



**NAI Long Island**

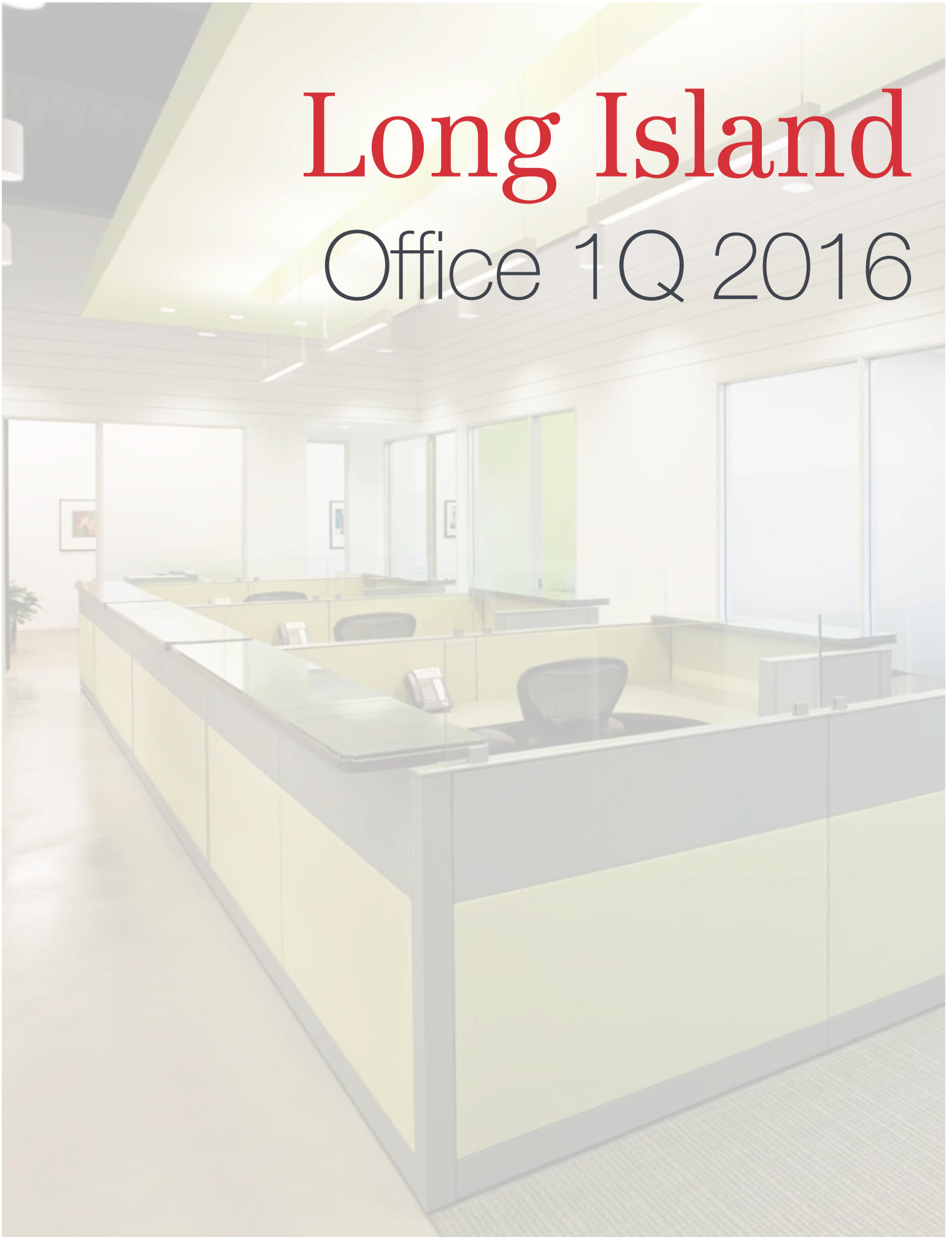
COMMERCIAL REAL ESTATE SERVICES, WORLDWIDE

1Q'16

Long Island Market Report

# Long Island

Office 1Q 2016



# Long Island 1Q16 Office Report



The Long Island Office market ended the first quarter 2016 with a vacancy rate of 7.6%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 390,962 square feet in the first quarter.

