



NALong Island

COMMERCIAL REAL ESTATE SERVICES WORLDWIDE

2Q'17

Long Island Market Report

Long Island

Office 2Q 2017



Long Island 2Q17 Office Report



The Long Island Office market ended the second quarter 2017 with a vacancy rate of 7.2%. The vacancy rate was up over the previous quarter, with net absorption totaling negative (448,434) square feet in the second quarter.

Net absorption for the overall Long Island office market was negative (448,434) square feet in the second quarter 2017. That compares to positive 249,668 square feet in the first quarter 2017, negative (28,370) square feet in the fourth quarter 2016, and positive 487,728 square feet in the third quarter 2016.

During the second quarter 2017, eight buildings totaling 683,538 square feet were completed in the Long Island market area. This compares to eight buildings totaling 176,262 square feet that were completed in the first quarter 2017, eight buildings totaling 352,660 square feet completed in the fourth quarter 2016, and 80,428 square feet in seven buildings completed in the third quarter 2016.

The average quoted asking rental rate for available office space, all classes, was \$27.61 per square foot per year at the end of the second quarter 2017 in the Long Island market area. This represented a 3.5% decrease in quoted rental rates from the end of the first quarter 2017, when rents were reported at \$28.60 per square foot.

Tallying office building sales of 15,000 square feet or larger, Long Island (New York) office sales figures rose during the first quarter 2017 in terms of dollar volume compared to the fourth quarter of 2016. One of the largest transactions that has occurred within the last four quarters in the Long Island (New York) market is the sale of in Brooklyn. This 580,650-square-foot office building sold for \$408,468,512, or \$703.47 per square foot. The property sold on 3/31/2017.

Total office building sales activity in 2017 was up compared to 2016. In the first three months of 2017, the market saw 23 office sales transactions with a total volume of \$828,083,262. The price per square foot averaged \$357.98. In the same first three months of 2016, the market posted 16 transactions with a total volume of \$225,213,725. The price per square foot averaged \$174.23.

Trends for 2Q17



VACANCY RATE



NET ABSORPTION



CONSTRUCTION



ASKING RATES



SALES ACTIVITY



Significant Lease Transactions:

Tenant	Building	Size	Submarket
Dealertrack Holding Inc.	3400 New Hyde Park Rd.	233,000 SF	Western Nassau
Unknown	Empire Stores	50,226 SF	Downtown Brooklyn
Bjarke Ingels Group	45 Main St.	50,000 SF	Downtown Brooklyn

Market Overview Report - 2Q 2017

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	564	15,155,863	1,261,432	8.3%	(189,400)	\$28.70	255,000
Central Queens	260	4,466,541	70,980	1.6%	78,293	\$32.33	63,174
Central Suffolk	1,071	10,196,603	776,085	7.6%	(91,324)	\$21.94	35,000
Downtown Brooklyn	194	22,963,928	1,283,424	5.6%	(65,084)	\$39.65	504,985
Eastern Nassau	549	14,083,150	1,075,920	7.6%	(12,260)	\$26.06	0
Eastern Suffolk	682	4,013,680	161,074	4.0%	32,378	\$24.00	23,141
North Brooklyn	663	10,598,703	1,344,520	12.7%	(28,436)	\$33.22	1,684,845
Northeast Queens	689	11,447,860	369,022	3.2%	90,366	\$40.01	80,535
Northern Nassau	215	1,559,506	137,223	8.8%	(35,825)	\$24.34	0
Northwest Queens	411	15,483,541	1,796,295	11.6%	(233,303)	\$32.99	1,315,654
South Brooklyn	952	15,632,366	1,062,554	6.8%	24,201	\$33.01	513,981
South Queens	372	5,963,850	343,072	5.8%	(459)	\$27.55	29,401
Southeast Nassau	213	1,395,446	50,901	3.6%	5,303	\$25.45	13,013
Southern Nassau	573	5,644,821	299,064	5.3%	74,938	\$24.32	0
Southwestern Suffolk	524	3,247,295	194,349	6.0%	30,583	\$19.26	0
Staten Island	898	6,985,214	311,925	4.5%	(32,204)	\$28.40	65,000
Western Nassau	470	12,497,295	955,979	7.6%	22,975	\$30.01	112,972
Western Suffolk	1,288	23,910,153	1,922,715	8.0%	130,492	\$23.62	10,000
TOTALS	10,588	185,245,863	13,416,534	7.2%	(198,766)	\$27.61	4,706,701

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	2,703,811	552,238	20.4%	27,195	117,557
Queens	12	1,488,764	897,958	60.3%	21,571	124,064
Nassau	4	380,985	329,981	86.6%	19,480	95,246
Suffolk	3	68,141	44,000	64.6%	11,604	22,714
Staten Island	1	65,000	35,100	54.0%	7,779	65,000

Long Island

Retail 2Q 2017



Long Island 2Q17 Retail Report

Retail



The Long Island retail market did not experience much change in market conditions in the second quarter 2017. The vacancy rate went from 3.4% in the previous quarter to 3.6% in the current quarter.

