

HVEDC - JONES LANG LASALLE

QUARTERLY

ECONOMIC REPORT

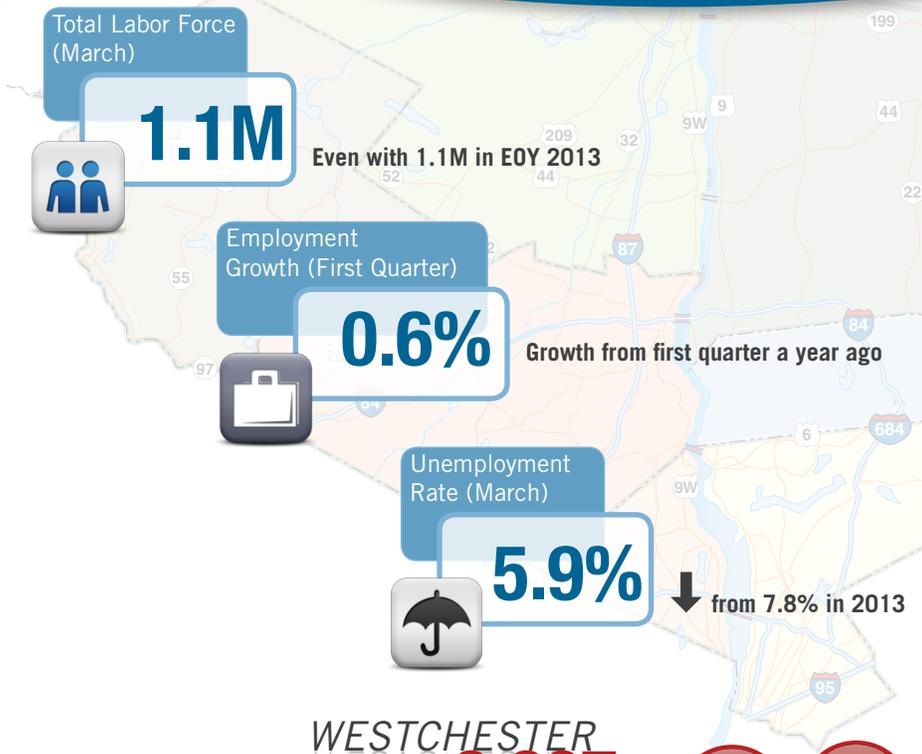
June 2014



1st Q | Hudson Valley News & Notes



Laurence P. Gottlieb
President and CEO
HVEDC



First Hudson Valley Business Climate Survey released June 24

The local economy remains stuck in neutral, but is edging slightly upward. However, many business people in the Hudson Valley are anticipating a better year next year. The 2014 Hudson Valley Business Climate Survey found that 77 percent of respondents expect the local climate to improve in 2015, or at least remain the same as this year. And, there's more optimism. More than half of survey respondents believe their industry is growing and reported that their company is in growth mode. Meanwhile, there are some troubling areas that we need to address. Almost three quarters of respondents feel the overall costs of doing business are challenging, and more than half of respondents rated the business friendliness of regional government as poor or somewhat poor.

The survey was released on June 24 at the Hudson Valley Economic Development Corp.'s Thought Leaders Master Series: State of the Hudson Valley Economy event. The event offered a comprehensive look at businesses' needs and perceptions of both the current state of the economy and expectations for the near future. For complete results of the survey, visit hvedc.com.

The event, held at SUNY New Paltz, hosted national labor expert Dr. Paul Harrington, professor and director for the Center of Labor Market and Policy at Drexel University, who spoke about his independent analysis of the regional labor market in his keynote presentation.

Other news of note:

- SUNY Ulster, SUNY Sullivan and SUNY New Paltz have been accepted into the state's START-UP NY program, a state-level economic development effort pairing post-secondary institutions with new and emerging businesses. The program looks to bolster the region's economy, giving students opportunities for career learning and advancement while providing much-needed tax breaks to the participating companies. For more information, please visit startupnyhudsonvalley.com.
- At its recent Science Technology Engineering Math (STEM) Education Symposium, HVEDC partner Regeneron Pharmaceuticals, launched the Hudson Valley's STEM Teaching Fellowship with NASA, Columbia University, Teachers College and the STEM Education Leadership Center. This groundbreaking professional development program trains the region's teachers to better integrate STEM learning into their classroom-based curricula.

