

**NAI Long Island**

COMMERCIAL REAL ESTATE SERVICES, WORLDWIDE

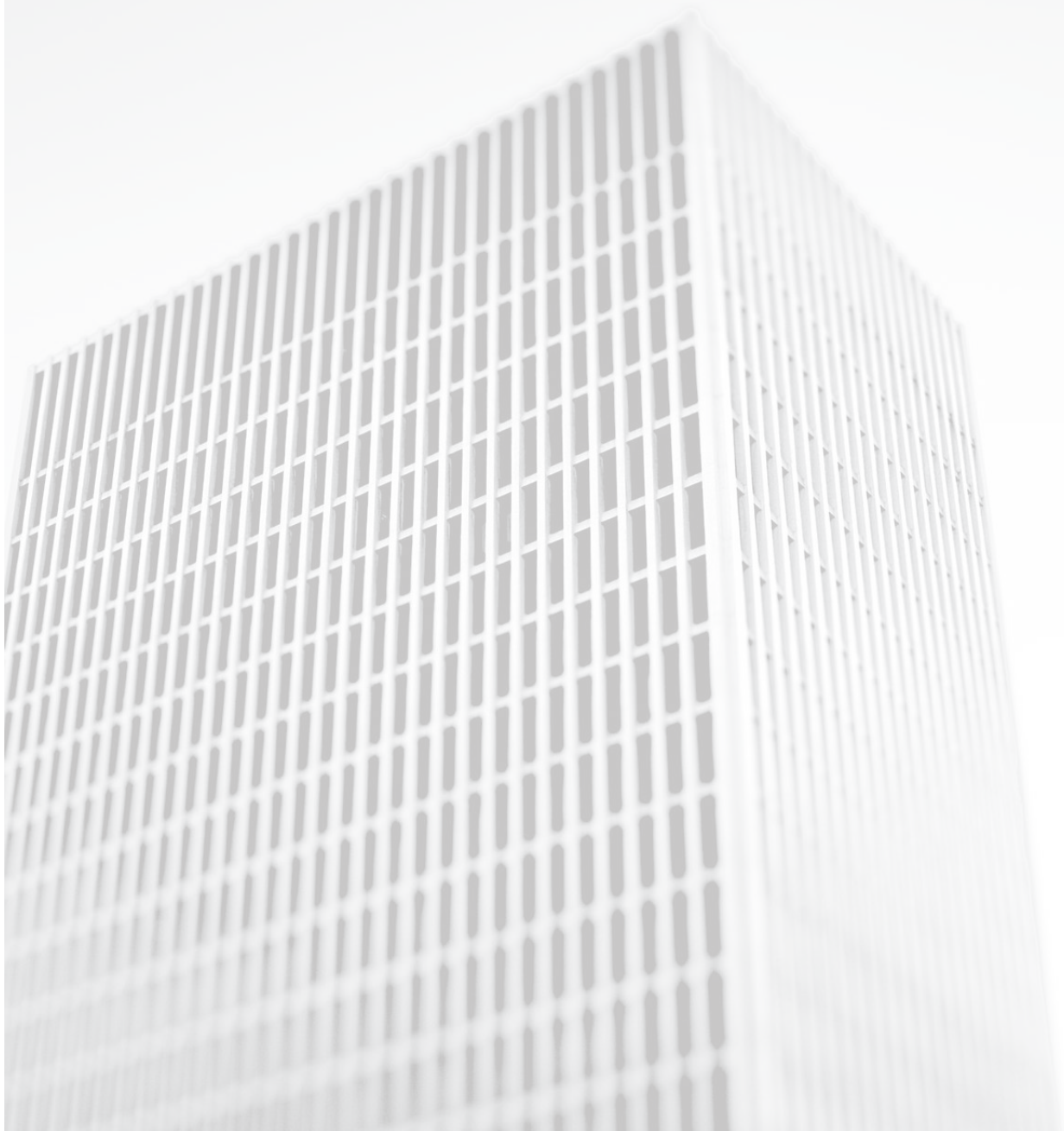
3Q'16

Long Island Market Report



# Long Island

Office 3Q 2016



# Long Island 3Q16 Office Report

Office



The Long Island Office market ended the third quarter 2016 with a vacancy rate of 7.1%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 394,802 square feet in the third quarter.

