

MARKETVIEW
NEW YORK CITY
INDUSTRIAL, Q1 2021

Strong Fundamentals Remain in NYC Industrial Market

Leasing
869,983 SF

Net Absorption
38,218 SF

Availability Rate
8.2%

Vacancy Rate
4.9%

Average Asking Rate
\$22.31 PSF NNN

- First quarter leasing activity was almost 870,000 sq. ft., a 0.3% decrease from Q4 2020.
- The average asking rent for all asset classes was \$22.31 per sq. ft., a 1.1% decrease from the previous quarter.
- The availability rate for all asset classes remained constant at 8.2% from Q4 2020 and dropped 30 basis points (bps) from Q1 2020.
- Net absorption was just over 38,000 sq. ft. in Q1 2021, up from negative 388,000 sq. ft. in Q4 2020.

to a lack of large, Class A availabilities in the market. Pre-leasing figures continued to be low quarter-over-quarter, but this is expected to change as new construction projects move into the final planning stages and break ground. Over 3.5 million sq. ft. of industrial space is currently under construction with 5.8 million sq. ft. of planned or proposed industrial projects in the development pipeline. The scarcity of Class A warehouse and distribution space in New York City is showcased in the development pipeline, where nearly 80% of under construction, planned and proposed space is expected to deliver as Class A product. The overall availability rate remained constant quarter-over-quarter at 8.2%, which is significantly higher than the Class A availability rate of 1.9%. The overall vacancy rate increased by 20 bps to 4.9%. The average asking rent decreased to \$22.31 per sq. ft., a quarter-over-quarter decrease of 1.1%.

MARKET OVERVIEW

Leasing activity remained constant quarter-over-quarter in the New York City industrial market with just under 870,000 sq. ft. leased. E-commerce leasing activity slowed in Q1 2021 due

Figure 1: Notable Lease Transactions | Q1 2021

Size (Sq. Ft.)	Tenant	Address	Market	Submarket
139,700	E-Commerce tenant	511 Barry Street	Bronx	Hunts Point
56,200 (E)	Maquette Fine Art Services	4849 35th Street	Queens	Long Island City
35,000	Daedalus Design & Production	63 Flushing Avenue	Brooklyn	Navy Yard
31,236 (R)	Guggenheim Museum and Foundation	140 58th Street	Brooklyn	Sunset Park/Greenwood

Source: CBRE Research, Q1 2021

Renewal (R), Expansion (E), Renewal and Expansion (RE)

LEASING

Leasing activity in Q1 2021 was 869,983 sq. ft., a 0.3% decrease in activity quarter-over-quarter and a year-over-year decrease of 69.6%. In total, 51 lease transactions were recorded in the first quarter, with only one significant-sized e-commerce transaction. A lack of large availabilities contributed to the continued slowdown of e-commerce leasing and lowered the overall average lease size.

Only four lease transactions totaling 168,232 sq. ft. were recorded in the Bronx in Q1 2021. The market saw a quarter-over-quarter increase in leasing of 16.5%. The largest lease transaction in New York City this quarter occurred at 511 Barry Street in the Hunts Point submarket. An e-commerce company took just under 140,000 sq. ft. of refrigerated warehouse and over 90,000 sq. ft. of paved yard.

