NAI Long Island

COMMERCIAL REAL ESTATE SERVICES. WORLDWIDE

1Q'18

Long Island Market Report

Long Island

Office 1Q 2018

Long Island 1Q18
Office Report

The Long Island Office market ended the first quarter 2018 with a vacancy rate of 7.6%. The vacancy rate was up over the previous quarter, with net absorption totaling negative (277,292) square feet in the first quarter.

Net absorption for the overall Long Island office market was negative (277,292) square feet in the first quarter 2018. That compares to negative (412,164) square feet in the fourth quarter 2017, positive 721,827 square feet in the third quarter 2017, and positive 132,360 square feet in the second quarter 2017.

During the first quarter 2018, 10 buildings totaling 323,723 square feet were completed in the Long Island market area. This compares to six buildings totaling 132,941 square feet that were completed in the fourth quarter 2017, nine buildings totaling 877,784 square feet completed in the third quarter 2017, and 240,148 square feet in five buildings completed in the second quarter 2017.

The average quoted asking rental rate for available office space, all classes, was $28.13 per square foot per year at the end of the first quarter 2018 in the Long Island market area. This represented a 1.8% decrease in quoted rental rates from the end of the fourth quarter 2017, when rents were reported at $28.64 per square foot.

Tallying office building sales of 15,000 square feet or larger, Long Island (New York) office sales figures rose during the fourth quarter 2017 in terms of dollar volume compared to the third quarter of 2017. One of the largest transactions that has occurred within the last four quarters in the Long Island (New York) market is the sale of The Brooklyn at 77 Sands Street. This 581,288-square-foot office building sold for $408,468,512, or $702.70 per square foot. The property sold on 3/31/2017.

Total office building sales activity in 2017 was up compared to 2016. In the twelve months of 2017, the market saw 63 office sales transactions with a total volume of $1,587,802,819. The price per square foot averaged $299.36. In the same twelve months of 2016, the market posted 62 transactions with a total volume of $1,011,778,800. The price per square foot averaged $181.89.

Trends for 1Q18

- VACANCY RATE
- NET ABSORPTION
- CONSTRUCTION
- ASKING RATES
- SALES ACTIVITY

Significant Lease Transactions:

Tenant	Building	Size	Submarket
Unknown	One MetLife Plaza	96,070 SF	Northwest Queens
Brooklyn Lab Charter School	77 Sands St.	81,648 SF	Downtown Brooklyn
Unknown	One Jericho Plaza	56,128 SF	Eastern Nassau

Market Overview Report - 1Q 2018

Total Office Submarket Statistics

SUBMARKET	# BLDGS.	TOTAL RBA (SF)	TOTAL AVAILABLE (SF)	TOTAL VACANT AVAILABLE (%)	TOTAL NET ABSORPTION (SF)	TOTAL AVG. RATE ($/SF/YR)	UNDER CONSTRUCTION (SF)
Central Nassau	573	15,573,904	1,331,726	8.6%	(55,303)	$28.59	0
Central Queens	274	4,761,218	217,209	4.6%	(20,494)	$35.05	110,547
Central Suffolk	1,084	10,258,944	732,040	7.1%	(5,116)	$21.13	7,000
Downtown Brooklyn	201	24,214,848	1,975,441	8.2%	(70,171)	$46.67	753,771
Eastern Nassau	551	14,202,140	973,596	6.9%	106,939	$23.66	8,219
Eastern Suffolk	694	3,829,658	164,327	4.3%	1,686	$25.68	23,141
North Brooklyn	703	12,265,336	1,498,859	12.2%	(52,079)	$35.97	2,014,848
Northeast Queens	706	11,109,522	330,893	3.0%	39,830	$41.18	48,115
Northern Nassau	222	1,575,435	125,356	8.0%	(2,359)	$25.04	0
Northwest Queens	437	16,321,115	2,262,194	13.9%	(188,267)	$36.55	1,214,400
South Brooklyn	1,010	16,468,869	1,046,688	6.4%	(34,089)	$31.35	368,408
South Queens	393	6,333,490	277,345	4.4%	33,701	$27.77	19,151
Southeast Nassau	229	1,482,936	69,619	4.7%	3,638	$25.82	13,013
Southern Nassau	589	5,769,740	277,948	4.8%	15,398	$25.86	9,000
Southwestern Suffolk	550	3,385,217	156,956	4.6%	(26,584)	$20.06	0
Staten Island	906	6,804,968	349,423	5.1%	(78,205)	$23.72	755,323
Western Nassau	471	12,584,318	658,859	5.2%	3,761	$29.18	112,972
Western Suffolk	1,304	24,109,154	1,983,762	8.2%	50,422	$23.70	1,500
TOTALS	10,897	191,050,812	14,432,241	7.6%	(277,292)	$28.13	5,459,408

