

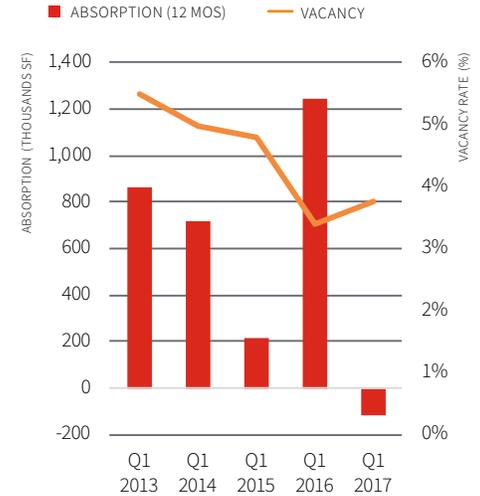
Long Island Industrial Market Report-Spring 2017



The Long Island industrial market continued to hold its place as the strongest and most active sector with vacancy less than 4% for the region overall in first-quarter 2017 and as low as 1.7% in Nassau County. Vacancy for one-level industrial product in Queens was 2% overall, while Suffolk County, due to its geographic distance from New York City, remained at higher levels.

Gentrification efforts in Queens and Brooklyn continue to drive industrial tenants either east into Nassau and Suffolk counties or out of state. Queens maintained its positive trend in recording numerous transactions at record-setting sales and lease rates. This shift in demand has created a lack of available land and buildings to the east, resulting in much higher rents and sale prices in both Queens and Nassau County. The John F. Kennedy Airport submarket remained active with airport-related companies. As a result, good-quality, high-cube warehouses are scarce in the area as well. As available product continues to decline, there is a lack of quality buildings with good loading and ceiling heights throughout the western half of the region. Buildings that become available for sale in Nassau County are rarely on the market for more than a few months, especially in the case of larger product. The overall Long Island average net asking rate is \$10.15 psf triple net, but numerous leases are being done at

Absorption and Vacancy



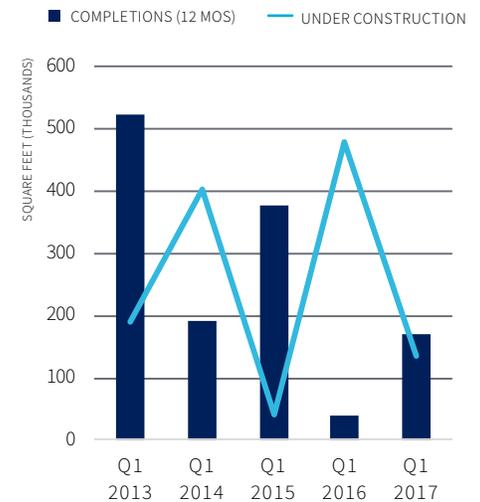
ARROWS INDICATE YEAR-OVER-YEAR CHANGE



more than \$12 psf triple net in areas of Nassau County and Queens. Selling prices for vacant industrial buildings have exceeded one-story office building sale prices with the last few industrial sales exceeding \$150 psf and some smaller industrial buildings (under 15,000 sf) selling for more than \$200 psf.

These conditions are expected to continue throughout 2017 with no new product coming online. Any development opportunities will be in Suffolk County, and higher prices will follow with continued demand.

New Supply



Notable Industrial Lease Transactions by Size - First Quarter 2017

Address / Complex	Tenant	Size Lease Type
1 147-04 183rd Street, Jamaica	YMT Global	38,000 sf New
2 250 Executive Drive	Nikon	36,000 sf New
3 25-85 Fairchild Avenue	Momentum Solar	26,100 sf New
4 145-45 156th Street, Jamaica	Frontier USA	20,400 sf New
5 147-29 182nd Street, Jamaica	International Bonded Couriers	19,400 sf New

Avg. Asking NNN Rental Rate

