

Wednesday, April 2, 2008

Report: Class A rents remaining flat in downtowns

The Business Review (Albany) - by [Michael DeMasi](#) The Business Review

Rents for Class A office space in the Albany, N.Y., area are expected to remain flat this year in the downtowns of the four largest cities but will increase in the suburbs, according to a report.

Class A rents will remain flat in the downtowns of Albany, Troy, Schenectady and Saratoga Springs, according to **Conley Associates**, a commercial real estate broker in Albany.

Rents for similar space in suburbs surrounding those cities will increase.

"Most of the increasing rent markets are driven by tenants who are repositioning or upgrading from lesser grade space, or for some businesses, expanding their presence with annex offices in tertiary markets," the report said.

Rental rate trends for Class B and Class C space vary among the downtowns and suburbs.

The only areas where commercial rents are expected to decline are Class B and Class C space in downtown Albany and Class C space in the Albany-Colonie suburbs.

In general, commercial tenants are expected to pay 4 percent to 5 percent more in operating expenses this year due to rising fuel costs, though the costs for downtown properties are slightly lower than in the suburbs.

Tenants are expected to pay 5 percent less for insurance but see a 5.6 percent weighted average increase for gas and electricity.

Tenants are also impacted by the property taxes charged to landlords, who pass on the cost through higher rents.

Average municipal property taxes in the downtowns increased by less than one-half of 1 percent last year but school taxes rose by an average of more than 6 percent.

Municipal taxes in the suburbs rose by an average of 7 percent last year and school taxes rose by 4.6 percent.

This is the second consecutive year Conley Associates has issued the market report.