Construction Activity | Markets Ranked by Under Construction SF

MARKET	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
Brooklyn	23	3,137,027	609,313	19.4%	27,664	136,392
Queens	12	1,392,213	969,420	69.6%	21,285	116,018
Staten Island	4	755,323	376,140	49.8%	7,511	188,831
Nassau	5	143,204	77,951	54.4%	19,426	28,641
Suffolk	3	31,641	6,470	20.4%	11,449	10,547

Long Island

Retail 1Q 2018

Long Island 1Q18 Retail Report

Retail

The Long Island retail market did not experience much change in market conditions in the first quarter 2018. The vacancy rate went from 3.7% in the previous quarter to 3.8% in the current quarter.

Retail net absorption was slightly negative in Long Island first quarter 2018, with negative (219,271) square feet absorbed in the quarter. In fourth quarter 2017, net absorption was negative (275,576) square feet, while in third quarter 2017, absorption came in at negative (388,930) square feet. In second quarter 2017, negative (108,625) square feet was absorbed in the market.

During the first quarter 2018, 13 buildings totaling 185,601 square feet were completed in the Long Island retail market. Over the past four quarters, a total of 1,376,899 square feet of retail space has been built in Long Island. In addition to the current quarter, seven buildings with 440,971 square feet were completed in fourth quarter 2017, 12 buildings totaling 332,232 square feet completed in third quarter 2017, and 418,095 square feet in 14 buildings completed in second quarter 2017.

Average quoted asking rental rates in the Long Island retail market are up over previous quarter levels, and up from their levels four quarters ago. Quoted rents ended the first quarter 2018 at $35.87 per square foot per year. That compares to $34.79 per square foot in the fourth quarter 2017, and $33.62 per square foot at the end of the second quarter 2017. This represents a 3.1% increase in rental rates in the current quarter, and a 6.27% increase from four quarters ago.

Total retail center sales activity in 2017 was down compared to 2016. In the twelve months of 2017, the market saw 60 retail sales transactions with a total volume of $624,681,198. The price per square foot averaged $170.03. In the same twelve months of 2016, the market posted 80 transactions with a total volume of $794,708,343. The price per square foot averaged $286.94. One of the largest transactions that has occurred within the last four quarters in the Long Island (New York) market is the sale of Westbury. This 914,798 square foot retail center sold for $92,000,000, or $100.57 per square foot. The property sold on 5/23/2017.

Trends for 1Q18

VACANCY RATE

NET ABSORPTION

CONSTRUCTION

ASKING RATES

SALES ACTIVITY

Significant Lease Transactions:

Tenant	Building	Size	Submarket
Floor and Decor	1024 Broadhollow Rd.	80,000 SF	Western Suffolk
Unknown	750 Sunrise Hwy.	66,747 SF	South Queens
Target	229 Independence Plz.	52,250 SF	Central Suffolk