Retail net absorption was slightly negative in Long Island second quarter 2017, with negative (310,818) square feet absorbed in the quarter. In first quarter 2017, net absorption was negative (125,262) square feet, while in fourth quarter 2016, absorption came in at positive 826,792 square feet. In third quarter 2016, positive 633,909 square feet was absorbed in the market.

During the second quarter 2017, 13 buildings totaling 180,195 square feet were completed in the Long Island retail market. Over the past four quarters, a total of 1,488,637 square feet of retail space has been built in Long Island. In addition to the current quarter, 24 buildings with 252,923 square feet were completed in first quarter 2017, 19 buildings totaling 873,348 square feet completed in fourth quarter 2016, and 182,171 square feet in 18 buildings completed in third quarter 2016.

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 second quarter 2017 at \$33.93 per square foot per year. That compares to \$32.63 per square foot in the first quarter 2017, and \$32.33 per square foot at the end of the third quarter 2016. This represents a 4.0% increase in rental rates in the current quarter, and a 4.72% increase from four quarters ago.

Tallying retail building sales of 15,000 square feet or larger, Long Island (New York) retail sales figures fell during the first quarter 2017 in terms of dollar volume compared to the fourth quarter of 2016. One of the largest transactions that has occurred within the last four quarters in the Long Island (New York) market is the sale of in Westbury. This 723,326 square foot retail center sold for \$92,000,000, or \$127.19 per square foot. The property sold on 5/23/2017.

Total retail center sales activity in 2017 was down compared to 2016.

Trends for 2Q17



VACANCY RATE



NET ABSORPTION



CONSTRUCTION



ASKING RATES



SALES ACTIVITY



Significant Lease Transactions:

Tenant	Building	Size	Submarket
Pick Quick	1764 Grand Ave	51,798 SF	Southern Nassau
Unknown	Rego Park Mall II	50,000 SF	Central Queens
Regal Cinemas	Riverhead Plaza	50,000 SF	Eastern Suffolk

