



Real Estate Assessment

Introduction

Broome County contracted with E.M. Pemrick and Company to prepare the Economic Analysis Component of the County's Comprehensive Plan. The analysis is intended to update portions of a countywide economic development strategy, adopted in 2002, known as the *BCPlan*. Elements of the scope of work for the Economic Analysis include an economic profile of Broome County, a profile of the local workforce, a real estate assessment, a target industry analysis, and an incentive evaluation. This document is the third deliverable.

Real estate (both sites and existing buildings) is a critical component of economic development and should align with the needs of specific industries and companies. When local companies and those seeking to relocate into the area evaluate real estate, they base their decisions on factors that include:

- The size and physical attributes of the building, quality of space, and the ability to secure additional space or expand.
- Cost of space and terms of agreement (tenant improvement allowance, lease with option to buy, escalation of rent over time, etc.).
- Access to transportation and parking. Access to an interstate or other limited access highway is an important criterion for industrial and warehousing operations. Parking and access to primary highways and interstates is important for large office operations.
- Cost and availability (reliability) of utilities that serve the site: power, water, sewer, natural gas and telecom.
- The readiness of the building or site, which impacts the speed of being up and running, and the level of perceived risk in meeting budget and schedule targets.

An important issue to keep in mind is that having real estate options available is a fundamental factor in attracting and expanding businesses, but is not a guarantee that business will come to or remain in the area.

Defining Real Estate Readiness

For the prospective company seeking to expand in or relocate to a given location, the level of readiness of the available real estate properties is critical for two reasons:

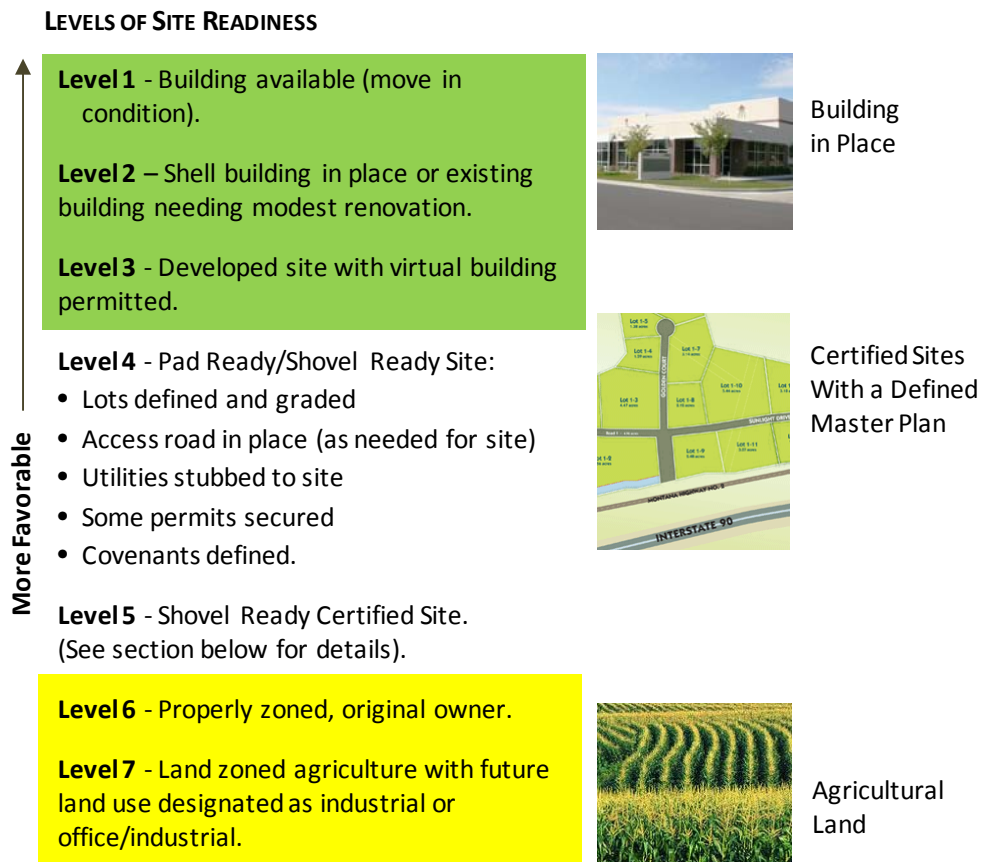
- It impacts the time required to get an operation up and running and turning a profit; and
- It minimizes the potential risks related to hidden costs and liabilities.

Smaller companies and those seeking "general space" will typically opt for available buildings for lease with an option to buy. Pad-ready sites that are shovel ready would be the backup position. Larger companies and those with specialized real estate needs will seek to purchase a shovel- or pad-ready site to minimize the construction time.



