

# Long Island City Office Market

## Pace of Space Additions Slows, Yielding Small Drop in Availability

Long Island City's availability rate decreased slightly for the first time since the fourth quarter of 2019, down 100 basis points from last quarter to 28.8%. This small decline is owed in part to space absorbed at the HUB LIC in the Factory District, after the New York City Department of Transportation announced it would be taking 192,080 square feet in a combination of office and warehouse space on the first and second floor. With DOT's agreement, this property is now 81.0% committed. Also, Kaufman Astoria Studios announced in February that Apple TV would be occupying 90,000 square feet at 34-11 36th Street. Outside of these deals, the leasing market remained quiet, as it has during the last year.

While activity was subdued, the pace of space additions also slowed, which helped yield an improvement in quarterly net absorption to -53,438 square feet. Despite recording the eighth consecutive quarter of negative absorption, it was the best figure since second-quarter 2019. There were two significant space additions in the first quarter, including 47,900 square feet of direct space at 3300 Northern Boulevard and 42,296 square feet of additional sublease space at 27-01 Queens Plaza North from MetLife, bringing the company's space on the market to 64,389 square feet. With this change, the sublease availability rate is now 4.9% in Long Island City, up from 0.5% one year ago. Finally, JetBlue, another major Long Island City tenant, announced in February that it was considering relocating operations from its headquarters at 27-01 Queens Plaza North to another borough or out of state. With more than 200,000 square feet occupied, its location decision may push availability higher in future quarters.

## Overall Asking Rents Hold Firm Through Pandemic

Long Island City's average asking rent is currently \$52.26/SF and on par with the average last quarter. While asking rents have trended downward year over year in Manhattan, Long Island City's overall average is still up 13.2% from first-quarter 2020 due to new construction added and minimal repricing in existing product over the last year. Over 89% of Long Island City's availability is concentrated in prime buildings, including Class A buildings and new construction, where pricing is currently \$15.24/SF above standard product. In addition, pricing for the Macy's sublease in new construction at the JACX has also pushed up the average year over year as one of the largest blocks on the market.

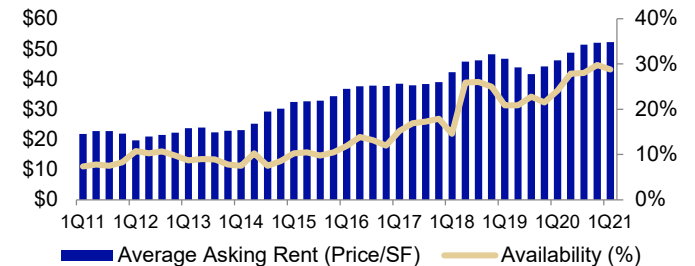
# NEWMARK

## Current Conditions

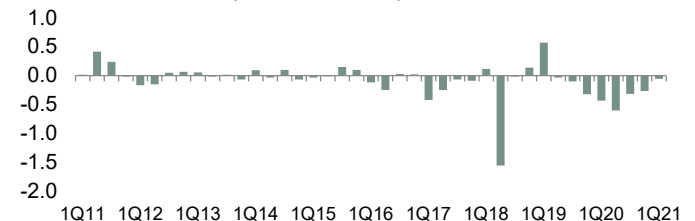
- Absorption was negative for eighth consecutive quarter but improved after space additions slowed in first quarter.
- The average asking rent was stable from last quarter and up year over year due to new construction and competitively priced sublease space.
- The availability rate declined slightly in the first quarter to 28.8% after reaching a peak in the prior quarter.

## Market Analysis

### ASKING RENT AND AVAILABILITY



### NET ABSORPTION (SF, MILLIONS)



## Market Summary

	Current Quarter	Prior Quarter	Prior Year	12-Month Forecast
Total Inventory	15.5 MSF	15.6 MSF	15.2 MSF	↑
Availability Rate	28.8%	29.8%	24.1%	↑
Quarterly Net Absorption	-53,438	-263,746	-430,032	↓
Avg. Ask Rent	\$52.26	\$52.08	\$46.17	↓
Under Const.	805 K	1.2 MSF	1 MSF	↑
Deliveries	292 K	0	0 SF	↑

*For more information:*

**New York Headquarters**

125 Park Ave.  
New York, NY 10017  
t 212-372-2000

**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*

**Stephen Tsamblakos**

*Senior Research Analyst*

**Ronnie Wagner**

*Director, Research*

[nrmk.com](http://nrmk.com)



Newmark 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. Newmark Research Reports are available at [ngkf.com/research](http://ngkf.com/research).

All information contained in this publication is derived from sources that are deemed to be reliable. However, Newmark has not verified any such information, and the same constitutes the statements and representations only of the source thereof not of Newmark. Any recipient of this publication should independently verify such information and all other information that may be material to any decision the recipient may make in response to this publication and should consult with professionals of the recipient's choice with regard to all aspects of that decision, including its legal, financial and tax aspects and implications. Any recipient of this publication may not, without the prior written approval of Newmark, distribute, disseminate, publish, transmit, copy, broadcast, upload, download or in any other way reproduce this publication or any of the information it contains. This document is intended for informational purposes only, and none of the content is intended to advise or otherwise recommend a specific strategy. It is not to be relied upon in any way to predict market movement, investment in securities, transactions, investment strategies or any other matter.