

Brooklyn Office Market

Brooklyn Availability Rate Decreased Over the Course of 2022

Brooklyn leasing velocity in the fourth quarter totaled 330,250 square feet, a 40.6% increase from the third quarter. Unlike the third quarter, in which smaller transactions drove activity, fourth-quarter volume was driven by deals above 10,000 square feet. In fact, just eight deals accounted for more than two-thirds of activity. These included two deals at Industry City by NYU and Aanika Bioscience for 46,000 square feet and 28,000 square feet, respectively. Two transactions were also finalized at the newly constructed 25 Kent Avenue by Mindspace for 37,403 and by Altana for 20,874 square feet.

The Brooklyn availability rate was stable quarter over quarter at 17.8% but is down 90 basis points from one year ago. Williamsburg/Bushwick recorded the largest quarterly decline of any submarket, at 310 basis points, to 22.6%. This was a result of improved leasing demand, as the submarket led all others in number of transactions and was second in overall velocity, just behind Downtown Brooklyn. Dumbo availability increased by 150 basis points from the third quarter to 30.9%, the highest of any submarket. Absorption posted at negative 24,825 square feet, despite the improvement in leasing. This was a result of large spaces above 25,000 square feet being added at 2 Metrotech Center, formerly occupied by the City of New York, as well as at 45 Main Street, 20 Jay Street and Industry City.

Average asking rents were stable overall, decreasing by just \$0.17/SF, or 0.3%, from the third quarter, to \$53.12/SF. Asking rents closed at \$0.94/SF, or 1.8%, above pre-Covid levels. The largest quarter-over-quarter change was in Dumbo, where rents fell by \$0.90/SF to \$64.87/SF, the highest in Brooklyn.

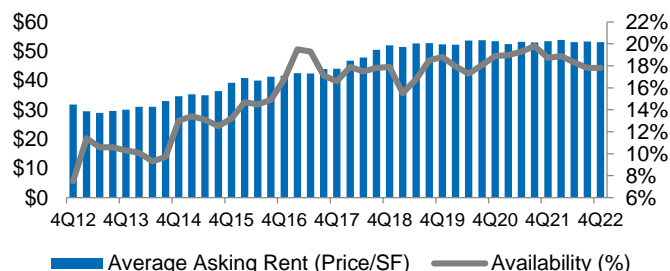
Although just 75,279 square feet delivered in 2022, several new projects, totaling 1.5 million square feet, are expected to deliver in 2023. These include the 440,840-square-foot 340 Kent Avenue and 259,000-square-foot 29 Wythe Avenue in Williamsburg/Bushwick, the 310,077-square-foot 141 Willoughby Street in Downtown Brooklyn, and the 252,000-square-foot 29 Jay Street in Dumbo.

Current Conditions

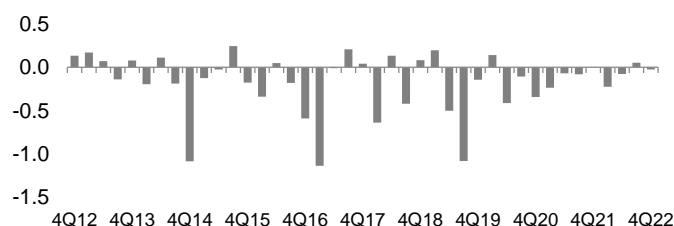
- The Brooklyn availability rate decreased year over year by 90 basis points to 17.8%.
- Asking rents decreased by \$0.17/SF, or 0.3%, from the third quarter to \$53.12/SF.
- Leasing activity closed the year strong with 50 transactions spanning 330,250 square feet, a 40.6% improvement.

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	37.6 MSF	↑
Availability Rate	17.8%	17.8%	18.7%	↑
Quarterly Net Absorption	-24,825	51,191	4,040	↓
Avg. Ask Rent	\$53.12	\$53.29	\$53.44	↓
Under Const.	1.8 MSF	1.5 MSF	1.6 MSF	↑
Deliveries	0 MSF	0 MSF	0 MSF	↑

For more information:

New York Headquarters

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

Jonathan Mazur

Executive Managing Director
212-372-2154
Jonathan.Mazur@nrmk.com

Michael Miceli

Director

Carly Barwick

Associate Director, Research

John O'Connor

Senior Analyst

Ronnie Wagner

Director

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.