Net absorption for the overall Long Island office market was positive 390,962 square feet in the first quarter 2016. That compares to positive 408,463 square feet in the fourth quarter 2015, positive 1,136,864 square feet in the third quarter 2015, and positive 395,794 square feet in the second quarter 2015.

During the first quarter 2016, four buildings totaling 192,462 square feet were completed in the Long Island market area. This compares to eight buildings totaling 240,435 square feet that were completed in the fourth quarter 2015, one building totaling 595,000 square feet completed in the third quarter 2015, and 81,428 square feet in three buildings completed in the second quarter 2015.

The average quoted asking rental rate for available office space, all classes, was \$28.10 per square foot per year at the end of the first quarter 2016 in the Long Island market area. This represented a 0.6% decrease in quoted rental rates from the end of the fourth quarter 2015, when rents were reported at \$28.27 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 2015 in terms of dollar volume compared to the third quarter of 2015. One of the largest transactions that occurred within the last four quarters in the Long Island (New York) market was the sale of The Center Building in Long Island City. This 442,626-square-foot office building sold for \$142,000,000, or \$320.81 per square foot. The property sold on 3/18/2015 at a 5.88% cap rate.

Total office building sales activity in 2015 was down compared to 2014. In the twelve months of 2015, the market saw 71 office sales transactions with a total volume of \$996,862,558. The price per square foot averaged \$260.82. In the same twelve months of 2014, the market posted 64 transactions with a total volume of \$1,342,234,566. The price per square foot averaged \$246.71.

## Trends for 1Q16



VACANCY RATE



NET ABSORPTION



CONSTRUCTION



ASKING RATES



SALES ACTIVITY



## Significant Lease Transactions:

Tenant	Building	Size	Submarket
72andSunny	Empire Stores	41,759 SF	Downtown Brooklyn
The Slate Group	15 Metrotech Ctr	23,842 SF	Downtown Brooklyn
N/A	565 Johnson Ave	23,714 SF	Central Suffolk

