



► **Commercial Real Estate Market Overview**

2011 has been an enterprising year for the JFK Market. With nearly 600,000 square feet (sf) of vacant space reported at the end of the year, the JFK Market ended 2011 with a healthy balance of supply and demand. Following three consecutive quarterly vacancy rate increases, the rate dropped slightly from 10.5% in the prior quarter to end 2011 at 10.3%. Additionally, the largest vacancies are located in the periphery of the market (Inwood) and comprise more than half of the total vacant space in the JFK Marketplace.

Leasing velocity slowed in 2011 and totaled 170,083 sf, 38% below 2010's activity of 273,682 sf. Significant lease transactions inked in 2011 included 34,000 sf to Associated Global Systems, a worldwide shipping logistics company at 147-35 Farmers Boulevard, and 32,590 sf to JRS Trucking Service at 230-79 International Airport Center Boulevard, both in Jamaica.

Average asking rental rates in the JFK Market increased since the end of 2010. Industrial rental rates advanced by \$0.60 to end 2011 at \$10.96 per sf NNN. Similarly, average asking rental rates for office space climbed by \$1.69 since the end of 2010 to end 2011 at \$26.60 per sf (full service). The increases in asking rental rates have coincided with the year end increase in business activity and a slight drop in the vacancy rate.

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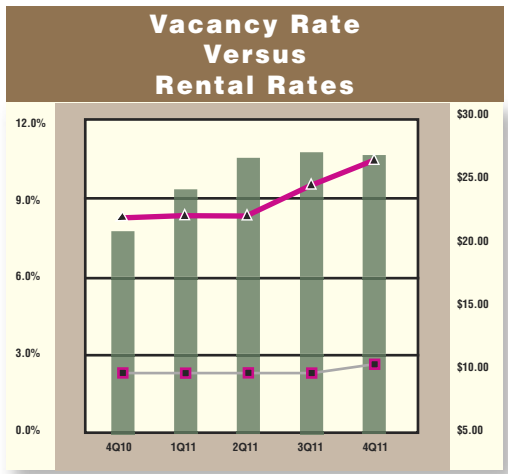
	Inventory SF	Vacant SF	% Vacant	YTD Absorption (SF)	YTD Leasing Activity (SF)	Average Asking Rental Rate/PSF Industrial - *NNN	Average Asking Rental Rate/PSF Office
Year End 2011	5,798,030	597,409	10.3%	-145,520	170,083	\$10.96*	\$26.60
Year End 2010	5,791,330	445,189	7.7%	9,387	273,682	\$10.36*	\$24.91



fast facts		trend*
597,409 sf	Vacant Square Feet	↑
10.3%	Vacancy Rate	↑
-145,520 sf	YTD Absorption	↓
170,083 sf	YTD Leasing Activity	↓
\$10.96 psf	Industrial Avg Asking Rental Rate	↑
\$26.60 psf	Office Avg Asking Rental Rate	↑
1,396,114 short tons	** Total JFK Freight (12 months end 10/11)	↑

*The arrows are trend indicators since one year ago and do not represent a positive or negative value.
 ** Source: The Port Authority of New York and New Jersey

The JFK Market is comprised of approximately 8.8 million square feet 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 approximately 3.0 million sf of cargo warehouse and office space located in a designated Foreign-Trade-Zone which serves the New York/New Jersey region. Properties located on JFK Airport are operated by **The Port Authority of New York and New Jersey**, with limited information available to the private sector and are not considered in this statistical compilation.



► **Air Transport Industry Trends***

Economic deceleration has impacted global air freight traffic. After a year of stagnation, global air freight volume began to shrink in the middle of 2011. All major markets reported decreases in freight traffic. In November 2011, global freight markets were 3.1% below November 2010 levels. While international markets declined by 3.8% in the comparable November year-over-year period, the loss was offset by 2.0% growth reported for domestic markets. On a year-to-date basis through November 2011, global freight traffic declined by 0.7%, with domestic down by 2.2% and international falling by 0.5%. Overall, Asia-Pacific carriers have seen the weakest demand performance due to dwindling demand for Asian manufactured goods from U.S. and European consumers.

* Source: The International Air Transport Association (IATA)

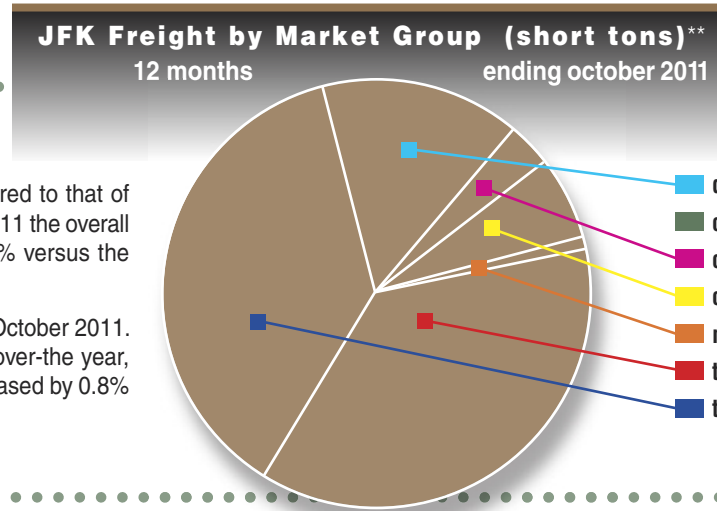


► **JFK Cargo Traffic Trends****

The JFK monthly volume for October 2011 fell by 9.4% compared to that of October 2010. However, on a 12-month basis through October 2011 the overall freight volume reported a positive trend and increased by 1.0% versus the comparable period ending in October 2010.

Overall, JFK freight totaled 1,396,114 in the 12 months ending October 2011. Domestic freight totaled 254,272 short tons and was up 1.7% over-the-year, while international freight totaled 1,141,842 short tons and increased by 0.8% during the same time period.

**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).

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

Weighted Average Asking Rental Rates: The weighted average asking rent for a building or market calculated by multiplying the square footage of each unit by its asking rental rate to obtain the total asking rent for each space, then totaling the rents for each space and dividing that sum by the total square footage for all units listed as vacant. Industrial NNN rental rates are lease rates in which the tenant is responsible for all expenses associated with their proportional share of occupancy in the building. Office Full Service rents are rental rates that include normal building standard services as provided by the landlord.

Vacant Space: Space available for lease.

Vacancy Rate: Percent of vacant space divided by the existing rentable square footage.

Net Absorption: Total square feet occupied, less the total space vacated over a given period of time, excluding lease renewals.

Leasing Activity: The volume of square footage that is committed to and actually signed in a given period of time, including direct leases, subleases, pre-leasing and renewals of existing leases.

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