



LONG ISLAND CITY 1Q17 OFFICE MARKET

NEW SPACE DRIVES MARKET FUNDAMENTALS

Availability in Long Island City reached 15.2% in the first quarter of 2017, a 320-basis-point jump from the fourth quarter of 2016 driven mainly by the addition of numerous large blocks and repositioned space. This additional space, along with mid-sized blocks in Astoria coming to market this quarter, pushed the absorption total to negative 420,262 square feet.

Asking rents continued to reach new heights this quarter, rising to \$38.48/SF from \$37.77/SF in the fourth quarter of 2016. Rents increased 4.8% from this time last year, driven by increased demand, the addition of new construction and recently renovated buildings.

Expansions Continue From Manhattan

In March, VaynerMedia, a digital media agency, signed the largest deal of the quarter, leasing 43,000 square feet in The Blanchard Building for a production studio. The company is expanding from 10 Hudson Yards in Manhattan, and the two locations will be connected by a short commute on the 7 train. In the second-largest deal of the quarter, Schweiger Dermatology Group leased 21,463 square feet of sublease space at 27-01 Queens Plaza North. The company is relocating its corporate office from 8,000 square feet at 156 West 56th Street.

Investors Reposition Warehouse Space

The Blanchard and The Paragon, collectively known as The Point LIC, added 175,765 square feet and 105,468 square feet, respectively, during the quarter. Located in the Hunters Point/LIC Waterfront, the buildings were purchased over a year ago in a joint venture by Green Oak Real Estate and the Related Companies. The nearly completed renovations will include both office and retail space.

In March, LargaVista Companies acquired 30-10 41st Avenue, a 65,000-square-foot office building in the Astoria submarket. The company plans to expand and reposition the building by converting it into creative office use.

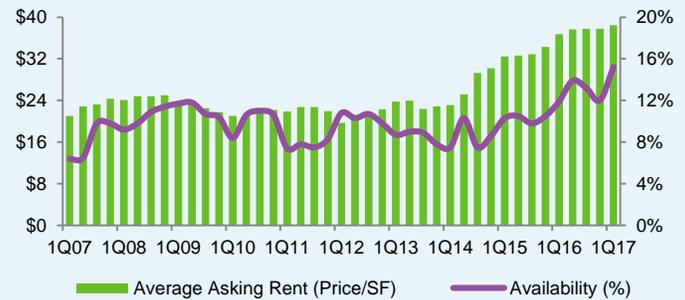
Also in Astoria, 42,000 square feet of space came to market at 29-76 Northern Boulevard, while 28,415 square feet was made available at 37-18 Northern Boulevard.

Current Conditions

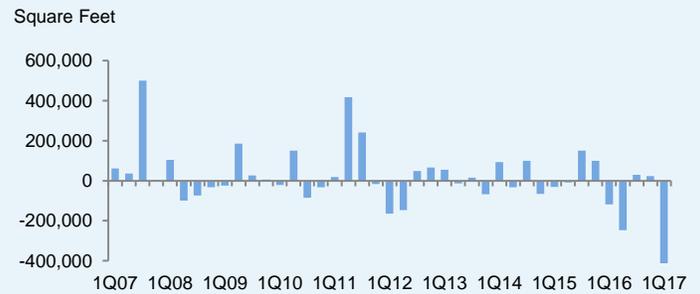
- Long Island City rents increased 4.8% year-over-year.
- Availability increased 320 basis points this quarter, to reach 15.2%.
- Absorption posted negative 420,262 square feet for the quarter.
- In March, LargaVista Companies acquired 30-10 41st Avenue, a 65,000-square-foot office building in the Astoria submarket.

Market Analysis

Asking Rent and Availability



Net Absorption



Market Summary

	1Q17	4Q16	1Q16	12 Month Forecast
Total Inventory	12.1MSF	11.7MSF	11.7MSF	↑
Availability Rate	15.2%	12.0%	11.9%	↑
Quarterly Net Absorption	-420,262	22,461	-118,415	↓
Average Asking Rent	\$38.48	\$37.77	\$36.72	↑
Under Construction	520,112	171,076	171,076	↑
Deliveries	0	0	0	↑



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Long Island City Submarkets



Newmark Grubb Knight Frank has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents.

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