Net absorption for the overall Long Island office market was positive 394,802 square feet in the third quarter 2016. That compares to positive 225,641 square feet in the second quarter 2016, positive 175,914 square feet in the first quarter 2016, and positive 627,355 square feet in the fourth quarter 2015.

During the third quarter 2016, five buildings totaling 66,828 square feet were completed in the Long Island market area. This compares to one building totaling 165,000 square feet that was completed in the second quarter 2016, six buildings totaling 211,172 square feet completed in the first quarter 2016, and 240,435 square feet in eight buildings completed in the fourth quarter 2015.

The average quoted asking rental rate for available office space, all classes, was \$28.56 per square foot per year at the end of the third quarter 2016 in the Long Island market area. This represented a 4.6% increase in quoted rental rates from the end of the second quarter 2016, when rents were reported at \$27.30 per square foot.

Tallying office building sales of 15,000 square feet or larger, Long Island (New York) office sales figures fell during the second quarter 2016 in terms of dollar volume compared to the first quarter of 2016. One of the largest transactions that occurred within the last four quarters in the Long Island (New York) market is the sale of 2 Jericho Plz in Jericho. This 639,803-square-foot office building sold for \$100,000,000, or \$156.30 per square foot. The property sold on 2/12/2016.

Total office building sales activity in 2016 was up compared to 2015. In the first six months of 2016, the market saw 28 office sales transactions with a total volume of \$391,848,961. The price per square foot averaged \$170.47. In the same first six months of 2015, the market posted 30 transactions with a total volume of \$365,107,753. The price per square foot averaged \$245.32.

## Trends for 3Q16



VACANCY RATE



NET ABSORPTION



CONSTRUCTION



ASKING RATES



SALES ACTMITY



## Significant Lease Transactions:

Tenant	Building	Size	Submarket
New York City Fire Department	Metrotech Center - North Bldg.	339,993 SF	Downtown Brooklyn
WeWork	The Gotham Center	250,000 SF	Northwest Queens
Honeywell	2 Corporate Center Dr.	133,884 SF	Western Suffolk

