

NALong Island

COMMERCIAL REAL ESTATE SERVICES, WORLDWIDE

4Q'17

Long Island Market Report



Long Island

Office 4Q 2017



Long Island 4Q17 Office Report



The Long Island Office market ended the fourth quarter 2017 with a vacancy rate of 7.2%. The vacancy rate was up over the previous quarter, with net absorption totaling negative (942,390) square feet in the fourth quarter.

Net absorption for the overall Long Island office market was negative (942,390) square feet in the fourth quarter 2017. That compares to positive 1,042,534 square feet in the third quarter 2017, positive 234,686 square feet in the second quarter 2017, and positive 126,025 square feet in the first quarter 2017.

During the fourth quarter 2017, six buildings totaling 132,941 square feet were completed in the Long Island market area. This compares to 10 buildings totaling 940,332 square feet that were completed in the third quarter 2017, five buildings totaling 240,148 square feet completed in the second quarter 2017, and 165,198 square feet in eight buildings completed in the first quarter 2017.

The average quoted asking rental rate for available office space, all classes, was \$28.53 per square foot per year at the end of the fourth quarter 2017 in the Long Island market area. This represented a 0.5% increase in quoted rental rates from the end of the third quarter 2017, when rents were reported at \$28.39 per square foot.

Tallying office building sales of 15,000 square feet or larger, Long Island (New York) office sales figures fell during the third quarter 2017 in terms of dollar volume compared to the second 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 in Brooklyn. 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 first nine months of 2017, the market saw 49 office sales transactions with a total volume of \$1,185,485,946. The price per square foot averaged \$310.37. In the same first nine months of 2016, the market posted 41 transactions with a total volume of \$588,753,961. The price per square foot averaged \$195.39.

Trends for 4Q17



VACANCY RATE



NET ABSORPTION



CONSTRUCTION



ASKING RATES



SALES ACTIVITY



Significant Lease Transactions:

Tenant	Building	Size	Submarket
2U	55 Prospect St.	79,500 SF	Downtown Brooklyn
Brooklyn NETS	148 39th St.	70,000 SF	South Brooklyn
Ruskin Moscou Faltischek, P.C.	RXR Plaza	64,660 SF	Central Nassau

Market Overview Report - 4Q 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	569	15,297,365	1,346,126	8.8%	(289,794)	\$28.43	255,000
Central Queens	271	4,591,944	198,365	4.3%	15,762	\$35.10	0
Central Suffolk	1,079	10,255,902	695,146	6.8%	(25,565)	\$22.39	11,000
Downtown Brooklyn	201	24,131,609	1,318,106	5.5%	311,022	\$46.18	823,256
Eastern Nassau	544	14,132,814	1,079,790	7.6%	(9,835)	\$26.53	8,219
Eastern Suffolk	688	3,781,781	166,763	4.4%	(8,761)	\$24.82	0
North Brooklyn	690	11,219,559	1,324,683	11.8%	228,230	\$39.21	1,856,351
Northeast Queens	698	11,503,051	360,778	3.1%	178,540	\$41.06	60,615
Northern Nassau	220	1,568,899	123,313	7.9%	(21,915)	\$26.13	0
Northwest Queens	427	16,180,301	1,999,113	12.4%	(310,383)	\$34.78	1,267,400
South Brooklyn	985	16,568,671	1,214,602	7.3%	22,493	\$30.86	523,631
South Queens	377	6,185,133	313,246	5.1%	30,567	\$28.12	3,968
Southeast Nassau	221	1,440,978	76,457	5.3%	2,747	\$24.89	13,013
Southern Nassau	580	5,732,338	305,861	5.3%	91,047	\$25.48	0
Southwestern Suffolk	530	3,275,875	123,472	3.8%	96,230	\$19.94	0
Staten Island	904	6,800,642	270,718	4.0%	(8,099)	\$26.89	750,223
Western Nassau	470	12,573,085	671,889	5.3%	78,271	\$28.93	112,972
Western Suffolk	1,298	24,149,707	2,000,126	8.3%	80,298	\$23.92	0
TOTALS	10,752	189,389,654	13,588,554	7.2%	460,855	\$28.53	5,685,648

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	27	3,203,238	611,678	19.1%	27,676	118,638
Queens	11	1,331,983	853,823	64.1%	21,692	121,089
Staten Island	3	750,223	329,100	43.9%	7,523	250,074
Nassau	5	389,204	329,981	84.8%	19,488	77,841
Suffolk	2	11,000	6,970	63.4%	11,534	5,500

Long Island

Retail 4Q 2017



Long Island 4Q17 Retail Report



Retail

The Long Island retail market experienced a slight decline in market conditions in the fourth quarter 2017. The vacancy rate went from 3.6% in the previous quarter to 3.8% in the current quarter.

