

FIGURES | LONG ISLAND INDUSTRIAL | Q2 2025

Industrial market stabilized amid slower construction and positive absorption

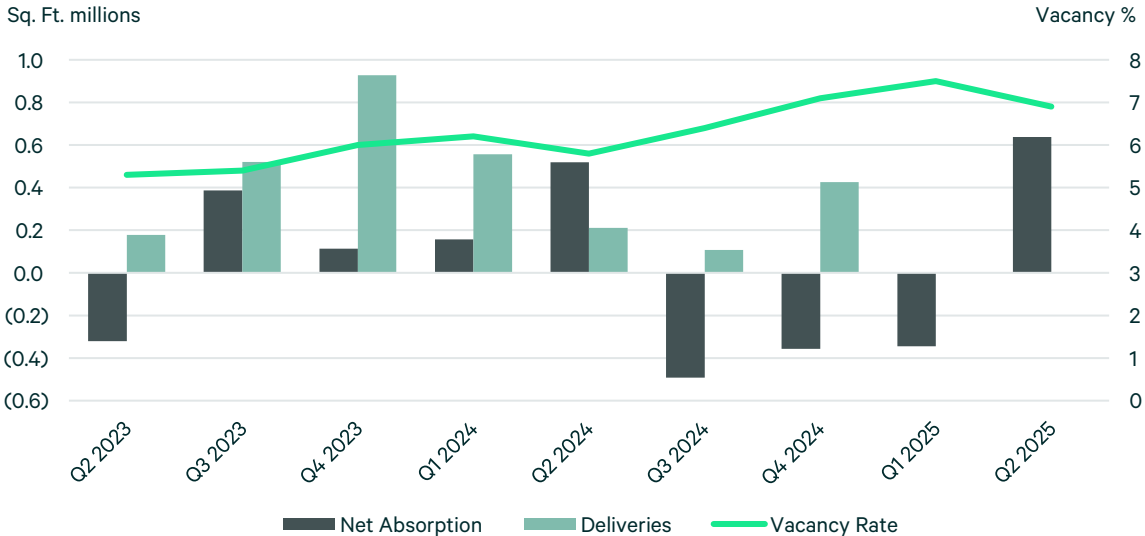


Note: Arrows indicate change from previous quarter.

SUMMARY

The Long Island industrial market ended the quarter on a positive note, with decreased vacancy and positive absorption. Vacancy fell 50 basis points (bps) from Q1 2025 to 6.9% but elevated compared to the 5.8% recorded year-over-year. Net absorption was positive 637,483 sq. ft. in Q2 2025, an increase from negative 344,252 sq. ft. in the previous quarter. The industrial market in the first half of 2025 continued to face several challenges including the lingering impact of federal tariffs and the prolonged period of higher interest rates. These short-term hurdles influenced decisions and strategies of both landlords and tenants. Speculative construction starts continued to slow, with one 310,000-sq.-ft. project breaking ground this quarter. Approximately 608,000 sq. ft. of speculative projects were under construction, keeping pace with moderating tenant demand.

FIGURE 1: Historical Absorption, Deliveries, and Vacancy



Source: CBRE Research, Q2 2025

Leasing Activity

In Q2 2025, the Long Island market experienced a moderation in leasing activity, with total volume reaching 440,930 sq. ft.—a 16% decline from Q1 and the lowest quarterly total in the past two years. While this slowdown reflects a more cautious tenant environment, it also aligns with broader market recalibration following a period of elevated activity.

Despite the dip, Western and Central Suffolk remained the focal points of demand, accounting for over 82% of all leasing activity this quarter. The most notable lease was MediSys Health Network’s new lease for 93,971 sq. ft. at 1 Adams Boulevard in Farmingdale. This was followed by Communication Power Corporation leasing 44,788 sq. ft. at 90 Davids Drive in Hauppauge for a consolidation and expansion.

Construction Activity

Supply additions in the Long Island market slowed with no completions this quarter. Five buildings totaling 780,455 sq. ft. remained under construction, all slated for delivery by year-end. This slowdown in new construction provided the market with an opportunity to absorb existing supply. Over 3.1 million sq. ft. of new supply was added since Q1 2023, of which 65% remained unleased. The combination of steady leasing activity and the absorption of existing supply will help stabilize the market and create a favorable environment for future growth.

