



Accelerating success.



Market Indicators	3Q 2018	2Q 2019	CURRENT
% AVAILABILITY RATE	15.3%	17.4%	15.8%
\$ AVERAGE ASKING RENT (\$/SF/YR)	\$37.45	\$40.45	\$40.09

The quarterly availability rate for Colliers’ “Brooklyn 30” tightened during 3Q 2019, lower by 1.6 pp (percentage points) to 15.8% with leases at 1 Pierrepont Plaza and 175 Pearl Street. Year-over-year, availability was higher by 0.5 pp. Sublet availability was lower by 0.4 pp to 2.6%, quarter-over-quarter.

The quarterly asking rent average for Colliers’ “Brooklyn 30” decreased by 0.9% to \$40.09/ SF.

Creative and Tech Firms Grow in Brooklyn

Brooklyn’s largest deal during the third quarter came from the cornerstone of the borough’s traditional tenant base: the public sector. In MetroTech, the State of New York leased 57,000 SF at 1 Pierrepont Plaza.

Other than the State of New York at 1 Pierrepont Plaza, most of Brooklyn’s notable deals during 3Q 2019 came from tenants in Brooklyn’s growing creative and tech sector, including a few relocations from Manhattan.

In DUMBO Heights, advertising/marketing firm theLab leased 44,000 SF at 175 Pearl Street in a relocation from Midtown South. In the Navy Yard, technology company New Lab leased 38,000 SF at 77 Washington Avenue. In Williamsburg, advertising/marketing firm Madwell leased 22,000 SF at 65-87 Porter Avenue in a relocation from 243 Boerum Street. Nearby, advertising firm Doberman leased 7,000 SF at 315 Meserole Street in a relocation from Midtown South.

In Downtown Brooklyn, technology firm EnergyHub leased 10,000 SF at 41 Flatbush Avenue in a relocation from Gowanus while Paycom leased 6,000 SF at 203 Jay Street in a relocation from 32 Court Street.

More Office Development Down the Road

Roughly one-tenth (5.79 million square feet) of Brooklyn’s 56.50 million square foot office market is new or newly renovated construction scheduled for delivery by the end of 2024. Still more development is planned.

In Greenpoint, new details emerged about the Acme Smoke Fish Corp and Rubenstein Partners plan to redevelop the fishery’s former headquarters at 30-56 Gem Street. The new proposal includes constructing a nine-story 532,000 SF office building and a separate four-story processing facility. Completion is expected by 2024.

In Williamsburg, the design team responsible for the conversion of the Domino Sugar Refinery recently proposed a height increase of the building’s domed glass roof from 224 feet to 235 feet.¹ The building – being redeveloped by Two Trees – is slated to include 12 floors of office space. No specific completion date is scheduled. Nearby, the mixed-use building being developed by Two Trees at One South First Street is scheduled for completion at the end of 2019 and will include 150,000 SF of office space.

Also in Williamsburg, the mixed-use building under construction at 209 Havemeyer Street (The Dime) is nearly complete. As of September, the installation of the outside envelope on all levels was nearly finished. The building, which includes 100,000 SF of office space, is scheduled to open at the end of 2019/early 2020.

In Bushwick, Heritage Equity is looking to develop a new 13-story building at 215 Moore Street. The building will include 376,000 SF of office space along with retail and exposition space. Pending approval from ULURP, the building could be completed by 2023.²

In Downtown Brooklyn, construction progressed at 532 Fulton Street with the development of the 43-story building approaching the half-way mark as of August. The first eight stories of the building, being developed by Jenel Management, are dedicated to commercial use. The commercial portion of the building is scheduled to open in 3Q 2020.