Retail net absorption was slightly negative in Long Island fourth quarter 2017, with negative (169,424) square feet absorbed in the quarter. In third quarter 2017, net absorption was negative (425,107) square feet, while in second quarter 2017, absorption came in at positive 25,089 square feet. In first quarter 2017, negative (71,792) square feet was absorbed in the market.

During the fourth quarter 2017, seven buildings totaling 440,971 square feet were completed in the Long Island retail market. Over the past four quarters, a total of 1,456,476 square feet of retail space has been built in Long Island. In addition to the current quarter, 12 buildings with 332,418 square feet were completed in third quarter 2017, 16 buildings totaling 496,595 square feet completed in second quarter 2017, and 186,492 square feet in 27 buildings completed in first 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 fourth quarter 2017 at \$34.83 per square foot per year. That compares to \$34.47 per square foot in the third quarter 2017, and \$32.55 per square foot at the end of the first quarter 2017. This represents a 1.0% increase in rental rates in the current quarter, and a 6.55% increase from four quarters ago.

Total retail center sales activity in 2017 was down compared to 2016. In the first nine months of 2017, the market saw 42 retail sales transactions with a total volume of \$460,183,730. The price per square foot averaged \$227.01. In the same first nine months of 2016, the market posted 60 transactions with a total volume of \$621,809,906. The price per square foot averaged \$294.59. 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.

Trends for 4Q17



VACANCY RATE



NET ABSORPTION



CONSTRUCTION



ASKING RATES



SALES ACTIVITY



Significant Lease Transactions:

Tenant	Building	Size	Submarket
Costco	Rego Park Mall II	145,000 SF	Central Queens
Century 21	Rego Park Mall II	135,000 SF	Central Queens
Kohl's	Rego Park Mall II	133,000 SF	Central Queens

