



Rental rates and vacancy rental rates looking strong in Long Island

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The vacancy rate in the Long Island office market, which includes both Nassau and Suffolk County, is improving. By the end of the 3rd quarter of 2013, the vacancy rate stood at 10%. This is down from the 10.3% statistic we saw at the end of the second quarter. In other words, the numbers are definitely moving in the right direction. The vacancy rate continues to decrease with a net absorption of positive 296,424 s/f.

Further good news comes from the fact that office rental rates are going strong and ended the 3rd quarter at \$25.70, which is an increase from the previous quarter. This number marks a 0.9% increase in quoted rental rates from the end of the second quarter of 2012 when rents were reported at \$25.48 per s/f. Thus, we have two key numbers both heading in the right direction, but this isn't the end of the good news.

In a third key factor, total office building sales activity in 2013 was up compared to 2012. In the first 6 months of 2013, the market saw 15 office sales transactions with a total volume of \$184.041 million. In the same first six months of 2012, the market saw eight office sales transactions with a total volume of \$36.5 million.

With numbers like the three sets of numbers highlighted here, it is clearly not too bold to state that Long Island is looking quite good in general and compares very well to the national vacancy rate. The current national U.S. office vacancy rate stands at 11.6% with average rental rates of \$21.75. This is in stark contrast to Long Island's vacancy rental rate of 10% and rental rates of \$25.48 per s/f.

In the retail market, we seen similarly strong numbers as well. The Long Island market ended the 3rd quarter of 2013 with a vacancy rate of 5.1%, which marks a slight improvement from the end of second quarter's vacancy rate of 5.3%.

Likewise, rental rates also increased from second quarter ending at \$22.81 per s/f per year. This compares to \$22.68 per s/f in the second quarter 2013 and \$22.27 per s/f at the end of fourth quarter 2012. Retail vacancy rates in Long Island are going down while rental rates are nudging upwards.

Mirroring the office market, the retail market is also looking quite good overall and is comparing very well to the national picture. The current national U.S. retail vacancy rate stands at 6.7% with an average rental of \$14.54, whereas the Long Island vacancy rate is 5.1% with rental rates standing substantially above the national average at \$22.81.

Summed up, the Long Island office and retail market are looking quite strong. The numbers are not just going up, but they are going up consistently.

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