



## LONG ISLAND CITY 1Q15 OFFICE MARKET

### REPOSITIONED SPACE DRIVES RENTAL RATES UP

Leasing activity in the first quarter of 2015 topped out at 57,723 square feet, nearly doubling the previous quarter's 23,857 square feet. Yet total net absorption finished slightly down at negative 8,857 square feet, due to several relocations and space additions. The largest space addition was at 30-30 Northern Boulevard, where future availability of 384,679 square feet was added to inventory; the building is being redeveloped with an expected delivery of January 2016. As a result, availability increased 100 basis points to 5.9%, but vacancy capped off at 5.3%.

Average asking rents in Long Island City increased to \$30.66/SF, up from \$23.82/SF in the fourth quarter and up from \$22.19/SF one year ago. The increase was driven by large, premium-priced blocks that were added to inventory, notably at 30-30 Northern Boulevard and The Silks Building, where asking rents have increased more than 50% since 2014.

#### Diverse Industries Drive First Quarter Leasing

Regus signed the most notable lease of the quarter. The office suite provider inked a 10-year deal totaling 34,000 square feet in The Falchi Building at 31-00 47th Avenue. This marks the second deal for Regus in Queens, after opening a business center at 118-35 Queens Boulevard late last year. Regus added the Long Island City location to take advantage of the neighborhood's growing residential development, which is generating office demand from residents who want to work close to home.

Also at The Falchi Building, information provider Sharp Research Corporation signed a lease relocating into 3,263 square feet. Law firm White Ricotta & Marks, PC opened an additional location, leasing 2,500 square feet.

The Miami Ad School relocated to Long Island City from Brooklyn in the first quarter, signing a 10-year deal for 11,820 feet at 35-37 36th Street. The deal is the first transaction in the building since Emmes Asset Management completed renovations, after purchasing the building for \$30.0 million in June 2014. Miami Ad School joins the building's anchor tenant, Studio Square Beer Garden, a 30,000-square-foot event space, which is on a long-term lease.

#### Large-Scale Acquisitions Take Shape

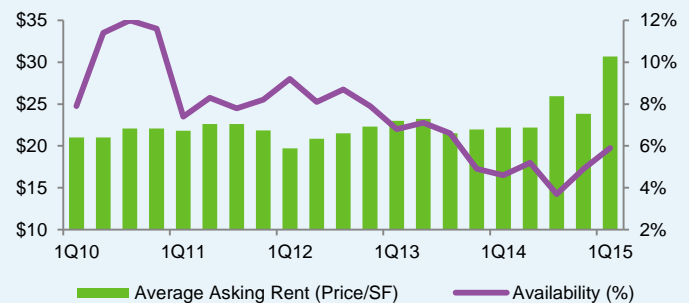
Commercial tenants and investors continue to stake claims in Long Island City. Most recently, Vornado Realty Trust announced the acquisition of 33-00 Northern Boulevard. The 437,000 square foot office building sold for \$142.0 million and is 98% leased.

#### Current Conditions

- Strong first quarter leasing pushed rents up hitting a record high of \$30.66/SF.
- 595,000 square feet is under construction.
- Regus signed the largest lease of the quarter with its first Long Island City location.
- Deals include a research company, law firm, and an advertising school.

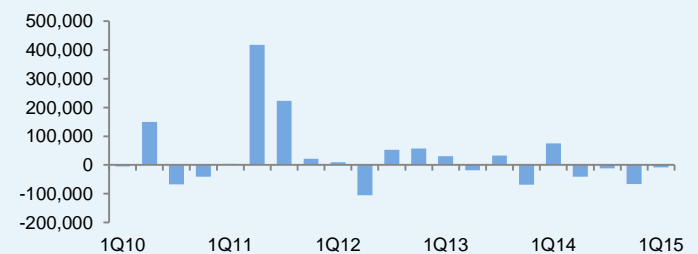
#### Market Analysis

##### Asking Rent and Vacancy



##### Net Absorption

Square Feet, Millions



#### Market Summary

	1Q15	4Q14	1Q14	12 Month Forecast
Total Inventory	8,637,964	8,321,259	7,981,806	↑
Availability Rate	5.9%	4.9%	4.6%	↓
Quarterly Net Absorption	-8,857	-66,172	75,069	↑
Average Asking Rent	30.66	23.82	22.19	↑
Under Construction	595,000	595,000	595,000	↑
Deliveries	0	0	0	↑



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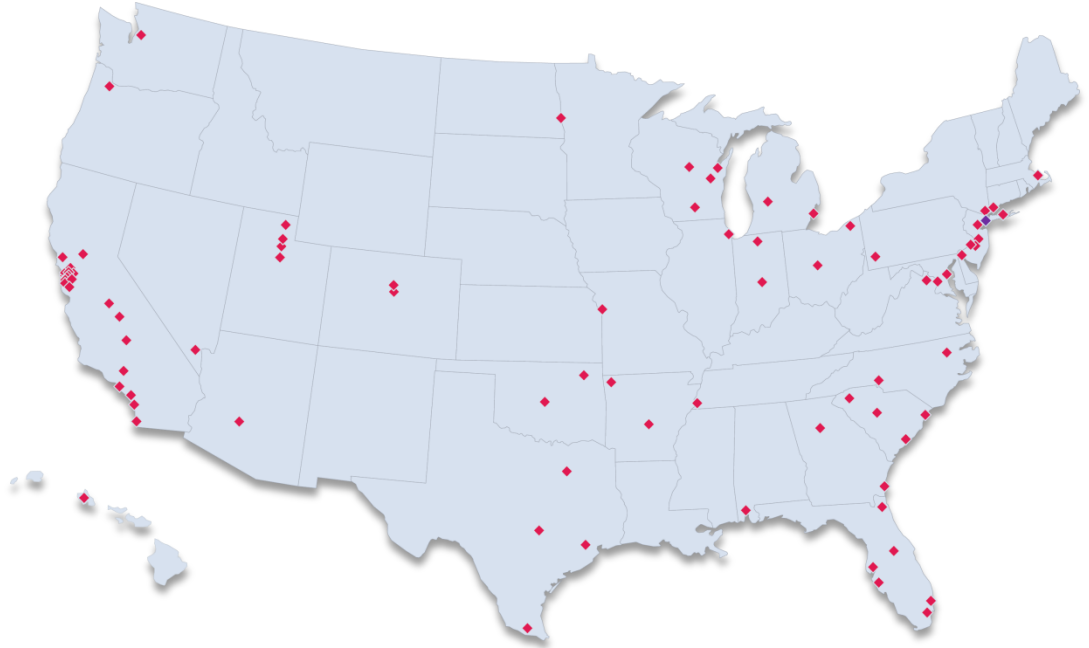
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**Newmark Grubb Knight Frank United States Office Locations**



**Newmark Grubb 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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