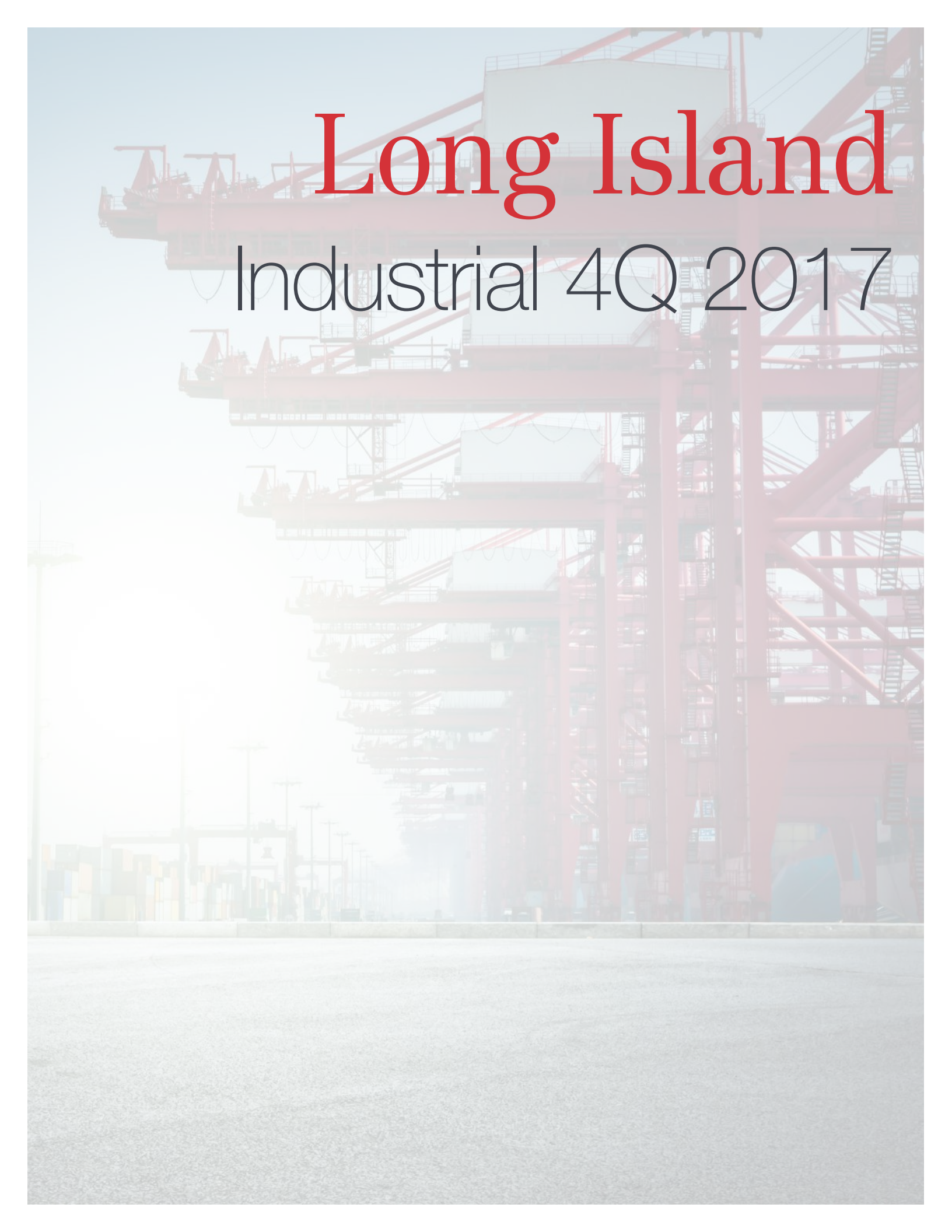
Market Overview Report - 4Q 2017

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	1,195	16,126,753	901,618	5.6%	130,196	\$30.37	11,500
Central Queens	1,970	14,675,983	326,225	2.2%	(7,519)	\$40.39	93,506
Central Suffolk	2,358	26,420,542	1,640,680	6.2%	(431,155)	\$21.93	99,504
Downtown Brooklyn	520	6,680,080	245,794	3.7%	49,911	\$79.96	1,500
Eastern Nassau	987	13,878,899	475,256	3.4%	(76,463)	\$22.00	250,503
Eastern Suffolk	1,913	14,233,479	569,388	4.0%	(32,087)	\$33.07	3,000
North Brooklyn	8,021	45,508,635	1,788,723	3.9%	(439,411)	\$49.24	381,531
Northeast Queens	2,975	22,372,809	489,126	2.2%	51,569	\$76.92	473,314
Northern Nassau	489	3,195,174	133,456	4.2%	(15,624)	\$32.27	0
Northwest Queens	1,605	12,357,984	325,355	2.6%	(47,509)	\$42.59	202,098
South Brooklyn	7,286	40,603,538	1,022,198	2.5%	97,053	\$43.59	432,820
South Queens	2,841	19,099,792	960,045	5.0%	207,052	\$37.30	152,830
Southeast Nassau	754	7,561,966	460,978	6.1%	(177,861)	\$27.76	8,600
Southern Nassau	1,955	16,726,864	638,998	3.8%	277,068	\$27.55	440
Southwestern Suffolk	1,215	11,585,836	539,106	4.7%	(138,735)	\$18.91	20,000
Staten Island	2,406	17,898,902	581,607	3.2%	69,132	\$32.80	870,099
Western Nassau	987	9,206,637	255,379	2.8%	45,753	\$43.35	10,300
Western Suffolk	2,566	25,261,502	1,006,842	4.0%	(202,604)	\$25.86	22,500
TOTALS	42,043	323,395,375	12,360,774	3.8%	(641,234)	\$34.83	3,034,045

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	29	921,748	556,193	60.3%	7,295	31,784
Staten Island	6	870,099	463,600	53.3%	7,439	145,016
Brooklyn	28	815,851	365,680	44.8%	5,863	29,138
Nassau	7	281,343	250,360	89.0%	10,475	40,192
Suffolk	13	145,004	66,420	45.8%	9,625	11,154

The background of the slide is a photograph of a large industrial facility, possibly a refinery or chemical plant. It features a complex network of red-painted steel structures, including multiple levels of walkways, ladders, and large cylindrical tanks. The scene is captured from a low angle, looking up at the towering structures. The foreground is a flat, grey asphalt surface. The overall lighting is bright, suggesting a clear day, though the image has a slightly faded or semi-transparent appearance to allow the text to be clearly visible.

Long Island

Industrial 4Q 2017

Long Island 4Q17 Industrial Report

Industrial



The Long Island Industrial market ended the fourth quarter 2017 with a vacancy rate of 3.9%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 201,526 square feet in the fourth quarter. Vacant sublease space decreased in the quarter, ending the quarter at 507,312 square feet. Rental rates ended the fourth quarter at \$16.31, an increase over the previous quarter. A total of two buildings delivered to the market in the quarter totaling 76,774 square feet, with 1,906,221 square feet still under construction at the end of the quarter.

Net absorption for the overall Long Island Industrial market was positive 201,526 square feet in the fourth quarter 2017. That compares to negative (628,151) square feet in the third quarter 2017, negative (325,911) square feet in the second quarter 2017, and negative (914,714) square feet in the first quarter 2017.

