

Q QUARTERLY ECONOMIC REPORT

HVEDC - JLL

November 2015



3rd Q | Hudson Valley News & Notes



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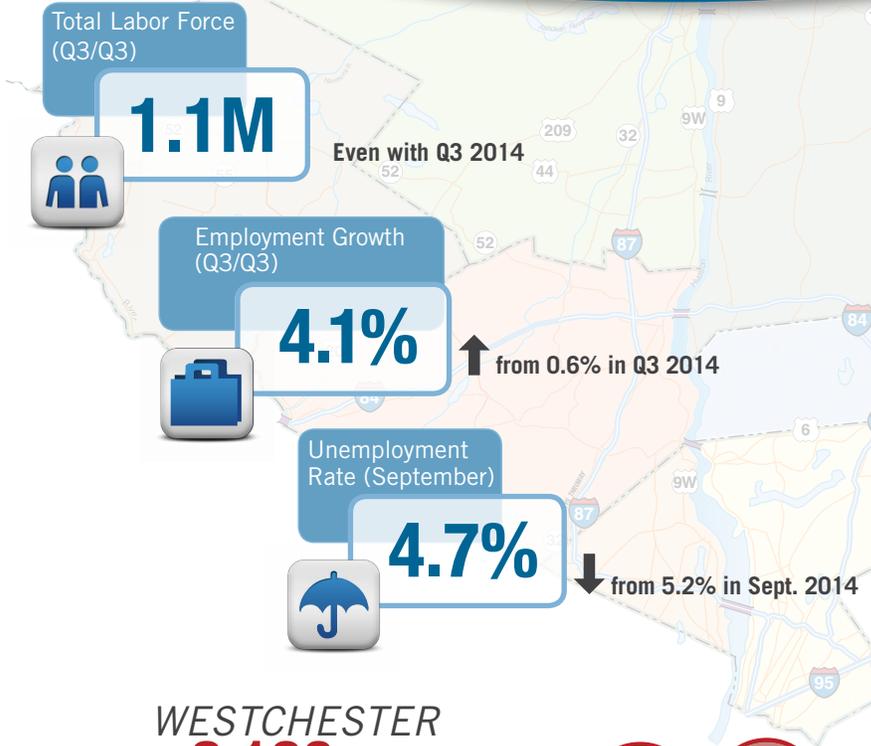
Hudson Valley labor force continues to expand

In the last year, the Hudson Valley experienced a labor force increase of 38,000 workers, demonstrating the region's steadily growing confidence in our local industry and economy. Further, this quarter saw the unemployment rate in the Hudson Valley drop by 0.5 percentage points since this time last year. The largest change in unemployment was experienced by Sullivan County, which, since last year, reduced its rate by 1 percentage point.

Year-to-year gains in Hudson Valley employment were seen in educational and health services, leisure and hospitality, trade, transportation and utilities, professional and business services and other various services. Of these sectors, education and health services experienced the strongest annual growth on record since 1990, increasing by 4 percentage points since last year. Such advances in the region's outstanding schooling are indicative of local industry progress and continued assurance in the future of our regional economy.

Other news of note:

- Work began in September on the long-delayed Tuxedo Farms housing development, as Related Companies broke ground on the new wastewater treatment plant. Construction of the plant, roadways and other infrastructure must be completed before work on the development's 1,195 new units can begin. The first phase of housing construction is expected to be completed sometime in 2017, and will include 180 new apartments. Construction of town houses, cottages and other single-family homes will begin on a build-to-suit basis. The Tuxedo Farms development is projected to double the town's population, drive revenue growth and bring new students and funding to the Tuxedo School District.
- Colleges in the Hudson Valley have begun a slate of construction projects in recent months, and with tens of millions of dollars invested, these projects are expected to have both short- and long-term economic impact on the region while benefiting the area's many college students. Vassar College has science and research facilities underway, as do SUNY New Paltz and Marist College, while New Paltz, Marist and Bard College all have new residence halls in progress.