Market Overview Report - 1Q 2018

Total Retail Submarket Statistics

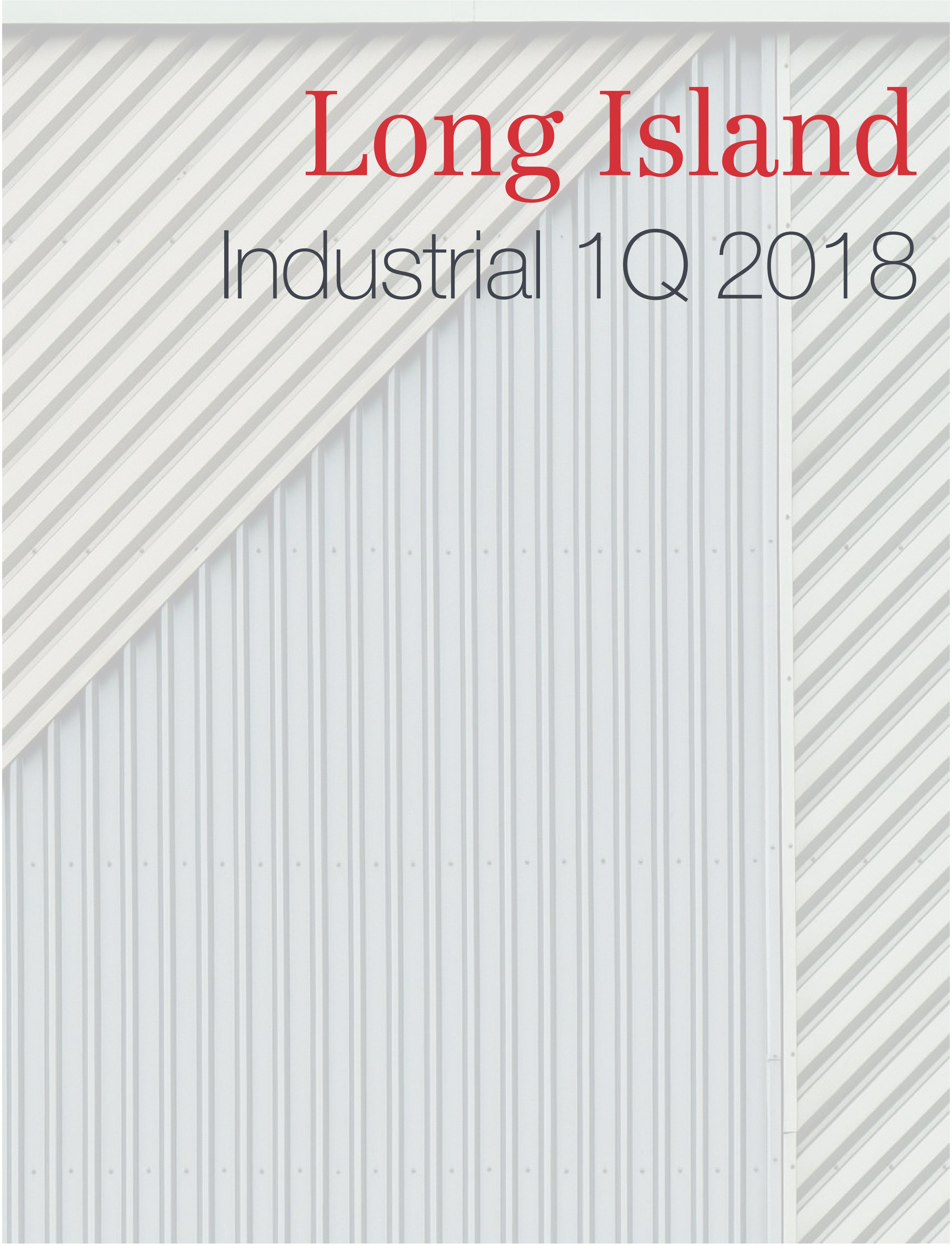
SUBMARKET	# BLDGS.	TOTAL GLA (SF)	TOTAL AVAILABLE (SF)	TOTAL VACANT AVAILABLE (%)	TOTAL NET ABSORPTION (SF)	TOTAL AVG. RATE ($/SF/YR)	UNDER CONSTRUCTION (SF)
Central Nassau	1,208	16,376,775	508,008	3.1%	9,364	$30.27	8,500
Central Queens	2,006	14,975,488	553,373	3.7%	(180,408)	$39.26	65,966
Central Suffolk	2,361	26,678,767	1,710,146	6.4%	(38,006)	$21.92	109,404
Downtown Brooklyn	519	6,621,853	240,020	3.6%	6,274	$79.58	1,500
Eastern Nassau	998	13,967,840	428,365	3.1%	63,994	$23.53	118,450
Eastern Suffolk	1,924	14,297,671	558,793	3.9%	9,302	$32.30	25,535
North Brooklyn	8,072	46,167,875	1,945,085	4.2%	(146,282)	$48.36	413,448
Northeast Queens	3,003	23,013,561	590,013	2.6%	(113,036)	$81.90	473,972
Northern Nassau	491	3,188,509	127,358	4.0%	6,698	$28.98	0
Northwest Queens	1,629	12,584,217	391,113	3.1%	(24,213)	$44.70	255,649
South Brooklyn	7,351	40,902,594	1,024,750	2.5%	6,518	$44.91	461,820
South Queens	2,864	19,226,103	791,148	4.1%	211,715	$33.62	149,930
Southeast Nassau	760	7,583,083	402,540	5.3%	60,638	$29.48	8,600
Southern Nassau	1,968	16,909,650	598,306	3.5%	29,042	$29.79	87,440
Southwestern Suffolk	1,229	11,629,233	534,995	4.6%	(3,995)	$21.00	31,429
Staten Island	2,416	17,549,324	553,901	3.2%	(45,587)	$32.66	1,024,490
Western Nassau	995	9,265,512	391,771	4.2%	(124,642)	$45.00	0
Western Suffolk	2,570	25,206,733	969,679	3.8%	53,353	$26.52	108,300
TOTALS	42,364	326,144,788	12,319,364	3.8%	(219,271)	$35.87	3,344,433