Delay in Rezoning for Industry City

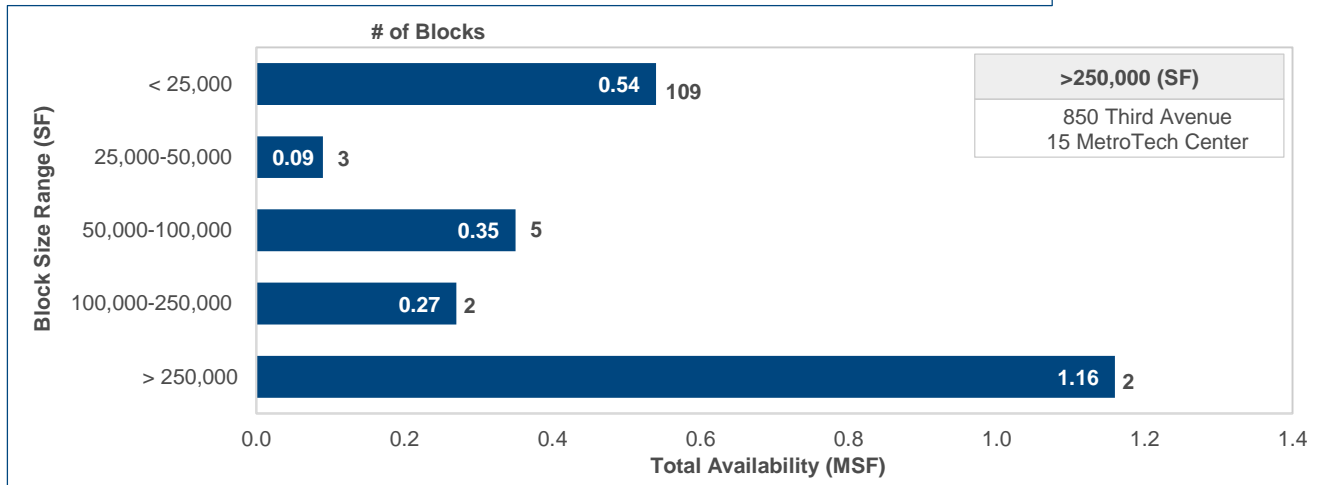
In Sunset Park, it was reported that Industry City’s landlords agreed to five major concessions made by the City Council before approving a rezoning amendment for the area.³ However, despite the concessions, as of late-September, the land use review process has not yet begun, further delaying the proposed zoning change that would allow for additional development within the 30-acre complex.

¹ Source: New York Yimby
² Source: New York Yimby
³ Source: The Real Deal

Note: The “Colliers Brooklyn 30” is a statistical sample set including 30 geographically diverse and actively leased Brooklyn office buildings.
 Note: pp (percentage points)
 Note: The availability rate is based on actively marketed space scheduled for tenant build-out within 12 months