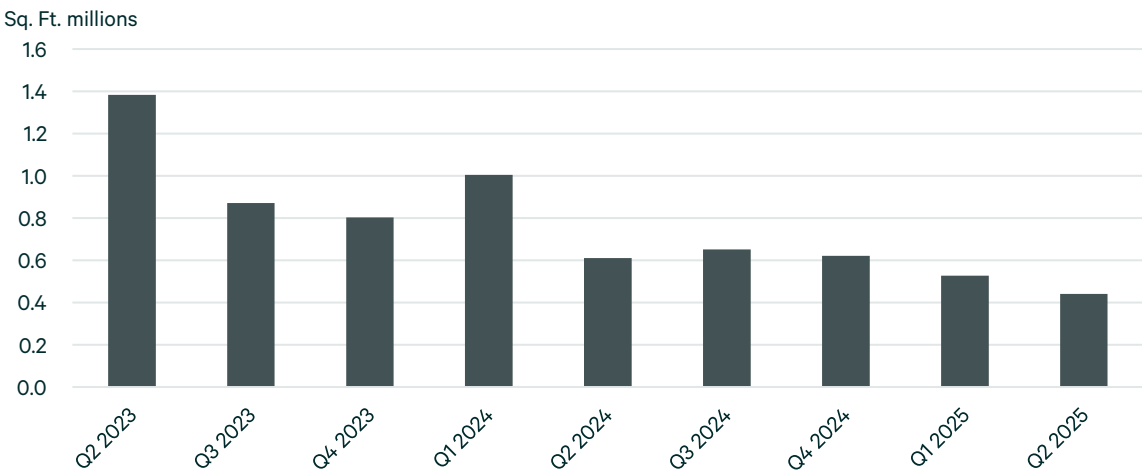
Despite the overall slowdown, speculative development still dominated the pipeline. However, a major bright spot emerged with Trader Joe’s announcement of a 921,000-sq.-ft. built-to-suit warehouse and distribution center at the former Computer Associates campus in Islandia. This high-profile project signaled continued confidence in Long Island’s long-term logistics potential.

Asking Rent

The contraction of vacancy and the surplus of existing Class A availability led to strong upward pressure on asking rents. Long Island’s overall average asking rent increased 1% quarter-over-quarter to \$18.66 per sq. ft. and was up 2% year-over-year. Among the submarkets, Western Nassau continued to command premium pricing, boasting the highest average asking rent at \$21.97 per sq. ft. While this represented a 5% decline year-over-year, it still underscored the submarket’s desirability and strategic location. On the other end of the spectrum, Western

Suffolk recorded the lowest average asking rent at \$16.74 per sq. ft., down 4% year-over-year. This dip was largely attributed to the limited availability of higher-priced Class A space, which has become increasingly scarce.