Market Overview Report - 2Q 2017

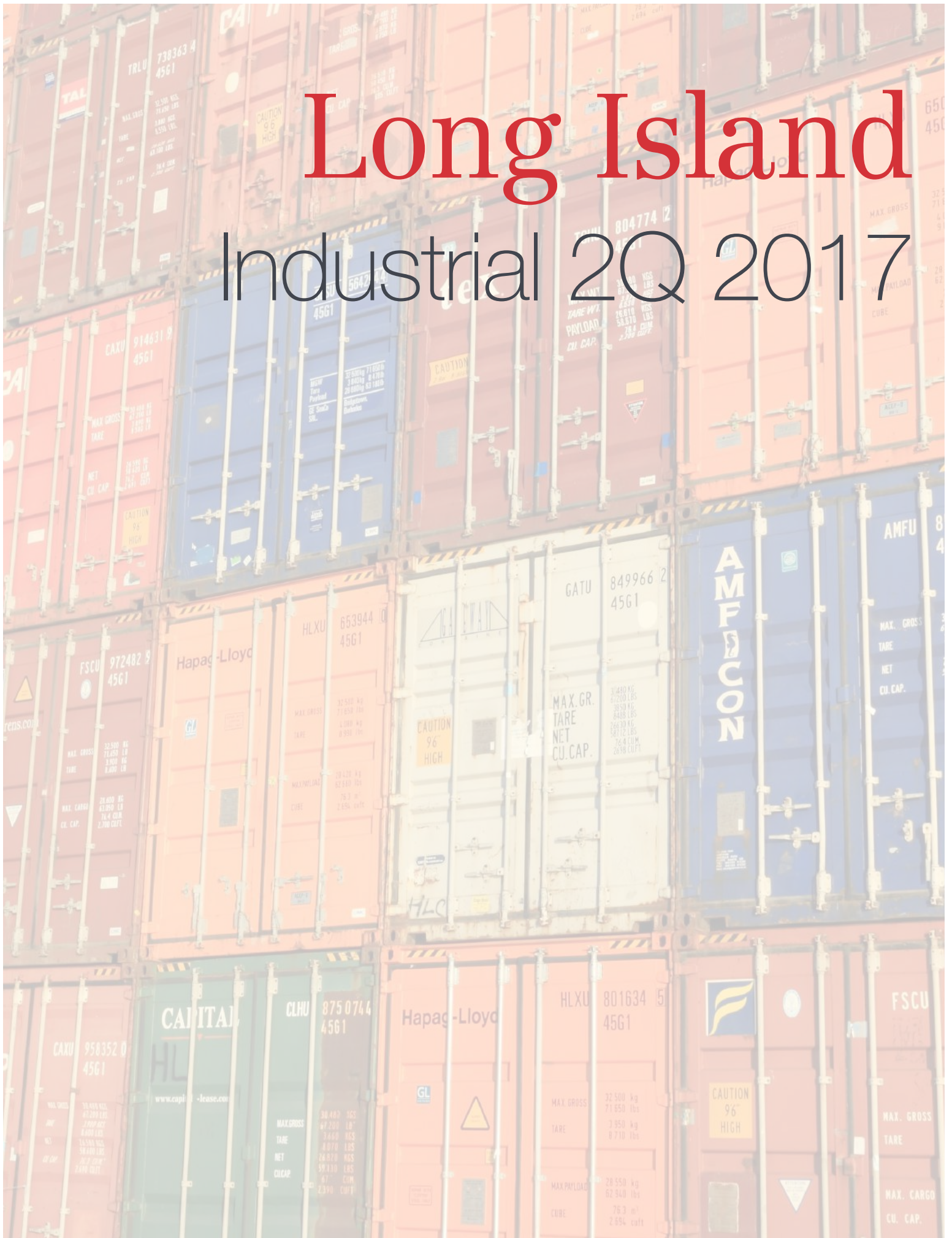
Total Retail Submarket Statistics

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	1,172	15,735,709	740,545	4.7%	94,867	\$30.09	8,500
Central Queens	1,950	14,507,720	330,690	2.3%	(20,720)	\$44.22	86,746
Central Suffolk	2,329	26,182,182	1,311,301	5.0%	(46,950)	\$22.21	119,500
Downtown Brooklyn	516	6,451,593	241,301	3.7%	50,704	\$84.44	933
Eastern Nassau	976	13,641,175	340,999	2.5%	33,872	\$28.25	254,703
Eastern Suffolk	1,879	14,036,051	551,690	3.9%	(31,329)	\$32.62	9,912
North Brooklyn	7,923	44,884,256	1,493,440	3.3%	(161,291)	\$53.71	381,879
Northeast Queens	2,943	22,179,155	524,783	2.4%	11,748	\$64.83	375,166
Northern Nassau	485	3,149,600	109,447	3.5%	(6,815)	\$34.97	4,000
Northwest Queens	1,587	12,195,465	306,018	2.5%	(11,603)	\$43.18	69,449
South Brooklyn	7,188	40,008,660	946,498	2.4%	61,163	\$43.85	520,670
South Queens	2,785	18,461,288	922,184	5.0%	(102,087)	\$35.18	450,134
Southeast Nassau	724	7,491,250	277,958	3.7%	14,972	\$19.89	8,600
Southern Nassau	1,894	16,338,713	672,239	4.1%	52,573	\$24.38	158,000
Southwestern Suffolk	1,204	11,633,770	541,852	4.7%	(136,238)	\$22.03	0
Staten Island	2,389	17,721,080	663,474	3.7%	(2,744)	\$32.47	851,015
Western Nassau	977	9,166,245	265,823	2.9%	33,409	\$43.80	17,300
Western Suffolk	2,547	24,956,678	1,141,396	4.6%	(269,611)	\$25.81	27,254
TOTALS	41,468	318,740,590	11,381,638	3.6%	(436,080)	\$33.93	3,343,761

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
Queens	25	981,495	633,723	64.6%	7,269	39,260
Brooklyn	24	903,482	482,506	53.4%	5,845	37,645
Staten Island	4	851,015	464,215	54.5%	7,418	212,754
Nassau	9	451,103	398,184	88.3%	10,521	50,123
Suffolk	8	156,666	102,116	65.2%	9,651	19,583

Long Island Industrial 2Q 2017



Long Island 2Q17 Industrial Report

Industrial



The Long Island Industrial market ended the second quarter 2017 with a vacancy rate of 4.1%. The vacancy rate was unchanged over the previous quarter, with net absorption totaling negative (176,854) square feet in the second quarter. Vacant sublease space increased in the quarter, ending the quarter at 763,832 square feet. Rental rates ended the second quarter at \$15.55, an increase over the previous quarter. A total of four buildings delivered to the market in the quarter totaling 55,481 square feet, with 354,961 square feet still under construction at the end of the quarter.

Net absorption for the overall Long Island Industrial market was negative (176,854) square feet in the second quarter 2017. That compares to negative (1,192,124) square feet in the first quarter 2017, negative (914,989) square feet in the fourth quarter 2016, and positive 236,048 square feet in the third quarter 2016.

