

FIGURES | LONG ISLAND INDUSTRIAL | Q4 2024

Vacancy inched higher as speculative deliveries continued

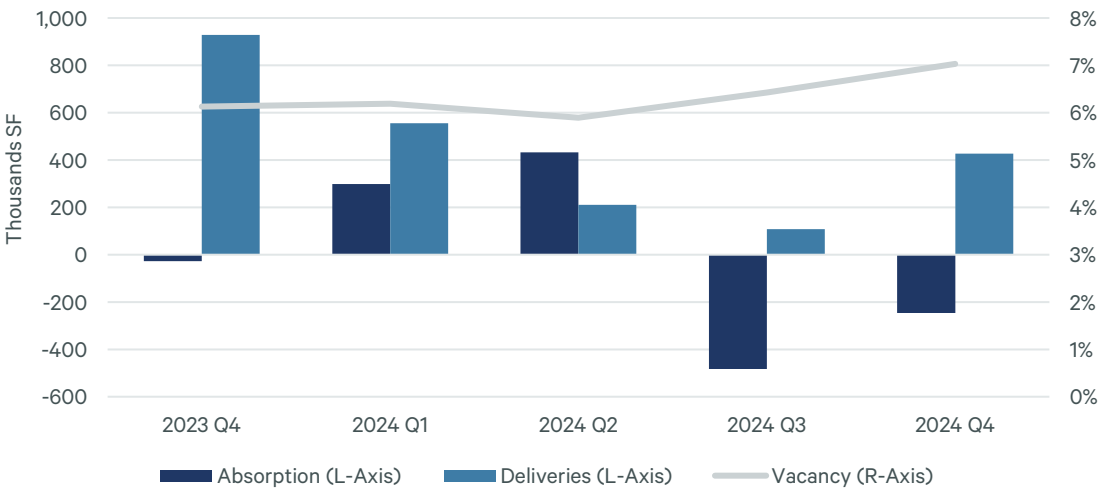


Note: Arrows indicate change from previous quarter.

- With three-quarters of the new supply delivered in Q4 2024 still available upon completion, vacancy increased for a third consecutive quarter to 7.0%.
- In Q4 2024, construction deliveries totaled 427,000 sq. ft., bringing the annual total to 1.3 million sq. ft. of space delivered.
- Long Island's average asking rent rose to \$18.67 per sq. ft., reflecting a 1% increase compared to the same time last year.

The Long Island industrial market faced a downturn in Q4 2024, characterized by declines in both net absorption and leasing activity. Occupancy shrank by 246,000 sq. ft., pushing vacancy to 7.0%. This rise was largely due to new unleased speculative construction deliveries. During the quarter, three new buildings were completed, totaling 427,000 sq. ft., but only 24% of this space was pre-leased. Overall leasing activity dropped to 389,000 sq. ft., marking the lowest level in two years. While new construction grew vacancy, it also helped push the average asking rent to \$18.67 per sq. ft. The construction pipeline on Long Island is at its lowest since 2022 with just 427,000 sq. ft. under construction. Nonetheless, investor interest in Long Island's industrial properties persisted, as evidenced by NorthBridge Partners' acquisition of two buildings in Bay Shore totaling 560,719 sq. ft.

FIGURE 1: Supply vs. Demand



Source: CBRE Research Q4 2024.