FIGURE 2: Leasing Activity Trend



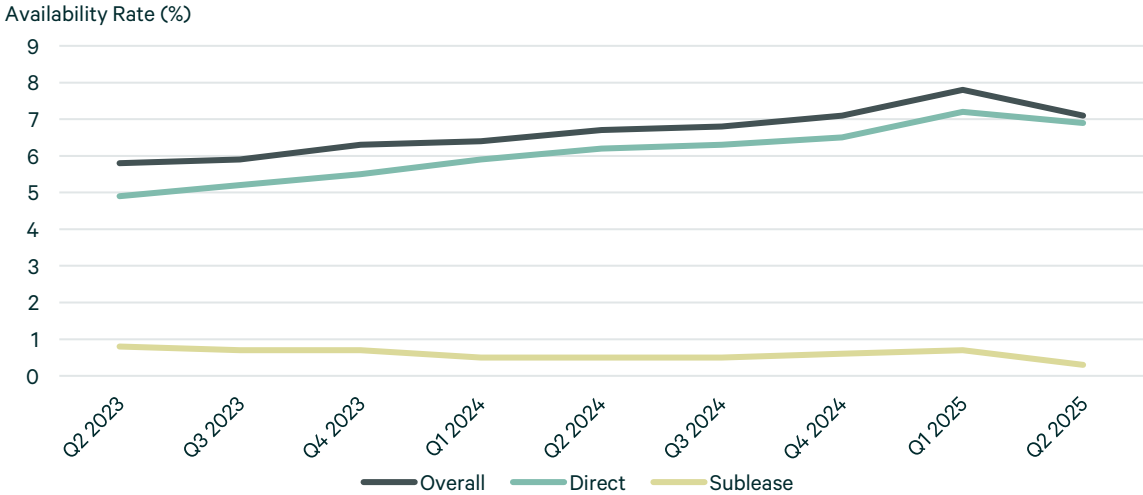
Source: CBRE Research, Q2 2025

FIGURE 3: Key Lease Transactions

Tenant	Sq. Ft. Leased	Transaction Type	Address	Submarket
MediSys Health Network	93,971	Sublease	1 Adams Blvd, Farmingdale	Western Suffolk
Communication Power Corp.	44,788	New Lease	90 Davids Dr, Hauppauge	Central Suffolk
1-800-Packouts	18,000	New Lease	60 E Jefryn Blvd, Deer Park	Central Suffolk

