

# LONG ISLAND CITY OFFICE MARKET

## AMAZON HQ GIVES LONG ISLAND CITY NEW MOMENTUM

Long Island City was selected as one of two cities for Amazon's new headquarters, and the tech giant signed an LOI at 1 Court Square for approximately 1.0 million square feet in 2018. Amazon's move to Long Island City is expected to bring 40,000 new jobs by 2033. To bring these jobs to New York, Amazon was presented with more than \$3.6 billion in incentives from the city and state.

In addition to 1 Court Square, Amazon plans to develop a new campus in four phases, with initial construction beginning in 2020. In October, the internet titan also signed for an 83,000 square foot distribution center in Woodside, Queens.

Asking rents, which increased for the sixth straight quarter, were recorded at \$48.21/SF, a 23.5% increase from last year. This was also the second straight quarter in which rents were more than double what they had been five years ago. Asking rents in prime buildings, which make up 66.5% of the total RBA in Long Island City, increased to a new high of \$49.79/SF in the fourth quarter of 2018. The addition of large blocks to the market drove rents in Long Island City to record highs in 2018. Rents are expected to continue to increase as Amazon advances its plans.

The availability rate declined to 25.0% in the fourth quarter, after reaching its cyclical high of 26.0% in the previous quarter. The decrease was most evident in the Factory District, where the availability rate fell 330 basis points from the previous quarter. However, new construction in Long Island City lifted the availability rate up from 17.9% a year ago. Vacancy rates declined for the second straight quarter, ending the fourth quarter at 13.4%. This represents a decrease of 210 basis points from last year.

Despite fourth-quarter absorption totaling 137,416 square feet, the highest total since the third quarter of 2015, year-to-date absorption in Long Island City was recorded at negative 1,319,218 square feet. The quarterly improvement in absorption came after the Bindery Building was sold with plans to convert its space to a life sciences center. However, the negative year-to-date absorption numbers can be largely attributed to the addition of 949,373 square feet of Citi's space at One Court Square during the second quarter.

*\*Prime buildings include repositioned and Class A buildings.*

## CURRENT CONDITIONS

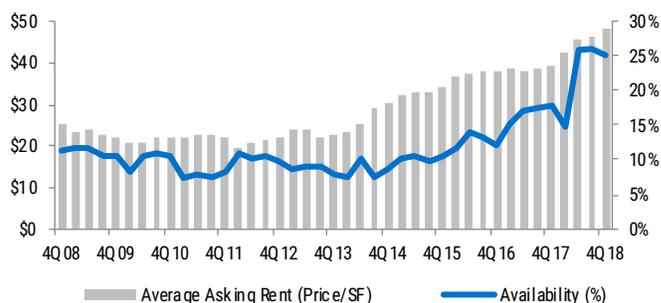
Amazon announced a commitment to establish a new headquarters in Long Island City.

The availability rate declined to 25.0% in the fourth quarter, a year-over-year increase of 7.1 percentage points.

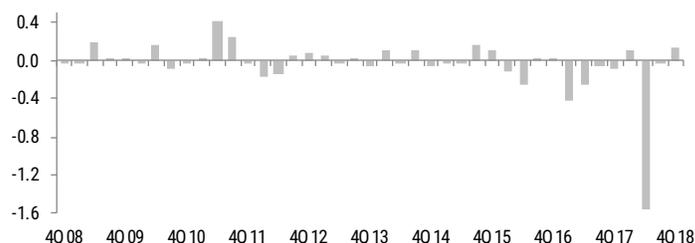
Long Island City asking rents reached record highs for the sixth straight quarter at \$48.21/SF.

## 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	12.4 MSF	↑
Availability Rate	25.0%	26.0%	17.9%	↑
Quarterly Net Absorption	137,416	-17,068	-88,937	↓
Average Asking Rent	\$48.21	\$46.21	\$39.03	↓
Under Construction	1.8 MSF	1.8 MSF	1.8 MSF	↑
Deliveries	0	0	0	↑



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