



# Albany, New York

Tenant's Guide ▪ North American Markets ▪ First Quarter 2012

## Overview

Trickle-down economics is effecting the Albany economy and real estate market. As the state's capital, Albany has a significant amount of government agencies leasing space throughout the region. Synergistically, there are a host of lobbying agencies, law firms, not-for-profits and more...all benefitting from the state's business. Today's reality however, is that government agencies are reducing overhead costs and downsizing. The result is that these dependent firms and not-for-profits are losing funding and/or revenue contracts, and are therefore either greatly downsizing or closing all together. According to the state, there is 25% vacancy in state-owned buildings in the Capital Region. In an effort to reduce state spending by nearly \$9 million dollars per year, the state is, wherever possible, downsizing their leased real estate requirements and/or relocating agencies currently leasing in privately owned buildings into under-occupied, state-owned facilities. The result is that the state has put a significant amount of previously leased office space back on the market, most of which has not been absorbed.

## Market Trends

- Investment in new development continues, being led by retail and other commercial segments.
- Vacancy is expected to increase in the office segment over the next few quarters as the public sector constricts and/or repositions into underutilized government-owned real estate.

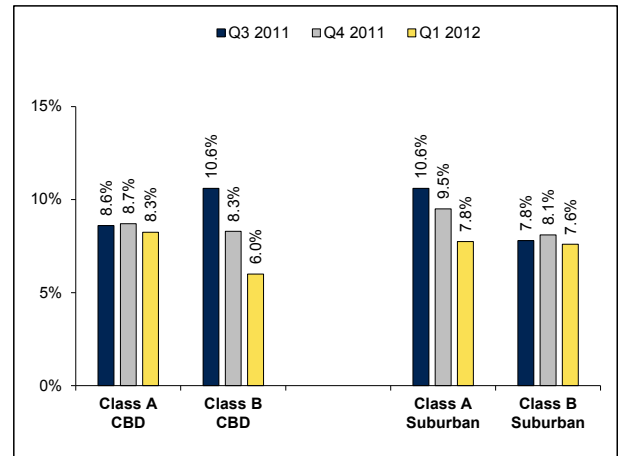
## Tenant's Perspective

It is still a tenant's market, with vacancy in both the CBD and suburban markets slow to be absorbed. Tenants looking to capitalize on the market conditions are exploring longer-term leases, and getting more tenant improvements as landlords work to win new tenants and retain existing tenants.

## Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Myrtle Street OBGYN	3,770	Office	Lease
Hinckley, Allen and Snyder	4,150	Office	Lease
Berkshire Bank	3,000	Retail	Lease
Capital Bank	2,750	Retail	Lease
Rumors Day Spa	10,000	Retail	Sale
Shop Rite Grocery	70,000	Retail	Lease
Trader Joe's	13,000	Retail	Lease
Technical Fibre Products	50,000	Manufacturing	Lease

## Vacancy Rate



## Average Rental Rates

CBD	Q3 2011	Q4 2011	Q1 2012
Class A Office	\$20.30	\$18.84	\$17.60
Class B Office	\$15.95	\$15.80	\$16.75
Suburban	Q3 2011	Q4 2011	Q1 2012
Class A Office	\$17.64	\$16.90	\$16.80
Class B Office	\$14.50	\$14.14	\$14.25