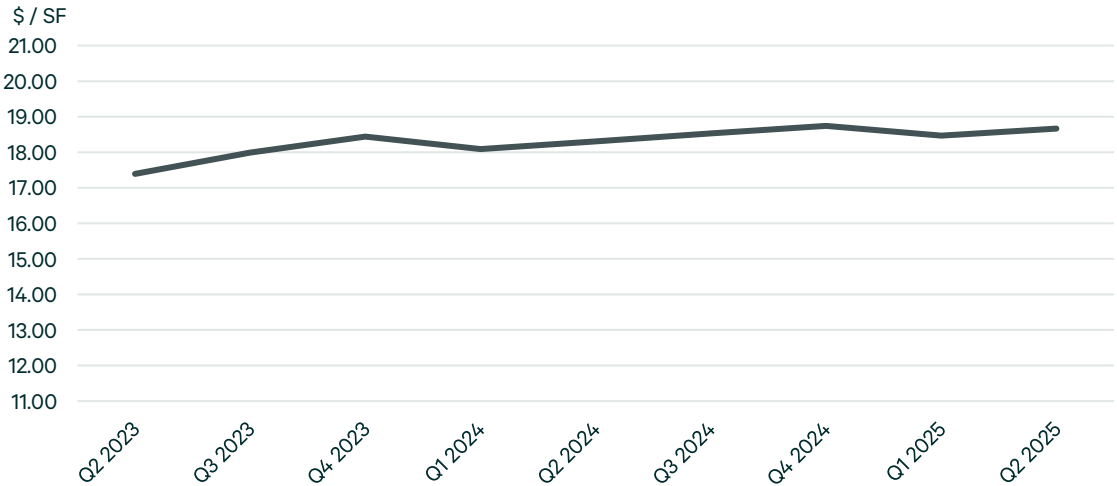
Source: CBRE Research, Q2 2025

FIGURE 4: Availability Rates



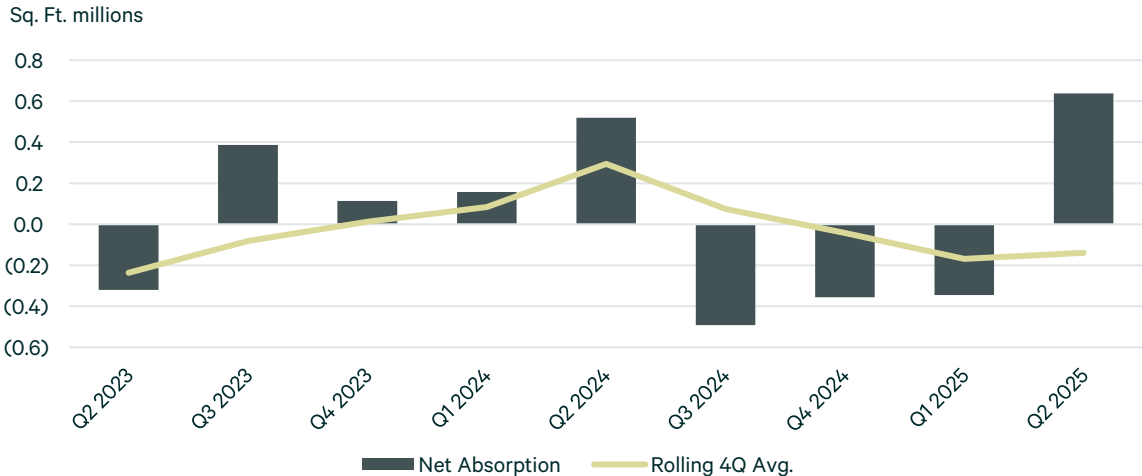
Source: CBRE Research, Q2 2025

FIGURE 5: Avg. Direct Asking Rate (NNN/YR)



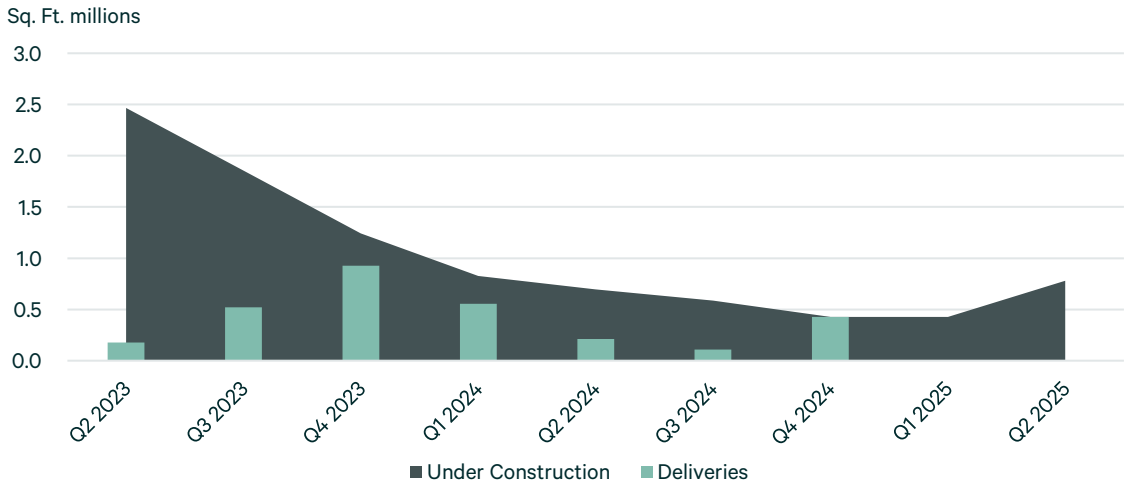
Source: CBRE Research, Q2 2025

FIGURE 6: Net Absorption Trend



Source: CBRE Research, Q2 2025

FIGURE 7: Construction Activity



Source: CBRE Research, Q2 2025

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	4.7	5.1	4.7	0.3	17.78	271,487	(95,640)	0	43,000
100,000-199,999 sq. ft.	25,187,150	12.0	12.0	11.8	0.2	19.11	337,146	80,060	0	426,955
200,000-299,999 sq. ft.	8,897,827	9.9	9.9	9.9	0.0	21.05	(21,150)	13,210	0	0
300,000-499,999 sq. ft.	3,632,292	4.1	4.1	4.1	0.0	11.46	50,000	246,800	0	310,500
500,000-749,999 sq. ft.	2,349,983	3.5	3.5	3.5	0.0	13.00	0	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	6.9	7.1	6.9	0.3	18.66	637,483	293,231	0	780,455

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	7.4	7.6	7.4	0.2	16.81	498,208	656,603	0	650,970
Eastern Nassau	20,370,892	6.8	6.9	6.3	0.6	20.67	47,929	(258,309)	0	0
Eastern Suffolk	9,912,278	11.5	12.0	11.9	0.0	18.26	99,856	23,824	0	0
Western Nassau	15,430,756	6.9	7.3	7.0	0.3	21.97	(87,552)	(288,443)	0	129,485
Western Suffolk	20,663,469	3.8	4.0	3.8	0.2	16.74	79,042	159,556	0	0
Total	105,856,367	6.9	7.1	6.9	0.3	18.66	637,483	293,231	0	780,455

Market Area Overview



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