

NY OUTER BOROUGHES

Industrial Q4 2020

	YoY Chg	12-Mo. Forecast
4.7% Vacancy Rate	▲	▼
1.2M YTD Net Abs., SF	▲	▼
\$21.31 Asking Rent, PSF	▼	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2020

	YoY Chg	12-Mo. Forecast
1.7M NY Outer Boroughs Employment	▼	▲
14.5% NY Outer Boroughs Unemployment Rate	▲	▼
6.7% U.S. Unemployment Rate	▲	▼

Source: BLS

ECONOMY: Unemployment Rate Remains High but Industrial-Related Indicators Trend Positively

The COVID-19 pandemic continued to keep the NYC Outer Boroughs' unemployment rate elevated at 14.5%, despite a modest decline since the last quarter. Meanwhile, after falling to a recent low in June as the pandemic persisted, warehousing and transportation employment has climbed, increasing by 23.3% through November. Two of the key drivers to the local industrial market have continued to trend positively as well. The Port of NY/NJ has recorded a surge in imports after yielding slow inbound cargo volume at the start of COVID-19. Meanwhile, e-commerce sales growth has accelerated since the start of the pandemic, marking a 36.7% annual increase as online sales accounted for 14.3% of all retail sales.

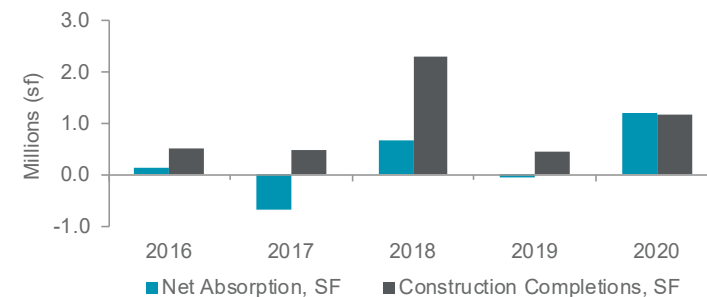
SUPPLY & DEMAND: Most Boroughs Still Recording Tightening Market Conditions and Elevated Rents

While the vacancy rate for the market ticked higher by 20 basis points (bps) to 4.7%, occupancy losses were mainly restricted to the Bronx—which recorded a 120-bp increase since the third quarter. Compared to year-end 2019, the Outer Boroughs vacancy rate ticked lower by 20 bps as annual occupancy gains were yielded in Brooklyn, Queens, and Staten Island. Meanwhile, the market has recorded more than 1.0 million square feet (msf) in new leasing activity for the second straight quarter, pushing the annual total to just under 5.0 msf—a recent historical high. E-commerce continued to help fuel leasing totals, as the industry committed to another 300,000 sf of leases in the fourth quarter. This propelled the year-to-date total by e-commerce companies in the region to more than 3.1 msf, or 63.3% of the total square footage. As strong tenant demand and the need for last mile logistics centers has persisted, asking rents remained near historically high levels. However, the average rate did tick marginally lower as some higher-priced space was leased throughout the marketplace. Class A and newly built facilities continue to command a premium over the remainder of the marketplace with asking rents in the \$30.00's per square foot in some cases.

CONSTRUCTION: Warehouse Development Expected to Remain Healthy and Attract Users

More than 1.1 msf of new product was delivered to the marketplace throughout 2020, all of which was pre-leased by e-commerce companies. Another 3.5 msf of industrial construction is underway, 28.3% of which is still available for lease. This and a handful of proposed projects should help replenish much-needed Class A supply to the marketplace as 3PLs, logistics, and e-commerce users remain in growth mode within the marketplace for both facilities and parking in the new COVID-19 world.

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	19,034,271	846,309	6.5%	-156,891	-308,406	691,127	0	N/A	\$20.79
Brooklyn	799	52,385,263	1,307,702	4.6%	209,460	113,152	1,767,020	193,800	N/A	\$20.11
Queens	818	59,414,819	1,799,539	4.5%	103,165	415,633	1,035,000	0	\$27.74	\$19.74
Staten Island	48	7,416,224	980,500	2.1%	975,000	970,800	0	975,000	N/A	\$13.21
NY BOROUGHES TOTAL	1,924	138,250,577	4,934,050	4.7%	1,130,734	1,191,179	3,493,147	1,168,800	\$27.74	\$19.87

*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 Q4 2020

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
12555-12595 Flatlands Avenue	193,400	Amazon	Warehouse/Distribution	East Brooklyn
34-35 Review Avenue	150,000	Silvercup Studios*	Warehouse/Distribution	LIC/Astoria
42-25 21st Street	135,000	Silvercup Studios*	Warehouse/Distribution	LIC/Astoria
295 Locust Avenue	116,000	Silvercup Studios*	Warehouse/Distribution	Bronx
2300 Linden Boulevard	90,000	Amazon	Warehouse/Distribution	East Brooklyn

*Sale-leaseback

KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SF	SELLER/BUYER	PRICE/\$PSF
14-28 India Street	277,000	RedSky Capital/LendLease US	\$110,825,000/\$400
845 East 136th Street	94,000	AEW/Brookfield Asset Management	\$27,900,000/\$297

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	Amazon	South Brooklyn

JASON PRICE

Director—Tri-State Industrial Research
jason.price@cushwake.com

MATTHEW BIAGI

Analyst, New York Outer Boroughs Research
matthew.biagi@cushwake.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 53,000 employees in 400 offices and 60 countries. In 2019, the firm had revenue of \$8.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2021 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.