



JFK market metrics YE13

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Commercial Real Estate Market Overview

Positive market fundamentals resulted in strong leasing activity for the JFK Market in CY13. The vacancy rate fell from 11.6% to 6.3% at YE13 representing the lowest supply reported in four years. The Core JFK Market's vacancy rate tightened from 6.6% at YE12 to an astonishing 3.5% at YE13. In the Peripheral JFK Market, several lingering large vacancies were leased and the vacancy rate dropped from a high of 27% at YE12 to 14.9% at YE13. Diminishing supply resulted in only six vacant large blocks (25,000 s/f) listed for lease, two in the Core JFK Market (at the JFK Logistics Center), and four in the Peripheral JFK Market.

Accordingly, speculative construction of a 132,000 s/f building in the Core JFK Market will add much needed inventory when completed in 1Q14, with 26,000 s/f already pre-leased at the property. Average asking rental rates climbed from \$10.47 per s/f to \$16.46 per s/f NNN year over year for industrial space, while rates for office space increased from \$26.06 per s/f to \$27.75 per s/f (full service). This increase is mainly due to expensive space remaining on the market, and because of rising asking prices.

Leasing velocity accelerated throughout 2013 with 361,974 s/f leased, substantially higher than CY12 at 202,675 s/f. Noteworthy transactions in the core JFK Market included K Line Air Service's prelease of 26,000 s/f at the property under construction, UnitedEx lease of 8,000 s/f at 147-48 182nd St., and LF Logistics moved into 230-19 International Airport Dr. Leasing activity in the Peripheral JFK Market included three leases totaling 75,000 s/f at 95 Inip Dr. (Chep Aerospace Solutions, Crystal Trucking, and LLTC Inc). Additionally, Natural Foods relocated from the Core JFK Market to the Peripheral JFK Market into 36,000 s/f at 475 Doughty Blvd.

Terreno Realty Corp. acquired JFK Airgate, a 229,000 s/f four building portfolio in Jamaica, for \$230 per s/f from Prologis. The portfolio comprises three industrial buildings and one office building and is 99% leased.

Global Air Transport Industry Trends***

January 2014 marks 100 years since the birth of commercial aviation. About 50 million tonnes of cargo is transported by air annually, valued at \$6.4 trillion, representing 35% of the value of goods traded internationally. Today, aviation supports over 57 million jobs and generates \$2.2 trillion in economic activity. Worldwide air cargo has seen modest but sustained growth since mid-year fueled by stronger business confidence and improving trade flows. Freight volume increased 4% year on year (October 2013 - 2012 comparison). International cargo was up 3.9% while Domestic freight volume grew 4.6%.

***Source: The International Air Transport Association (IATA). IATA reports freight volume in Freight-Tonne-Kilometers

JFK Cargo Traffic Trends**

An accelerating economy bolstered JFK freight traffic with JFK monthly volume for October 2013 at 120,001 (short tons), 10.5% above October 2012. International freight rose 10.1% and Domestic was up 12.1%. Overall JFK freight totaled 1,313,819 in the 12 months ending October 2013 on par with one year ago. International cargo was down .9% at 1,055,410, while domestic freight increased by 3.2% to 258,409. The positive momentum coincides with national factory orders in expansion mode, reaching a three year high, along with declining inventories as reported by The Institute for Supply Management.

**Source: The Port Authority of New York and New Jersey

Report and Survey Criteria

JFK Market: Includes competitive commercial properties located in Jamaica, Rosedale, Springfield Gardens (Queens County) and Elmont, Inwood, Lawrence and Valley Stream (Nassau County).

Core JFK Market: Includes competitive commercial properties located in Jamaica and Springfield Gardens.

Peripheral JFK Market: Includes competitive commercial properties located in Rosedale, Elmont, Inwood, Lawrence and Valley Stream.

Inventory: 173 existing competitive properties, comprising 4,000 s/f and larger located in the JFK Market, excluding government owned properties. Property types include industrial, warehouse, distribution, flex, industrial services, manufacturing, and office.

The JFK Market is comprised of 8.8 million s/f in and around JFK Airport. Occupants are primarily in transportation, cargo, freight forwarding, logistics, airline related and import/export industries. The cargo facilities on the airport grounds encompass 1,700 acres and are located both on and off tarmac. These buildings comprise 3 million s/f of cargo warehouse and office space located in a designated Foreign-Trade-Zone which serves the New York/New Jersey region.

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