# Market Overview Report - 1Q 2016

## Total Office Submarket Statistics

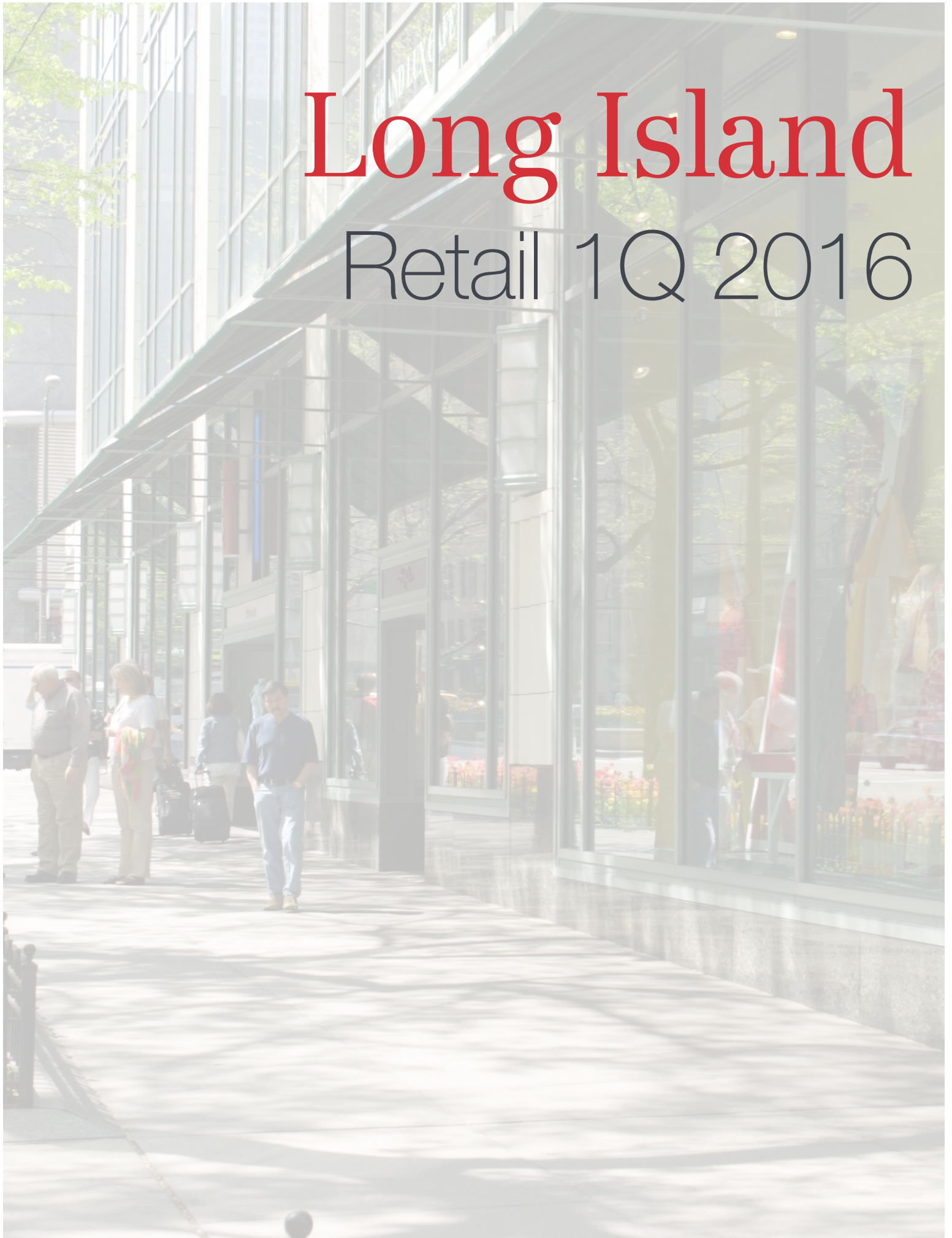
SUBMARKET	# BLDGS.	TOTAL RBA (SF)	TOTAL AVAILABLE (SF)	TOTAL VACANT AVAILABLE (%)	TOTAL NET ABSORPTION (SF)	TOTAL AVG. RATE (\$/SF/YR)	UNDER CONSTRUCTION (SF)
Central Nassau	549	14,922,428	1,445,716	9.7%	(186,302)	\$27.14	255,000
Central Queens	240	4,161,262	111,347	2.7%	2,692	\$32.12	0
Central Suffolk	1,048	9,668,571	799,427	8.3%	3,704	\$19.59	44,000
Downtown Brooklyn	192	22,596,480	1,619,651	7.2%	49,986	\$56.97	434,590
Eastern Nassau	522	13,686,366	1,308,055	9.6%	67,038	\$24.22	0
Eastern Suffolk	653	3,633,534	219,357	6.0%	17,578	\$22.45	12,330
North Brooklyn	617	10,438,082	1,464,537	14.0%	72,645	\$28.05	424,355
Northeast Queens	654	11,036,629	287,463	2.6%	15,026	\$38.23	306,425
Northern Nassau	209	1,513,650	147,611	9.8%	(21,623)	\$23.26	0
Northwest Queens	393	13,546,966	752,639	5.6%	20,626	\$27.68	48,563
South Brooklyn	863	10,596,977	482,862	4.6%	49,524	\$31.14	135,901
South Queens	348	5,669,658	440,537	7.7%	680	\$25.70	0
Southeast Nassau	208	1,372,051	59,836	4.4%	(4,525)	\$24.46	0
Southern Nassau	557	5,630,923	410,284	7.3%	10,751	\$24.92	0
Southwestern Suffolk	501	3,179,026	155,598	4.9%	5,988	\$18.98	0
Staten Island	874	6,522,976	388,847	6.0%	54,021	\$27.08	38,162
Western Nassau	460	12,991,144	1,166,924	9.0%	77,990	\$30.93	295,058
Western Suffolk	1,279	23,812,269	2,126,244	8.9%	155,163	\$24.79	2,541
<b>TOTALS</b>	<b>10,167</b>	<b>175,008,992</b>	<b>13,386,935</b>	<b>7.6%</b>	<b>390,962</b>	<b>\$28.10</b>	<b>1,996,925</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	17	994,846	324,250	32.6%	26,095	58,520
Nassau	4	550,058	463,616	84.3%	20,007	137,514
Queens	7	354,988	249,836	70.4%	21,067	50,713
Suffolk	3	58,871	14,871	25.3%	11,575	19,624
Staten Island	1	38,162	0	0.0%	7,463	38,162