Supply

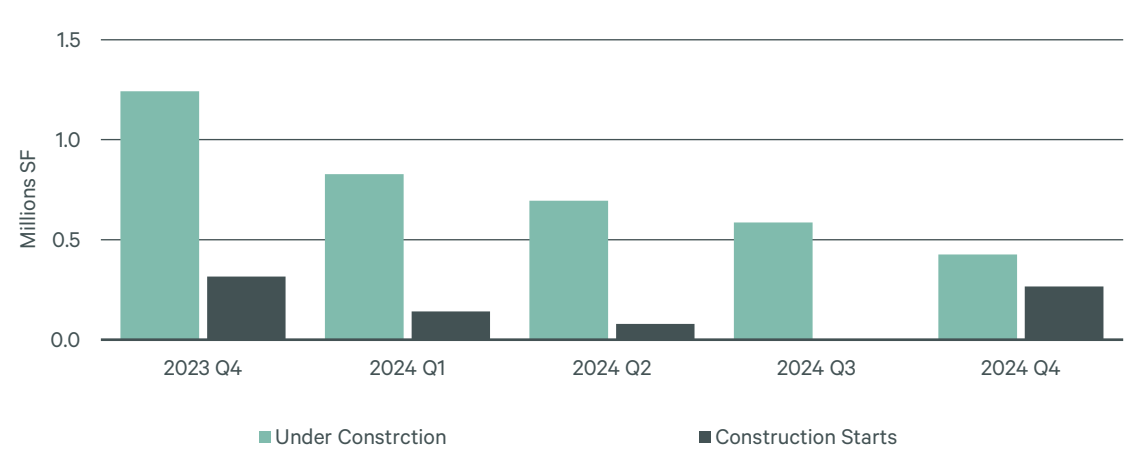
In Q4 2024, the vacancy rate rose by 60 basis points (bps) to 7.0%, primarily driven by the completion of mostly unleased buildings totaling 427,000 sq. ft., including a significant 207,000-sq.-ft. vacancy at 125 New South Road in Hicksville. That delivery pushed the Eastern Nassau submarket’s vacancy rate up 90 bps to 5.0%. The trend of construction deliveries outpacing construction starts continued. Two new projects totaling 267,000 sq. ft. commenced, including a 129,000-sq.- ft. build-to-suit in Inwood. Rising construction costs and subdued demand led many developers to largely pause new speculative construction projects. As it stood, the surplus of available new inventory prompted landlords to adopt more flexible approaches regarding face rents, free rent offers and tenant improvement packages. These shifts in fundamentals dampened development activity.

FIGURE 2: Active Construction Projects

Property	Size (SF)	Developer	Pre-Leased
90 Wilshire Boulevard, Edgewood	160,000	Heartland Business Center	0
2100 Smithtown Avenue, Ronkonkoma	137,470	Venture One/BGO Cold Chain	0
65 Rason Road, Inwood	129,485	CenterPoint Properties	129,485

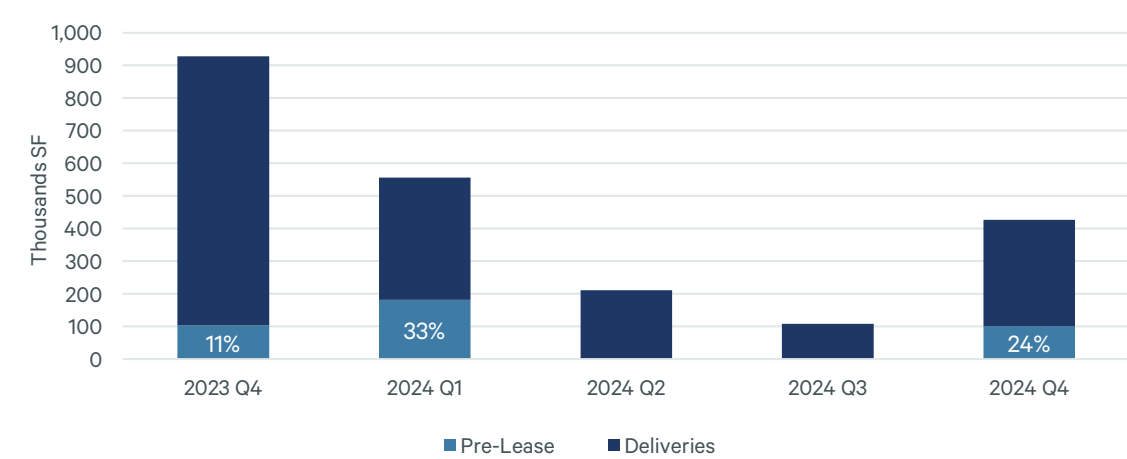
Source: CBRE Research Q4 2024.

