

Long Island City Office Market

Long Island City Availability Rate Decreases as Asking Rents Surge

The overall Long Island City availability rate dropped 60 basis points quarter over quarter, to 26.8%. This marks the third consecutive quarter in which availability declined. The availability rate decreased by 160 basis points in The Factory District and by 50 basis points in Hunters Point. The large decline in The Factory District pushed its availability rate below that of Astoria, where availability increased by 20 basis points to 20.7%.

First-quarter leasing velocity totaled 374,549 square feet, a 189.6% improvement from the fourth quarter. Jet Blue's renewal for 202,500 square feet across three floors at 27-01 Queens Plaza North was a significant driver of the improved leasing activity. The healthcare sector also played a role in driving activity, with three deals signed for a combined 79,934 square feet. Opentrons expanded by 47,791 square feet at the recently constructed 45-18 Court Square; Roman Health leased 23,632 square feet at 30-30 47th Avenue; and Northwell Health leased 8,511 square feet at 21-31 31st Street. Verigold also leased space at 30-30 47th Avenue, taking 39,594 square feet on the fifth floor.

Although there were no deliveries in the first quarter, the Long Island City development pipeline remains active, with 244,049 square feet under construction and an additional 1.1 million square feet in the planning stages. At 45-03 23rd Street, 100,000 square feet is expected to deliver in early 2023; 87,000 square feet is scheduled to deliver later this year at Urban Yard at 40-09 21st Street; and 57,049 square feet is slated to deliver at 35-01 36th Street next year.

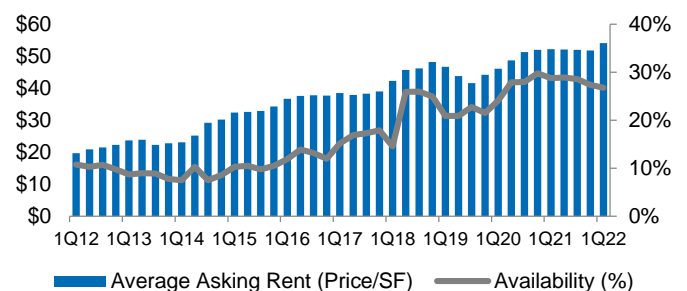
Long Island City average asking rents closed the quarter at \$54.17/SF, a quarter-over-quarter increase of \$2.35/SF, or 4.5%. This marked the greatest quarterly increase in percentages over the past six quarters. The improvement was driven by increases in Hunters Point and in Astoria, where rents improved by 6.8% and 4.2%, respectively. Hunters Point remained the most expensive submarket in Long Island City, closing the quarter at \$64.82/SF.

Current Conditions

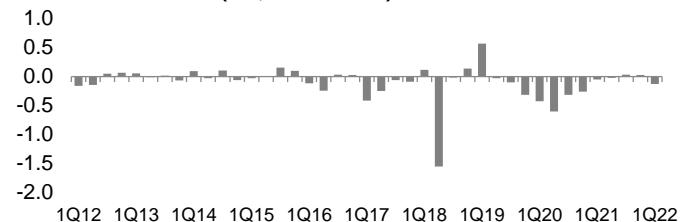
- The Long Island City availability rate declined by 60 basis points from the fourth quarter, closing at 26.8%.
- Average asking rents increased by \$2.35/SF, or 4.5%, to \$54.17/SF quarter over quarter.
- Absorption posted at negative 127,646 square feet following two quarters of positive absorption.

Market Analysis

ASKING RENT AND AVAILABILITY



NET ABSORPTION (SF, MILLIONS)



Market Summary

	Current Quarter	Prior Quarter	Prior Year	12-Month Forecast
Total Inventory	15.2 MSF	15.4 MSF	15.5 MSF	↑
Availability Rate	26.8%	27.4%	28.8%	↓
Quarterly Net Absorption	-127,646	26,492	-53,438	↓
Avg. Ask Rent	\$54.17	\$51.82	\$52.26	↓
Under Const.	244K	187K	805 K	↑
Deliveries	0 MSF	267K	292 K	↑

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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.

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