

FIGURES | LONG ISLAND INDUSTRIAL | Q3 2024

Mid-sized occupiers drove the market in Q3

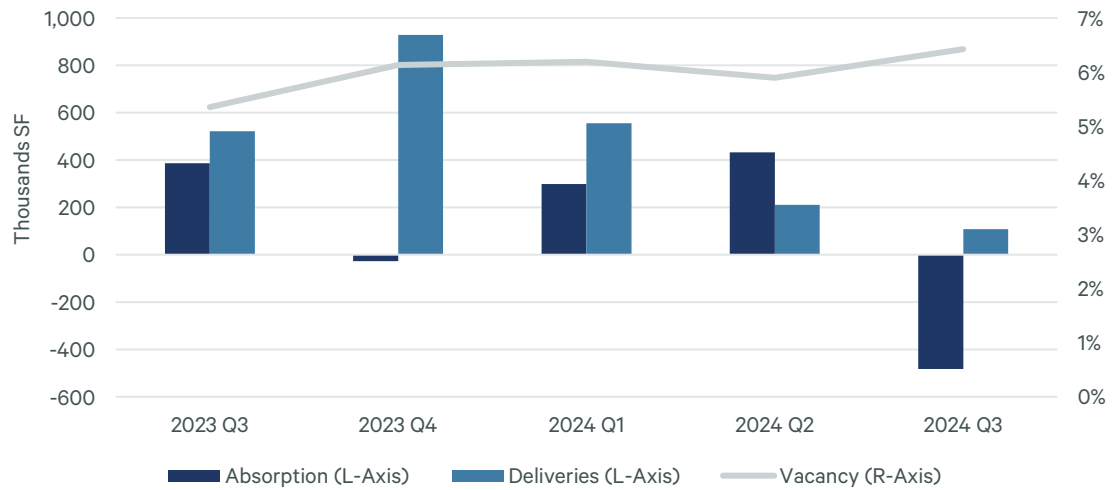


Note: Arrows indicate change from previous quarter.

- Vacancy rose to 6.4%, up 50 basis points (bps) for the quarter and 100 bps year-over-year, a result of record construction completions.
- The construction pipeline saw an 18% decline quarter-over-quarter, ending Q3 2024 with four buildings under construction totaling 587,000 sq. ft.
- Long Island’s average asking rent saw gradual increases—up 1% from last quarter to \$18.53 per sq. ft. and 3% higher than a year ago.

Demand in the Long Island industrial market has slowed in recent months compared to historical leasing trends. In Q3 2024, leasing activity totaled 522,600 sq. ft., down 39% from one year ago. This decrease in leasing is not attributed to a shortage of quality spaces on Long Island; year-to-date saw seven construction completions totaling 875,000 sq. ft., with nearly 80% of that vacant. Net absorption totaled negative 482,000 sq. ft., the lowest quarterly absorption total since Q1 2023. However, the average asking rental rate increased 3% year-over-year, reaching \$18.53 per sq. ft. Despite ongoing uncertainty in the capital markets, investment and user-sale activity remained healthy in Q3. A significant transaction involved Investcorp acquiring a five-building portfolio totaling 435,000 sq. ft. for \$95.8 million or \$220.00 per sq. ft. from Metropolitan Realty Associates, with the properties 76% leased at time of sale.

FIGURE 1: Supply vs. Demand



Source: CBRE Research Q3 2024.

Supply

Vacancy levels continued to trend higher, increasing 50 bps over the quarter to 6.4% and up 100 bps year-over-year. The uptick was primarily due to the ongoing slowdown in demand and several 40,000 to 70,000-sq.-ft. blocks of space becoming vacant. One completion this quarter was a fully available 108,000 sq. ft. distribution/logistics facility at 4955 Veterans Memorial Highway in Holbrook. In contrast to other markets, Long Island has not experienced a significant rise in sublease space availability.

