DECREASED DEMAND AND FUTURE DELIVERIES EXACERBATE CLASS A OVERSUPPLY

▼ 5.5%
Vacancy Rate

▼ 440,698
Sq. Ft. Net Absorption

▶ 3.7 Million
Sq. Ft. Under Construction

▼ 400,864
Sq. Ft. Leasing Velocity

▶ $36.42
NNN / Class A Lease Rate Per Sq. Ft.

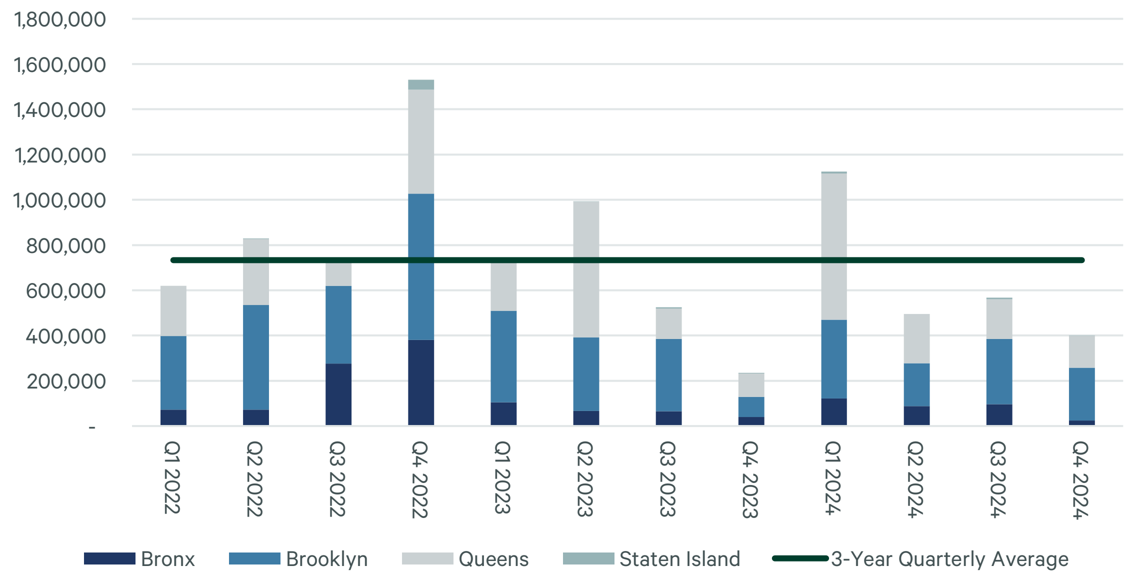
▲ $30.39
NNN / Lease Rate Per Sq. Ft.

Note: Arrows indicate change from previous quarter.

Market Overview

Throughout the New York City boroughs, total industrial leasing velocity decreased 29.4% quarter-over-quarter as the need for warehousing and storage space in the region waned while net absorption slowed to 440,000 sq. ft. Film production studios, third-party logistics providers and food manufacturing tenants drove leasing during the quarter. On the supply side, the development pipeline held steady at 3.7 million sq. ft. after no properties started or completed construction. Unleased, Class A logistics facilities accounted for most construction, portending higher vacancy and oversupply of this type of space in the near term. Average asking rents increased 4.9% quarter-over-quarter and 12.4% year-over-year. Rents for existing and under-construction Class A space remained constant quarter-over-quarter but increased 22.9% year-over-year.

FIGURE 1: Historical Leasing Velocity (Sq. Ft.)



Source: CBRE Research, 2025.

Demand

In Q4 2024 leasing velocity fell to 400,000 sq. ft., 36.8% below the two-year average. In Q4 2024 leasing demand from warehousing and storage companies decreased from the previous quarter and was instead driven by film production studios, third-party logistics providers and food manufacturing. Tenants showed more of an appetite for mid-sized spaces than in the previous quarter and continued to have a strong preference for small-sized spaces. Demand for spaces over 100,000 sq. ft. was absent.

