

FIGURES | LONG ISLAND INDUSTRIAL | Q1 2025

Absorption remains negative while increased supply drives vacancy higher

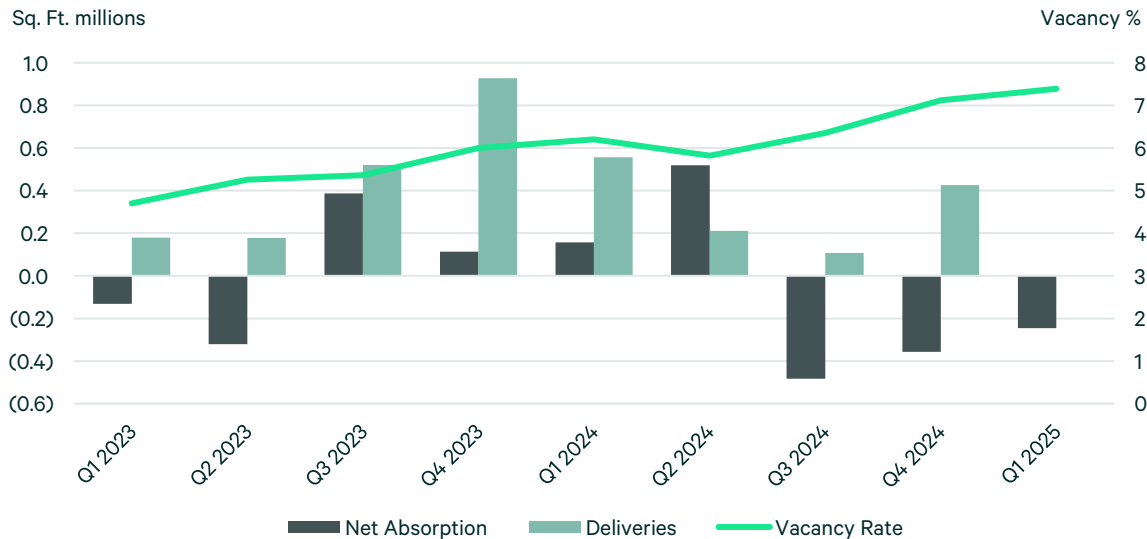


Note: Arrows indicate change from previous quarter.

SUMMARY

The Long Island industrial market experienced an increase in vacancy in Q1 2025, reaching a high of 7.4 percent. It rose 30 basis points (bps) quarter-over-quarter and 120 bps year-over-year. Net absorption remained negative for the third consecutive quarter, totaling 246,143 sq. ft. A record setting amount of new space delivered to the market during 2024, causing vacancy rates to go up and asking rents to remain high despite traditional trends that normally soften pricing. Specifically, the average direct lease rate did go down, quarter-over-quarter, falling \$0.30 to \$18.44 per sq. ft. That said, rents remained 2% higher than one year ago given the share of available space that was situated in new buildings. As the development pipeline continued to slow down, there were no new ground breakings or construction completions during the quarter. However, 426,955 sq. ft. was under construction and slated to be delivered this year. As construction activity slowed to its lowest level since Q4 2020, recently added new supply was expected to fill in the short term, returning vacancy rates back near equilibrium.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q1 2025

Leasing Activity

Leasing activity of 355,000 sq. ft. was recorded in Q1 2025, down 34% from the 535,000 sq. ft. leased in Q4 2024. Suffolk County accounted for 82% of all transactions with 291,000 sq. ft. of leasing activity. Notable leases signed this quarter included Jet Parts Engineering’s 55,000-sq.-ft. lease at 30 Rasons Ct in Hauppauge, an expansion and consolidation from two smaller locations, followed by the Weeks Lerman Group signing a new lease for 49,000 sq. ft. at 235 Pinelawn Rd in Melville, bringing this Class A building that delivered in 2022 to full occupancy.