During the second quarter 2017, four buildings totaling 55,481 square feet were completed in the Long Island market area. This compares to three buildings totaling 18,092 square feet that were completed in the first quarter 2017, eight buildings totaling 47,572 square feet completed in the fourth quarter 2016, and 48,350 square feet in two buildings completed in the third quarter 2016.

The average quoted asking rental rate for available Industrial space was \$15.55 per square foot per year at the end of the second quarter 2017 in the Long Island market area. This represented a 2.0% increase in quoted rental rates from the end of the first quarter 2017, when rents were reported at \$15.25 per square foot.

Tallying industrial building sales of 15,000 square feet or larger, Long Island (New York) industrial sales figures fell during the first quarter 2017 in terms of dollar volume compared to the fourth quarter of 2016. One of the largest transactions that has occurred within the last four quarters in the Long Island (New York) market is the sale of Bridgedale Plaza in Long Island City. This 656,000-square-foot industrial building sold for \$195,000,000, or \$297.26 per square foot.

Trends for 2Q17



VACANCY RATE



NET ABSORPTION



CONSTRUCTION



ASKING RATES



SALES ACTIVITY



Significant Lease Transactions:

Tenant	Building	Size	Submarket
One Stop Northern	47-00 Northern Blvd.	125,000 SF	Northwest Queens Ind.
Unknown	168 Railroad St.	98,000 SF	Northern Suffolk Ind.
Lafayette 148	Brooklyn Navy Yard - Building 77	74,000 SF	Northern Brooklyn Ind.

Market Overview Report - 2Q 2017

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.	460	9,420,052	206,973	2.2%	181,186	\$13.02	0
Central Queens Ind.	712	20,561,890	559,039	2.7%	(34,272)	\$19.29	48,742
Deer Park Ind.	725	17,005,396	495,056	2.9%	(95,389)	\$8.94	0
East Farmingdale Ind.	615	19,473,761	507,691	2.6%	(115,722)	\$12.62	0
Eastern Nassau Ind.	727	24,604,453	980,293	4.0%	76,099	\$12.87	0
Eastern Suffolk Ind.	451	5,579,620	401,509	7.2%	(13,985)	\$13.65	100,115
Hauppauge Ind.	651	26,444,887	754,737	2.9%	10,672	\$9.05	32,000
North Brooklyn Ind.	3,186	62,227,096	2,993,976	4.8%	(603,380)	\$26.61	5,870
North Central Suffolk Ind.	199	3,211,016	36,011	1.1%	14,612	\$14.34	0
Northeast Queens Ind.	609	12,192,769	279,546	2.3%	(46,297)	\$19.37	13,824
Northern Nassau Ind.	104	2,356,172	445,037	18.9%	32,959	\$13.00	0
Northwest Queens Ind.	1,476	34,114,305	1,518,715	4.5%	(238,493)	\$20.16	11,250
Northwest Suffolk Ind.	223	3,440,742	114,692	3.3%	(18,891)	\$10.21	0
Ronkonkoma/Bohemia Ind.	731	18,186,706	451,179	2.5%	(10,685)	\$9.59	24,000
South Brooklyn Ind.	1,530	34,956,101	2,908,321	8.3%	(132,955)	\$19.38	48,000
South Central Suffolk Ind.	387	9,937,929	429,890	4.3%	(66,278)	\$10.08	64,760
South Queens Ind.	648	14,021,130	607,165	4.3%	(185,947)	\$15.38	0
Southeast Nassau Ind.	75	881,067	6,000	0.7%	(3,000)	\$17.40	0
Southern Nassau Ind.	781	11,890,300	418,118	3.5%	(23,058)	\$12.06	0
Southwest Suffolk Ind.	628	10,645,732	226,656	2.1%	(81,549)	\$9.83	0
Staten Island Ind.	345	6,325,845	240,971	3.8%	(19,945)	\$14.73	6,400
Western Nassau Ind.	323	7,823,385	70,142	0.9%	5,340	\$16.07	0

TOTALS	15,586	355,300,354	14,651,717	4.1%	(1,368,978)	\$15.55	354,961
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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
Eastern Suffolk Ind.	3	100,115	8,341	8.3%	12,372	33,372
Central Suffolk Ind.	4	88,760	43,767	49.3%	23,793	22,190
Queens Ind.	5	73,816	62,566	84.8%	23,480	14,763
Brooklyn Ind.	2	53,870	48,000	89.1%	20,607	26,935
Western Suffolk Ind.	1	32,000	32,000	100.0%	27,097	32,000
Staten Island Ind.	1	6,400	0	0.0%	18,336	6,400
Nassau Ind.	0	0	0	0.0%	23,067	0

NAI Long Island Who We Are

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.

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 computerized database to provide current market and property information. NAI Long Island operates in the New York Metropolitan area, and is the Long Island and Queens local firm and exclusive member of NAI Global, the world's most extensive commercial real estate services organization.

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 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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