Supply

The construction pipeline remained at 3.7 million sq. ft. after no properties completed or started construction during the quarter. The properties under construction were Class A distribution and logistics space and largely unleased. The oversupply of new Class A properties delivered in previous quarters led to higher availability than in other asset classes. The Class A availability rate for existing properties was 17.1% at quarter-end, considerably higher than the availability rate for all existing properties of 5.7%. Oversupply could be averted if demand trends closer to historic averages, but with 1.2 million sq. ft. of available Class A space expected to deliver in 2025, this seems unlikely.

Rent Trends

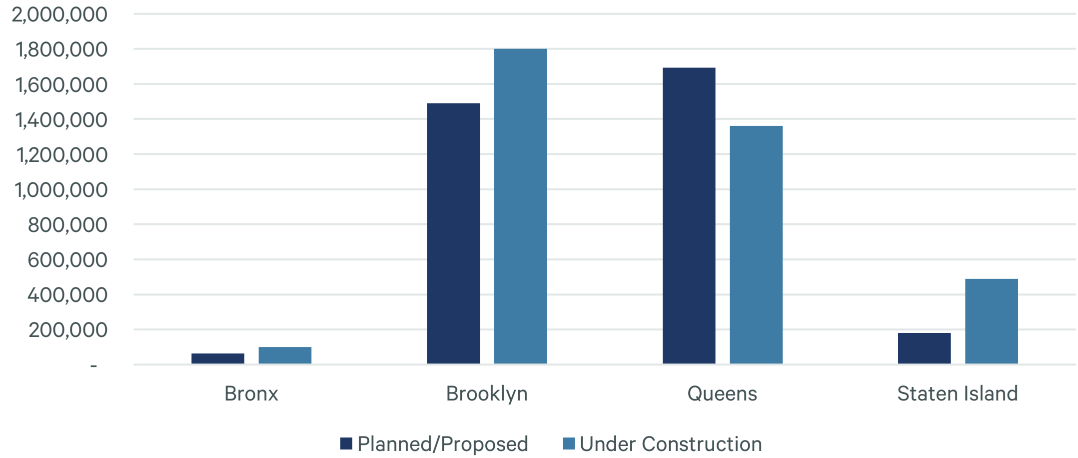
The average asking rent for all existing asset types increased 4.9% quarter-over-quarter to $30.39 per sq. ft. after newly available, premium-priced spaces came onto the market in

FIGURE 2: Notable Lease Transactions, Q4 2024

Tenant	Size (Sq. Ft.)	Address	Market	Submarket
Cinelease	90,000	1213 Grand Street	Brooklyn	Greenpoint/ Williamsburg
DHL Express	60,000	1970 Pitkin Avenue	Brooklyn	East New York
Rienzi & Sons	25,000	1881 Steinway Street	Queens	Astoria/Steinway

Source: CBRE Research, 2025.

FIGURE 3: Development Pipeline (Sq. Ft.)



Source: CBRE Research, 2025.

Brooklyn and Queens. The average asking rent for existing and under-construction Class A space remained constant quarter-over-quarter at $36.42 per sq. ft. The average asking rent for existing Class B and C space was up 2.9% quarter-over-quarter at $27.25 per-sq.-ft.

