



Brooklyn Office Market

Brooklyn Market Remains Stable Despite Slight Uptick in Availability Rate

The Brooklyn availability rate increased by 20 basis points from the fourth quarter to 18.9%. This slight increase followed a 200-basis-point increase in the Downtown Brooklyn availability rate to 17.8% and a 90-basis-point increase in Dumbo to 26.8%. These large jumps were relatively offset by declines in Williamsburg/Bushwick, Sunset Park and Brooklyn Navy Yard of 330 basis points, 190 basis points and 90 basis points, respectively.

The drops in availability in Williamsburg/Bushwick and Sunset Park coincided with strong velocity. The two largest deals of the first quarter were both signed in Sunset Park. At 88 33rd Street, MPB signed a 44,000-square-foot lease on the third and fourth floors. The Marcy Lab School also signed for 16,500 square feet at Industry City. First-quarter leasing velocity in Brooklyn totaled 318,452 square feet, a quarter-over-quarter improvement of 2.7%.

Other notable deals above 10,000 square feet included Le Labo's three-floor deal for 15,500 square feet at 71-75 North 7th Street; Graham Windham's lease on the eighth floor of 195 Montague Street for 15,000 square feet; and UsTwo's deal for 11,500 square feet at 20 Jay Street in Dumbo. Leasing velocity was spread throughout the borough, led by Williamsburg/Bushwick, which accounted for 29.8% of all activity in the first quarter.

Despite an improvement in leasing activity to start 2022, absorption posted at negative 225,303 square feet. This followed the fourth quarter, in which absorption posted positive for the first time since the pandemic began in the first quarter of 2020.

Brooklyn Pipeline Remains Robust Despite Lack of Deliveries

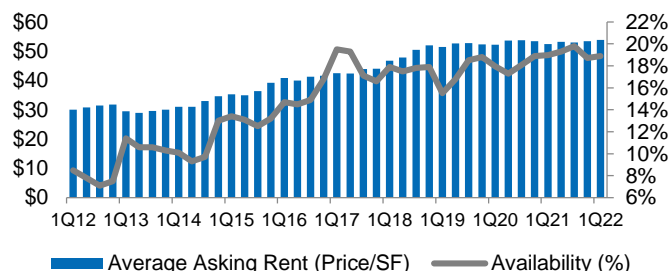
Although there were no deliveries in the first quarter, the Brooklyn office pipeline remains strong. Approximately 1.5 million square feet is currently under construction across the borough, with an additional 735,000 square feet in the planning stages. The largest developments include 425,000 square feet at 292 Kent Avenue, 310,077 square feet at 141 Willoughby Street and 62,289 square feet of office space at 347 Flushing Avenue, a mixed-use project.

Current Conditions

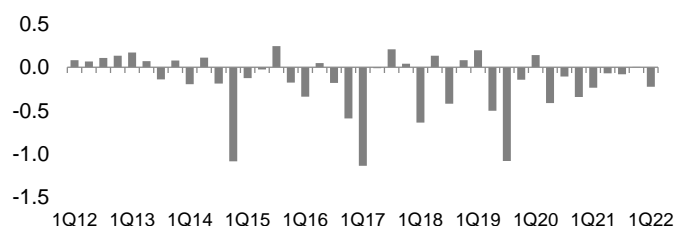
- The Brooklyn availability rate increased by 20 basis points from the fourth quarter to 18.9%.
- Asking rents remained stable, increasing by \$0.40/SF, or 0.7%, from the fourth quarter to \$53.84/SF.
- Leasing activity closed the first quarter at 318,452 square feet, an improvement of 2.7% from last quarter.

Market Analysis

ASKING RENT AND AVAILABILITY



NET ABSORPTION (SF, MILLIONS)



Market Summary

	Current Quarter	Prior Quarter	Prior Year	12-Month Forecast
Total Inventory	37.8 MSF	37.8 MSF	37.4 MSF	↑
Availability Rate	18.9%	18.7%	19.0%	↑
Quarterly Net Absorption	-225,303	4,040	-236,034	↓
Avg. Ask Rent	\$53.84	\$53.44	\$52.41	↓
Under Const.	1.5 MSF	1.5 MSF	1.9 MSF	↑
Deliveries	0 MSF	0.1 MSF	674K	↑

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