The chart below outlines the seven levels of real estate readiness, ranging from agricultural land on up to a move-in-ready building. Levels 6 and 7 are considered the least attractive, because they present the highest potential level of risk and time required to prepare for construction. The Level 5 shovel-ready site has undergone a series of tests and other criteria to be certified (see section below), and the pad-ready site has been all or partially excavated and utilities are stubbed to the site.

Level 3 represents a hedge against time for permitting by having a basic building (approximately 50,000 square feet) virtually designed and pre-permitted. This can save prospective companies valuable time if they pursue construction with limited changes in detail. This approach also sends a signal to the marketplace as to the building design that would be acceptable to the planning and review team in the community.



Not reflected in this chart are former industrial sites where aggregation, environmental assessment and remediation, and demolition are required to bring these sites to a reasonable level of readiness. Many sites that could potentially accommodate industrial and commercial uses in Broome County (e.g., the Brandywine Corridor in Binghamton) fall into this category. The utilities available at each site will have to be evaluated for capacity and condition and upgraded as necessary.



Shovel Ready Criteria

The basic criteria required for certification as a “shovel ready” site in New York State include:

- ☑ Contact information for the site is provided.
- ☑ Details about the site are defined, including the size of the site/lots, current condition, adjacent uses, distance to airport and interstate, and other pertinent information.
- ☑ Ownership of the site is officially documented and in the hands of a third party ready to sell.
- ☑ Basic tests have been completed on the site, such as:
 - Soils analysis for structural integrity based on core samples that provide evidence of the types and depths of soil deposits, depth to groundwater, depth to bedrock, etc.
 - Environmental Site Assessment - Phase I (ASTM E1527-05 Standard Practice for Environmental Site Assessments)
 - Contamination issues have been addressed to state/federal standards and the range of uses have been defined (if it is a brownfield site)
 - Assessment of site’s historical significance (buildings, Indian sites, graveyards, battle sites, etc.)
 - Wetlands analysis/minimization/mitigation plan, 100-year flood plain presence, etc.
 - Protected and rare species evaluation
 - Traffic impact study
 - Stormwater management
- ☑ A general site plan has been developed to define net usable land, water retention areas, and access roads.
- ☑ Utilities and road/rail access have been identified and the cost/timing for any required installation is reasonable.
- ☑ Covenants and any building design guidelines for the site have been generally defined (types of storage, types of processes, materials of construction, etc.)



There are a number of shovel ready certified sites in New York State – in the counties of Tioga, Chemung, and Steuben, for example, as well as in the Albany, Syracuse, and Buffalo metropolitan areas – but none is in Broome County. This impacts Broome County’s overall competitiveness. Pennsylvania also has sites that are shovel ready according to that state’s criteria.



Real Estate Requirements for Selected Functions

Real estate requirements for selected target industries or types of operations are presented in **Table 1** below, and then compared with the existing inventory of sites and buildings in the section that follows. Any gaps in “supply vs. demand” for real estate will be reflected in the report recommendations.

Table 1: Real Estate Requirements for Target Industries and Types of Operations	
Type of Operation	Real Estate Requirements
Manufacturing	<p>25,000 to 100,000 square feet (SF) expandable industrial flex space with:</p> <ul style="list-style-type: none"> ▪ Ceiling heights of 25+ feet and column widths of 40+ feet ▪ Lease rates for space \$3 to \$5 per SF are common. ▪ Access to industrial-grade utilities. Utility requirements will vary by type of industry and size/type of operation. Some industries like food and beverage need high water and sewer capacities. Having natural gas is important as the price continues to be more competitive. ▪ Having buildings less than 20 years old is important due to code changes and potential contamination of older properties over long periods of use; also, layouts tend to be chopped up and specialized over time. ▪ Preference for being within 1-2 miles of an interstate to limit truck traffic on two-lane highways past schools, residential areas, hospitals, major retail corridors, and other sensitive areas. <p>Option to build on 5 to 100 acre sites within an industrial park that has access to utilities and is close to shovel ready or pad ready status. Cost of land is typically \$30,000 in tertiary markets and up to \$100,000+ in secondary markets.</p>
Professional, Technical, and Business services	10,000 to 75,000 SF of Class A or B office space downtown with access to amenities such as restaurants and retail with 4 parking spaces per 1,000 SF and reasonable access to interstate and primary feeder highways.
Back Office and Customer Service	10,000 to 75,000 SF of Class B office space in suburbs with access to amenities such as restaurants and retail with 4-5 parking spaces per 1,000 SF and reasonable access to interstate and primary feeder highways.
Warehouse/Distribution Center	Parcels of 5 to 25 acres within an industrial park that has short distance access (1-2 miles) to interstate via a primary feeder highway and near shovel ready status.
Data Centers	Sites or appropriate buildings with access to highly reliable and low cost double-feed electric power and telecom services. The location should be relatively obscure for security purposes. Typical operations are placed in an existing building conducive to cables and cooling functions or are built on lots that are 5 to 15 acres away from natural disasters.