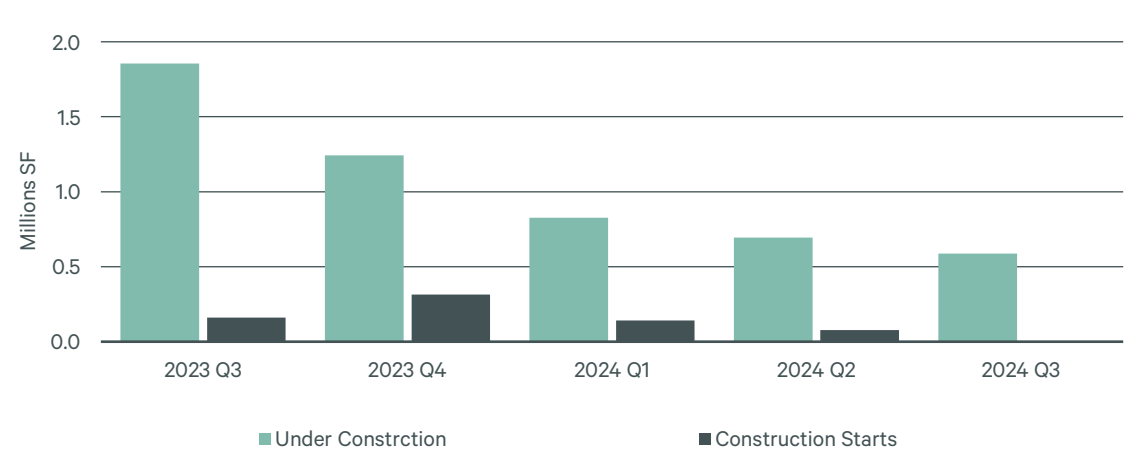
In Q3 2024, completions exceeded new construction starts, leading to an 18% decline in the construction pipeline which now consists of four buildings totaling 587,000 sq. ft., with a 17% pre-lease rate. There were no construction starts this quarter. The slow pace of new construction starts is attributed to the high cost of construction, elevated interest rates and moderating demand from occupiers. Developers are postponing planned projects because of the surplus of unleased new space completed during last year’s construction surge.

FIGURE 2: Active Construction Projects

Property	Size (SF)	Developer	Pre-Leased
125 New South Rd, Hicksville	207,237	Brookfield Properties	0
90 Wilshire Boulevard, Edgewood	160,000	Heartland Business Center	0
10 Donald's Way, Medford	140,895	Rechler Equity Partners	101,410
Ramsey Rd, Shirley	78,400	NOR Holdings LLC/ September Morning LLC	0

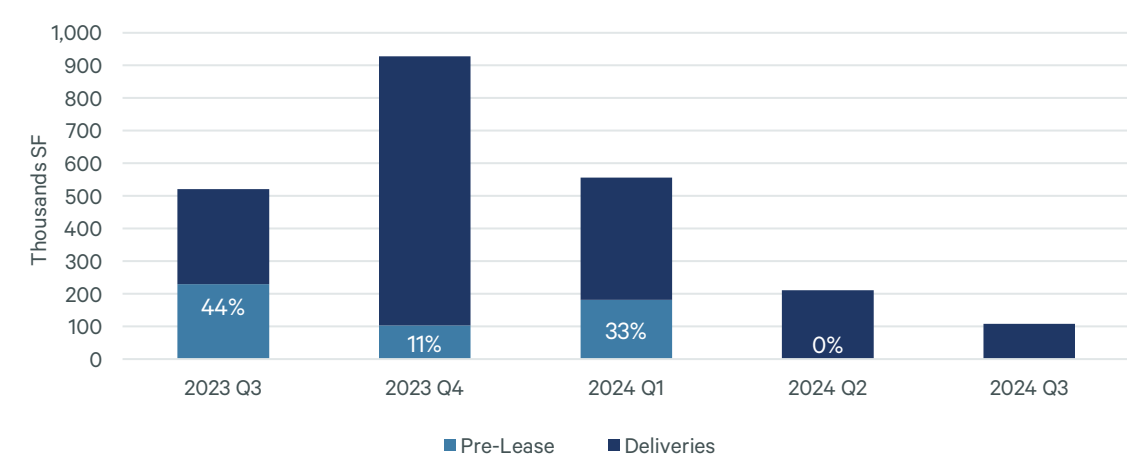
Source: CBRE Research Q3 2024.

FIGURE 3: Under Construction



Source: CBRE Research Q3 2024.

FIGURE 4: Deliveries



Source: CBRE Research Q3 2024.

Projects that do proceed are expected to have smaller footprints or be designed for subdividing, given the reduced demand for large blocks.