# Market Overview Report - 3Q 2016

## Total Office Submarket Statistics

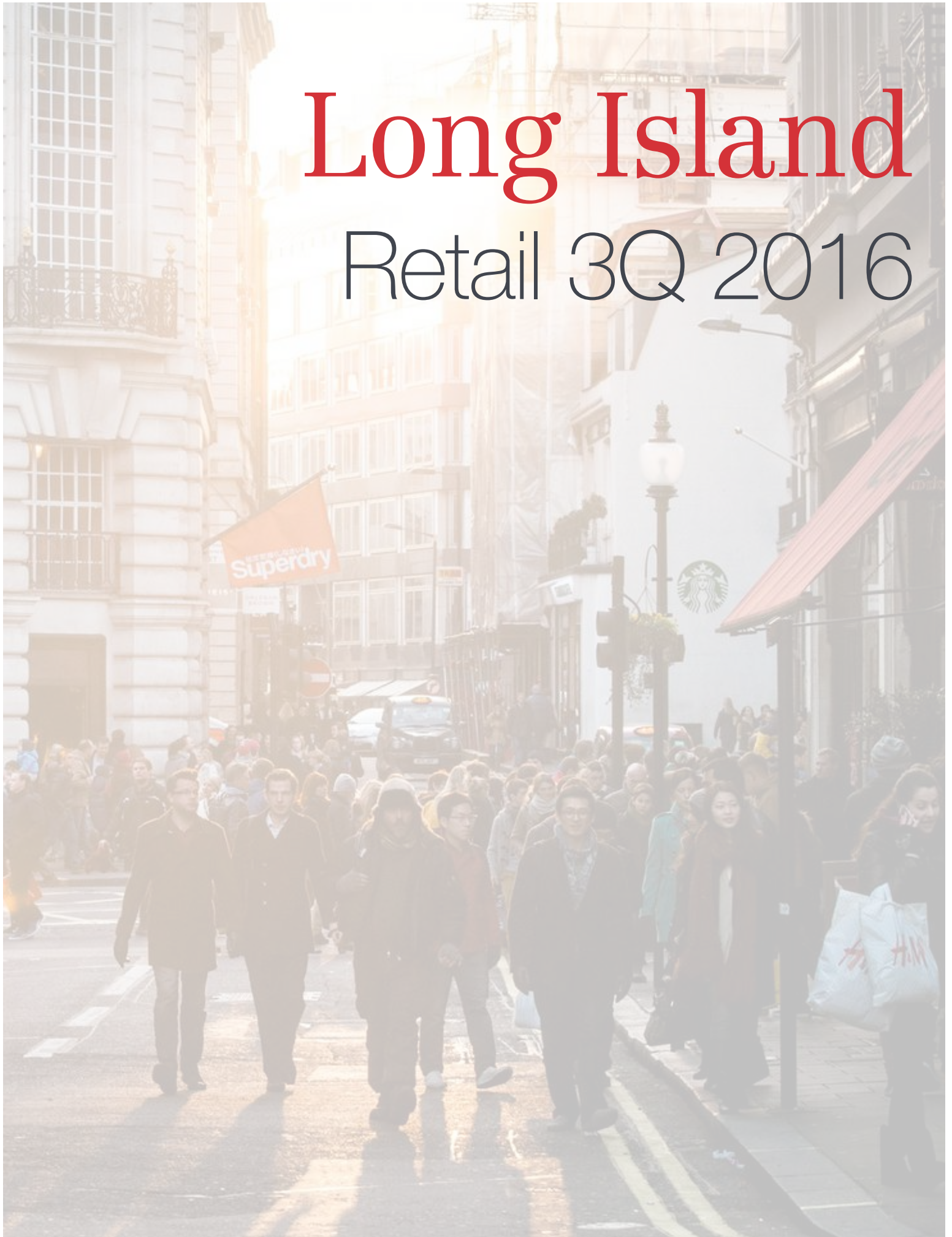
SUBMARKET	# BLDGS.	TOTAL RBA (SF)	TOTAL AVAILABLE (SF)	TOTAL VACANT AVAILABLE (%)	TOTAL NET ABSORPTION (SF)	TOTAL AVG. RATE (\$/SF/YR)	UNDER CONSTRUCTION (SF)
Central Nassau	555	15,091,407	1,150,986	7.6%	17,242	\$27.89	255,000
Central Queens	243	4,231,639	121,290	2.9%	(7,751)	\$30.78	0
Central Suffolk	1,058	10,226,281	688,241	6.7%	52,871	\$19.57	0
Downtown Brooklyn	194	22,896,308	1,344,335	5.9%	276,052	\$54.18	435,500
Eastern Nassau	529	13,852,568	1,150,764	8.3%	145,722	\$26.84	53,769
Eastern Suffolk	663	3,705,287	180,432	4.9%	57,527	\$23.38	23,141
North Brooklyn	629	11,160,491	1,753,086	15.7%	(54,067)	\$31.78	1,185,005
Northeast Queens	666	11,029,497	296,699	2.7%	10,390	\$40.23	276,580
Northern Nassau	210	1,528,029	99,998	6.5%	6,690	\$25.43	0
Northwest Queens	400	13,619,771	1,123,345	8.2%	(329,532)	\$32.94	70,827
South Brooklyn	892	11,279,513	517,166	4.6%	41,554	\$31.62	513,153
South Queens	365	5,970,119	370,437	6.2%	53,560	\$28.16	29,400
Southeast Nassau	212	1,373,685	55,230	4.0%	(1,969)	\$25.90	13,013
Southern Nassau	561	5,594,933	374,994	6.7%	24,457	\$25.39	0
Southwestern Suffolk	511	3,201,045	205,982	6.4%	(49,396)	\$19.01	0
Staten Island	886	6,597,565	301,418	4.7%	91,424	\$27.53	71,400
Western Nassau	462	12,994,216	860,194	6.6%	175,869	\$32.17	295,058
Western Suffolk	1,276	23,757,912	2,004,940	8.4%	285,714	\$24.30	2,541
<b>TOTALS</b>	<b>10,312</b>	<b>178,110,266</b>	<b>2,004,940</b>	<b>7.1%</b>	<b>796,357</b>	<b>\$28.56</b>	<b>3,224,387</b>