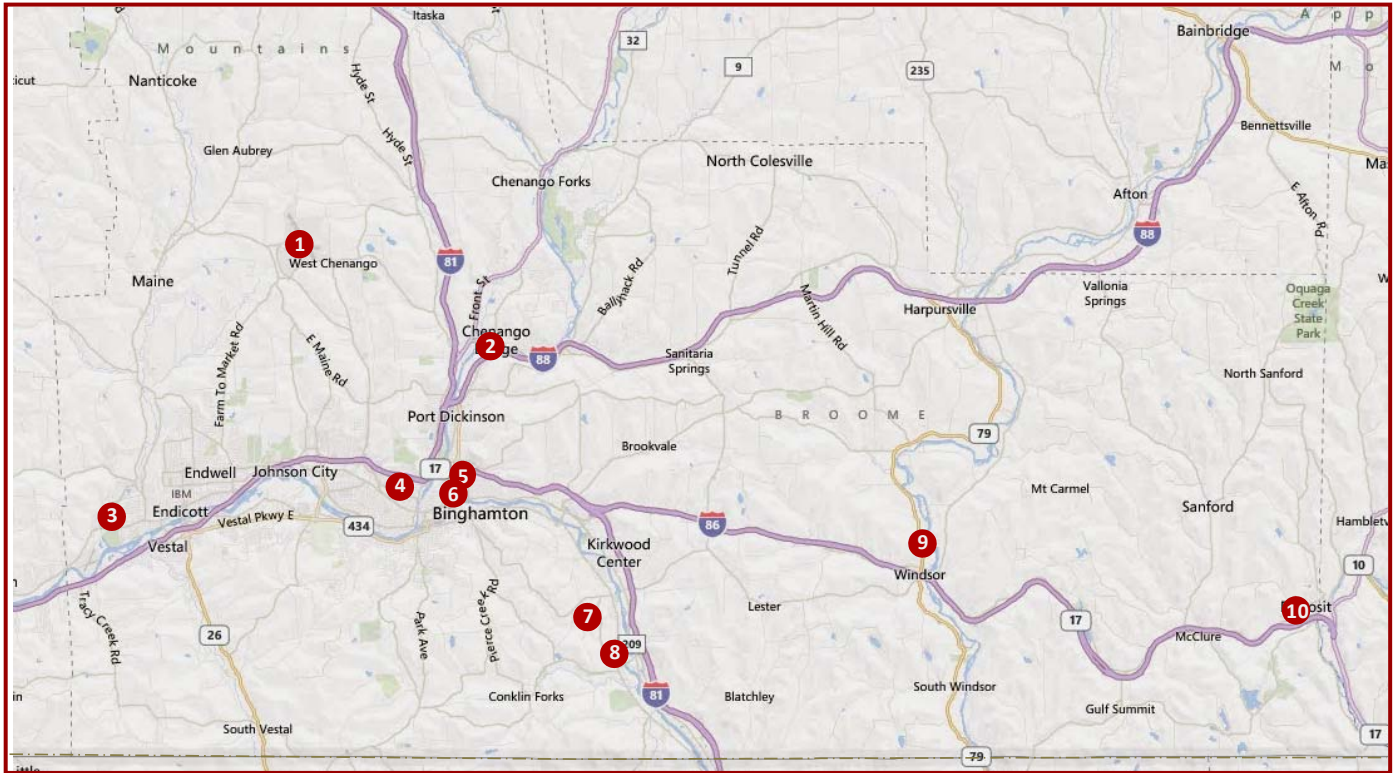
Existing Real Estate Availability

A compilation of existing sites as well as industrial and office space that meets the criteria defined above is presented in **Tables 2, 3, and 4** below with comments.