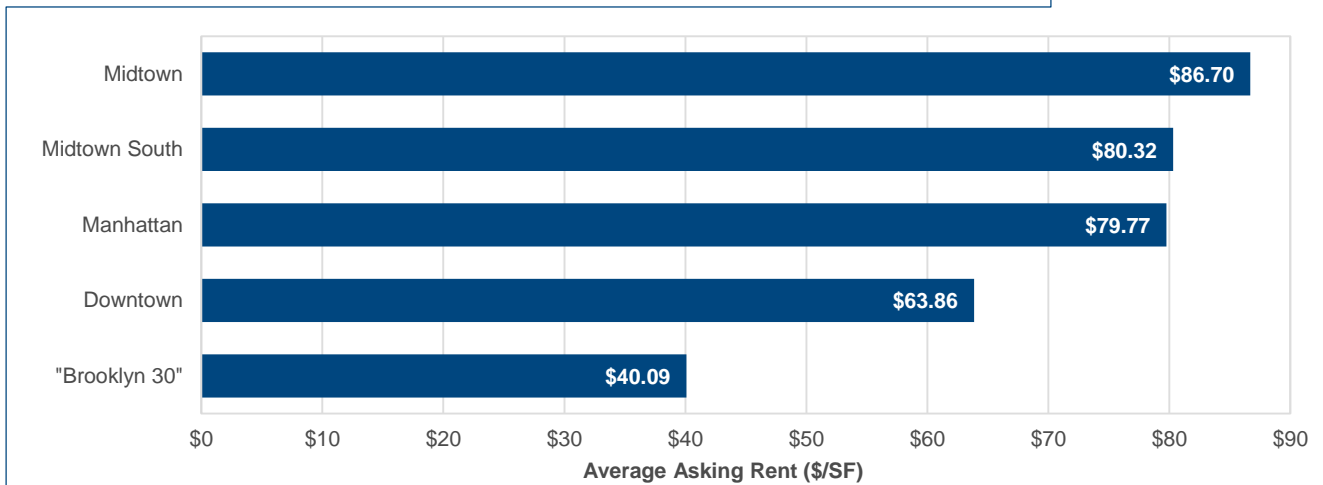


"Brooklyn 30" | Available Blocks of Space



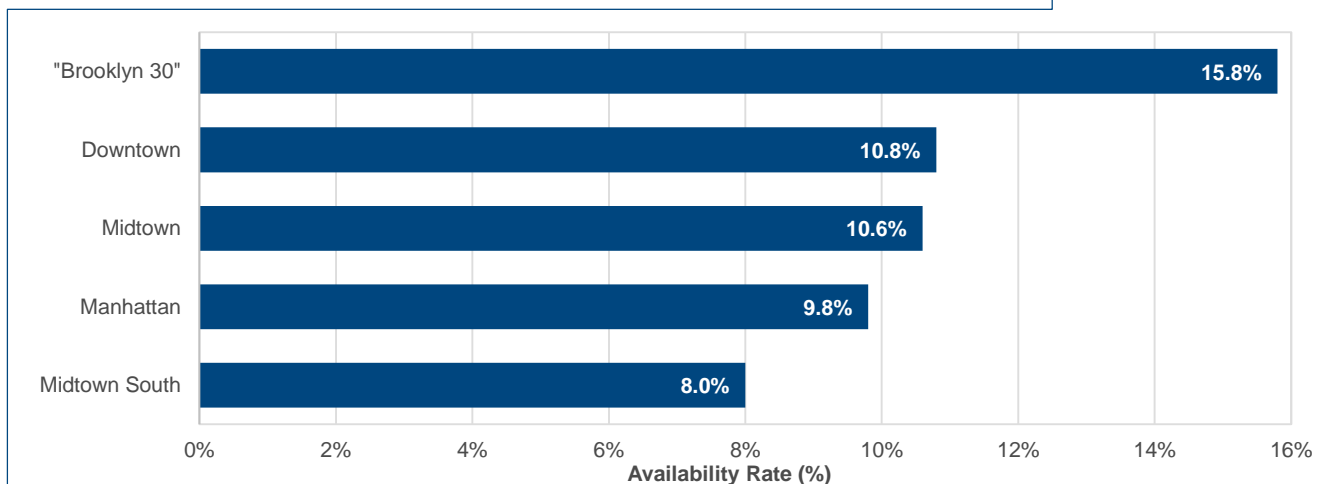
Source: Colliers International Research

"Brooklyn 30" | Overall Average Asking Rent Comparison



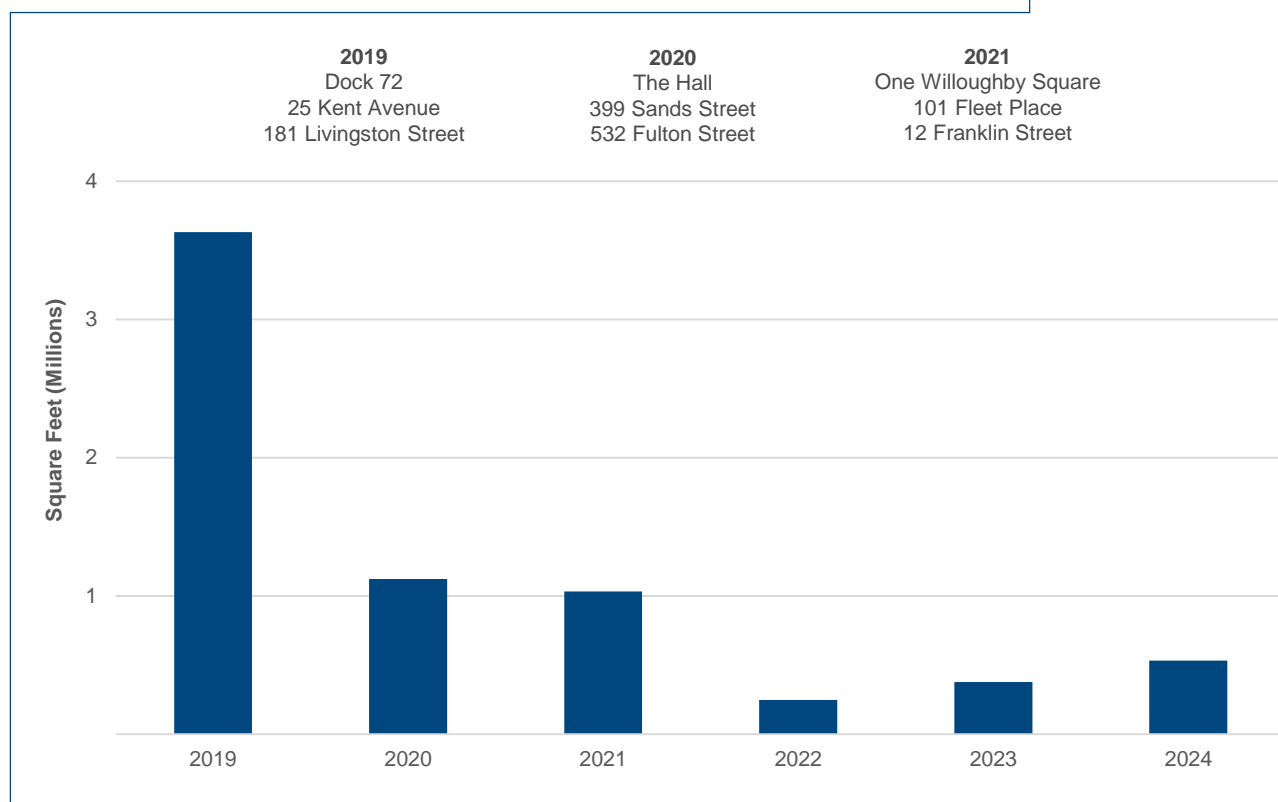
Source: Colliers International Research

"Brooklyn 30" | Availability Rate Comparison



Source: Colliers International Research

Brooklyn | New Construction/Renovation

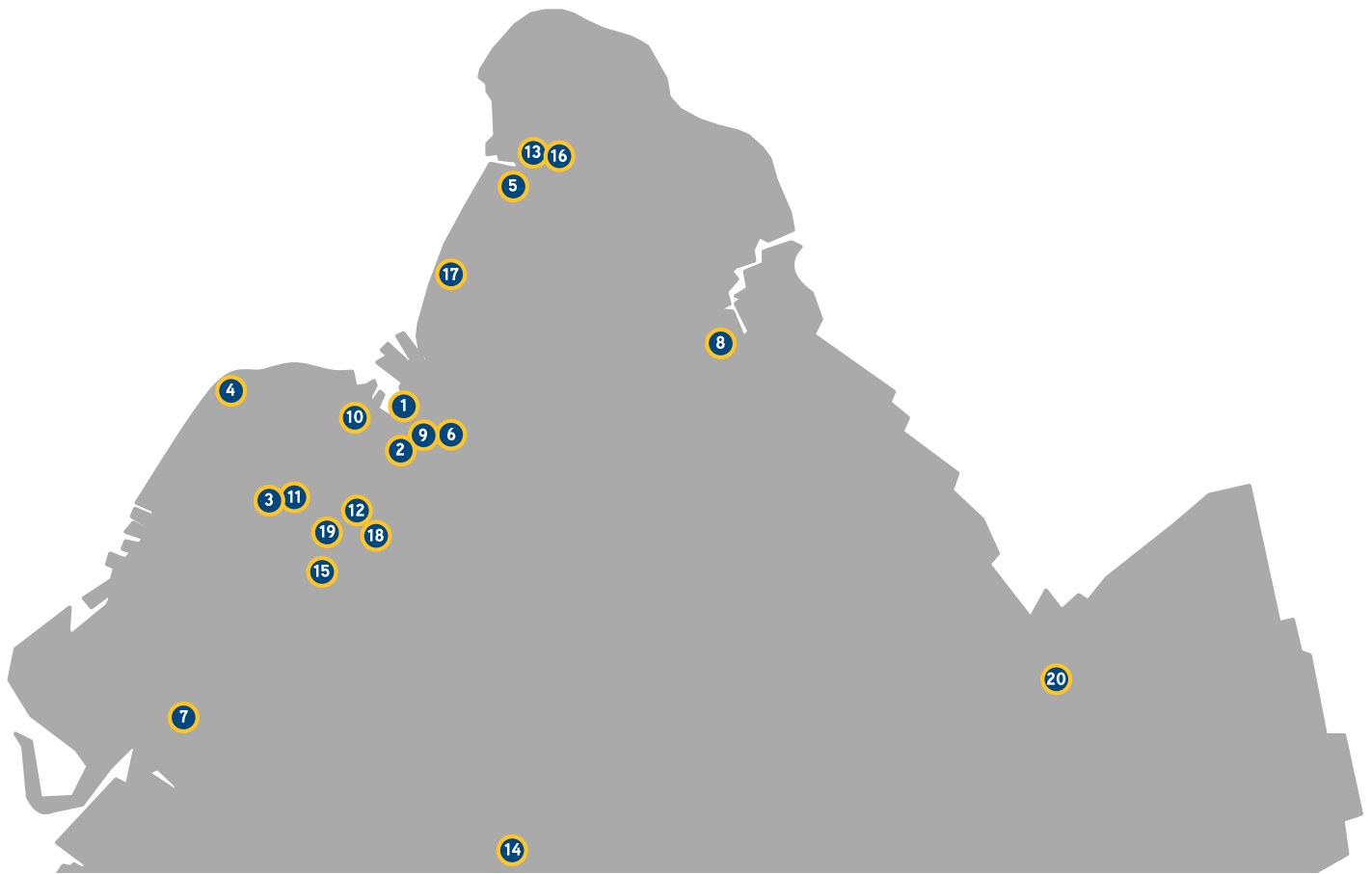


Source: Colliers International Research

Brooklyn | Notable Relocations & Expansions from Manhattan

Qtr/Yr	Tenant	Previous Location	New Location	RSF
1Q17	Lafayette 148 New York	148 Lafayette Street	Building 77	94,000
