

# LONG ISLAND CITY OFFICE MARKET

## RENEWED CONFIDENCE IN LONG ISLAND CITY MARKET

The third quarter marked a slowdown in leasing activity from last quarter's record pace yet included several notable transactions. The New York Times signed 57,846 square feet at Court Square Plaza, 24-01 44th Road, and will relocate 350 employees from its namesake building in Times Square, marking one of Long Island City's largest relocations from Manhattan. The New York City Department of Health & Mental Hygiene signed the largest deal of the quarter, taking 79,671 square feet at The Factory, 30-30 47th Avenue. Other signs of confidence in the market include Ralph Lauren's renewal of 12,372 square feet in 47-25 34th Street and, in the quarter's third-largest transaction, Maquette Fine Art Services' 46,860-square-foot expansion into 48-49 35th Street. Uber will maintain its Long Island City presence in addition to the 307,970 square feet the company leased this quarter at 3 World Trade Center. Uber currently occupies 33,068 square feet in The Factory.

Availability ticked up 1.4 percentage points from the second quarter to 22.8%, which is significantly lower than the 26.0% rate recorded at this point last year. This quarter brought a 259,773-square-foot block to market at Court Square Center, 45-18 Court Square, resulting in 101,376 square feet of negative absorption for the quarter. However, strong leasing and relatively few space additions kept year-to-date absorption positive at 581,171 square feet.

Overall asking rent fell 5.1% from last quarter, as high-priced blocks of space were leased and removed from the market. The Factory District and Hunter's Point saw the quarter's largest drops in asking rent with decreases of 10.6% and 9.7% respectively, as large leases withdrew higher-priced space from the market in these areas. Since the third quarter of 2017, the average asking rent has grown 8.6%.

## DEVELOPMENT CONTINUES WITH REPOSITIONED BUILDINGS

Two major redevelopment projects delivered this quarter. Austell Place, 4711 Austell Place, and The Paragon Oil Building, 21-00 49th Avenue, bring a combined 301,201 square feet of newly repositioned space to the market. Both buildings delivered without any lease commitments. The pipeline of new and repositioned space is robust with a new multi-phase mixed use redevelopment project in Astoria beginning construction this quarter. Urban Yard at 40-09 21st Street will introduce 87,000 square feet of repositioned office space in Phase I, which will deliver by the end of 2020. Repositioned assets command asking rents 29.7% above the overall asking rent in Long Island City.

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

## CURRENT CONDITIONS

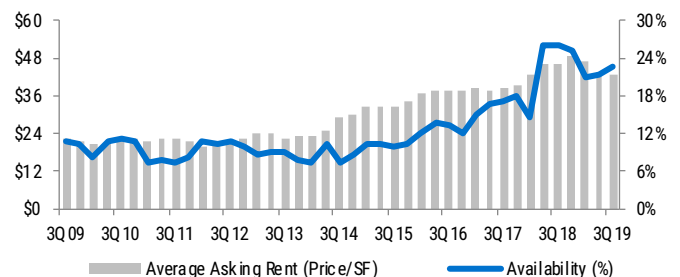
Availability increased 65 bps to 22.8% quarter over quarter but remains 12 bps below the availability rate this time last year.

Long Island City asking rents fell 5.1% quarter over quarter due to leasing activity in high priced buildings.

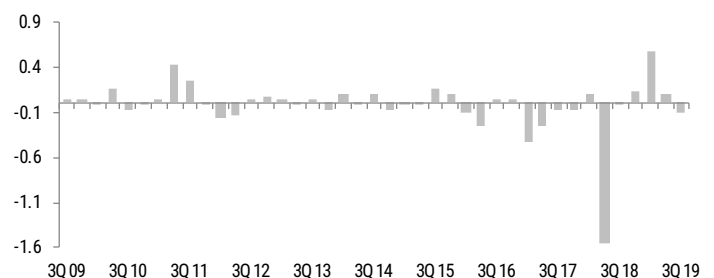
Two repositioned assets were delivered this quarter bringing over 300,000 square feet of prime space to the market.

## MARKET ANALYSIS

### Asking Rent and Availability



### Net Absorption (SF, Millions)



## MARKET SUMMARY

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	14.7 MSF	14.7 MSF	13.7	↑
Availability Rate	22.8%	21.4%	26.0%	↓
Quarterly Net Absorption	-101,376	114,691	-17,068	↑
Average Asking Rent	\$42.83	\$43.87	\$46.21	↑
Under Construction	1.6 MSF	1.8 MSF	1.8 MSF	↔
Deliveries	301,201	0	0	↑



**JONATHAN MAZUR**

Senior Managing Director  
212.372.2154  
jmazur@ngkf.com

**STEPHANIE JENNINGS**

Managing Director  
212.372.2099  
stjennings@ngkf.com

**ALISON BAUMANN**

Associate Director, Research

**MICHAEL MICELI**

Associate Director, Research

**LAUREN PAYNE**

Research Analyst

**ALEXANDRE RITSCHER**

Research Analyst

**STEPHEN TSAMBLAKOS**

Research Analyst

**RONNIE WAGNER**

Director, Research

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