Table 2: Available Industrial/Commercial Sites in Broome County (5+ Acres in Total Area)								
	Description	Acres	Cost/Acre	Owner	Utilities Available	Zoning	Rail	Comments
1	Binghamton Airport, Maine Site 1A Site 1B Site 2 Site 3 Site 4 Site 5	28 74 87 13 42 42	Currently being established	Broome Co.	Power and water (nearby), sewer being installed in 2014; several of the sites have telecom/Internet.	Industrial	No	Majority of land is forested/undeveloped . Located 5+ miles from the interstate via a two-lane highway through residential areas.
2	70 Chenango Bridge Road, Chenango	13.3	\$37,218	Private Owner	Power, water, telecom, cable	Commercial	No	Off Route 12A near I-88. Adjacent to Chenango River.
3A	100 LaTourette Lane, Union	5.5	\$31,760	N/A	Full utilities	Industrial	No	Near Glendale Tech Park and sports park. Long/narrow site.
3B	1355 Campville Road, Union	18.5	\$18,750	Private Owner	Power, telecom, cable	Industrial	No	Near Glendale Tech Park. 10+/- usable acres.
4	Charles Street Business Park, Binghamton	25+	\$30,000+	Broome Co. IDA	Full utilities	Industrial	No	“Clean” former GAF film (or Anitec) site. Adjacent to residential area.
5	Broad Avenue Railroad Property, Binghamton	12.5	N/A	CP Rail	Full utilities in the vicinity of the site	Industrial	Yes	Owned by CP Railroad, which would like an industrial rail client.
6	67, 71 Frederick Street, Binghamton	11.2	N/A	Broome Co. IDA	Full utilities	Industrial	No	Older existing buildings on the site.
7	399 Broome Corporate Pkwy, Conklin	26.2	\$30,000	Private Owner	Full utilities	Industrial	No	Within Broome Corporate Park with interstate access.
8	379 Broome Corporate Pkwy, Conklin	21.5	N/A	Broome Co. IDA	Full utilities	Industrial	No	Within Broome Corporate Park with interstate access.
9	Off Exit 77, Windsor	80	N/A	Private Owner	Power, water, sewer	Commercial	No	Immediate labor force is limited.
10	Borden Street, Deposit	7.46	N/A	Private Owner	Power, water, sewer	Industrial	No	Adjacent to residential properties and river. Immediate labor force is limited.



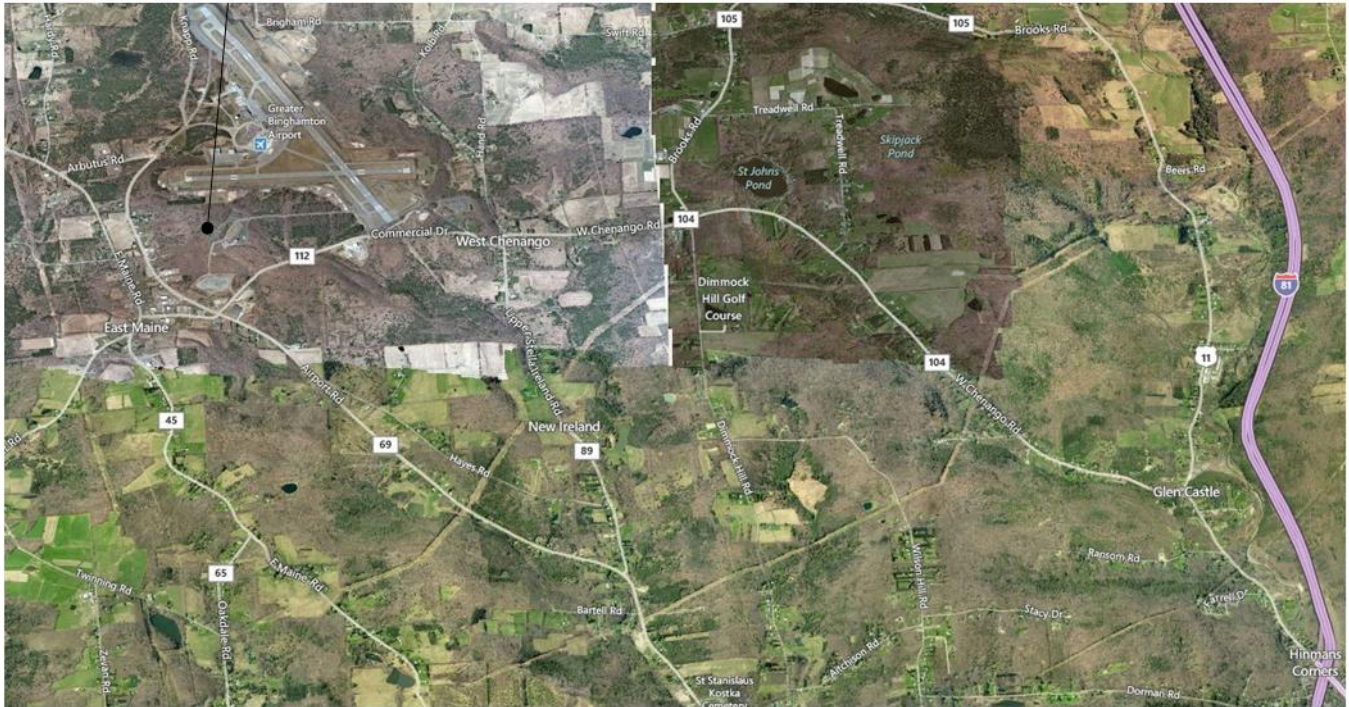
Industrial/Commercial Sites In Broome County (5+ Acres in Total Area)
Numbers Refer to Site Numbers in Table 2





