

KONAR PROPERTIES

CONNECTION

FALL 2018



GROWING PAINS EVALUATING YOUR NEXT MOVE

New or Improved, Owned or Leased?

It's a good problem to have. Your business is growing consistently and you need more space -- the sooner the better. But unless your business is real estate, the decision process for finding new space can seem overwhelming.

A good place to start is to determine your need for new space, now and in the foreseeable future. Large businesses can often calculate their own space needs. Smaller ones often turn to outside consultants. Architects, interior design firms, and industrial design firms can help with this process. The important receivable is a "program" that shows approximately how much space you need for each different function of your business, now and in the future, and one or more draft floor plans that will meet your current needs and allow for future expansion.

Once you have completed this step, you're ready to evaluate all your options. Many people view the possibilities as simply whether to lease or own, and in fact there are important benefits to both approaches. Ownership of a building can offer valuable tax advantages, especially to individual owners, and allow the business to make capital improvements to its building without fear of losing them when the lease expires. Leasing, by contrast, can free up business capital for other needs, and offer businesses more flexibility to move as the business grows.

We think a better way to approach the decision is to look at two different options -- work with an existing building or build a new one -- and recognize that it is possible to lease or own using either approach. For example, suppose you decide it's best to build a new building but cannot afford to pay for it right away. You can work with a developer to construct the building and lease it to you with an option to purchase. The same approach can work with buying and renovating an existing building.

At Konar Properties, we have worked with businesses in many different ways. For prospective owners, we've sold land to businesses that built their own facilities, or built the facility for them and delivered it on a turn-key basis when it was done. For prospective tenants, we've worked on "build-to-suit" projects, designing and leasing new space that suits their specific needs. Here, too, the lease can include an option to purchase the building at a future time.

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Konar Properties is a family owned real estate development company located in Rochester, New York. We develop, own, and manage commercial properties and multifamily communities in Rochester and Western New York.



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No matter which approach you choose, the key point is knowing all of your costs in advance. As illustrated below, new construction involves finding new land, and can involve the cost of installing new utilities as well. Renovation will require finding and improving a new building unless you already own a building that you can expand.

Either way, you will need to determine the cost of your new land or new building, and then the cost of new construction, renovation, or tenant improvements. A building contractor, or a developer working with a contractor, can calculate the cost of the work. And while the cost of a new building might be straight-

forward, the cost of renovating an old one always introduces some unknowns -- such as hidden structural damage, environmental hazards, or the costs of complying with updated building code requirements.

We've been through this process with owners and tenants many times be-

fore. Whether you ultimately choose a new or improved building, owned or leased, we would be happy to help you find a new home for your growing business.



GROWING WITH US

SPOTLIGHT: Vuzix and Pharmacy Alternatives

In October 2015, Vuzix, a 26-employee leader in Rochester's thriving optics industry, moved its headquarters to Erie Station Business Park. Senior Consultant Gary Van Camp had scouted more than 40 sites before choosing a newly built flex space at Erie Station Business Park for these reasons: the space was new, it could be built to suit the company's complex needs for regulation of temperature, humidity, and air filtering, and it could accommodate growth. Vuzix leased 28,000 square feet of a new 38,000-square-foot flex building on Hendrix Road. The highly custom build-out was completed in under 90 days.

Fast-forward to 2018 -- Vuzix employs a staff of 80 and is ready to expand. The remaining space in the building is occupied by Pharmacy Alternatives, one of the few pharmacies in the nation specializing in serving persons with intellectual and developmental disabilities. As a company delivering exceptional service via state-of-the-art packaging and dispensing technologies, as well as through confidential medical records delivery, Pharmacy Alternatives has its own set of unique facility customization demands.

The solution? Vuzix will expand into the Pharmacy Alternatives space, taking over the entire 38,000-square-foot building in three phases. Space in Konar Properties' new flex building on Becker Road will be customized on a condensed timeline to suit Pharmacy Alternatives. Describing the process, Van Camp says, "Konar Properties has been wonderful -- phenomenal and responsive. They've been willing to sit down and talk through any challenges, and they make it easy to make changes or move things around."

The move makes Pharmacy Alternatives the first tenant in the flex space at Becker Road, a total of 100,000 square feet in two new Class A buildings (rendering featured on cover page). If your business is in need of light manufacturing, warehouse, office, research and development, or distribution space in a prime location, flex space at Erie Station Business Park could be the answer. Your suite can be customized to your brand standards and ready for move-in just 90 days from lease signing. To schedule a visit, contact Michael Trojjan at (585) 334-4110.



ON THE MOVE: LECESSE Construction Joins The Pike Company Downtown After Merger

UNIQUE SPACE, RARE AVAILABILITY



Class A office space nestled in nature, close to I-90 and Greater Rochester International Airport.

