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Third quarter (Q3 2014) Long Island commercial real estate market check-in

November 10, 2014 - Long Island

is likely that you are familiar with our monthly Long Island commercial real estate market reports, where we provide detailed information on the vacancy and rental rates across Long Island's retail, office, and industrial markets via video updates. You have also seen us take this one step further as we reported on the national commercial real estate trends for the second quarter of 2014 (Q2 2014) in the form of a newsletter article. As we gather information and craft reports based on third quarter 2014 (Q3 2014) statistics for our local Long Island markets, we felt it may be helpful to share a brief summary of these statistics here today so that you can have the most up-to-date information on Long Island's commercial real estate markets at your fingertips. To most easily digest this information, we will break it down by market.

First, let's focus on Long Island's office market. The Nassau and Suffolk County office market ended the third quarter with a vacancy rate of 9.9%. This is a very slight increase from the close of the second quarter of 2014 with vacancy rates at 9.8%. Prior to Q2 2014, Q1 2014 vacancy rates for Long Island's office market closed at 9.9%. From these statistics you can see that the Long Island office market vacancy rate has remained very steady overall for 2014. As for rental rates in Nassau and Suffolk County's office market, at the close of the third quarter of 2014 the rental rates were also up, closing Q3 2014 at \$25.23 per s/f. This is an increase in rental rates from Q2 2014 of about 1.4% where we saw rental rates close the second quarter at \$24.88 per s/f. Also to note, one of the largest transactions that have occurred within the last four quarters in the Long Island office market is the sale of 2929 Expressway Dr. North in Hauppauge, Suffolk County. This 152,254 s/f building sold for \$17.85 million.

Next, we will look at Long Island's industrial market. The Nassau and Suffolk County office market ended the third quarter with a vacancy rate of 4.9%. Another very slight increase from the close of the second quarter of 2014 where vacancy rates were at 4.8%. And to look back at Q1 2014, vacancy rates then closed at 4.7%. The trend here appears to be a minimal, yet steady increase in the industrial market's vacancy rate. As for rental rates in Nassau and Suffolk County's industrial market, in the third quarter 2014 rental rates have also increased since the close of the second quarter of 2014. Q3 2014 closed with rental rates averaging at \$9.42 per s/f, which is an 1.4% increase from \$9.29 in Q2 2014. Also to note, one of the largest transactions that have occurred within the last four quarters in the Long Island industrial market is the sale of 360 Moreland Rd. in Commack, Suffolk County. This 182,000 s/f building sold for \$13.75 million.

Lastly, we have the Long Island retail market. The Nassau and Suffolk County retail market vacancy rate saw no change from the close of the second quarter to the close of the third quarter in 2014. Vacancy rates remained at a steady 4.9%. However, over the past four quarters, we have generally seen an overall decrease in the vacancy rates for Long Island's retail market. As for rental rates, Q3

2014 closed with an increase over the close of Q2 2014 with rental rates averaging at about \$23.98 per s/f. For the retail rental rates we have seen a steady increase over the last past four quarters. With vacancy rates decreasing, and rental rates increasing, this signifies that the Long Island retail market is indeed healthy and thriving. Also to note, one of the largest transactions that have occurred within the last four quarters in the Long Island retail market is the sale of the Tanger Outlet Center in Deer Park, Suffolk County. This 653,780 s/f retail center sold for \$27.4 million.

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