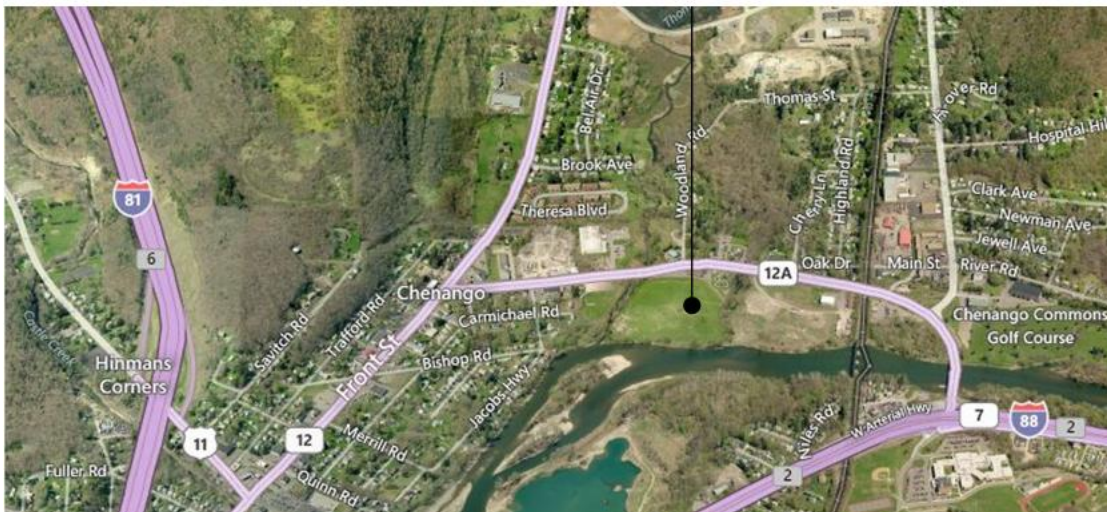
Binghamton Airport Sites ①

Airport sites



70 Chenango Bridge Road, Chenango ②

Site 2



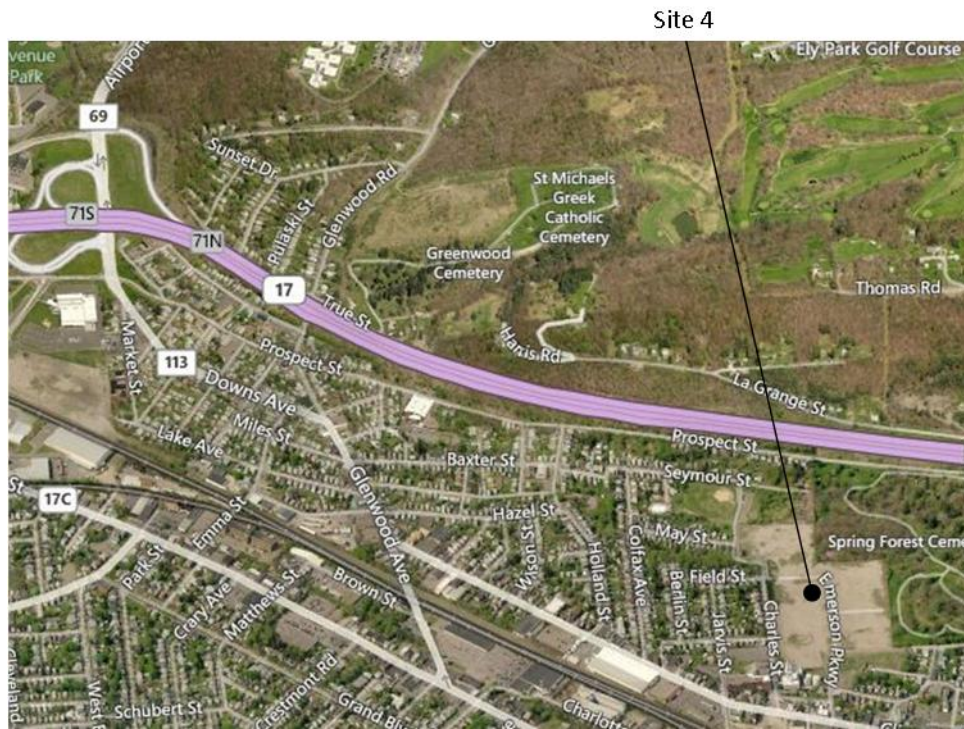


100 LaTourette Lane (A) and 1355 Campville Road (B), Union ③



Site 3B

Charles Street Business Park, Binghamton ④



Site 4



Broad Avenue Railroad Property 5 and 67/71 Frederick Street 6



Site 5

Site 6



Broome Corporate Park 7 and 8



Additional 6.7 acre site also available (private owner)



Exit 77 Site in Windsor 9

Site 9



Borden Street, Deposit 10

Site 10





Table 3: Available Industrial Buildings in Broome County (10,000+ Square Feet)
Arranged in Order and Grouped by Size: >100,000 SF, 50,000 to 100,000 SF, 25,000 to 50,000 SF, and <25,000 SF

	Location	Type of Space	Size (Sq Ft)	Sale Rate \$/Sq Ft	Lease Rate \$/Sq Ft	Ceiling Height	Age of Building	Comments
1	Huron Campus, Endicott (contains significant quantity of multiple types of space)	Industrial	160,000+ 30,000+		~\$4-\$5 ~\$4-\$5	15' 22'+	>20 Yrs. but in good condition	Low cost power (5.3 to 6.9 cents/kWh). Access to 2 MGD sewer capacity, high purity water, central cooling, data center quality telecom
2	33 Lewis Road, Union	Industrial Flex Space	175,000		*	N/A	>20 Yrs.	Part of a 500,000+ SF complex
3	71 Frederick Street, Binghamton	Warehouse	170,000	Negotiable	Negotiable	N/A	>20 Yrs.	Multiple buildings
4	20 Valley Street, Union	Industrial	120,000	\$20.83	\$4	20'	>20 yrs. 1981	Former Amphenol bldg.
5	200 Court Street, Binghamton	Industrial Flex Space	100,000		\$2	N/A	>20 Yrs.	
6	30 Charlotte Street, Binghamton	Industrial	81,771		*	12'	>20 Yrs.	Former Indian Valley Bag plant
7	93 Ely Street, Binghamton	Industrial	63,500		*	23'	>20 Yrs.	
8	265 Industrial Park Drive, Kirkwood	Industrial	60,000		*	18'	>20 Yrs.	
