



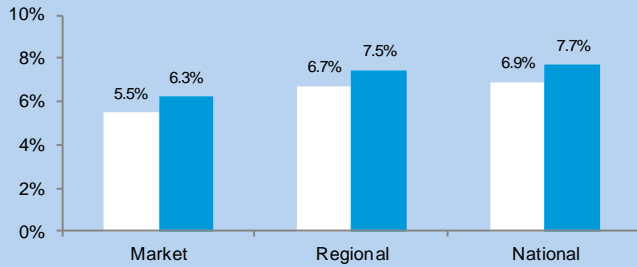
# 2015 Mid-Year VIEWPOINT

Integra Realty Resources - New York  
 Raymond T. Cirz, MAI, CRE, FRICS  
 Senior Managing Director  
 Eleven Times Square, 15<sup>th</sup> Floor, Suite A  
 New York, NY 10036  
 Phone: 212-255-7858 x2020  
 rcirz@irr.com

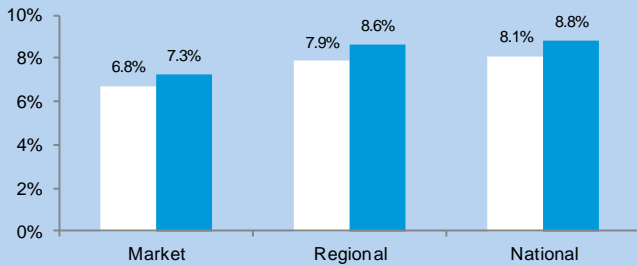
## Long Island, NY | Industrial

### Industrial Snapshot

#### GOING IN CAP RATES (%)



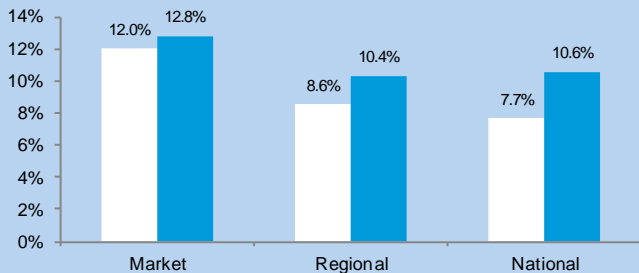
#### DISCOUNT RATES (%)



#### MARKET RENT (\$/SF)



#### VACANCY RATE (%)



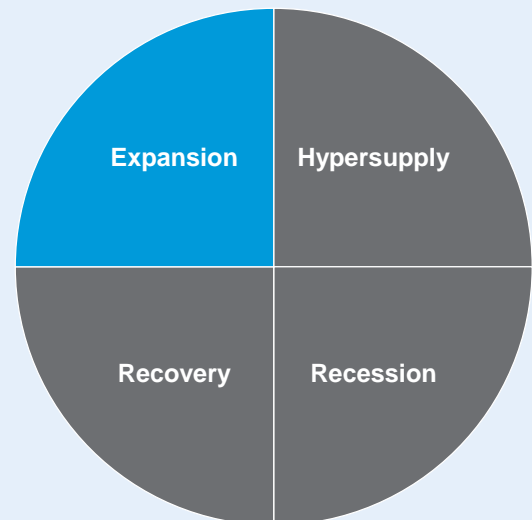
#### Legend

- Industrial Class A
- Flex Industrial

### Market Commentary

The Long Island industrial market has seen continued improvement since the great recession. The average direct asking rent has increased by 6% during the past year and with a tight market and limited new construction, further gains are expected. The inventory continues to shrink as older, obsolete buildings are torn down and the sites put to better use. Demand is strongest for buildings with ceiling heights over 20 feet as well as proximity to New York City.

#### MARKET CYCLE



#### Market Cycle: Expansion Stage 1

- Med/High Rental Rate Growth
- Moderate/High New Construction
- Decreasing Vacancy Rates
- High Absorption
- Moderate/High Employment Growth

While Long Island is no regional distribution hub, it does require a certain amount of industrial inventory to service the significant population base. Improvement in the retail sector has also fostered increased demand for industrial warehousing. Overall, market conditions appear favorable.

## LONG ISLAND 12 MONTH FORECASTS

Categories	Industrial Class A	Flex Industrial
Going In Cap Rate	Remain Steady - no change	Remain Steady - no change
Discount Rate	Remain Steady - no change	Remain Steady - no change
Market Rent Change (%)	3.00%	2.00%
Expense Change (%)	3.00%	3.00%
Absorption (SF)	180,000	-
Construction (SF)	550,000	
Tenant Improvement (\$/SF)	\$1	\$3
Years to Balance	3	4

## About IRR

Integra Realty Resources (IRR) is the largest independent commercial real estate valuation and consulting firm in North America, with over 200 MAI-designated members of the of the Appraisal Institute among over 900 professionals based in our 66 offices throughout the United States and the Caribbean. Founded in 1999, the firm specializes in real estate appraisals, feasibility and market studies, expert testimony, and related property consulting services across all local and national markets. Our valuation and counseling services span all commercial property types and locations, from individual properties to large portfolio assignments. For more information, visit [www.irr.com](http://www.irr.com) or [blog.irr.com](http://blog.irr.com).

## AVERAGE ANNUAL CHANGE IN VALUE

Time	Industrial Class A	Flex Industrial
Previous 36 Months	Increase 4%+	Increase 4%+
Previous 12 Months	Increase 4%+	Increase 4%+
Future 12 Months	Increase 2% - 3.9%	Increase 2% - 3.9%
Future 36 Months	Increase 2% - 3.9%	Increase 2% - 3.9%

## TOP SEVEN CAP RATE FACTORS

- 1 Interest rates
- 2 Risk premium of private real estate
- 3 Property income growth
- 4 Supply/demand
- 5 Availability of financing
- 6 Local economy, job growth, unemployment
- 7 National economic conditions/GDP growth

## Disclaimer

This publication includes analyses and opinions provided by third parties, and while the available data is presumed to be accurate, no representation or warranty is made regarding the accuracy of the information contained in this publication. This publication does not render legal, accounting, appraisal, counseling, investment or other professional advice. Should such services or other expert assistance be needed, it is recommended that the services of a competent person or firm, having access to the details of the situation, be employed.