
CBD	4,679,717	745,398	29.2%	-18,509	-82,466	28,741	-	$17.00	$22.00
ROCHESTER, NY TOTALS	**13,945,620**	**4,343,211**	**22.4%**	**-131,146**	**-45,604**	**91,988**	**-**	**$17.50**	**$21.00**

Rental rates reflect full service asking

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
100 Chestnut Street	CBD	-	23,526	Direct
765 Jefferson Road	Non-CBD	-	18,989	Direct
1387 Fairport Road	Non-CBD	-	14,861	Direct
80 Linden Oaks	Non-CBD	-	13,037	Direct
400 Linden Oaks	Non-CBD	-	10,847	Direct
7911 Lehigh Crossing - Victor	Non-CBD	-	8,900	Direct
2619 Culver Road	Non-CBD	-	6,681	Direct
100 Chestnut Street	CBD	-	5,215	Direct
1200 Jefferson Road	Non-CBD	-	2,751	Direct
1250 Scottsville Road	Non-CBD	-	2,625	Direct
1250 Pittsford Victor Road	Non-CBD	-	2,063	Direct

**Renewals not included in leasing statistics*

KEY SALES TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	BUYER/SELLER	SF	PRICE / $ PSF
445 West Commercial St, Rochester NY	South-East	Rochester Emergency Vet/ MCA Group-Techniplex	26,794	$2,150,000 / $80.24
217 West Main St, Rochester NY	CBD	Oaks Construction/ Cascade Triangle	25,548	$3,000,000 / $117.42
47 West Main St, Rochester, NY	CBD	47 West Main St Property/ Stewart Title Industrial	16,000	$934,500 / $58.40
37 South Washington St, Rochester, NY	South-East	Child's Block/ Rochester Landmarks	15,976	$925,000 / $57.89
111 Marsh Road, Pittsford, NY	South-East	Kelco/ Perdue Properties	11,808	$850,000 / $71.98

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