

NYC Outer Boroughs

Leasing momentum carried into the first quarter despite continued macroeconomic uncertainties

- Leasing velocity reached 559,337 s.f., 64.9% of which was concentrated in Brooklyn
- The 653,400 s.f. lease by IAA at DPH's 1900 South Ave in Staten Island helped drive Q1 IOS leasing velocity to its highest level in history
- Sales volumes remain off their peaks due to continued challenges in the capital markets. Q1 sales volume was 48.5% below the four-year trailing average of \$310.3 million and 69.5% below the 2022 quarterly average

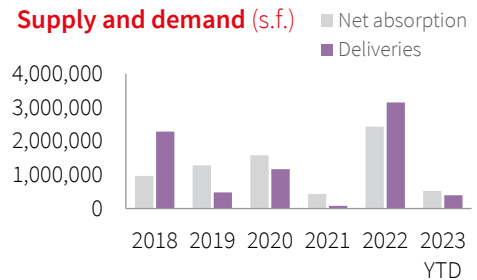
After a historic 2022, leasing momentum carried into the first quarter despite continued macroeconomic uncertainties. Leasing velocity reached 559,337 s.f., 64.9% of which was concentrated in Brooklyn. Most notably, the New York City Department of Transportation secured a 20-year deal at 101 Varick Ave in Brooklyn for a total of 154,221 s.f., which included a 62,000 s.f. outdoor parking lot, while USPS leased 47,800 s.f. at 966-988 Alabama Ave also in Brooklyn. This is the borough's highest level of leasing volume since Q1 2021. Furthermore, the delivery of pre-leased buildings continues to drive absorption gains. Most notably, 75.3% of the 522,968 s.f. of positive absorption was driven by the delivery of Wildflower's 253-51 Rockaway Blvd in Queens, which was fully pre-leased by an undisclosed e-commerce user in 2021. Growing demand for industrial outdoor storage / parking has created more opportunities in the sector. In Staten Island, where there is greater land availability than the other four boroughs, Insurance Auto Auctions (IAA) leased 653,400 s.f. at DPH's 1900 South Ave. On top of that another 117,767 s.f. was leased in Brooklyn and Queens. These deals drove Q1 IOS leasing velocity to its highest level in history.

Although leasing fundamentals remain strong, sales volumes remain off their peaks. Q1 sales volume was 48.5% below the four-year trailing average of \$310.3 million and 69.5% below the 2022 quarterly average. The current capital markets transaction environment remains challenged as pricing gaps between buy side and sell side equity persists mainly due to the availability and cost of debt capital.

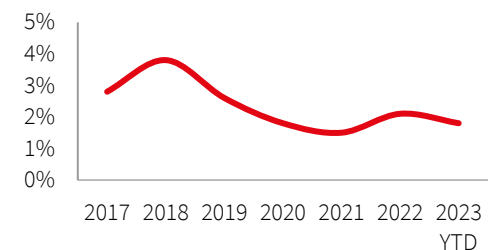
Outlook

Such strength across the leasing market has driven vacancy to 1.8%, representing a dire need for new construction product. In response, Wildflower broke ground on 245,337 s.f. at 28-10 Whitestone Expressway in Queens. Although we have seen pre-leasing activity slow in recent quarters the limited supply landscape bodes well for the 2.1 million s.f. of new construction product available for occupancy this year. As a result, this will allow landlords to hold rents at their current levels and continue to push them higher as these projects become leased.

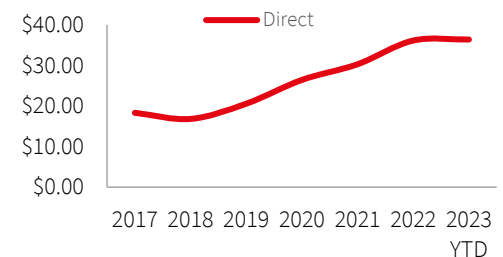
Fundamentals	Forecast
YTD net absorption	522,968 s.f. ▶
Under construction	3,447,164 s.f. ▶
Total vacancy	1.8% ▶
Sublease vacancy	70,500 s.f. ▶
Direct asking rent	\$36.38 p.s.f. ▲
Sublease asking rent	\$27.36 p.s.f. ▲
Concessions	Stable ▶



Total vacancy (%)



Average asking rent (\$ p.s.f.)