# Long Island

Retail 1Q 2016



# Long Island 1Q16 Retail Report

Retail



The Long Island retail market did not experience much change in market conditions in the first quarter 2016. The vacancy rate went from 3.6% in the previous quarter to 3.5% in the current quarter.

Retail net absorption was moderate in Long Island first quarter 2016, with positive 574,813 square feet absorbed in the quarter. In fourth quarter 2015, net absorption was positive 591,595 square feet, while in third quarter 2015, absorption came in at positive 873,958 square feet. In second quarter 2015, positive 609,312 square feet was absorbed in the market.

During the first quarter 2016, 14 buildings totaling 275,479 square feet were completed in the Long Island retail market. Over the past four quarters, a total of 1,040,071 square feet of retail space has been built in Long Island. In addition to the current quarter, 12 buildings with 295,082 square feet were completed in fourth quarter 2015, 12 buildings totaling 385,212 square feet completed in third quarter 2015, and 84,298 square feet in eight buildings completed in second quarter 2015.

Average quoted asking rental rates in the Long Island retail market are down over previous quarter levels, and up from their levels four quarters ago. Quoted rents ended the first quarter 2016 at \$32.33 per square foot per year. That compares to \$32.81 per square foot in the fourth quarter 2015, and \$32.20 per square foot at the end of the second quarter 2015.

Tallying retail building sales of 15,000 square feet or larger, Long Island (New York) retail sales figures fell during the fourth quarter 2015 in terms of dollar volume compared to the third quarter of 2015. In the fourth quarter, 14 retail transactions closed with a total volume of \$183,512,500. The 14 buildings totaled 576,491 square feet and the average price per square foot equated to \$318.33. That compares to 16 transactions totaling \$541,019,933 in the third quarter 2015. The total square footage in the third quarter was 1,369,835 square feet for an average price per square foot of \$394.95.

Total retail center sales activity in 2015 was up compared to 2014. In the twelve months of 2015, the market saw 79 retail sales transactions with a total volume of \$1,264,257,562.

## Trends for 1Q16



VACANCY RATE



NET ABSORPTION



CONSTRUCTION



ASKING RATES



SALES ACTIVITY



## Significant Lease Transactions:

Tenant	Building	Size	Submarket
N/A	450 New Drop Ln	100,640 SF	Staten Island
Stew Leonard's Marketplace	1897 Front St	70,000 SF	Central Nassau
South Queens Ind	253-01 Rockaway Blvd	30,000 SF	South Queens Ind

