

NY OUTER BOROUGHES

Industrial Q2 2020

	YoY Chg	12-Mo. Forecast
4.9% Vacancy Rate	▼	▬
98K YTD Net Abs., SF	▲	▲
\$21.18 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2020

	YoY Chg	12-Mo. Forecast
1.8M NY Outer Boroughs Employment	▼	▼
11.3% NY Outer Boroughs Unemployment Rate	▲	▲
13.0% U.S. Unemployment Rate	▲	▼

Source: BLS

ECONOMY: COVID-19 Pandemic Causes NY Metro Area Unemployment to Surge

Unemployment in the New York Outer Boroughs skyrocketed in recent months, to a historical high of 11.3%, as job losses were recorded in all major industry sectors. The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a significant impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access Cushman & Wakefield's most recent information specific to COVID-19 [here](#).

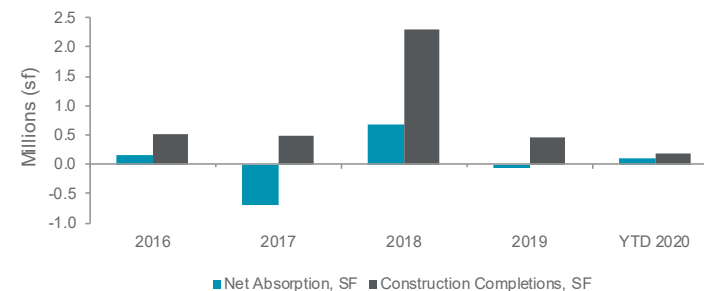
SUPPLY & DEMAND: Vacancy Ticks Lower Despite a Decline in Deal Volume

Tenant demand slowed amid the COVID-19 pandemic, with many companies and operations shutting down during the second quarter. Many local industrial tenants' businesses were impacted negatively by the pandemic, thus putting them in a wait-and-see mode. However, eCommerce and logistics companies remained active throughout the market as many consumers shifted their shopping habits to online. As much of the market paused, second quarter leasing measured just under 440,000 square feet (sf), with 57.5% concentrated in the Bronx. Amazon continued to expand throughout the boroughs, leasing two facilities in the Bronx totaling almost 253,000 sf, and is committing to another large proposed industrial site in Maspeth. eCommerce has accounted for 40.1% of tenant demand thus far in 2020. Market conditions tightened and vacancy ticked slightly lower to 4.9% as the market recorded more than 150,000 sf of occupancy gains. Despite the city virtually shutting down, landlords remained bullish on the market as direct asking rents ticked higher to \$21.11 per square foot (psf), a 16.2% increase since midyear 2019. Lastly, investor interest in the Outer Boroughs persisted as a handful of small portfolio sales closed throughout the quarter.

OUTLOOK: Warehouse Development Pipeline Will Remain Healthy in the Coming Years

More than 2.6 million square feet (msf) of industrial product is currently under development, including a 1.2-msf hub for UPS in Red Hook. The addition of a handful of speculative multi-story facilities in Brooklyn, Queens, and the Bronx will add much needed Class A supply to the marketplace through 2022 as there remains a strong appetite for modern warehouse space with ample parking. Furthermore, those Class A or quality warehouse facilities will continue to obtain a premium for rental rates as the market remains tight and logistics and eCommerce users require such spaces.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	TOTAL BLDGS	INVENTORY (SF)	YTD LEASING ACTIVITY (SF)	OVERALL VACANCY RATE	CURRENT NET QUARTER ABSORPTION (SF)	YTD NET OVERALL ABSORPTION (SF)	UNDER CNSTR (SF)	NEW CNSTR (SF)	OVERALL WEIGHTED AVG. NET RENT (HT)	OVERALL WEIGHTED AVG. NET RENT (W/D)
Bronx	259	18,972,717	283,309	7.5%	166,684	-494,715	691,127	0	N/A	\$20.89
Brooklyn	799	52,384,163	291,640	4.9%	-56,746	-23,474	1,740,000	193,800	N/A	\$22.46
Queens	817	59,183,130	797,901	4.2%	37,065	616,798	265,000	0	\$25.78	\$20.19
Staten Island	47	6,441,224	5,500	2.4%	5,500	0	0	0	N/A	\$13.69
NY BOROUGHES TOTAL	1,922	136,981,234	1,378,350	4.9%	152,503	98,609	2,696,127	193,800	\$25.78	\$21.01

*Rental rates reflect weighted net asking \$psf/year

**Leasing activity totals do not include renewals

HT = High Technology/Flex W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
1055 Bronx River Avenue	205,409	Amazon.com	Warehouse/Distribution	Bronx
1080 Leggett Avenue	47,900	Amazon.com	Warehouse/Distribution	Bronx
48-49 35th Street	47,850	Maquette Fine Art Storage	High Technology/Flex	Long Island City/Astoria
4825-4845 36th Street	25,000	Atlantic Diagnostic Laboratories	Warehouse/Distribution	Long Island City/Astoria

*Includes renewal

KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SF	SELLER/BUYER	PRICE/\$PSF
462-490 Kent Avenue/1-9 Division Street, Brooklyn	220,000	Certified Lumber Corporation / Naftali Group	\$102,380,000 / \$357
28-90 Review Avenue, Long Island City	30,000	JBL Asset Management / Innovo Property Group	\$34,080,750 / \$1,136

NOTABLE PROJECTS UNDER CONSTRUCTION

PROPERTY	SF	DEVELOPER	MAJOR TENANT	SUBMARKET
68 Ferris Street	1,200,000	UPS	UPS	South Brooklyn
2505 Bruckner Boulevard	691,127	Innovo / Square Mile Capital	Speculative	Bronx
640 Columbia Street	370,000	DH Property Holdings	Speculative	South Brooklyn
130-24 South Conduit Avenue	265,000	Triangle Equities Development	Speculative	Southern Queens

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