### 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	2,133,658	821,160	38.5%	26,435	92,768
Nassau	7	616,840	554,872	90.0%	19,943	88,120
Queens	9	376,807	328,221	87.1%	20,819	41,867
Staten Island	2	71,400	24,700	34.6%	7,446	35,700
Suffolk	2	25,682	2,541	9.9%	11,656	12,841

# Long Island

Retail 3Q 2016



# Long Island 3Q16 Retail Report

Retail



The Long Island retail market did not experience much change in market conditions in the third quarter 2016. The vacancy rate went from 3.3% in the previous quarter to 3.2% in the current quarter.

Retail net absorption was moderate in Long Island third quarter 2016, with positive 521,876 square feet absorbed in the quarter. In second quarter 2016, net absorption was positive 587,112 square feet while in first quarter 2016, absorption came in at positive 553,657 square feet. In fourth quarter 2015, positive 485,972 square feet was absorbed in the market.

During the third quarter 2016, 14 buildings totaling 135,537 square feet were completed in the Long Island retail market. Over the past four quarters, a total of 756,431 square feet of retail space has been built in Long Island. In addition to the current quarter, eight buildings with 64,182 square feet were completed in second quarter 2016, 13 buildings totaling 251,356 square feet completed in first quarter 2016, and 305,356 square feet in 13 buildings completed in fourth quarter 2015.

Average quoted asking rental rates in the Long Island retail market are down over previous quarter levels, and down from their levels four quarters ago. Quoted rents ended the third quarter 2016 at \$32.51 per square foot per year. That compares to \$33.38 per square foot in the second quarter 2016, and \$33.04 per square foot at the end of the fourth quarter 2015.

Tallying retail building sales of 15,000 square feet or larger, Long Island (New York) retail sales figures rose during the second quarter 2016 in terms of dollar volume compared to the first quarter of 2016. One of the largest transactions that occurred within the last four quarters in the Long Island (New York) market is the sale of The Shops at Skyview Center in Flushing. This 773,224 square foot retail center sold for \$382,357,933, or \$494.50 per square foot. The property sold on 7/31/2015, at a 5.50% cap rate.

Total retail center sales activity in 2016 was down compared to 2015. In the first six months of 2016, the market saw 38 retail sales transactions with a total volume of \$374,060,119. The price per square foot averaged \$243.77.

## Trends for 3Q16



VACANCY RATE



NET ABSORPTION



CONSTRUCTION



ASKING RATES



SALES ACTIVITY



## Significant Lease Transactions:

Tenant	Building	Size	Submarket
Audi	30-35 College Point Blvd.	81,532 SF	Northeast Queens
Stew Leonard's Marketplace	1897 Front St	70,000 SF	Central Nassau
Field and Stream	834 Walt Whitman Rd.	50,174 SF	Western Suffolk

