

OVERVIEW

2015 proved to be a very busy year in the Northern Queens Commercial Real Estate market. Throughout the first three quarters of the year Northern Queens experienced heavy activity focused in mixed use and retail properties, while across the whole Queens Market retail buildings and development sites saw the largest dollar volume growth. Compared to 2014, the dollar volume of sales increased by 44% over the first three quarters of 2015, however the number of sales decreased about 19%.

In the fourth quarter the market began to give some pushback on pricing and activity, and we began to see buyers airing on the side of caution. As I have noted in my past publications over the last few months, the impending interest rate changes and the uncertainty of the 421a tax abatement have been big factors in the slight slowdown in activity. Also, for the first time in nine years the Federal Reserve increased interest rates. The increase amounted to only a quarter-percent and will have minimal effects to the market in the short-term, but it's believed that the Fed will continue to raise rates at a gradual pace so bigger effects on the market will likely be seen by the end of next year. Developers and buyers seem to be growing wary of the effects the 421a abatement will have on their property value and development. Although we notice a slowdown in the market, we expect the outer boroughs to continue to remain strong and stable in 2016.

FLUSHING

Throughout 2015 we have seen nearly \$750 million dollars of investment grade sales in Flushing with most of the activity coming from development sites, mixed-use buildings, and retail properties. The retail-condo and garage-condo portion of Sky View Parc was the biggest sale, both price-wise and square footage size in Flushing to change hands this year, selling for over \$380 million. This year my team was very active in the Northern Boulevard corridor of Flushing; we sold three properties totaling \$35 million, the biggest of which was a supermarket that sold for \$18.2 million and over \$1,100 per square foot. Additionally, current records show there were 11 mixed-use buildings sold throughout Flushing averaging \$462 per square foot, and eight development sites sold for an average of \$288 per buildable square foot. Although the average price per buildable square foot increased slightly from \$276 in the first ¾ of 2014 to \$288 in the first ¾ of 2015, the number of development site sales in Flushing decreased by 27% from 11 to 8. As touched on earlier, the 421a tax abatement has brought hesitation to the market, particularly with developers who have been taking a cautionary approach with their development plans.

BAYSIDE, LITTLE NECK, AND DOUGLASTON

The Northeastern region of Bayside, Little Neck, & Douglaston has seen much less volume compared to Flushing, however it has been generating a lot of interest from local and foreign investors. Typically, the region is dominated by single-family home sales. In 2015 we saw a significant uptick in activity and pricing in Bayside, especially in the Bell Boulevard corridor. Our team continues to be very active in the area, we sold multiple properties on Bell Boulevard including a retail building for a record-breaking \$860 per square foot and another mixed-use property for \$730 per square foot. My team also sold a prime corner retail assemblage in Douglaston for \$625 per square foot. Northern Boulevard in Little Neck also experienced above-average pricing for the area with a retail property selling for over \$340 per square foot.

COLLEGE POINT & WHITESTONE

The sales pace in College Point was significantly slower in 2015 with only 12 sales compared to 21 through the third quarter of 2014. Whitestone on the other hand is on the same slow and steady pace as 2014 with five property sales including two development sites, a mixed-use property, an office building, and a \$2.8 mil. specialty-use building. Our team sold a vacant office building with development potential in Whitestone early in the year for \$306 per square foot. Although sales volume was low in Whitestone, there are large-scale developments underway and in the planning process. “The Bridges at Whitestone” broke ground just before Thanksgiving, upon completion there will be 45 detached homes ranging in size from 2,000 to 3,750 square feet. College Point also has big development plans in the form of a 6-story luxury waterfront condominium featuring a resort-type lifestyle for occupants. We expect this area of Northern Queens to begin to develop more interest from residents over the next year due to these new developments underway.

JACKSON HEIGHTS, CORONA, AND EAST ELMHURST

The Corona and Jackson Heights markets had a year of familiar activity with a mix of retail and mixed-use properties sold in Jackson Heights and a mixture of walk-up and mixed-use properties sold in Corona. Aside from Flushing, Corona had the most activity in Northern Queens through the first three quarters of the year with 34 recorded sales, 14 of which were mixed-use and 15 of which were walk-up properties. The mixed-use and walk-up properties sold for an average of \$378 and \$209 per square foot respectively, in comparison to \$304 and \$234 per square foot during the same timeframe last year.



AUTHORED BY **STEPHEN R. PREUSS**

Executive Director

Capital Markets | Investment Sales

T +1 (718) 512 2118

M +1 (516) 647 7155

stephen.preuss@cushwake.com