Job Gains (last 12 months) & Industry Drivers

WESTCHESTER
+3,637 jobs

Education and Healthcare; Trade, Transportation and Utilities



ROCKLAND-ORANGE
+525 jobs

Education and Healthcare; Leisure and Hospitality



SULLIVAN-ULSTER
-200 jobs

Trade, Transportation and Utilities; Leisure and Hospitality



DUTCHESS-PUTNAM
-800 jobs

Leisure & Hospitality; Education and Healthcare



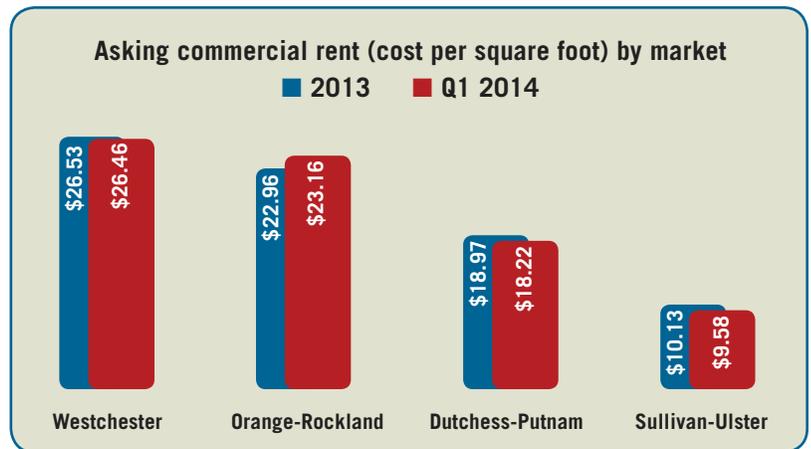
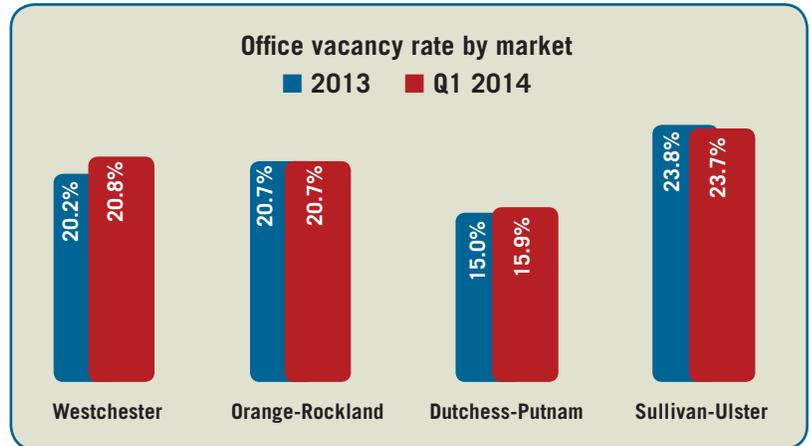
Total Jobs +742

Overview

- Quarter-over-quarter, vacancy rates were relatively unchanged in the Hudson Valley office market.
- Dutchess-Putnam showed the most change, increasing 90 basis points during the quarter with 17,000 square feet coming online at 1 Webster Avenue.
- Westchester's vacancy shifted up slightly, despite MBIA taking 85,000 square feet at the Centre at Purchase in the quarter's largest transaction.
- The vast majority of users in the region are in the 5,000 to 10,000 square-foot range.
- Vacancy in Sullivan-Ulster remained flat with no transactions of note.

Things to watch

- Much of the region's office product is aging, which amplifies the difficulty in attracting limited demand.
- Among the challenges to such space are the needs for sophisticated technology and power infrastructure as well as increased parking density.
- On the demand side, diversification is necessary to propel office market recovery. Developments such as the North 60 Corridor will help to expand opportunities to biotech and life science ventures.
- Expect the regional economy to take center stage as we head deeper into a major election cycle.



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 and NY BioHud Valley. For more information or to review available business sites, visit www.hvedc.com or call CEO Laurence P. Gottlieb at 845-220-2244.

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About Jones Lang LaSalle Research

Jones Lang LaSalle'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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