JLL Research Report

Industrial Statistics

	Inventory (s.f.)	Quarterly total net absorption (s.f.)	YTD total net absorption (s.f.)	YTD total net absorption (% of stock)	Total vacancy (%)	Total availability (%)	Average total asking rent (\$ p.s.f.)	Quarterly Completions (s.f.)	YTD Completions (s.f.)	Under construction (s.f.)
NYC - Outer Boroughs total										
Warehouse & Distribution	110,956,908	541,946	541,946	0.5%	1.9%	5.5%	\$37.09	393,870	393,870	3,447,164
Manufacturing	20,991,985	-4,550	-4,550	0.0%	1.0%	2.8%	\$24.59	0	0	0
Overall Total	131,948,893	522,968	522,968	0.4%	1.8%	5.1%	\$36.17	393,870	393,870	3,447,164
Bronx total										
Warehouse & Distribution	19,771,654	-65,000	-65,000	-0.3%	3.7%	11.2%	\$39.65	0	0	1,315,880
Manufacturing	3,669,121	0	0	0.0%	0.7%	3.1%	\$19.13	0	0	0
Overall Total	23,440,775	-65,000	-65,000	-0.3%	3.2%	10.0%	\$38.85	0	0	1,315,880
North Bronx										
Warehouse & Distribution	2,614,284	3,000	3,000	0.1%	2.5%	6.1%	\$31.30	0	0	0
Manufacturing	634,262	0	0	0.0%	0.0%	5.8%	\$15.00	0	0	0
Overall Total	3,248,546	3,000	3,000	0.1%	2.0%	6.0%	\$27.61	0	0	0
South Bronx										
Warehouse & Distribution	17,157,370	-68,000	-68,000	-0.4%	3.8%	11.9%	\$39.98	0	0	1,315,880
Manufacturing	3,034,859	0	0	0.0%	0.9%	2.5%	\$20.68	0	0	0
Overall Total	20,192,229	-68,000	-68,000	-0.3%	3.4%	10.6%	\$39.41	0	0	1,315,880
Brooklyn total										
Warehouse & Distribution	38,424,643	107,076	107,076	0.3%	0.8%	3.0%	\$34.75	0	0	969,222
Manufacturing	9,956,325	0	0	0.0%	0.8%	1.8%	\$29.17	0	0	0
Overall Total	48,380,968	92,648	92,648	0.2%	0.8%	2.7%	\$34.16	0	0	969,222
Bedford/Stuyvesant										
Warehouse & Distribution	1,277,658	0	0	0.0%	0.0%	0.9%	\$0.00	0	0	0
Manufacturing	236,272	0	0	0.0%	2.1%	10.5%	\$0.00	0	0	0
Overall Total	1,513,930	0	0	0.0%	0.3%	2.4%	\$0.00	0	0	0
Brooklyn Waterfront										
Warehouse & Distribution	14,325,517	20,050	20,050	0.1%	0.5%	3.8%	\$39.04	0	0	797,222
Manufacturing	2,223,579	0	0	0.0%	0.8%	0.8%	\$0.00	0	0	0
Overall Total	16,549,096	5,622	5,622	0.0%	0.5%	3.4%	\$39.04	0	0	797,222
Flatbush/Boroughpark										
Warehouse & Distribution	728,293	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Manufacturing	155,675	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	883,968	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Flatlands/East New York										
Warehouse & Distribution	7,771,290	10,000	10,000	0.1%	1.9%	5.0%	\$29.06	0	0	172,000
Manufacturing	2,752,477	0	0	0.0%	0.0%	0.6%	\$0.00	0	0	0
Overall Total	10,523,767	10,000	10,000	0.1%	1.4%	3.9%	\$29.06	0	0	172,000
Greenpoint/Williamsburg										
Warehouse & Distribution	13,112,491	69,026	69,026	0.5%	0.6%	1.5%	\$31.09	0	0	0
Manufacturing	4,519,020	0	0	0.0%	1.3%	2.6%	\$29.17	0	0	0
Overall Total	17,631,511	69,026	69,026	0.4%	0.7%	1.8%	\$29.97	0	0	0
South Brooklyn										
Warehouse & Distribution	1,209,394	8,000	8,000	0.7%	0.6%	0.6%	\$19.00	0	0	0
Manufacturing	69,302	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	1,278,696	8,000	8,000	0.6%	0.5%	0.5%	\$19.00	0	0	0
Queens total										
Warehouse & Distribution	47,354,011	498,370	498,370	1.1%	2.3%	5.6%	\$35.10	393,870	393,870	1,162,062
Manufacturing	7,312,583	-4,550	-4,550	-0.1%	1.4%	4.1%	\$24.79	0	0	0
Overall Total	54,666,594	493,820	493,820	0.9%	2.2%	5.4%	\$34.09	393,870	393,870	1,162,062
Far Rockaway										
Warehouse & Distribution	526,434	0	0	0.0%	0.0%	1.9%	\$0.00	0	0	0
Manufacturing	80,190	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	606,624	0	0	0.0%	0.0%	1.7%	\$0.00	0	0	0
JFK										
Warehouse & Distribution	8,877,411	393,870	393,870	4.4%	0.6%	2.1%	\$35.81	393,870	393,870	116,725
Manufacturing	1,427,141	0	0	0.0%	2.0%	4.2%	\$20.25	0	0	0
Overall Total	10,304,552	393,870	393,870	3.8%	0.8%	2.4%	\$31.79	393,870	393,870	116,725
Long Island City										
Warehouse & Distribution	18,797,700	64,500	64,500	0.3%	3.3%	8.0%	\$35.84	0	0	680,000
Manufacturing	2,907,661	-4,550	-4,550	-0.2%	1.6%	6.2%	\$25.55	0	0	0

Overall Total	21,705,361	59,950	59,950	0.3%	3.1%	7.7%	\$34.76	0	0	680,000
Maspeth										
Warehouse & Distribution	14,435,911	20,000	20,000	0.1%	2.1%	3.9%	\$31.58	0	0	120,000
Manufacturing	1,585,362	0	0	0.0%	1.6%	3.6%	\$30.00	0	0	0
Overall Total	16,021,273	20,000	20,000	0.1%	2.0%	3.9%	\$31.47	0	0	120,000
Whitestone/Flushing										
Warehouse & Distribution	4,716,555	20,000	20,000	0.7%	2.3%	7.8%	\$37.14	0	0	245,337
Manufacturing	1,312,229	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	6,028,784	20,000	20,000	0.5%	1.8%	6.2%	\$37.14	0	0	245,337
Staten Island total										
Warehouse & Distribution	5,406,600	1,500	1,500	0.0%	0.0%	1.4%	\$0.00	0	0	0
Manufacturing	53,956	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	5,460,556	1,500	1,500	0.0%	0.0%	1.4%	\$0.00	0	0	0
Staten Island										
Warehouse & Distribution	5,406,600	1,500	1,500	0.0%	0.0%	1.4%	\$0.00	0	0	0
Manufacturing	53,956	0	0	0.0%	0.0%	0.0%	\$0.00	0	0	0
Overall Total	5,460,556	1,500	1,500	0.0%	0.0%	1.4%	\$0.00	0	0	0