FIGURE 3: Under Construction



Source: CBRE Research Q4 2024.

FIGURE 4: Deliveries



Source: CBRE Research Q4 2024.

Demand

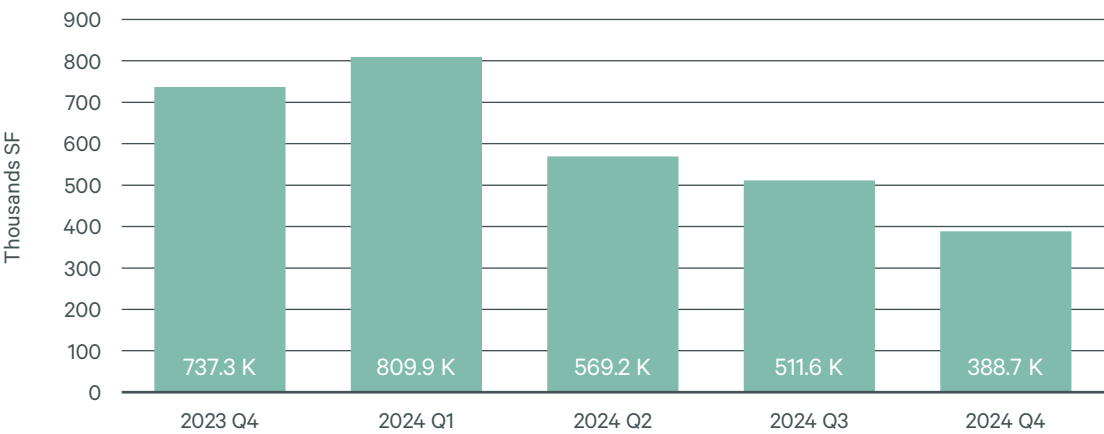
Leasing activity was down 50% from Q4 2023 with only 389,000 sq. ft. of new or expansion leases recorded in Q4 2024. The total for the year was 2.3 million sq. ft., 36% below 2023’s year-end total. The most active sectors were third-party logistics providers and the wholesale/retail industry. In Commack, Global Freight Management leased 124,000 sq. ft. at 49 Mall Drive while Best Pet Supplies agreed to relocate from Jamaica, Queens to 235 Pinelawn Road in Melville, leasing 94,000 sq. ft. Central Suffolk led all submarket’s this quarter in leasing activity at 140,000 sq. ft., making it the most active submarket for the year with a total of 725,000 sq. ft. leased. Despite the transactions noted above, the Long Island market saw demand shift towards smaller size segments. In 2024, 91% of the deals completed were under 50,000 sq. ft.

FIGURE 5: Select Top Transactions

Tenant	Size (SF)	Address	Transaction Type
Global Freight Management	124,182	49 Mall Drive, Commack	New Lease
Best Pet Supplies	93,985	235 Pinelawn Road, Melville	New Lease
Horizon Freight Holdings	36,651	475 Doughty Boulevard, Inwood	New Lease
BioCorp Nutrition	19,400	700 Broad Hollow Road, Farmingdale	New Lease

Source: CBRE Research, Q4 2024.

FIGURE 6: Leasing Activity



Source: CBRE Research, Q4 2024.

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



Source: CBRE Research, Q4 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	42.6	-9.2	129.5
Eastern Nassau	20.4	5.0%	\$21.04	47.1	13.8	0.0
Western Suffolk	20.9	4.4%	\$16.29	126.9	76.8	0.0
Central Suffolk	39.9	9.1%	\$17.80	140.0	-401.4	297.5
Eastern Suffolk	9.9	11.8%	\$17.30	32.1	73.7	0.0
Total	106.5	7.0%	\$18.67	388.7	-246.3	427.0

Source: CBRE Research, Q4 2024.

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