# Market Overview Report - 1Q 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	1,115	15,130,060	615,256	4.1%	9,101	\$26.18	0
Central Queens	1,765	13,548,087	411,255	3.0%	50,956	\$38.91	69,154
Central Suffolk	2,290	25,807,674	1,091,214	4.2%	(11,764)	\$22.09	69,982
Downtown Brooklyn	513	5,724,316	180,506	3.2%	11,160	\$91.24	737,800
Eastern Nassau	944	13,544,056	390,554	2.9%	8,105	\$28.84	0
Eastern Suffolk	1,806	13,328,951	537,020	4.0%	10,679	\$29.20	70,990
North Brooklyn	7,297	41,154,516	1,241,532	3.0%	139,477	\$50.66	242,033
Northeast Queens	2,715	21,614,498	457,320	2.1%	180,338	\$54.96	98,399
Northern Nassau	475	2,885,233	125,845	4.4%	5,031	\$38.52	21,000
Northwest Queens	1,422	11,577,579	302,994	2.6%	(21,132)	\$46.98	19,697
South Brooklyn	6,430	36,466,210	1,192,405	3.3%	216,613	\$39.75	177,100
South Queens	2,355	16,740,721	759,987	4.5%	57,462	\$33.77	62,568
Southeast Nassau	679	7,242,063	225,234	3.1%	(7,900)	\$24.56	0
Southern Nassau	1,769	15,659,849	737,553	4.7%	50,505	\$23.39	0
Southwestern Suffolk	1,154	11,438,098	456,994	4.0%	(12,637)	\$22.61	28,000
Staten Island	2,343	17,404,582	542,800	3.1%	(49,550)	\$31.05	761,100
Western Nassau	940	8,650,663	266,773	3.1%	(10,668)	\$36.26	0
Western Suffolk	2,526	24,606,050	1,054,716	4.3%	(50,963)	\$24.82	25,151
<b>TOTALS</b>	<b>38,538</b>	<b>302,523,206</b>	<b>10,732,754</b>	<b>3.5%</b>	<b>576,813</b>	<b>\$32.33</b>	<b>2,382,974</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	1,156,933	865,140	74.8%	5,853	60,891
Staten Island	3	761,100	758,000	99.6%	7,428	253,700
Queens	25	249,818	185,679	74.3%	7,688	9,993
Suffolk	6	194,123	109,688	56.5%	9,668	32,354
Nassau	3	21,000	3,100	14.8%	10,657	7,000

# Long Island

## Industrial 1Q 2016





# Long Island 1Q16 Industrial Report

Industrial



The Long Island Industrial market ended the first quarter 2016 with a vacancy rate of 3.7%. The vacancy rate was unchanged over the previous quarter, with net absorption totaling negative (26,894) square feet in the first quarter. Vacant sublease space increased in the quarter, ending the quarter at 480,093 square feet. Rental rates ended the first quarter at \$13.49, an increase over the previous quarter. There was 702,893 square feet still under construction at the end of the quarter.

Net absorption for the Long Island Industrial market was negative (26,894) square feet in the first quarter 2016. That compares to positive 1,241,353 square feet in the fourth quarter 2015, positive 1,455,684 square feet in the third quarter 2015, and positive 330,873 square feet in the second quarter 2015.

During the first quarter 2016, no new space was completed in the Long Island market area. This compares to one building totaling 3,088 square feet that was completed in the fourth quarter 2015, one building totaling 19,414 square feet completed in the third quarter 2015, and 52,000 square feet in two buildings completed in the second quarter 2015.

The average quoted asking rental rate for available Industrial space was \$13.49 per square foot per year at the end of the first quarter 2016 in the Long Island market area. This represented a 5.4% increase in quoted rental rates from the end of the fourth quarter 2015, when rents were reported at \$12.80 per square foot.

Tallying industrial building sales of 15,000 square feet or larger, Long Island (New York) industrial sales figures fell during the fourth quarter 2015 in terms of dollar volume compared to the third quarter of 2015. In the fourth quarter, 55 industrial transactions closed with a total volume of \$322,502,250. The 55 buildings totaled 2,092,512 square feet and the average price per square foot was \$154.12. That compares to 44 transactions totaling \$583,382,786 in the third quarter. The total square footage was 2,519,027 for an average price per square foot of \$231.59.