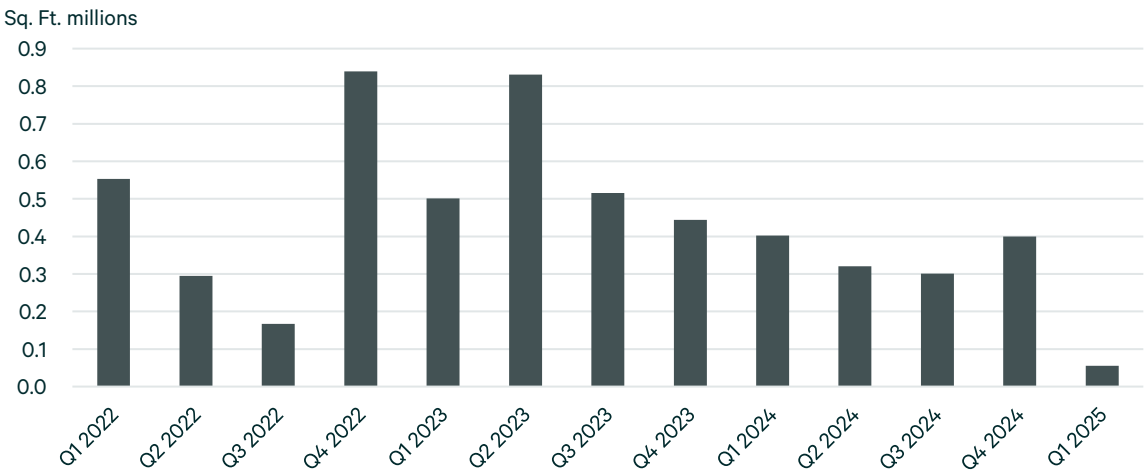
Construction Activity

New and delivering projects were absent from the Long Island industrial market in Q1 2025. As it stood, just three buildings totaling 426,955 sq. ft. were under construction at quarter’s end. The sharp decrease in development activity was attributed to shifting economic conditions, high interest rates, and market volatility. Despite the slowdown, there are some proposed projects expected to start vertical construction soon, with site work underway at several developments, including 76,000 sq. ft. at 1700 Walt Whitman Rd in Melville and 240,000 sq. ft. at 600 Grumman Rd W in Bethpage.

Asking Rent

Long Island’s industrial market experienced its first quarterly decline in asking rents since Q1 2024, with a slight decrease quarter-over-quarter to \$18.44 per sq. ft. Despite this decrease, Long Island’s average asking rent increased more than 5% during the last two years. The Western Nassau submarket had the highest average asking rent at \$22.66 per sq. ft., driven by its proximity to the in-demand JFK Airport market. In contrast, Western Suffolk had the lowest average asking rent at \$15.91 per square foot, primarily due to a shortage of high-end Class A space available in the submarket.

FIGURE 6: Leasing Activity Trend – Leases 50,000 sq. ft. and up



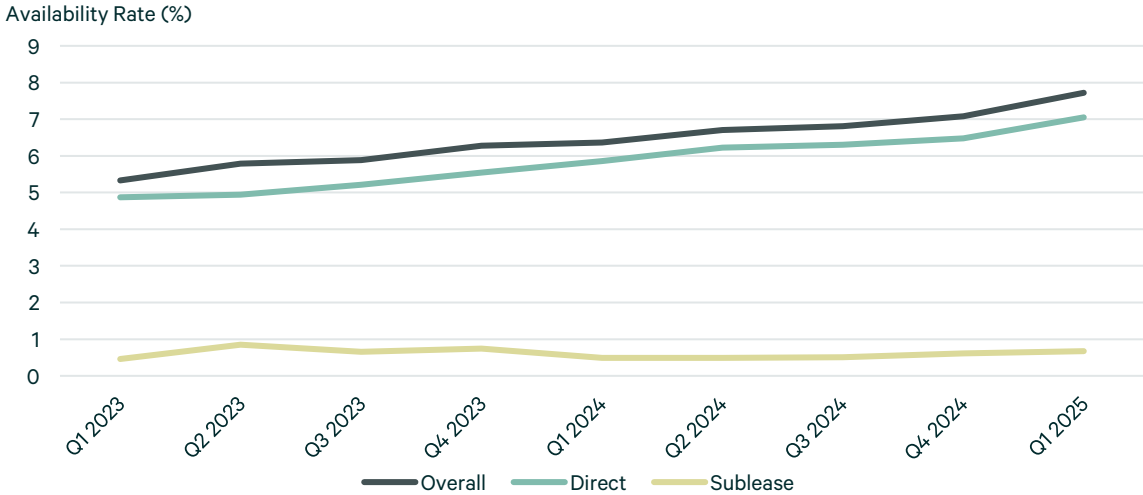
Source: CBRE Research, Q1 2025

FIGURE 8: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
Jet Parts Engineering	55,000	New Lease	30 Rasons Ct	Central Suffolk
The Weeks Lerman Group	48,801	New Lease	235 Pinelawn Rd	Western Suffolk
BioIVT	23,338	New Lease	175 Crossways Park Dr W	Eastern Nassau
Green Earth Duct Cleaning	17,500	New Lease	700 Chettic Ave	Western Suffolk
Universal Products	15,000	New Lease	50 Wireless Blvd	Central Suffolk

