

# LONG ISLAND CITY OFFICE MARKET

## NEW DEVELOPMENTS AND ADDITION OF 1 COURT SQUARE PUSH AVAILABILITY TO ALL-TIME HIGH

Availability increased from 26.0% to 29.0% in the third quarter, the highest Long Island City availability ever recorded. Vacancy, which dipped below 15.0% for the first time in six quarters, came in at 14.9%, a 9.1% decrease from the second quarter. However, recent developments have caused a significant increase in availability, which is up from 6.2% five years ago. RBA has now increased for the third straight quarter in Long Island City. One Court Square, which boasts 950,482 available square feet following Citibank's departure last quarter, maintains an outsized influence on Long Island City's high availability rate.

Asking rents came in at \$42.95/SF, a 12.0% increase quarter-over-quarter and a 92.3% jump from just five years ago. One Court Square and recent developments, including the JACX, have propelled rents in Long Island City to new heights. Rents reached the low to mid-\$40s for the third straight quarter and have begun to show signs of stabilizing.

Long Island City absorption improved to over 421,308 square feet, the highest recorded absorption since 2007. Over 190,000 square feet was absorbed at 28-10 Queens Plaza South (Three Jackson), followed by over 104,000 square feet at 30-30 47th Avenue (The Factory). Despite the large uptick in space, absorption has still declined 938,765 square feet for the year.

### PRIME INVENTORY SEES RENT INCREASE

Prime inventory saw average rents increase significantly, climbing 34.1% at 21-00 49th Avenue (The Paragon Oil Building) and 13.0% at 47-11 Austell Place. These spaces together with the new developments helped push prime rents up from \$44.13/SF last quarter to \$46.20/SF, a 4.7% increase. Hunters Point prime inventory, which includes 27-35 Jackson Avenue, the JACX and One Court Square, recorded the highest third-quarter rent of the three Long Island City submarkets at an average of \$54.79/SF.

### WEWORK CONTINUES TO GROW

WeWork completed a deal at 27-01 Queens Plaza North (One MetLife Plaza) for 40,000 square feet last year, while negotiations continued at the JACX. The co-working giant also signed for 250,000 square feet last year at Three Jackson, which is slated to open in early 2019. This deal is representative of WeWork's commitment to the outer boroughs, in addition to its abundance of space in Manhattan.

## CURRENT CONDITIONS

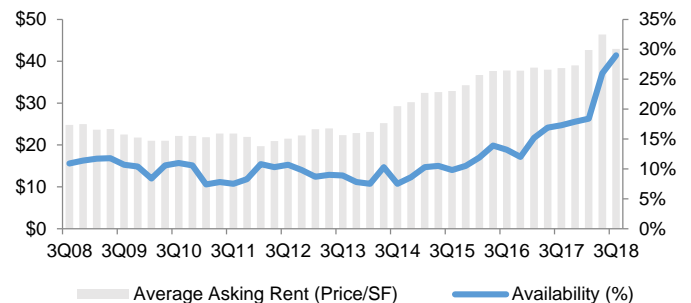
Availability reached a record 29.0% as a result of new developments, repositioned buildings and One Court Square.

Long Island City absorption was positive for the first time since fourth-quarter 2016.

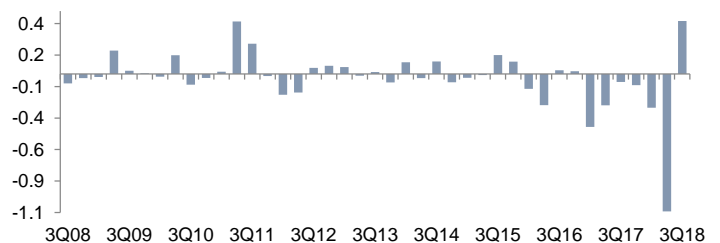
Asking rents ended the quarter at \$42.95/SF, significantly outpacing long-term market averages.

## MARKET ANALYSIS

### Asking Rent and Availability



### Net Absorption (SF, Millions)



## MARKET SUMMARY

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	13.7 MSF	13.7 MSF	12.3 MSF	↑
Availability Rate	29.0%	26.0%	17.3%	↑
Quarterly Net Absorption	421,308	-1,091,474	-63,475	↓
Average Asking Rent	\$42.95	\$46.39	\$38.35	↓
Under Construction	1.8 MSF	1.8 MSF	1.8 MSF	↑
Deliveries	0	0	0	↑

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