WESTCHESTER

+8,130 jobs (Sept. 2014: +8,570)

Professional and Business Services; Education and Healthcare; Leisure and Hospitality



ORANGE-ROCKLAND

+5,150 jobs (Sept. 2014: +4,174)

Education and Healthcare; Professional and Business Services; Leisure and Hospitality



SULLIVAN-ULSTER

+1,380 jobs (Sept. 2014: +1,064)

Education and Healthcare; Leisure and Hospitality



DUTCHESS-PUTNAM

+160 jobs (Sept. 2014: +1,350)

Professional and Business Services; Other Services



Total Jobs +14,820

(Sept. 2014: +15,158)

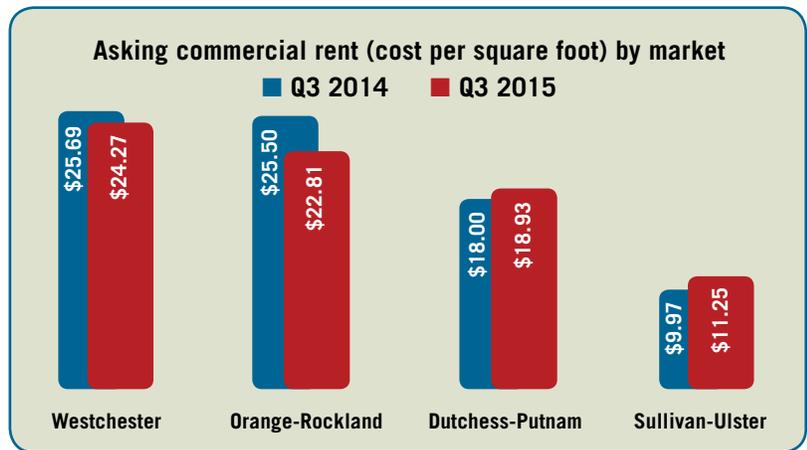
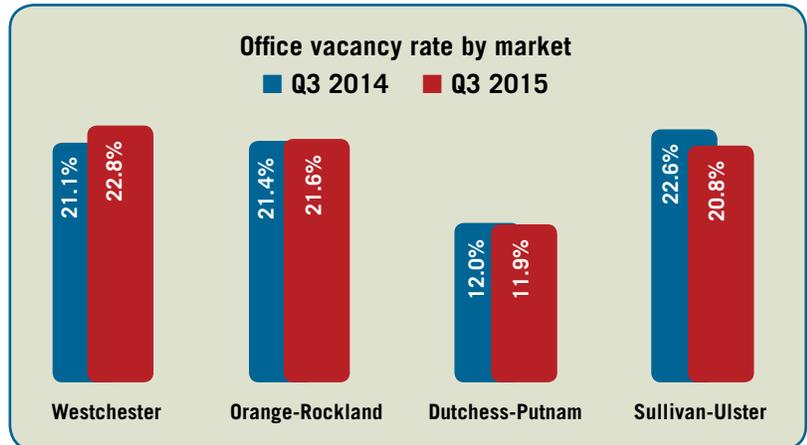
Job Gains (last 12 months)
& Industry Drivers

Overview

- With vacancy levels rising in some markets and dipping in others, the overall Hudson Valley office vacancy has remained unchanged.
- Westchester leasing tapered off in the third quarter, but is still on pace to have a better year in 2015 than it did in 2014.
- Vacancy dropped in the Sullivan-Ulster area and prices rose by a whopping 16.0 percent due to an unexpected influx of investment in updating older buildings. This has repositioned many buildings, as they now qualify for price increases. Landlords observed the uptick in demand and adjusted pricing to the trend.
- Westchester saw vacancy rates rise due to some of the larger tenants moving out, however there are a fair amount of tenants currently touring, so the fourth quarter should yield promising results.

Things to watch

- Southern Westchester's Yonkers launched an initiative called Generation Yonkers that will emphasize a "work, live, play" lifestyle. This could drive down vacancy for an important market.
- The construction sector is expected to take a hit with a minimal amount of reported upcoming projects in the fourth quarter.
- Orange-Rockland counties has seen a staggering price drop since 2014, but now that the reduction in pricing has leveled off, it will be interesting to see if the market will take advantage of the lower rents.



About Hudson Valley Economic Development Corporation (HVEDC)

HVEDC is the leading economic development agency for the seven-county region of Westchester, Putnam, Dutchess, Rockland, Orange, Ulster and Sullivan counties. The public-private partnership markets the region as a prime business location to corporate executives, site selection consultants and real estate brokers. HVEDC created the branding and promotional efforts for industry cluster initiatives Hudson Valley 3D Printing, the Hudson Valley Food & Beverage Alliance, NY BioHud Valley and Hudson Valley EDs & MEDs. For more information or to review available business sites, visit HVEDC's website or contact CEO Laurence P. Gottlieb.

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About JLL Research

JLL's research team delivers intelligence, analysis, and insight through market-leading reports and services that illuminate today's commercial real estate dynamics and identify tomorrow's challenges and opportunities. Our 300 professional researchers track and analyze economic and property trends and forecast future conditions in over 60 countries, producing unrivaled local and global perspectives. Our research and expertise, fueled by real-time information and innovative thinking around the world, creates a competitive advantage for our clients and drives successful strategies and optimal real estate decisions.

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