9	10 Alice Street, Binghamton	Industrial	54,800		*	15'	>20 Yrs.	Former Haworth Press bldg
10	336 Court Street, Binghamton	Industrial Mfg./ Warehouse	52,419	\$7.63	\$2.50	24'	>20 Yrs.	
11	720 Azon Road, Johnson City	Industrial	40,000		*	20'	>20 yrs.	
12	121 Second Street, Deposit	Storage	36,000	\$8.31	*	16'	>20 yrs.	Brick bldg, former school; 121-125 Second Street
13	1010 Conklin Rd., Conklin	Industrial	34,820	\$24.41	*	Multi	>20 yrs. 1976	Former S&T Knitting building
14	448 Commerce Rd Vestal	Industrial	27,864	\$24.94	*	14'	>20 yrs. 1985	
15	72 Grossett Drive, Kirkwood	Industrial	22,400		*	16'	>20 Yrs.	



Table 3: Available Industrial Buildings in Broome County (10,000+ Square Feet)
 Arranged in Order and Grouped by Size: >100,000 SF, 50,000 to 100,000 SF, 25,000 to 50,000 SF, and <25,000 SF

	Location	Type of Space	Size (Sq Ft)	Sale Rate \$/Sq Ft	Lease Rate \$/Sq Ft	Ceiling Height	Age of Building	Comments
16	811 North Street, Endicott	Industrial	21,200		*	N/A	>20 Yrs.	
17	56 Broome Corporate Pkwy, Conklin	Industrial	20,000		*	22'	>20 Yrs.	Business Growth Center, within Broome Corporate Park.
18	49 Griswold Street, Binghamton	Industrial	19,600		*	12'	>20 Yrs.	
19	142 Corporate Dr., Kirkwood	Industrial Flex Space	19,200		\$7	14'	>20 yrs. 1990	
20	404-408 Front Street, Vestal	Industrial Warehouse	17,964		*	24'	>20 yrs.	Multi-building
21	328 Water Street, Binghamton	Industrial Mfg.	13,155	\$12.54	*	N/A	>20 yrs. 1970	Former Emerson Electronics building
22	167 Conklin Ave., Binghamton	Industrial Mfg.	11,568	\$24.64	*	9'	>20 Yrs. 1960	Current trucking garage
23	816 Conklin Rd., Binghamton	Warehouse	11,430	\$39.37	*	9'	>20 Yrs. 1920	
24	402 Airport Road, Union	Warehouse	10,280		\$4.50	16'	>20 yrs.	
25	73 Griswold Street, Binghamton	Industrial	10,000		*	18'	>20 yrs.	

