

NY OUTER BOROUGHES

Industrial Q1 2022

	YoY Chg	12-Mo. Forecast
4.0% Vacancy Rate	▼	▼
-23K YTD Net Abs., SF	▲	▲
\$21.70 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q1 2022

	YoY Chg	12-Mo. Forecast
1.9M Long Island Employment	▲	▲
7.5% Long Island Unemployment Rate	▼	▼
3.6% U.S. Unemployment Rate	▼	▼

Source: BLS

ECONOMY: Unemployment Rate Trends to Pre-Pandemic Levels as Industrial Jobs Grow

The unemployment rate for the New York City Outer Boroughs has ticked down by 40 basis points (bps) since year-end 2021. Year-over-year (YOY) unemployment fell 550 bps and continues to trend toward pre-pandemic levels. As of February, the city recovered 71.0% of the private-sector jobs lost during the early months of the pandemic and added 25,300 private-sector jobs in that month alone. Since last year, the trade, transportation & utilities sector added 39,400 jobs, and the manufacturing division rose by 4,500 jobs. Strong retail and online sales coupled with elevated consumer confidence also helped fuel the industrial markets in the greater New York Metropolitan Area.

SUPPLY & DEMAND: Leasing Activity Soars as Tight Market Conditions Persist

The New York City Outer Boroughs industrial market posted a strong first quarter as the vacancy rate dipped 90 bps to 4.0% over the last year. Meanwhile, asking rents jumped 5.3% quarter-over-quarter to a new record high of \$21.70 per square foot (psf). In fact, rental rates increased throughout all four boroughs as available supply dwindled. Significant leasing activity was countered by several blocks of space above 30,000 square feet (sf) coming to market across the Outer Boroughs, leading to quarterly net absorption to finish slightly in the red.

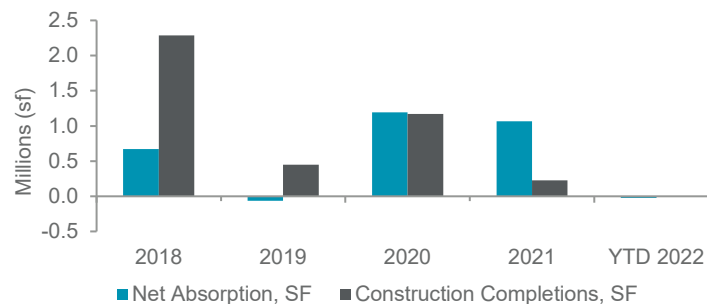
Although first-quarter deal volume is traditionally slower, activity measured 786,000 sf, 50.0% higher than the fourth quarter of 2021 and more than double since 12 months ago. The robust demand mainly resulted from four deals, each greater than 50,000 sf. The South Brooklyn submarket led the charge, inking a 79,000-sf lease at The Brooklyn Army Terminal by New York Embroidery Studio. Finally, an undisclosed tech company signed a short-term, 237,000-sf lease in the Bronx.

Logistics users pursued last-mile delivery facilities throughout the marketplace, while warehousing and manufacturing companies absorbed small and mid-sized spaces. Multi-story warehouse and manufacturing buildings offered a great alternative to practically non-existent traditional single-story warehouses. The need for surface parking in the boroughs continued to be essential as e-commerce and logistics companies in New York City seek more space to park their vehicles.

OUTLOOK: Lack of Class A Space Pushes Rental Rates Higher as Tenants Eagerly Anticipate New Product

Most of the 4.8 million square feet of projects in the pipeline are available for lease and should add some much-needed Class A supply to the marketplace as new logistics facilities continue to be in demand. Historically tight market conditions should persist, and investors and tenants' appetite for last-mile facilities and low-coverage land sites will remain robust throughout 2022. Asking and taking rents, specifically for modern logistics space and new construction, should continue to grow upwards between \$35.00 and \$40.00 psf and are expected to remain among the highest in the country.

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	18,972,370	305,800	4.0%	117,550	117,550	1,875,185	0	N/A	\$22.27
Brooklyn	803	55,810,722	324,164	4.9%	148,984	148,984	881,996	0	N/A	\$20.40
Queens	832	60,103,511	156,641	3.5%	-311,454	-311,454	2,070,000	0	\$26.97	\$22.10
Staten Island	48	7,429,224	0	1.0%	22,200	22,200	0	0	N/A	\$14.95
NY BOROUGHES TOTAL	1942	142,315,827	786,605	4.0%	-22,720	-22,720	4,827,181	0	\$26.97	\$20.54

*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 Q1 2022

PROPERTY	SF	TENANT	PROPERTY TYPE	LEASE TYPE	SUBMARKET
140 58th Street	79,000	NY Embroidery Studio	Manufacturing	New Lease	South Brooklyn
1-7 Bushwick Place	71,500	Twin Marquis	Warehouse/Distribution	Renewal*	North Brooklyn
52-15 Flushing Ave	70,000	Blossom Kitchen & Bath	Warehouse/Distribution	New Lease	Western Queens

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SF	SELLER/BUYER	PRICE/\$PSF
300-344 Nevins St, Brooklyn	25,430	Property Markets Group, Inc / Tavros Capital Partners	\$102M / \$4,011
5112 Second Ave, Brooklyn	209,779	ASB Real Estate Investments / CBRE Investment Management	\$85M / \$405
184-60 Jamaica Avenue, Jamaica	613,000	Madison Realty Capital / KABR Group & FCA-Orbita Group	\$73.5M / \$120
28-90 Review Avenue, Long Island City	30,000	Innovo Property Group / 28-90 Review Ave Property Owner LLC	\$66M / \$2,200

NOTABLE PROJECTS UNDER CONSTRUCTION

PROPERTY	SF	DEVELOPER	MAJOR TENANT	SUBMARKET
980 East 149th Street	1,314,880	Turnbridge Equities	Speculative	Bronx
23-30 Borden Avenue	900,000	Pimco Investments	Speculative	Long Island City
55-15 Grand Avenue	770,000	RXR Realty	Speculative	Western Queens

DIMITRI MASTROGIANNIS

Senior Research Analyst

dimitri.mastrogiannis@cushwake.com

JASON PRICE

Senior Research Director

U.S. Industrial & Logistics

jason.price@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 50,000 employees in 400 offices and 60 countries. In 2021, the firm had revenue of \$9.4 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.

©2022 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.