## Trends for 1Q16



VACANCY RATE



NET ABSORPTION



CONSTRUCTION



ASKING RATES



SALES ACTIVITY



## Significant Lease Transactions:

Tenant	Building	Size	Submarket
N/A	750 Summa Ave	68,000 SF	Eastern Nassau Ind
N/A	2500 Marcus Ave	58,600 SF	Western Nassau Ind
N/A	50-01 Rockaway Beach Blvd	25,000 SF	South Queens Ind

# Market Overview Report - 1Q 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.	458	9,468,582	395,233	4.2%	(2,000)	\$13.14	0
Central Queens Ind.	690	20,365,035	405,451	2.0%	(32,676)	\$15.85	48,742
Deer Park Ind.	721	17,256,524	397,950	2.3%	5,150	\$8.22	0
East Farmingdale Ind.	611	19,440,194	296,864	1.5%	41,600	\$10.44	0
Eastern Nassau Ind.	711	24,113,951	995,842	4.1%	78,962	\$10.85	44,000
Eastern Suffolk Ind.	433	5,437,416	413,116	7.6%	51,520	\$8.12	14,860
Hauppauge Ind.	644	26,051,110	793,296	3.0%	(107,624)	\$8.53	417,000
North Brooklyn Ind.	3,132	59,306,117	2,283,690	3.9%	(33,704)	\$21.09	3,626
North Central Suffolk Ind.	199	3,309,785	85,184	2.6%	1,000	\$11.40	0
Northeast Queens Ind.	559	11,647,704	196,619	1.7%	1,050	\$18.61	75,446
Northern Nassau Ind.	104	2,359,876	522,548	22.1%	(3,000)	\$10.80	0
Northwest Queens Ind.	1,439	34,881,109	1,173,258	3.4%	(132,670)	\$17.28	0
Northwest Suffolk Ind.	224	3,428,851	414,576	12.1%	20,900	\$11.02	0
Ronkonkoma/Bohemia Ind.	729	18,060,518	346,752	1.9%	41,754	\$9.09	0
South Brooklyn Ind.	1,489	38,029,905	2,493,944	6.6%	25,499	\$18.29	48,000
South Central Suffolk Ind.	384	9,944,796	325,167	3.3%	34,566	\$8.15	29,052
South Queens Ind.	606	13,134,683	470,869	3.6%	16,007	\$13.99	9,425
Southeast Nassau Ind.	76	924,467	3,600	0.4%	0	\$0.00	0
Southern Nassau Ind.	717	11,364,590	507,129	4.5%	26,046	\$10.96	0
Southwest Suffolk Ind.	617	10,573,646	200,603	1.9%	23,069	\$9.03	0
Staten Island Ind.	319	6,023,448	270,531	4.5%	500	\$12.73	12,742
Western Nassau Ind.	318	8,017,221	184,008	2.3%	(82,843)	\$15.72	0
<b>TOTALS</b>	<b>15,180</b>	<b>353,139,528</b>	<b>13,176,230</b>	<b>3.7%</b>	<b>(26,894)</b>	<b>\$13.49</b>	<b>702,893</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.	3	417,000	157,000	37.6%	27,245	139,000
Queens Ind.	17	133,613	124,188	92.9%	24,295	7,860
Brooklyn Ind.	2	51,626	3,626	7.0%	21,064	25,813
Nassau Ind.	1	44,000	44,000	100.0%	23,594	44,000
Central Suffolk Ind.	1	29,052	4,939	17.0%	23,868	29,052
Eastern Suffolk Ind.	1	14,860	14,860	100.0%	12,558	14,860
Staten Island Ind.	1	12,742	12,742	100.0%	18,882	12,742

# 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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