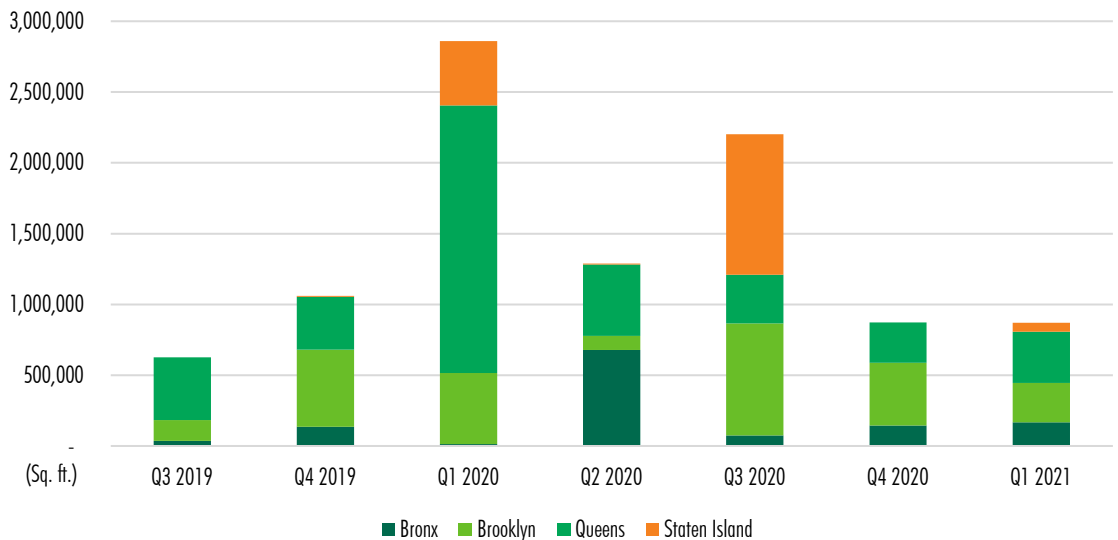
Brooklyn saw leasing activity of 278,000 sq. ft., a quarter-over-quarter decrease of 37.3%. Daedalus Design & Production took 35,000 sq. ft. in Building 127 at the Brooklyn Navy Yard and the Solomon R. Guggenheim Museum and Foundation renewed its

31,236 sq. ft. warehouse space at the Brooklyn Army Terminal. Leasing this quarter was concentrated in the Sunset Park/Greenwood and Greenpoint/Williamsburg submarkets, where there was a combined 159,000 sq. ft. leased.

Queens saw the largest amount of leasing in the first quarter with over 360,000 sq. ft., a 26.7% increase quarter-over-quarter. The largest lease in the borough was Maquette Fine Art Services expanding into an additional 56,200 sq. ft. at 4849 35th Street in the Long Island City submarket. The submarkets of Long Island City, Ridgewood, and Springfield Gardens had the highest amount of leasing activity, with a combined 215,000 sq. ft. leased.

Staten Island had just two lease transactions totaling 63,000 sq. ft. in the quarter. Both lease transactions were in the North Shore submarket.

Figure 2: Leasing Velocity



Source: CBRE Research, Q1 2021

AVAILABILITY AND ABSORPTION

The availability rate for all industrial product classes remained constant quarter-over-quarter at 8.2% after the market posted just 38,218 sq. ft. of positive absorption. The availability rate for Class A industrial space, of which only 7.3 million sq. ft. exists in New York City, was much lower at 1.9%.

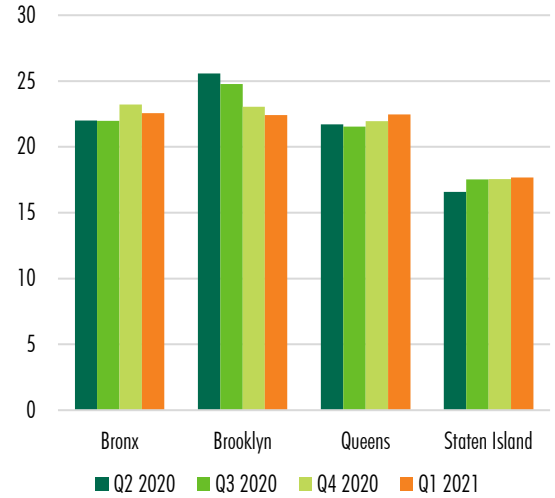
The overall availability rate for the Bronx decreased 20 bps to 9.2% after the market posted 53,000 sq. ft. of positive absorption. Positive absorption can be attributed to reduced availability in the Hunts Point submarket, however increased availability in the Mott Haven and Port Morris submarkets brought absorption down. Brooklyn’s availability rate decreased 30 bps to 7.9% after the market posted nearly 195,000 sq. ft. of positive absorption due to increased occupancy in the Red Hook, Greenpoint/Williamsburg, and Navy Yard submarkets. Queens posted negative absorption of nearly 275,000 sq. ft. and the availability rate increased to 8.7%. The negative absorption occurred mostly in the Glendale and Astoria/Steinway submarkets. On Staten Island the availability rate fell to 4.2% after the market had over 65,000 sq. ft. of positive absorption in the quarter. The positive absorption can be attributed to gains in occupancy in the North Shore submarket.

