



ASKING RENTS DECREASE AS BLOCKS HIT

Availability in Long Island City reached 16.9% in the second quarter of 2017, a 180-basis-point jump from the previous quarter driven mainly by the addition of numerous large blocks and a low level of leasing activity. New mid-sized blocks added in Astoria and the Factory District pushed the absorption total to negative 248,863 square feet.

There were three notable blocks that came on the market this quarter, including two sublease spaces. The largest of these spaces was 105,782 square feet at 47-25 34th Street, which came to market after Remco, a business services firm, gave up a portion of its space and relocated some of its operations to 49-47 31st street. Lion Resources, a division of Publicis, added to the market 95,723 square feet of sublease space at 27-01 Queens Plaza North. Additionally, 42,000 square feet at 29-76 Northern Boulevard, previously occupied by watch manufacturer MZB, became available via sublease.

Asking rents increased over year-over-year, from \$37.66/SF to \$37.97/SF in the second quarter of 2016. However, average asking rent growth stalled this quarter, decreasing by 1.3% quarter-over-quarter as a result of competitively priced blocks of space hitting the market in Astoria.

Tenant Relocations Drive Activity

In April, S.D.C. Designs LLC, a designer, manufacturer and wholesaler of jewelry, signed the largest deal of the quarter, leasing 16,986 square feet in The Factory Building in a relocation from 529 Fifth Avenue. In the second-largest deal of the quarter, Charles H. Greenthal & Co., a property management company, leased 15,303 square feet of sublease space in the Apple Building at 30-30 Northern Boulevard, in a consolidation of its footprint at 4 Park Avenue. This move will entitle them to participate in the REAP program, which incentivizes companies to move full-time employees to the outer boroughs. The third deal that occurred was a lease for 13,300 square feet at 47 Austell Place signed by the Coalition for Queens, a not-for-profit organization that promotes technological innovation and entrepreneurship.

Tishman Speyer Unveils the JACX Building

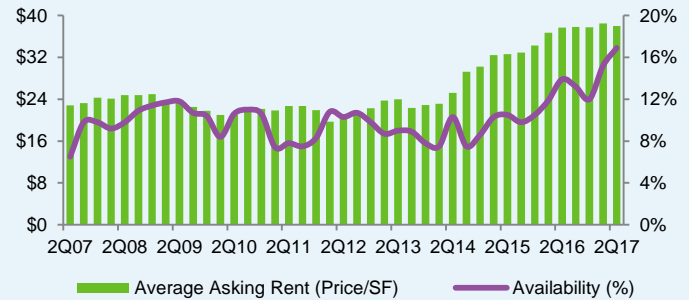
The JACX is a new construction project of Tishman Speyer's at 28-10 Queens Plaza South. The building is expected to be delivered in 2019 and will add a total of 1.2 million square feet of office space to the market. The building is a modern glass and steel asset, in contrast to the traditional loft and office warehouse conversions typically found in this market. WeWork and Bloomingdales have reportedly signed two deals in the building, taking a little less than half of the total square footage.

Current Conditions

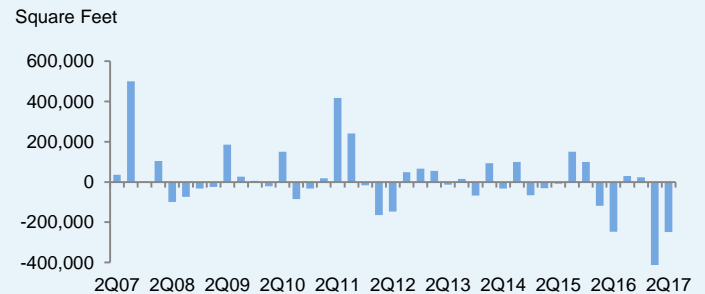
- Asking rents increased over year-over-year, from \$37.66/SF to \$37.97/SF in the second quarter of 2016.
- Availability in Long Island City reached 16.9% in the second quarter of 2017.
- The JACX is a new construction project of Tishman Speyer's at 28-10 Queens Plaza South.

Market Analysis

Asking Rent and Availability



Net Absorption



Market Summary

	2Q17	1Q17	2Q16	12 Month Forecast
Total Inventory	12.3MSF	12.1MSF	11.7MSF	↑
Availability Rate	16.9%	15.2%	13.9%	↑
Quarterly Net Absorption	-248,863	-420,262	-247,118	↓
Average Asking Rent	\$37.97	\$38.48	\$37.66	↑
Under Construction	1.8 MSF	520,112	232,546	↑
Deliveries	0	0	0	↑



New York City
HEADQUARTERS
125 Park Avenue
New York, NY 10017
212.372.2000

Jonathan Mazur
Tri-State Managing Director of Research
212.372.2154
jmazur@ngkf.com

Stephanie Jennings
Director of Tri-State Research
212.372.2099
stjennings@ngkf.com

Matthew Lesnik
Research Analyst

James Rorty
Senior GIS Analyst

Alex Schwartz
Research Analyst

Edward Son
Senior Research Analyst

Ronnie Wagner
Director, Research

Robert Zindman
Research Analyst

Long Island City Submarkets



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