*Many local property owners prefer not to publish a lease rate but are prepared to negotiate with a prospective company based on terms of lease, improvement requirements and other factors.

Based on a Q4 2012 report from Cushman & Wakefield on industrial space in the Binghamton market, the average asking price for industrial space was \$4.90/SF and over the last year has been as low as \$4.45/SF. The report also noted: “Market growth is critically restricted by the lack of availability of newer, functional high bay space...”¹

¹ Marketbeat Industrial Snapshot: Binghamton, NY, Q4 2012, www.pyramidbrokerage.com/Binghamton_IND_4Q12.pdf.



Table 4: Available Office Buildings Within Broome County (10,000+ Square Feet)

	Location/Designation	Size (Sq Ft)	Sale Rate \$/Sq Ft	Lease Rate \$/Sq Ft	Class of Space	Parking	Comments
1	Glendale Technology Park, Union	300,000		*	A/B	Ample	
2	Huron Campus, Endicott	90,000+ contiguous		\$9.75	A (older)	Ample	Substantial amount of office space available
3	23 Jackson Avenue, Endicott	96,280	\$4		B/C	Ample	Former school
4	18 Link Drive, Binghamton	93,668		\$15.95	A	Ample	Part of a 215,550 SF building; high visibility location off Interstate 81
5	Centre Plaza, 53 Chenango Street, Binghamton	35,000		*	A	Ample	In downtown business district
6	21 Chenango Street, Binghamton	27,000		*	B	Ample	In downtown business district
7	31 Lewis Street (Kilmer Building), Binghamton	19,000		*	B	Ample	Historic building in downtown business district
8	15 Avenue B, Johnson City	10,500	\$46.38		A	Ample	Converted firehouse

* Many local property owners prefer not to publish a lease rate but are prepared to negotiate with a prospective company based on terms of lease, improvement requirements and other factors.

Note: What constitutes “A” space in a tertiary market would frequently be considered “B” or lower in a larger market.

A Q4 2012 report from Cushman & Wakefield on office space in the Binghamton market indicates that the average asking price for office space was \$12.24/SF, reflecting typical rates in a tertiary market.



Evaluation of Available Real Estate

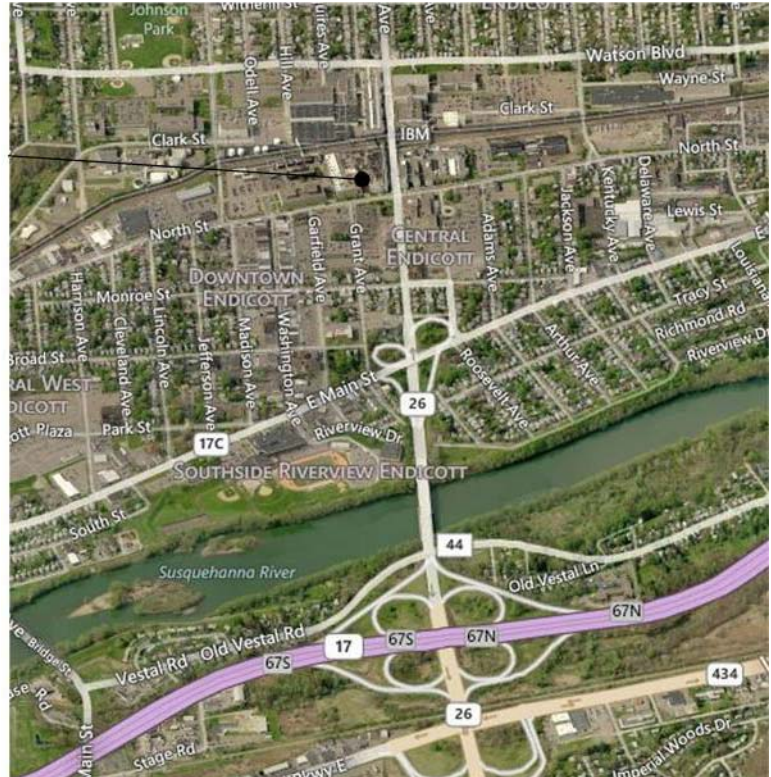
A comparison of existing real estate with requirements by type of operation is presented in **Table 5** below with comments and observations.