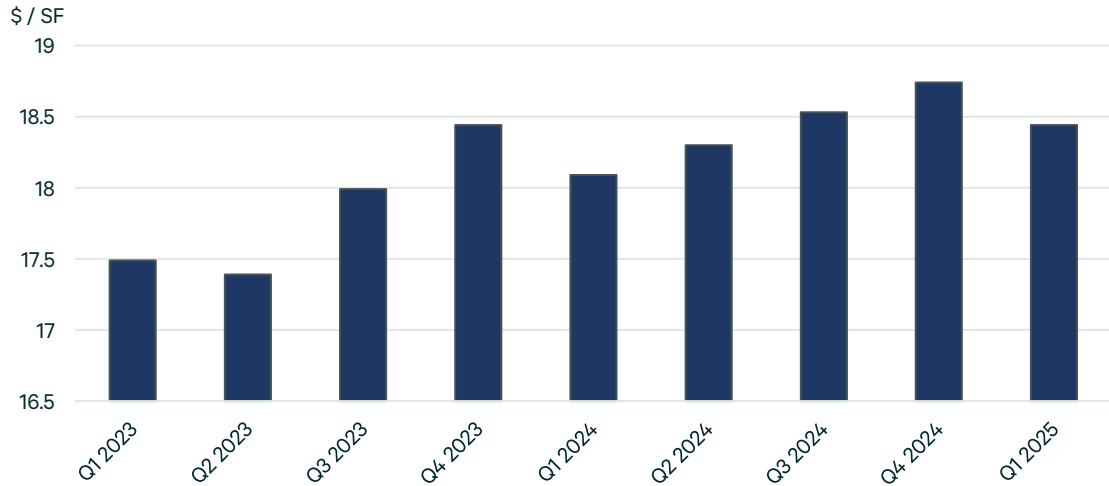
Source: CBRE Research, Q1 2025

FIGURE 2: Availability Rates



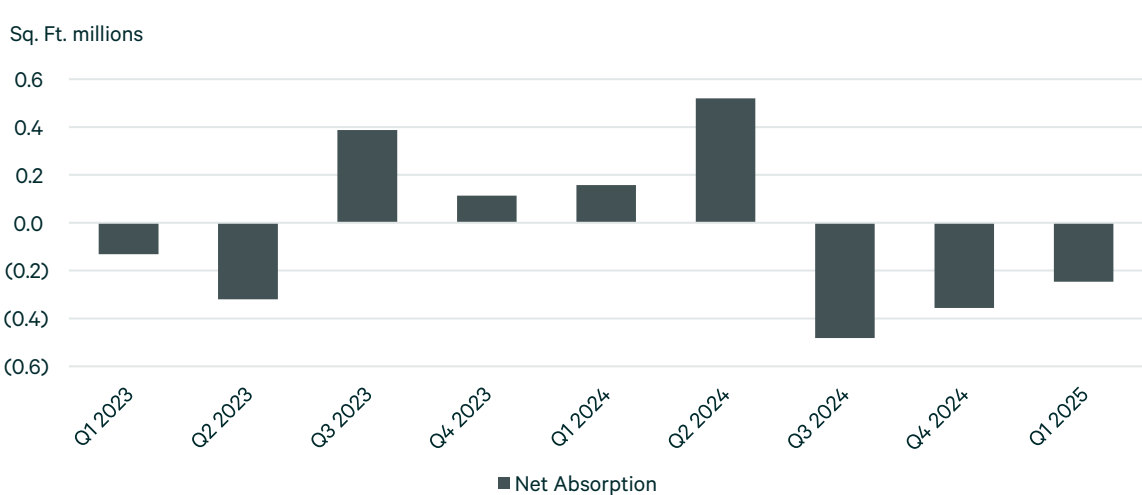
Source: CBRE Research, Q1 2025

FIGURE 3: Avg. Direct Asking Rate (NNN/YR)



