

**LONG ISLAND CITY  
1Q18 OFFICE MARKET**

**ASKING RENTS CONTINUE TO REACH  
NEW HEIGHTS**

Availability has increased for the sixth consecutive quarter, climbing to 18.4% in the first quarter of 2018. This is an increase of 50 basis points from the previous quarter. Vacancy also continues to grow, increasing 80 basis points to 16.3%. These increases were driven by a large increase in supply. This quarter alone saw 1,059,500 square feet of space added to the current inventory.

This trend is expected to continue, as two new developments are also in the pipeline. Tishman Speyer’s One Gotham Center and Three Gotham Center are currently pre-leasing their combined 1.1 million square feet and have an anticipated completion date of 2019. TF Cornerstone is developing a pair of city-owned parcels along the waterfront. The mixed-use projects are slated to be completed by 2022 and will include office space and manufacturing space. Long Island City is also courting the Economic Development Corporation’s Applied Life Sciences Hub. An RFP was released in late January, and a site is expected to be chosen this year. The Applied Life Sciences Hub is the centerpiece of the city’s LifeSci NYC initiative, which is expected to add 3.0 million square feet of space to the market.

**Long Island City Rent Sees All-Time High**

As availability and vacancy continue to climb, rent is also increasing markedly. Overall rent has increased \$3.65/SF to an all-time high of \$42.68/SF. All three submarkets of Long Island City saw an increase in rent from the previous quarter. The largest rent increase was recorded in the Hunters Point submarket, where overall average asking rents surged from \$39.36/SF to \$50.78/SF. This is the first time in two years that Hunters Point recorded a higher overall average asking rent than the Factory District. The majority of the new inventory this quarter is in Hunters Point, which contributed to this significant increase in asking rents.

**Continued Negative Absorption**

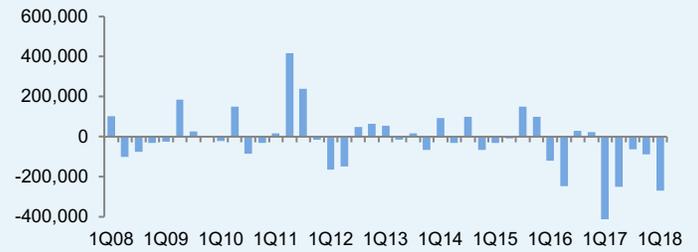
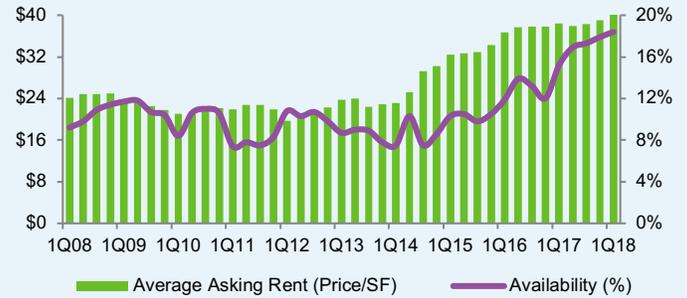
Slow leasing activity and ambitious new developments led to 268,599 square feet of negative absorption, marking the fifth straight quarter of negative absorption. The largest deal of the quarter was Estee Lauder’s sublease of 96,070 square feet at 27-01 Queens Plaza North. The Factory at 30-30 Forty-Seventh Avenue saw two deals: Cardinal Industries, Inc. inked a deal for 25,058 square feet, and IDK Cooling Corp. took 3,274 square feet. City View Plaza, located at 36-36 33rd Street, saw a 17,000-square-foot deal from Personal Touch Home Care.

Although its absorption figures remain in negative territory, Long Island City is seeing a high number of relocations. All deals over 1,000 square feet were relocations with the exception of Estee Lauder’s sublease at One MetLife Plaza. Amenity-driven developments coupled with rents nearly half the price of every market in Manhattan are swaying industries to relocate to Queens.

**Current Conditions**

- Asking rents increased to an all-time high of \$42.68/SF.
- Availability continued to increase, reaching 18.4%.
- 1,059,500 SF of new inventory added.
- The market posted its fifth straight quarter of negative net absorption.
- Estee Lauder subleased 96,070 SF at One MetLife Plaza on 27-01 Queens Plaza North.

**Market Analysis**



**Market Summary**

	1Q18	4Q17	1Q17	12 Month Forecast
Total Inventory	13.4MSF	12.4MSF	12.1MSF	↑
Availability Rate	18.4%	17.9%	15.2%	↑
Quarterly Net Absorption	-268,599	-88,937	-420,262	↓
Average Asking Rent	\$42.68	\$39.03	\$38.48	↑
Under Construction	1.8 MSF	1.8 MSF	520,112	↑
Deliveries	0	0	0	↑

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**New York City**  
HEADQUARTERS  
125 Park Avenue  
New York, NY 10017  
212.372.2000

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**Jonathan Mazur**  
Senior Managing Director  
212.372.2154  
jmazur@ngkf.com

**Stephanie Jennings**  
Managing Director  
212.372.2099  
stjennings@ngkf.com

**Max Nickbarg**  
Research Analyst

**Lauren Payne**  
Research Analyst

**James Rorty**  
Senior GIS Analyst

**Edward Son**  
Associate Director

**Ronnie Wagner**  
Director

**Robert Zindman**  
Research Analyst

## Long Island City Submarkets



**Newmark Knight Frank 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.**

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