



## LONG ISLAND CITY 3Q16 OFFICE MARKET

# CAPITAL INVESTMENTS FUEL LEASING

The third quarter of 2016 marked a 14.8% increase in overall asking rents from one year ago, driven by capital investments that have created improved office stock. However, rents have slowed noticeably in the past two quarters, increasing just 2.9% over this time.

Availability declined to 13.2% this quarter, from 13.9% in the previous quarter, but is up from 9.8% a year ago. Absorption for the quarter was slightly positive, but year-to-date absorption posted negative 336,599 square feet, as recently repositioned office space has not yet been absorbed. The Astoria submarket also accounts for 75% of this negative absorption, due to a number of small to mid sized spaces that came to market earlier this year.

### Factory District Drives Long Island City

The Factory District led Long Island City in leasing velocity this quarter. Media and Internet company IAC signed for 8,000 square feet at 47 Austell Place. Lyft and Uber both inked expansion deals this quarter in the Falchi Building, located at 31-00 47th Avenue. Lyft signed for 34,211 square feet, while Uber took an additional 11,068 square feet, further establishing Long Island City as a hub for transportation services. The building was also put on the market by Jamestown Properties during the quarter.

Availability in the submarket decreased from 16.7% last quarter to 15.1% this quarter. Average asking rents have increased from \$37.86/SF in the first quarter of this year to \$40.46/SF this quarter.

New York government facilities are a significant presence in Long Island City, and two notable lease transactions solidified this presence during the third quarter: The New York City Department of Health and Mental Hygiene subleased two floors at 1 Court Square, for 60,476 square feet, and the City of New York Employees Retirement System renewed 30,559 square feet at 30-30 47<sup>th</sup> Avenue.

### Development Continues

The Vanbarton Group completed significant renovations on the former Zipper Factory at 47-16 Austell Place in June. The former warehouse was converted to a mixed-use retail, studio, and office building, with the Joffrey Ballet Center as the anchor tenant. Construction continues as a rooftop lounge is scheduled to be completed by spring 2017.

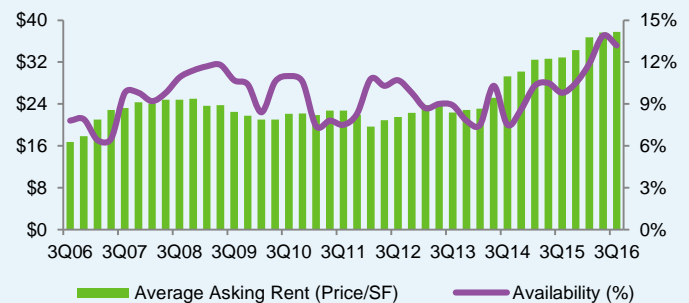
Capital investments continued in the third quarter. Tishman Speyer secured equity investment from Qatari Diar that will allow construction to commence on two office buildings totaling 1.1 million square feet of space. The buildings, 1 and 3 Gotham Center, are already 75% pre-leased, including WeWork as the 250,000-square-foot anchor tenant. The buildings are scheduled to deliver in 2019.

### Current Conditions

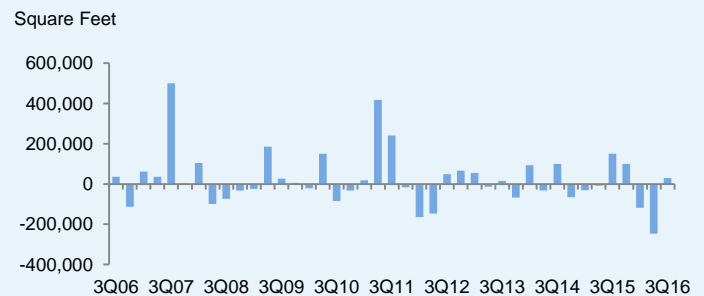
- Long Island City rents have increased 14.8% year-over-year.
- Absorption for the year is negative 336,599 square feet, in large part due to space becoming available in the Astoria submarket.
- Uber and Lyft both expanded their current spaces at the Falchi Building.
- Average asking rents in the Factory District submarket have jumped nearly \$3.00/SF just this year.

### Market Analysis

#### Asking Rent and Availability



#### Net Absorption



### Market Summary

	3Q16	2Q16	3Q15	12 Month Forecast
Total Inventory	11.7MSF	11.7MSF	11.4MSF	↑
Availability Rate	13.2%	13.9%	9.8%	↑
Quarterly Net Absorption	28,934	-247,118	150,202	↓
Average Asking Rent	\$37.78	\$37.66	\$32.90	↑
Under Construction	171,962	171,962	656,470	↑
Deliveries	0	0	0	↑




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## Long Island City Submarkets



**Newmark Grubb Knight Frank has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents.**

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