AVERAGE ASKING RENTS

The average asking rent decreased to \$22.31 per sq. ft., a quarter-over-quarter decrease of 1.1% and a year-over-year decrease of 5.6%. The Bronx had a quarterly decrease of 2.8% and a year-over-year decrease of 5.5% to \$22.56 per sq. ft. NNN. At \$22.41 per sq. ft. NNN, Brooklyn also had a 2.8% decrease quarter-over-quarter and a year-over-year decrease of 10.7%. Queens had quarterly growth of 2.3% and annual growth of 3.7% to \$22.47 per sq. ft. NNN. Quarter-over-quarter Staten Island saw a 0.7% increase to \$17.68

per sq. ft. NNN. Staten Island had 6.6% increase in average asking rent year-over-year.

Figure 3: Historic Average Asking Rent



Source: CBRE Research, Q1 2021

SALES

The New York City market recorded twenty-two investment and owner/user sales totaling over 530,000 sq. ft. in Q1 2021. Quarter-over-quarter there was a 15.8% increase in sold sq. ft. Total consideration for industrial sales reached over \$232 million. The Bronx recorded five sales totaling over 145,000 sq. ft. and over \$35 million in total consideration. Brooklyn recorded five sales totaling over 137,000 sq. ft. and total consideration of over \$66 million. Queens had twelve sales totaling nearly 250,000 sq. ft. and total consideration of over \$130 million. No sales were recorded on Staten Island.

The average asking sale price decreased quarter-over-quarter by 4.4% to \$337.97 per sq. ft. Year-over-year the average asking sale price has fallen by 11.0% as buildings have been sold or taken off the market. In Q1 2020, 136 industrial properties were for sale, but by Q1 2021 there were only 86. In the Bronx, the average asking sale price fell 5.1% quarter-over-quarter and 1.3% year-over-year to \$293.10 per sq. ft. In Brooklyn, the average asking sale price fell by 9.3% quarter-over-quarter and 18.2% year-over-year to \$352.16 per sq. ft. In

Queens, the average asking price fell by 0.5% quarter-over-quarter and 9.6% year-over-year to \$399.47 per sq. ft. On Staten Island, the average asking price increased by 45.6% quarter-over-quarter and 52.3% year-over-year to \$221.60 per sq. ft.

Figure 4: Average Asking Sale Price Growth



Source: CBRE Research, Q1 2021

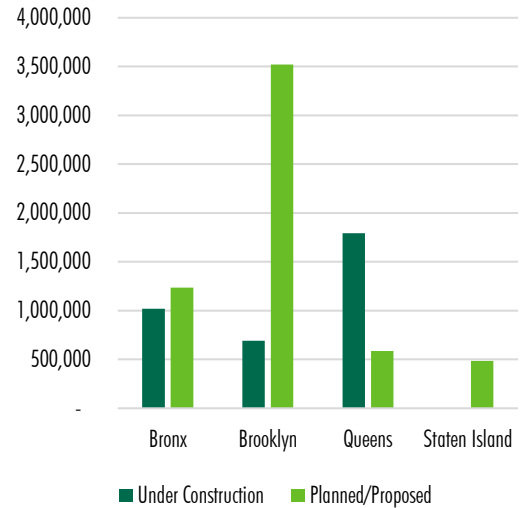
CONSTRUCTION AND DEVELOPMENT

Two properties totaling 175,000 sq. ft. delivered in Q1 2021, with only 65.6% available for lease. Eleven properties are currently under construction totaling over 3.5 million sq. ft., of which nearly 95% will be Class A industrial space. Additionally, the development pipeline has 15 planned or proposed properties totaling over 5.8 million sq. ft. If all under construction properties deliver by their expected completion date,