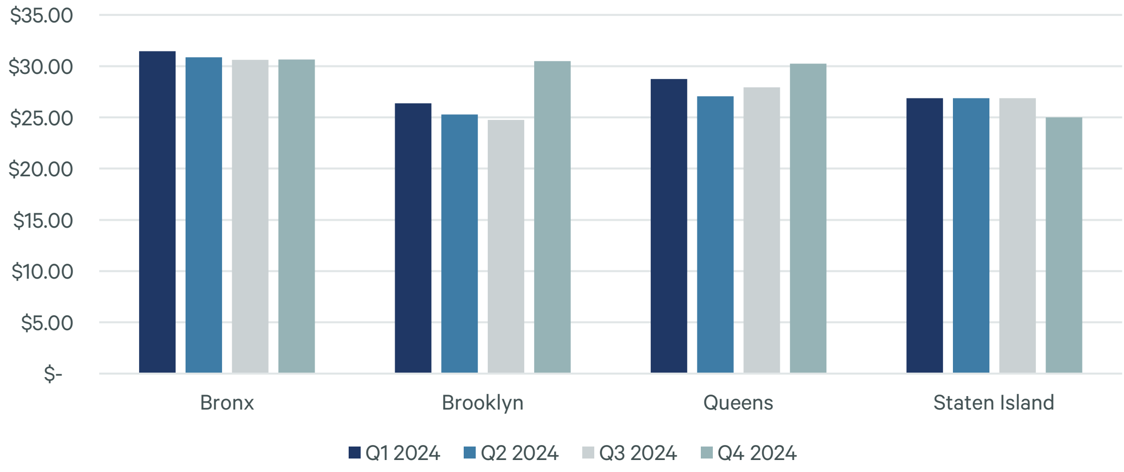
Economic Overview

The U.S. economy continues to exceed expectations. Much of this is due to a sturdy consumer who is enjoying increased household wealth, real income growth, and a resilient labor market. Consequently, CBRE is revising its outlook upward for 2025 annual average GDP growth by 60 basis points to 2.3%.

New York City's industrial employment declined in Q4 2024 as manufacturing employment fell by 500 positions (-0.9%) quarter-over-quarter and the significantly larger trade, transportation, and utilities sector – which includes logistics and fulfillment center employment – let go of 700 positions (-0.1%). Overall, New York City lost 1,200 industrial positions in Q4 but has added 6,600 jobs year-over-year and presently stands at 90.8% of 2019's level.

New York City's overall unemployment rate is 5.4%, up from 5.3% at the end of Q3 and above the national unemployment rate of 4.2%.

FIGURE 4: Historical Average Asking Rents ($/Sq. Ft.)



Source: CBRE Research, 2024.

FIGURE 5: Market Statistics

Market	Inventory (SF)	Availability (SF)	Availability Rate (%)	Avg. Asking Rent ($/SF)	Leasing Velocity (SF)	Net Absorption (SF)
Bronx	25,143,639	3,057,624	12.2	30.66	25,000	(47,098)
Brooklyn	66,999,220	2,901,232	4.3	30.48	233,306	441,651
Queens	63,609,491	3,141,120	4.9	30.25	140,558	51,630
Staten Island	6,161,446	55,385	0.9	25.00	2,000	(5,485)
JFK*	5,551,621	621,024	11.2	29.56	36,651	(1,750)
NYC Total	161,913,796	9,155,361	5.7	30.39	400,864	440,698

**The JFK submarket is a combination of areas from Queens and Nassau County that primarily serve JFK Airport.*

Source: CBRE Research,, 2024.

FIGURE 6: The Bronx

FIGURE 7: Brooklyn

FIGURE 8: Queens

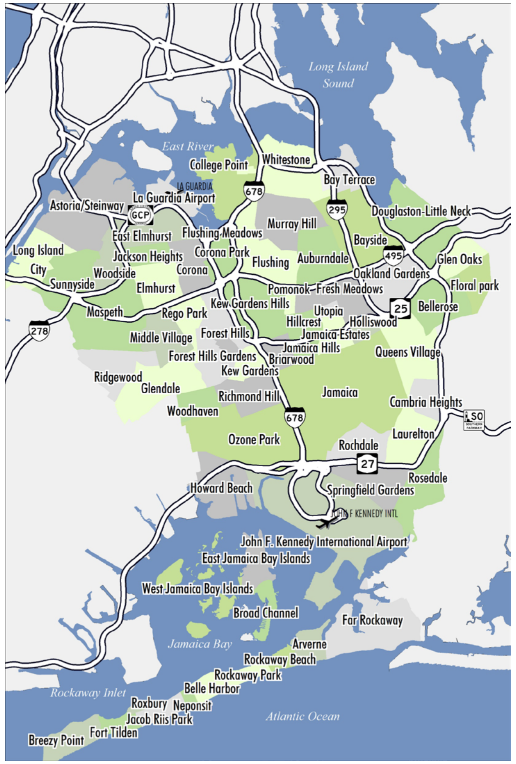


FIGURE 9: Staten Island

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