# Market Overview Report - 3Q 2016

## 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	1,141	15,230,617	542,979	3.6%	(26,944)	\$27.46	0
Central Queens	1,855	14,109,140	433,804	3.1%	125,096	\$41.97	76,419
Central Suffolk	2,306	25,964,889	1,061,099	4.1%	61,503	\$22.20	125,387
Downtown Brooklyn	514	5,793,088	186,775	3.2%	391	\$92.71	737,800
Eastern Nassau	957	13,616,283	332,992	2.4%	60,580	\$29.11	18,000
Eastern Suffolk	1,830	13,328,131	441,898	3.3%	2,016	\$29.93	0
North Brooklyn	7,675	42,855,395	1,171,118	2.7%	345,030	\$50.34	178,281
Northeast Queens	2,824	21,684,497	472,145	2.2%	198,121	\$63.24	170,894
Northern Nassau	478	3,125,565	97,726	3.1%	31,614	\$36.53	21,000
Northwest Queens	1,510	11,989,762	256,513	2.1%	57,118	\$40.97	66,544
South Brooklyn	6,911	38,418,105	996,595	2.6%	508,357	\$41.25	117,200
South Queens	2,600	17,160,053	652,328	3.8%	269,811	\$31.04	442,528
Southeast Nassau	694	7,418,244	196,051	2.6%	(20,617)	\$22.55	8,600
Southern Nassau	1,826	15,961,915	716,251	4.5%	73,488	\$23.73	0
Southwestern Suffolk	1,176	11,462,536	401,830	3.5%	29,816	\$23.49	28,000
Staten Island	2,359	17,380,170	614,586	3.5%	(87,473)	\$34.83	764,350
Western Nassau	961	8,760,580	233,091	2.7%	24,314	\$39.55	0
Western Suffolk	2,534	24,751,774	972,158	3.9%	10,424	\$26.31	57,232
<b>TOTALS</b>	<b>40,151</b>	<b>309,010,744</b>	<b>9,779,939</b>	<b>3.2%</b>	<b>1,662,645</b>	<b>\$32.51</b>	<b>2,812,235</b>

### 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
Brooklyn	19	1,033,281	768,611	74.4%	5,766	54,383
Staten Island	4	764,350	761,100	99.6%	7,368	191,087
Queens	28	756,385	494,462	65.4%	7,389	27,014
Suffolk	11	210,619	99,631	47.3%	9,624	19,147
Nassau	5	47,600	20,060	42.1%	10,585	9,520

# Long Island

## Industrial 3Q 2016





# Long Island 3Q16 Industrial Report

Industrial



The Long Island Industrial market ended the third quarter 2016 with a vacancy rate of 3.5%. The vacancy rate was unchanged over the previous quarter, with net absorption totaling positive 22,062 square feet in the third quarter. Vacant sublease space increased in the quarter, ending the quarter at 654,735 square feet. Rental rates ended the third quarter at \$14.80, an increase over the previous quarter. A total of two buildings delivered to the market in the quarter totaling 48,350 square feet, with 508,842 square feet still under construction at the end of the quarter.

Net absorption for the overall Long Island Industrial market was positive 22,062 square feet in the third quarter 2016. That compares to negative (2,769) square feet in the second quarter 2016, negative (440,302) square feet in the first quarter 2016, and positive 1,206,333 square feet in the fourth quarter 2015.

During the third quarter 2016, two buildings totaling 48,350 square feet were completed in the Long Island market area. This compares to three buildings totaling 143,486 square feet that were completed in the second quarter 2016, nothing completed in the first quarter 2016, and 10,588 square feet in two buildings completed in the fourth quarter 2015.

The average quoted asking rental rate for available Industrial space was \$14.80 per square foot per year at the end of the third quarter 2016 in the Long Island market area. This represented a 4.8% increase in quoted rental rates from the end of the second quarter 2016, when rents were reported at \$14.12 per square foot.

Tallying industrial building sales of 15,000 square feet or larger, Long Island (New York) industrial sales figures fell during the second quarter 2016 in terms of dollar volume compared to the first quarter of 2016. In the second quarter, 34 industrial transactions closed with a total volume of \$211,872,175. The 34 buildings totaled 1,586,883 square feet and the average price per square foot equated to \$133.51. That compares to 40 transactions totaling \$330,633,738 in the first quarter. The total square footage was 1,819,515 for an average price per square foot of \$181.72.