During the fourth quarter 2017, two buildings totaling 76,774 square feet were completed in the Long Island market area. This compares to four buildings totaling 123,683 square feet that were completed in the third quarter 2017, six buildings totaling 31,316 square feet completed in the second quarter 2017, and 19,392 square feet in three buildings completed in the first quarter 2017.

The average quoted asking rental rate for available Industrial space was \$16.31 per square foot per year at the end of the fourth quarter 2017 in the Long Island market area. This represented a 3.3% increase in quoted rental rates from the end of the third quarter 2017, when rents were reported at \$15.79 per square foot.

Tallying industrial building sales of 15,000 square feet or larger, Long Island (New York) industrial sales figures fell during the third quarter 2017 in terms of dollar volume compared to the second 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 in Brooklyn. This 354,800-square-foot industrial building sold for \$160,000,000, or \$450.96 per square foot. The property sold on 4/19/2017.

Trends for 4Q17



VACANCY RATE



NET ABSORPTION



CONSTRUCTION



ASKING RATES



SALES ACTIVITY



Significant Lease Transactions:

Tenant	Building	Size	Submarket
UPS	50-02 55th Ave.	475,000 SF	Central Queens Ind.
Amazon Fresh	80 Grumman Rd. West	140,000 SF	Eastern Nassau Ind.
One Stop Northern	47-00 Northern Blvd.	125,000 SF	Northwest Queens Ind.

Market Overview Report - 4Q 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.	463	9,498,998	220,429	2.3%	168,930	\$13.64	0
Central Queens Ind.	722	20,542,806	912,167	4.4%	(429,400)	\$19.91	48,742
Deer Park Ind.	725	17,023,420	376,533	2.2%	3,329	\$9.75	0
East Farmingdale Ind.	618	19,302,388	627,380	3.3%	(234,211)	\$12.03	16,530
Eastern Nassau Ind.	735	24,878,785	814,100	3.3%	180,767	\$13.37	0
Eastern Suffolk Ind.	456	5,645,911	347,389	6.2%	(8,520)	\$13.76	45,925
Hauppauge Ind.	652	26,419,621	681,539	2.6%	69,770	\$9.44	32,000
North Brooklyn Ind.	3,195	62,274,292	2,558,368	4.1%	(609,529)	\$24.60	5,500
North Central Suffolk Ind.	198	3,217,146	93,711	2.9%	(42,488)	\$16.24	0
Northeast Queens Ind.	619	12,282,704	356,736	2.9%	(114,562)	\$21.95	9,399
Northern Nassau Ind.	103	2,351,104	9,377	0.4%	346,119	\$12.39	0
Northwest Queens Ind.	1,499	33,943,113	1,499,498	4.4%	(290,644)	\$21.05	261,250
Northwest Suffolk Ind.	223	3,412,420	158,201	4.6%	(61,300)	\$10.88	0
Ronkonkoma/Bohemia Ind.	731	18,170,089	581,781	3.2%	(117,287)	\$9.83	0
South Brooklyn Ind.	1,546	36,190,692	2,514,816	6.9%	132,413	\$20.08	48,000
South Central Suffolk Ind.	395	10,069,224	363,295	3.6%	54,294	\$10.03	7,000
South Queens Ind.	655	14,092,167	806,070	5.7%	(486,352)	\$15.39	0
Southeast Nassau Ind.	77	882,198	22,431	2.5%	(13,300)	\$15.36	0
Southern Nassau Ind.	789	11,886,719	454,396	3.8%	(56,636)	\$11.95	475
Southwest Suffolk Ind.	634	10,641,508	303,262	2.8%	(158,727)	\$10.28	0
Staten Island Ind.	359	6,420,027	228,385	3.6%	28,643	\$14.41	1,431,400
Western Nassau Ind.	323	7,799,277	113,231	1.5%	(28,559)	\$15.57	0
TOTALS	15,717	356,944,609	14,043,095	3.9%	(1,667,250)	\$16.31	1,906,221

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	3,520	0.2%	17,883	477,133
Queens Ind.	6	319,391	128,141	40.1%	23,136	53,232
Brooklyn Ind.	2	53,500	0	0.0%	20,769	26,750
Western Suffolk Ind.	2	48,530	32,000	65.9%	26,928	24,265
Eastern Suffolk Ind.	3	45,925	0	0.0%	12,381	15,308
Central Suffolk Ind.	2	7,000	0	0.0%	23,759	3,500
Nassau Ind.	1	475	0	0.0%	23,011	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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