Class A industrial inventory will increase by 107.3% to 15.2 million sq. ft. by year-end 2022.

The Bronx has two properties under construction totaling over one million sq. ft. and one proposed property over 1.2 million sq. ft. Brooklyn has five properties under construction totaling almost 700,000 sq. ft. and seven planned or proposed properties totaling over 3.5 million sq. ft. Four properties totaling nearly 1.8 million sq. ft. are under construction and four properties totaling over 585,000 sq. ft. are planned or proposed in Queens. Three projects totaling over 1.5 million sq. ft. broke ground this quarter, all located in Queens. There are no buildings under construction on Staten Island, but there are three planned or proposed projects totaling over 480,000 sq. ft.

Figure 5: Construction Pipeline



Source: CBRE Research, Q1 2021

Figure 6: Major Under Construction and Planned Projects

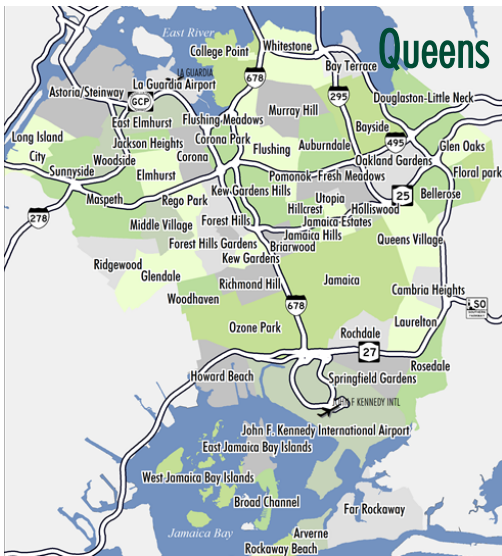
Project	Size (Sq. ft)	Type	Market	Submarket	Est. Completion
Wildflower Studios	650,000	Special Purpose	Queens	Astoria/Steinway	Q1 2022
2505 Bruckner Boulevard	968,000	Warehouse/Dist	Bronx	Zerega	Q1 2022
Sunset Industrial Park	1,300,000	Warehouse/Dist	Brooklyn	Sunset Park/Greenwood	Q2 2022
23-30 Borden Avenue	842,175	Warehouse/Dist	Queens	Long Island City	Q4 2022
Bronx Logistics Center	1,235,000	Warehouse/Dist	Bronx	Port Morris	Q4 2022
Steiner Studios	525,000	Special Purpose	Brooklyn	Sunset Park/Greenwood	Q1 2023

Source: CBRE Research, Q1 2021

Figure 7: Market Statistics

Market	Inventory (SF)	Availability (SF)	Availability Rate (%)	Avg. Asking Lease Rate (\$/SF)	Avg. Asking Sale Rate (\$/SF)	Leasing Velocity (SF)	Net Absorption (SF)
Bronx	24,930,705	2,294,330	9.2	22.65	293.10	168,232	53,002
Brooklyn	66,915,501	5,307,318	7.9	22.41	352.16	277,725	193,795
Queens	62,500,132	5,445,797	8.7	22.47	399.47	360,886	(274,670)
Staten Island	6,458,470	274,071	4.2	17.68	221.60	63,140	66,091
Total	160,804,808	13,321,516	8.2	22.31	337.97	869,983	38,128

Source: CBRE Research, Q1 2021



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