LECESSE Construction's merger with The Pike Company moves them downtown, opening two premium office spaces for lease.

Konar and LECESSE

The collaboration between Konar Properties and LECESSE Construction began in the 1990s when LECESSE was chosen to complete two significant renovations at Elmwood Manor, Konar's residential community in Brighton. Over the next 28 years, LECESSE worked on construction of numerous multifamily projects for Konar, including Erie Station Village, and LECESSE moved to Erie Station Business Park because quick access to I-390, the NYS Thruway, and the airport were key to the company's continued growth. For the next 17 years, these two long-standing Rochester companies shared headquarters under the same roof in Williams Mill Office Center.

The Opportunity

In 2012, LECESSE Construction merged with The Pike Company. Over time, The Pike Company

renovated its office location downtown to accommodate both companies in the same space. Renovating a 100-year-old building posed unique challenges, and in the end required an extension of LECESSE's lease. Rufus Judson, President of The Pike Company, credits Konar with their flexibility during the renovation process: "We had several very open and transparent discussions about our needs, and ended up in the best possible situation to relocate on schedule."

LECESSE's exit has created a rare opportunity, opening two Class A office spaces in Williams Mill Office Center. The newly vacant office space in Building One is on a single level with a sitting area, offices, and a spacious break room. The space available in Building Two spans two levels connected by an internal staircase. It features 14 offices, two conference rooms, a reception area, kitchenette, and a café situated in a two-story atrium with an outdoor patio and a beautiful view.

All of us at Konar Properties miss our longtime neighbors, but wish them every success in their new location.

HENRIETTA, NY

BUILDING ONE

YEAR BUILT

2001

SQUARE FEET

4,150

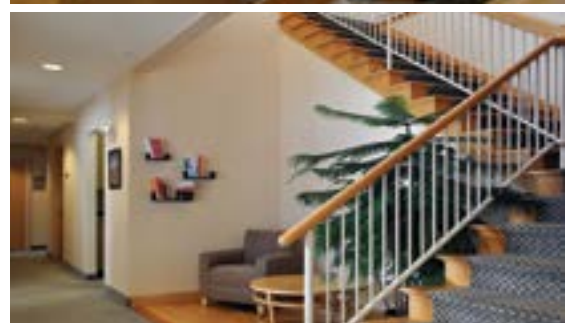
BUILDING TWO

YEAR BUILT

2001

SQUARE FEET

10,450



Top to bottom: Lobby with sitting area and reception desk; employee break room with view of adjacent pond; open staircase leading to office and conference space.

RETAIL TENANT HIGHLIGHTS

Diverse business ventures thrive in new locations.

For businesses offering retail services, location is everything. Konar Properties is excited to be able to offer business owners access to properties in highly desirable urban and suburban locations.

After more than a decade of success in its Geneseo office, opening a second office in Henrietta was a big deal for **Southside Hearing Center**. Expansion proved to be the right move: Southside's two Audigy-certified audiologists were soon serving so many patients they quickly needed more space. Southside Hearing Center found its new home at Erie Station West Henrietta. Office Manager Kathy Brady attributes the choice of their new location to move-in-ready space, competitive pricing, proximity to existing patients -- and the responsiveness of Commercial Property Manager Steve Savoca. "We're happy with the space. And we love Steve!"

Another health-related expansion, **Finger Lakes Dental Care**, will open for business at Erie Station West Henrietta in early 2019. To staff its fourth location, the 45-person practice will relocate some employees and also hire several more locally. Dr. Jason Tanoory, who founded the practice, drew on the experience of other Erie Station West Henrietta business owners, inquiring particularly about their business growth, before settling on the new location. "Other business owners had very good things to say," Tanoory explains. "The space is a blank slate, we like the area, and we can see this is a growing community."

Embracing Rochester's South Wedge is just one of several big moves **Allstate insurance agent Jon Yaeger** has made in opening a storefront at South and Hickory Place. After 21 years in Webster, serving clients as a CPA, the newly licensed broker has expanded his offerings and discovered a love for his new neighborhood. On choosing this high-traffic, urban location for his latest venture, he says, "The people in the area are phenomenal. I loved the vibe and felt like I wanted to be here."

To explore retail options for your business at Erie Station West Henrietta, South and Hickory Place, and our newest additions in the **Neighborhood of Play**, contact Michael Trojjan at (585) 334-4110 or MTrojjan@KonarProperties.com.



75 Thruway Park Drive
West Henrietta, NY 14586



Over 3,000 square feet of retail space at the intersection of South Avenue and Gregory Street in the South Wedge.



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