Demand

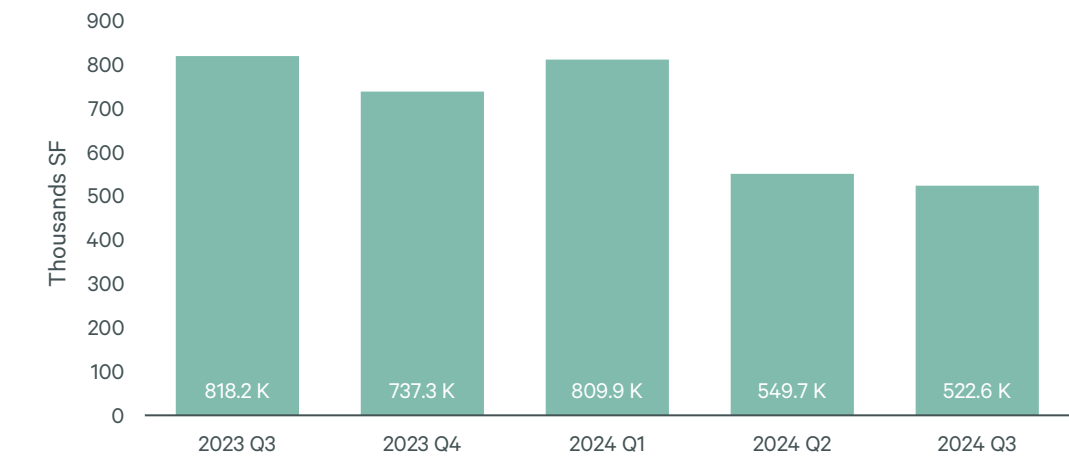
Leasing activity this quarter fell to 522,600 sq. ft., a 5% decrease quarter-over-quarter and down 39% year-over-year. Despite this overall decline, demand for spaces 100,000 sq. ft. and below remained robust, even as rental rates for such space continued to rise. Leasing activity remained well diversified across several industries, with the wholesale/retail sector leading at 25%. Notably, Time-Cap Laboratories secured the largest lease of the quarter, expanding its footprint at 235 Pinelawn Road in Melville by 94,000 sq. ft., bringing its total occupancy at the development to 189,000 sq. ft. The leisure sector represented 16% of new leases, followed by food and beverage with 11%. Contributing to leisure sector activity, Pickleball Heaven leased 56,000 sq. ft. at a recently developed warehouse and distribution building at 645 National Drive in Medford. Looking ahead, demand from small to medium sized users is expected to remain strong.

FIGURE 5: Select Top Transactions

Tenant	Size (SF)	Address	Transaction Type
Time-Cap Labs	93,847	235 Pinelawn Rd, Melville	Expansion
Wilsonart	69,000	999 S Oyster Bay Rd, Bethpage	Renewal/Expansion
Premier Care Industries	56,406	100 Marcus Blvd, Hauppauge	New Lease
Pickleball Heaven	55,709	645 National Blvd, Medford	New Lease
Cookies United	40,000	5005 Veterans Memorial Highway, Holbrook	New Lease

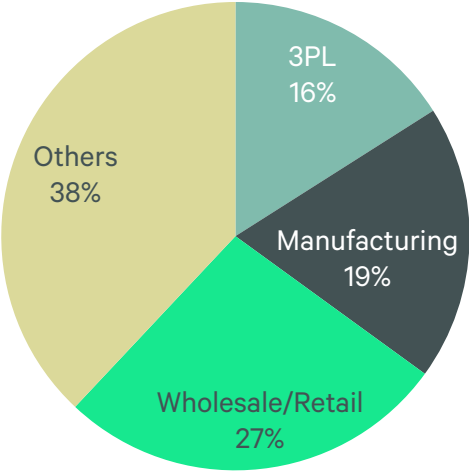
Source: CBRE Research, Q3 2024.

FIGURE 6: Leasing Activity



Source: CBRE Research, Q3 2024.

FIGURE 7: Lease Activity by Industry Type – Trailing 12 Months



Source: CBRE Research, Q3 2024.

FIGURE 8: Submarket Statistics

Submarket	Inventory (Millions Sq. Ft.)	Vacancy Rate (%)	Avg. Asking Rent (\$/Sq. Ft./Yr.)	Leasing Activity (Thousands Sq. Ft.)	Net Absorption (Thousands Sq. Ft.)	Under Construction (Thousands Sq. Ft.)
Western Nassau	15.4	4.7%	\$24.19	9.0	-221.3	0.0
Eastern Nassau	20.2	4.1%	\$20.51	161.2	-25.7	207.2
Western Suffolk	20.9	4.8%	\$16.54	103.8	5.8	0.0
Central Suffolk	39.9	8.1%	\$17.00	161.9	-210.5	160.0
Eastern Suffolk	9.7	10.6%	\$16.23	86.7	-30.6	219.3
Total	106.1	6.4%	\$18.53	522.6	-482.3	586.5

Source: CBRE Research, Q3 2024.

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