

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

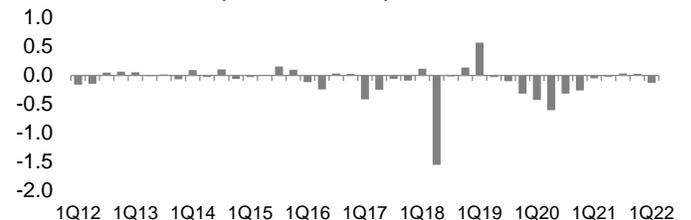
- The Long Island City availability rate declined by 60 basis points from the fourth quarter, closing at 26.8%.
- Average asking rents increased by \$2.35/SF, or 4.5%, to \$54.17/SF quarter over quarter.
- Absorption posted at negative 127,646 square feet following two quarters of positive absorption.

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	↑

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
Jonathan.Mazur@nrmk.com

Stephanie Jennings

Managing Director
212-372-2099
Stephanie.Jennings@nrmk.com

Carly Barwick

Senior Research Analyst

Alison Baumann

Associate Director, Research

Michael Miceli

Associate Director, Research

Stephen Tsamblakos

Lead Author

Ronnie Wagner

Director, Research

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. 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.