2Q19	Rent the Runway	345 Hudson Street	10 Jay Street	83,000
1Q17	2U	Chelsea Piers	55 Prospect Street	80,000
4Q11	American Transit Insurance Co.	330 West 34 th Street	1 MetroTech Center	77,000
2Q16	Amazon	Expansion from Manhattan	850 Third Avenue (Liberty View Industrial Plaza)	54,000
3Q15	Time Inc.	Expansion from Manhattan	241 37 th Street (Industry City)	53,000
4Q14	BaubleBar	230 Fifth Avenue	241 37 th Street (Industry City)	53,000
3Q15	Koppers Specialty Chocolate	39 Clarkson Street	850 Third Avenue (Liberty View Industrial Plaza)	50,000
4Q16	Laundry Service (Cycle)	40 West 25 th Street	55 Water Street (Empire Stores)	50,000
1Q17	Bjarke Engels Group	61 Broadway	45 Main Street	50,000

Source: Colliers International Research



Brooklyn | Notable Construction/Renovation Projects

#	Building Address	Delivery	#	Building Address	Delivery
1	Dock 72	2019	11	One Willoughby Square	2021
2	63 Flushing Avenue (Building 212)	2019	12	101 Fleet Place	2021
3	181 Livingston Street	2019	13	12 Franklin Street	2021
4	25-58 Columbia Heights	2019	14	900-998 East 37 th Street	2021
5	25 Kent Avenue	2019	15	80 Flatbush	2022
6	29 Ryerson Street	2019	16	30-56 Gem Street	2024
7	94 Ninth Street	2019	17	The Refinery at the Domino Sugar Factory	TBD
8	121 Morgan Avenue	2019	18	570 Fulton Street	TBD
9	The Hall	2020	19	625 Fulton Street	TBD
10	399 Sands Street	2020	20	189 Pennsylvania Avenue	TBD