Table 5: Available Options That Match Needs by Type of Operation	
Industry or Operation	Comments and Observations
Manufacturing	<p>Option 1: Available buildings 25,000 to 100,000 square feet (SF) expandable flex space, <20 years old, 25+ ceiling heights, 40+ ft column widths within 1-2 miles of interstate. Full complement of industrial grade utilities available that are competitively priced.</p> <ul style="list-style-type: none"> ▪ All available buildings are >20 years old. ▪ The Huron Campus has space in good condition served by some very competitively priced utilities with significant capacity. They receive power at 115 kV and offer favorable rates of 5.3 to 6.9 cents/kWh. ▪ There are multiple buildings with 20’ to 24’ ceiling heights that might be adequate depending on condition but they do not have access to the favorable power rates unless they are major energy users. <p>Option 2: Available sites that are 5 to 100 acres (depending on size of facility) within an industrial park that has access to utilities and is close to shovel ready or pad ready status.</p> <ul style="list-style-type: none"> ▪ There are no shovel ready sites in the County which places the area at a disadvantage. ▪ Multiple sites have been utilized previously and will need formal Environmental Assessments completed. ▪ Sites such as the Charles Street Business Park and the Broome Corporate Park in Conklin have a full complement of utilities offered.
Professional, Technical, and Business services	<p>10,000 to 75,000 SF of Class A or B office space downtown with access to amenities such as restaurants and retail with 4 parking spaces per 1,000 SF and reasonable access to interstate and primary feeder highways.</p> <ul style="list-style-type: none"> ▪ Options available but limited.
Back Office and Customer Service Operations	<p>10,000 to 75,000 SF of Class B office space in suburbs with access to amenities such as restaurants and retail with 4-5 parking spaces per 1,000 SF and reasonable access to interstate and primary feeder highways.</p> <ul style="list-style-type: none"> ▪ Options available but limited.
Warehouse/Distribution Center	<p>Parcels of 5 to 25 acres within an industrial park that has short distance access (1-2 miles) to interstate via a primary feeder highway and near shovel ready status.</p> <ul style="list-style-type: none"> ▪ Broome Corporate Park is a strong option if the prospective company needs <45 acres.
Data Centers	<p>Sites or appropriate buildings with access to highly reliable and low cost double-feed electric power and telecom services. The location should be relatively obscure for security purposes. Typical operations are placed in an existing building conducive to cables and cooling functions or be built on lots that are 5 to 15 acres away from natural disasters.</p> <ul style="list-style-type: none"> ▪ The Huron Campus with its available space and utilities provides a favorable option for locating a data center in the County. It already hosts several data centers on the campus.



Summary Observations

- A substantial number of manufacturing buildings are available in Broome County, but most are less than 20 feet in height and all are over 20 years old. As noted in Cushman & Wakefield’s recent quarterly report: “Market growth is critically restricted by the lack of availability of newer, functional high bay space...” The situation is such that no one is willing to take a risk and engage in speculative construction; however, without any newer and appropriately designed product on the market, the chances of attracting outside businesses that want to lease a newer building is slim.



Huron Campus in Endicott showing direct access to U.S. 17/I-88 via Route 26.

- The Shovel Ready Sites Program essentially began in New York State and has received significant exposure within states that want to attract industry. Having at least one state-certified shovel ready site sends the message that the community wants business growth and is willing to invest to have a site at a higher level of readiness and lower risk. It is a program that is viewed seriously by companies and consultants and becomes a critical market differentiator.
- The former BAE Systems site at 600 Main Street in the Town of Union is owned by the U.S. Air Force. The building occupied by BAE was destroyed in the flood of 2011, and the company subsequently relocated to the Huron Campus. The Air Force has agreed to clear the site and turn it over to the Broome County IDA. Eventually, the 27.2-acre property could be made available for industrial development; however, it is compromised by the threat of potential future flooding, and any redevelopment will need to be designed with this in mind.
- Utility costs (primarily power) and property taxes are an issue for businesses considering the Binghamton area and New York State in general. Properties at the Huron Campus have access to competitively priced space with readily available high volume/quality utilities at very competitive rates. This places the area in a very positive position, and should be heavily promoted as a lead-in for marketing the area.



- There is a significant amount of office space available in Broome County at reasonable prices (because it is in a tertiary market), with the benefit of access to a major university with business, engineering, scientific, and other talent. This is advantageous in attracting providers of professional and technical services and back office operations to the area.
- The combination of the data center research being conducted at Binghamton University and the low-cost, high-quality facilities and power at the Huron Campus position Broome County as a favorable location for data centers.