Construction Activity | Markets Ranked by Under Construction SF

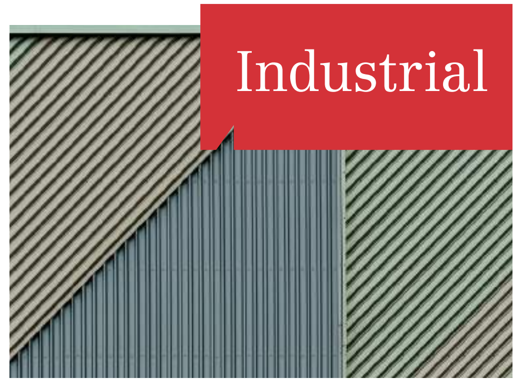
MARKET	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total GLA	Preleased SF	Preleased %	All Existing	U/C
Staten Island	8	1,024,490	618,708	60.4%	7,264	128,061
Queens	31	945,517	615,561	65.1%	7,346	30,501
Brooklyn	31	876,768	420,386	47.9%	5,877	28,283
Suffolk	26	274,668	181,494	66.1%	9,625	10,564
Nassau	7	222,990	188,738	84.6%	10,482	31,856

Long Island

Industrial 1Q 2018



Long Island 1Q18 Industrial Report



The Long Island Industrial market ended the first quarter 2018 with a vacancy rate of 4.5%. The vacancy rate was up over the previous quarter, with net absorption totaling negative (1,929,494) square feet in the first quarter. Vacant sublease space increased in the quarter, ending the quarter at 560,272 square feet. Rental rates ended the first quarter at $16.70, an increase over the previous quarter. A total of three buildings delivered to the market in the quarter totaling 43,856 square feet, with 1,857,602 square feet still under construction at the end of the quarter.

Net absorption for the overall Long Island Industrial market was negative (1,929,494) square feet in the first quarter 2018. That compares to negative (39,556) square feet in the fourth quarter 2017, positive 35,259 square feet in the third quarter 2017, and negative (326,982) square feet in the second quarter 2017.

During the first quarter 2018, three buildings totaling 43,856 square feet were completed in the Long Island market area. This compares to two buildings totaling 76,774 square feet that were completed in the fourth quarter 2017, five buildings totaling 485,683 square feet completed in the third quarter 2017, and 31,316 square feet in six buildings completed in the second quarter 2017.

The average quoted asking rental rate for available Industrial space was $16.70 per square foot per year at the end of the first quarter 2018 in the Long Island market area. This represented a 2.8% increase in quoted rental rates from the end of the fourth quarter 2017, when rents were reported at $16.25 per square foot.

Tallying industrial building sales of 15,000 square feet or larger, Long Island (New York) industrial sales figures rose during the fourth quarter 2017 in terms of dollar volume compared to the third quarter of 2017. One of the largest transactions that has occurred within the last four quarters in the Long Island (New York) market is the sale of Inwood in Brooklyn. This 354,800-square-foot industrial building sold for $160,000,000, or $450.96 per square foot.

Trends for 1Q18

VACANCY RATE

NET ABSORPTION

CONSTRUCTION

ASKING RATES

SALES ACTIVITY

Significant Lease Transactions:

Tenant	Building	Size	Submarket
Atlantic Plywood Corporation	220 Smith St.	46,161 SF	East Farmingdale Ind.
Burt Millwork Corporation	1010 Stanley Ave.	42,500 SF	South Brooklyn Ind.
Unknown	170 Express St.	42,233 SF	Eastern Nassau Ind.

