

# THE BUSINESS REVIEW

VOL. 33 NO. 50

MARCH 16-22, 2007

## Suburban office space rents will increase in '07, new report says

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THE BUSINESS REVIEW

The commercial real estate industry in the Capital Region has a new tool to help predict costs.

**Conley Associates**, an Albany firm that exclusively represents tenants and buyers in transactions, has released a market analysis projecting what's likely to happen to the cost of leasing or owning office space.

The bottom line? Although the overall market remains stable compared to other parts of the country, thanks to the state government work force, it's a mixed bag among local cities and suburbs.

The report predicts base rental rents for Class A office space this year will increase in the suburbs of Albany-Colonie, Rensselaer, Schenectady-Niskayuna, Saratoga County and Troy's central business district, but rents will stay flat in Albany's and Schenectady's central business district (the central business district generally refers to areas in and around downtown that have the highest concentration of office space).

In Saratoga Springs, rental trends in the central business district are expected to vary from "slowing down" to showing a slight increase.

Operating costs for items such as management fees, waste removal and maintenance this year will rise 3 percent to 4 percent, insurance costs will drop 5 percent, and utilities will fall 30 percent, though electric and gas bills will still be higher than before the spike caused by Hurricanes Katrina and Rita in fall 2005, the analysis predicts.

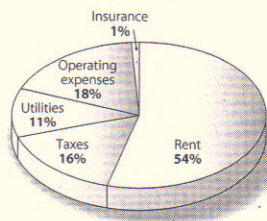
The report also charts the changes in municipal and school property taxes over the past two years, with the Schenectady central business district showing the highest weighted average increase, slightly more than 7 percent.

The suburbs of Schenectady-Niskayuna had the lowest weighted average increase, about 1.2 percent.

Tim Conley, president of Conley Associ-

### BUDGET ANALYSIS

#### Lease cost breakdown (2007)



Source: Conley Associates

ates, said the market report will become an annual endeavor at the firm, which has handled more than \$200 million in real estate transactions in the region over the past five years.

He said the information will be useful to tenants and buyers who are searching for property, budgeting expenses and negotiating leases.

"This is a global analysis," Conley said. "This is not pinpointed to benefit the landlord nor the tenant."

The report differs from the commercial office and industrial property reports that have been published since 1980 by the Albany office of commercial real estate giant **CB Richard Ellis Albany**. Among other things, CB Richard Ellis lists total inventory, vacancy rates and square-footage lease rates in the region.

Unlike Conley Associates, CB Richard Ellis is a brokerage firm that lists properties for sale.

The fall 2006 editions of the office and industrial reports for Albany weren't released because of a software glitch, said Jeff Sperry, CB Richard Ellis managing partner. He expects the spring 2007 reports to be released in the coming months.

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