

# LONG ISLAND CITY OFFICE MARKET

## AVAILABILITY RATE IS HIGHEST SINCE AMAZON ANNOUNCEMENT

In the first quarter, Long Island City's availability rate reached its highest level since the fourth quarter of 2018, reflecting the largest quarterly increase since Amazon announced its now-cancelled plans to locate its headquarters in Long Island City. While COVID-19 and social distancing measures slowed tours and business decision-making in March, its direct impact on Long Island City's market statistics remains to be seen. Long Island City's availability rate rose to 24.1% after the market's second consecutive quarter of quiet leasing activity, including a lack of deals topping 20,000 square feet. The additions to availability were most dramatic in Hunters Point, with more than 400,000 square feet added.

At One Court Square, 357,000 square feet came online as part of a 641,272-square-foot block available in the space formerly occupied by Citibank. Savanna has successfully inked more than 649,000 square feet of deals since Amazon scrapped its plans for a Long Island City headquarters including a one million-square-foot office in One Court Square. These include Altice's renewal for 184,335 square feet and Centene's 465,312-square-foot relocation from Rego Park, Queens.

In another significant Hunters Point addition, The Woodworks LIC, a new, ground-up flex office building, is now marketing more than 44,000 square feet of office space. With these additions of Class A space and new development in Hunters Point, Long Island City's average asking rent increased for the second consecutive quarter to \$46.17/SF.

## DIVERSE SET OF PROJECTS SET TO DELIVER

While new, ground-up construction in Hunters Point dominated the new space delivered in 2019, projects now under construction are a mix of redeveloped and new buildings located across Long Island City and targeted to a diverse set of users. Of the one million square feet under construction, nearly 50% are located in Astoria. Astoria's new developments include the Urban Yard, where the first of six industrial buildings is being converted to an office building. The 87,000-square-foot conversion is the first phase of a planned 400,000-square-foot campus of office, retail and outdoor space. Other future deliveries include 159,000 square feet of office space in the Kaufman Astoria Studios campus, including the Cameo, a warehouse conversion with a new three-story addition, and ONStage, a new four-story building featuring ground-floor soundstages.

Finally, the largest building under construction, Gantry Point, will debut 238,000 square feet of new, Class A space south of Court Square, in the Factory District. Unlike the JACX, which delivered fully leased in late 2019, future deliveries are 100% available and still seeking tenants.

## CURRENT CONDITIONS

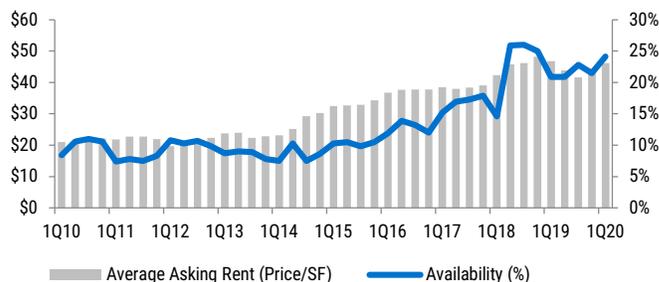
Availability increased 260 basis points over last quarter to 24.1%, its highest level since the fourth quarter of 2018.

Long Island City experienced negative absorption driven by a large block added at One Court Square and two consecutive quarters of lackluster leasing activity.

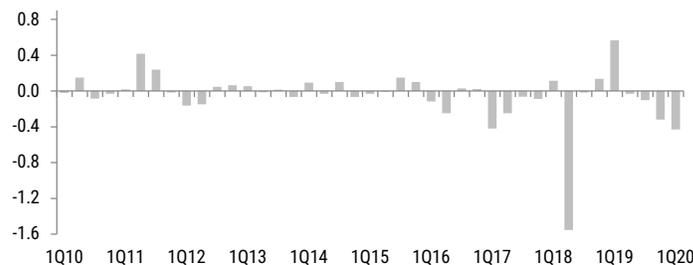
New space additions in prime and redeveloped buildings in Hunters Point pushed the overall market's average asking rent up to \$46.17/SF.

## MARKET ANALYSIS

### Asking Rent and Availability



### Net Absorption (SF, Millions)



## MARKET SUMMARY

	Current Quarter	Prior Quarter	Year Ago Period	12 Month Forecast
Total Inventory	15.2 MSF	15.0 MSF	13.7 MSF	↑
Availability Rate	24.1%	21.5%	20.9%	↓
Quarterly Net Absorption	-430,032	-320,548	567,856	↓
Average Asking Rent	\$46.17	\$44.19	\$46.76	↑
Under Construction	1 MSF	924,860	1.8 MSF	↓
Deliveries	0 SF	1.2M SF	0	↑



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