Market Overview Report - 1Q 2018

Total Industrial Submarket Statistics

SUBMARKET	# BLDGS.	TOTAL RBA (SF)	TOTAL AVAILABLE (SF)	TOTAL VACANT AVAILABLE (%)	TOTAL NET ABSORPTION (SF)	TOTAL AVG. RATE ($/SF/YR)	UNDER CONSTRUCTION (SF)
Central Nassau Ind.	466	9,513,044	268,343	2.8%	(47,914)	$15.15	0
Central Queens Ind.	726	21,292,693	1,354,815	6.4%	(432,917)	$19.56	34,918
Deer Park Ind.	727	17,062,120	259,282	1.5%	138,051	$9.99	0
East Farmingdale Ind.	622	19,618,517	675,202	3.4%	(47,822)	$12.86	18,030
Eastern Nassau Ind.	738	25,089,102	781,626	3.1%	43,874	$13.57	0
Eastern Suffolk Ind.	462	5,717,333	449,472	7.9%	(87,093)	$13.76	39,345
Hauppauge Ind.	653	26,406,135	714,560	2.7%	(32,521)	$9.36	36,485
North Brooklyn Ind.	3,208	62,040,044	3,078,233	5.0%	(777,364)	$25.18	7,500
North Central Suffolk Ind.	199	3,273,146	112,037	3.4%	(17,826)	$15.21	0
Northeast Queens Ind.	620	12,304,077	338,104	2.7%	26,632	$20.18	9,399
Northern Nassau Ind.	105	2,361,786	23,931	1.0%	(14,554)	$13.17	0
Northwest Queens Ind.	1,506	33,741,352	1,841,059	5.5%	(303,761)	$21.25	265,750
Northwest Suffolk Ind.	226	3,413,776	163,751	4.8%	(10,550)	$10.94	1,500
Ronkonkoma/Bohemia Ind.	730	18,135,653	543,114	3.0%	38,667	$9.88	0
South Brooklyn Ind.	1,557	36,685,245	2,987,275	8.1%	(256,261)	$20.49	0
South Central Suffolk Ind.	397	10,278,784	432,710	4.2%	(19,415)	$10.41	7,000
South Queens Ind.	660	14,138,311	775,305	5.5%	(89,827)	$15.59	5,800
Southeast Nassau Ind.	78	886,098	7,931	0.9%	8,500	$15.50	0
Southern Nassau Ind.	793	11,948,717	452,979	3.8%	24,817	$13.48	475
Southwest Suffolk Ind.	636	10,700,817	344,333	3.2%	(29,821)	$10.14	0
Staten Island Ind.	362	6,479,599	248,347	3.8%	(14,462)	$14.99	1,431,400
Western Nassau Ind,	325	7,834,908	145,568	1.9%	(27,927)	$14.54	0
TOTALS	15,796	358,921,257	15,997,977	4.5%	(1,929,494)	$16.70	1,857,602

Construction Activity | Markets Ranked by Under Construction RBA

MARKET	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
Staten Island Ind.	3	1,431,400	978,520	68.4%	17,899	477,133
Queens Ind.	8	315,867	114,817	36.3%	23,199	39,483
Western Suffolk Ind.	5	56,015	39,485	70.5%	26,956	11,203
Eastern Suffolk Ind.	2	39,345	510	1.3%	12,375	19,672
Brooklyn Ind.	1	7,500	0	0.0%	20,719	7,500
Central Suffolk Ind.	2	7,000	0	0.0%	23,897	3,500
Nassau Ind.	1	475	475	100.0%	23,007	475

Who We Are

Founded in 1980, NAI Long Island is acknowledged in the industry as a brokerage firm which demonstrates excellence and quality. Our professional staff have in-depth market knowledge, experience and the proven ability to negotiate successful client specific transactions. Our expertise is complemented and enhanced by a professional staff, state of the art systems, and a comprehensive digital database to provide current market and property information.

The philosophy of NAI Long Island is to consistently provide unsurpassed quality of service to our clients in all facets of brokerage and property management, and to maintain a positive, creative work environment in order to attract the most talented real estate professionals. By focusing on these fundamentals, we believe our business will continue to prosper and grow.

NAI Long Island provides its clients with a menu of real estate services and specialized support. Our goal is to be able to customize a delivery platform based on a client's requirements. Unlike a "one size fits all" business philosophy, NAI Long Island and its account executives understand that clients require different services, and in order for a client to knowledgeably order from our menu, we are pleased to provide a basic description of what NAI Long Island offers.

NAI Long Island has assembled an outstanding group of professionals who are specialists in the management, sales, and leasing of properties. We believe our understanding of the market, and our local and regional marketing capabilities are unsurpassed. Strategies implemented by NAI Long Island include a combination of marketing fundamentals and innovative targeting and promotion, based on a clear understanding of the competitive positioning of the property. An important component in our approach to marketing is close coordination with the owner and property manager to ensure that each aspect of property operations enhances its marketability.

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NAI Long Island

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NAI Long Island
175 Broadhollow Road | Suite 150 | Melville NY 11747 | USA
+1 631 270 3000 | www.nailongisland.com