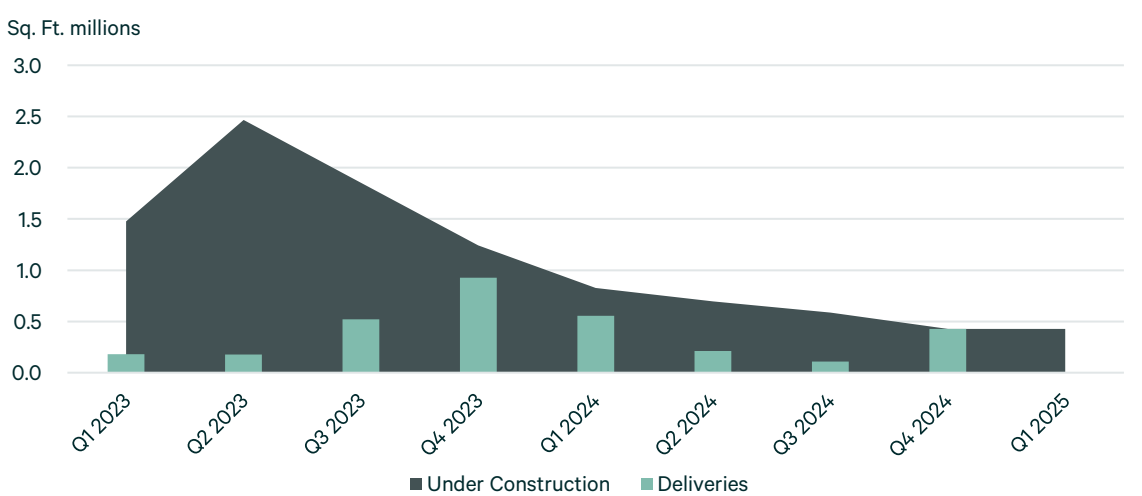
Source: CBRE Research, Q1 2025

FIGURE 4: Net Absorption Trend



Source: CBRE Research, Q1 2025

FIGURE 5: Construction Activity



Source: CBRE Research, Q1 2025

Market Statistics by Submarket

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Central Suffolk	39,478,972	8.6	9.1	8.3	0.8	17.62	184,590	184,590	0	297,470
Eastern Nassau	20,370,892	7.1	7.3	6.6	0.7	20.42	(315,074)	(315,074)	0	0
Eastern Suffolk	9,912,278	12.6	12.6	12.6	0.0	17.35	(76,032)	(76,032)	0	0
Western Nassau	15,430,756	6.0	6.5	5.6	0.9	22.66	(145,641)	(145,641)	0	129,485
Western Suffolk	20,663,469	4.0	4.1	3.6	0.5	15.91	106,014	106,014	0	0
Total	105,856,367	7.4	7.7	7.1	0.7	18.44	(246,143)	(246,143)	0	426,955

Market Statistics by Size

	Net Rentable Area	Total Vacancy	Total Availability	Direct Availability	Sublease Availability	Avg. Direct Asking Rate (NNN/YR)	Current Quarter Net Absorption	YTD Net Absorption	Deliveries	Under Construction
Under 100,000 sq. ft.	63,959,115	4.9	5.4	4.9	0.6	17.27	(269,018)	(269,018)	0	0
100,000-199,999 sq. ft.	25,187,150	13.3	13.5	12.1	1.4	19.39	(257,086)	(257,086)	0	426,955
200,000-299,999 sq. ft.	8,897,827	9.7	9.7	9.7	0.0	20.83	34,360	34,360	0	0
300,000-499,999 sq. ft.	3,632,292	5.5	5.5	5.5	0.0	11.23	196,800	196,800	0	0
500,000-749,999 sq. ft.	2,349,983	3.5	3.5	3.5	0.0	13.00	48,801	48,801	0	0
750,000 sq. ft.	1,830,000	9.0	9.0	9.0	0.0	20.00	0	0	0	0
Total	105,856,367	7.4	7.7	7.1	0.7	18.44	(246,143)	(246,143)	0	426,955

Market Area Overview



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