

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 DHPH'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 DHPH'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.

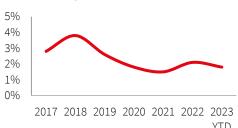
Outlook

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.

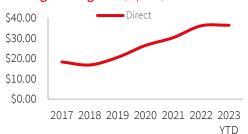
Fundamentals	Forecast
YTD net absorption	522,968 s.f. ▶
Under construction	3,447,164 s.f. ▶
Total vacancy	1.8%
Sublease vacancy	70,500 s.f. ▶
Direct asking rent	\$36.38 p.s.f. 🛕
Sublease asking rent	\$27.36 p.s.f. 🛕
Concessions	Stable 🕨



Total vacancy (%)



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



Industrial Statistics

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