## Trends for 3Q16



VACANCY RATE



NET ABSORPTION



CONSTRUCTION



ASKING RATES



SALES ACTIVITY



## Significant Lease Transactions:

Tenant	Building	Size	Submarket
Vest Market	1724 Fifth Ave	292,000 SF	Hauppauge Ind.
N/A	1710 Flushing Ave	75,000 SF	Central Queens Ind.
N/A	750 Summa Ave	68,000 SF	Eastern Nassau Ind.

# Market Overview Report - 3Q 2016

## 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.	461	9,473,686	357,028	3.8%	25,928	\$13.39	0
Central Queens Ind.	698	20,414,583	479,292	2.3%	(209,735)	\$17.59	48,742
Deer Park Ind.	724	17,330,764	354,037	2.0%	42,563	\$8.39	0
East Farmingdale Ind.	614	19,367,385	334,447	1.7%	6,517	\$11.09	0
Eastern Nassau Ind.	713	24,156,625	934,535	3.9%	30,254	\$11.83	0
Eastern Suffolk Ind.	438	5,465,225	284,976	5.2%	95,918	\$10.10	0
Hauppauge Ind.	649	26,351,691	963,270	3.7%	(154,682)	\$8.51	292,000
North Brooklyn Ind.	3,143	58,404,356	2,055,757	3.5%	(448,498)	\$26.17	0
North Central Suffolk Ind.	201	3,276,855	71,013	2.2%	(2,825)	\$12.17	0
Northeast Queens Ind.	578	11,819,349	175,700	1.5%	26,019	\$19.33	71,096
Northern Nassau Ind.	104	2,359,876	492,273	20.9%	(1,485)	\$11.79	0
Northwest Queens Ind.	1,460	35,102,206	1,352,774	3.9%	(264,047)	\$18.96	0
Northwest Suffolk Ind.	223	3,395,851	96,481	2.8%	338,995	\$10.42	0
Ronkonkoma/Bohemia Ind.	730	18,106,647	290,124	1.6%	86,124	\$9.12	0
South Brooklyn Ind.	1,497	37,522,611	2,466,745	6.6%	(154,480)	\$19.46	48,000
South Central Suffolk Ind.	384	9,968,215	390,718	3.9%	(58,985)	\$8.98	36,261
South Queens Ind.	624	13,227,617	372,981	2.8%	70,095	\$14.36	0
Southeast Nassau Ind.	76	924,467	0	0%	3,600	\$9.75	0
Southern Nassau Ind.	775	11,892,046	383,406	3.2%	148,509	\$11.72	1
Southwest Suffolk Ind.	624	10,662,452	148,137	1.4%	29,428	\$9.00	0
Staten Island Ind.	327	6,081,588	219,682	3.6%	4,025	\$13.01	12,742
Western Nassau Ind.	323	8,046,381	144,332	1.8%	(34,247)	\$14.28	0
<b>TOTALS</b>	<b>15,366</b>	<b>353,349,476</b>	<b>12,367,708</b>	<b>3.5%</b>	<b>(421,009)</b>	<b>\$14.80</b>	<b>508,842</b>

### 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
Western Suffolk Ind.	2	292,000	32,000	11.0%	27,208	146,000
Queens Ind.	15	119,838	115,413	96.3%	23,977	7,989
Brooklyn Ind.	1	48,000	0	0.0%	20,674	48,000
Central Suffolk Ind.	3	36,261	12,148	33.5%	23,842	12,087
Staten Island Ind.	1	12,742	12,742	100.0%	18,595	12,742
Nassau Ind.	1	1	1	100.0%	23,186	1
Eastern Suffolk Ind.	0	0	0	0.0%	12,478	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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