

1Q25

Long Island Industrial Market Overview



NEWMARK

Market Observations

Economy

- The Long Island unemployment rate increased 110 basis points to 4.1% in the first quarter of 2025, the market's highest level since August 2021. Despite this increase, Long Island unemployment remains below the national average of 4.5%.
- The manufacturing sector led all industrial-using industries in year-over-year job growth with a 1.2% annual increase. The trade, transportation, and utilities sector experienced similar annual growth at 1.0%. The construction industry experienced declining annual employment growth at -3.9%.
- Trade, transportation, and utilities employment levels remains 4.1% below pre-pandemic levels. Meanwhile, employment rates in the manufacturing sector have returned to pre-pandemic levels.

Major Transactions

- In the first quarter of 2025, Long Island industrial leasing activity increased 5.4% from the previous quarter to 596,997 square feet. Despite this quarterly growth, industrial leasing activity remains 43.8% below the long-term average of 1,082,793 square feet.
- Leasing activity in Suffolk County decreased 11.0% from the previous quarter to 402,402 square feet, accounting for 67.4% of Long Island leasing activity.
- Leasing activity in Nassau County increased 72.1% quarter-over-quarter to 194,595 square feet, accounting for 35.5% of Long Island leasing activity.
- Jet Parts Engineering signed the largest deal of the quarter for 55,325 square feet at 30 Rasons Court.

Leasing Market Fundamentals

- During the first quarter of 2025, Long Island industrial vacancy increased 30 basis points from the previous quarter to 6.0%, the market's highest level since 2010.
- Long Island recorded average industrial asking rents of \$16.31/SF during the first quarter of 2025, declining 2.0% from 2024. Despite this decline, 2025 asking rents remain 5.0% above the long-term average of \$15.53.
- Long Island recorded 65,901 square feet of class A industrial leasing activity during the first quarter of 2025. Class A's share of leasing activity remains elevated, accounting for 11.0% of transactions during the first quarter of 2025.
- In the first quarter of 2025, available sublease space increased 27.4% from the previous quarter to 1,230,603 square feet, the market's highest level since 2007. Sublease space accounted for 9.1% of the total available space in Long Island.

Outlook

- As construction deliveries continue to outpace net absorption, heightened vacancy rates are expected to persist.
- The first quarter of 2025 recorded 146,125 square feet of deliveries throughout Long Island. While the construction pipeline remains active with 720,970 square feet of space in the first quarter of 2025, under construction levels are down from their high in 2023, reverting towards pre-pandemic levels.
- Reflecting the strong demand for Class A space, 103,500 square feet of class A industrial space was delivered during the first quarter of 2025.
- With looming economic tariffs, uncertainty persists in the macroeconomic economy. Occupiers and investors alike will approach deals with greater caution as a result, which will impact leasing and investment activity.

1. Leasing Market Fundamentals
2. Economy

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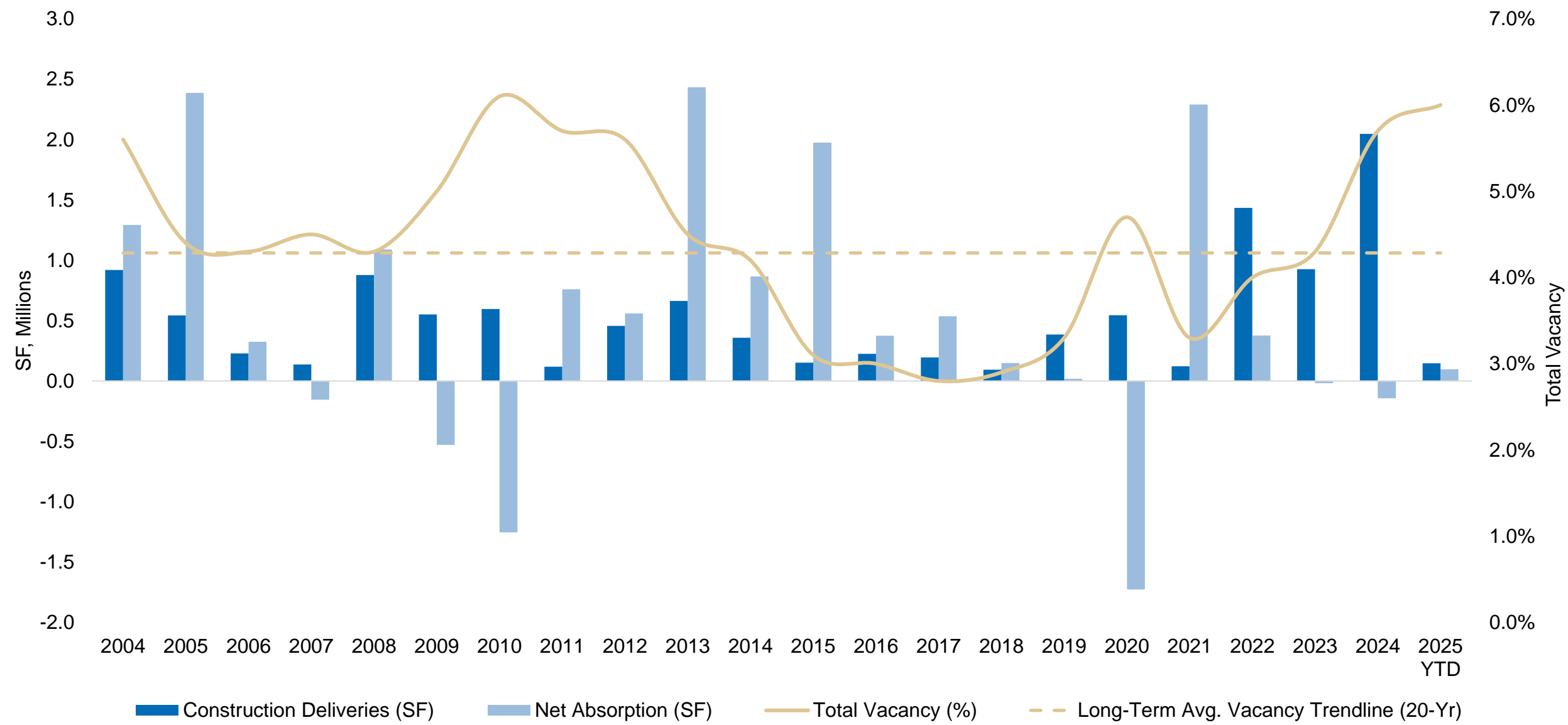
Leasing Market Fundamentals



Vacancy Rises as Construction Deliveries Outpace Net Absorption

During the first quarter of 2025, Long Island industrial vacancy increased 30 basis points from the previous quarter to 6.0%, the market’s highest level since 2010. As construction deliveries continue to outpace net absorption, heightened vacancy rates are expected to persist.

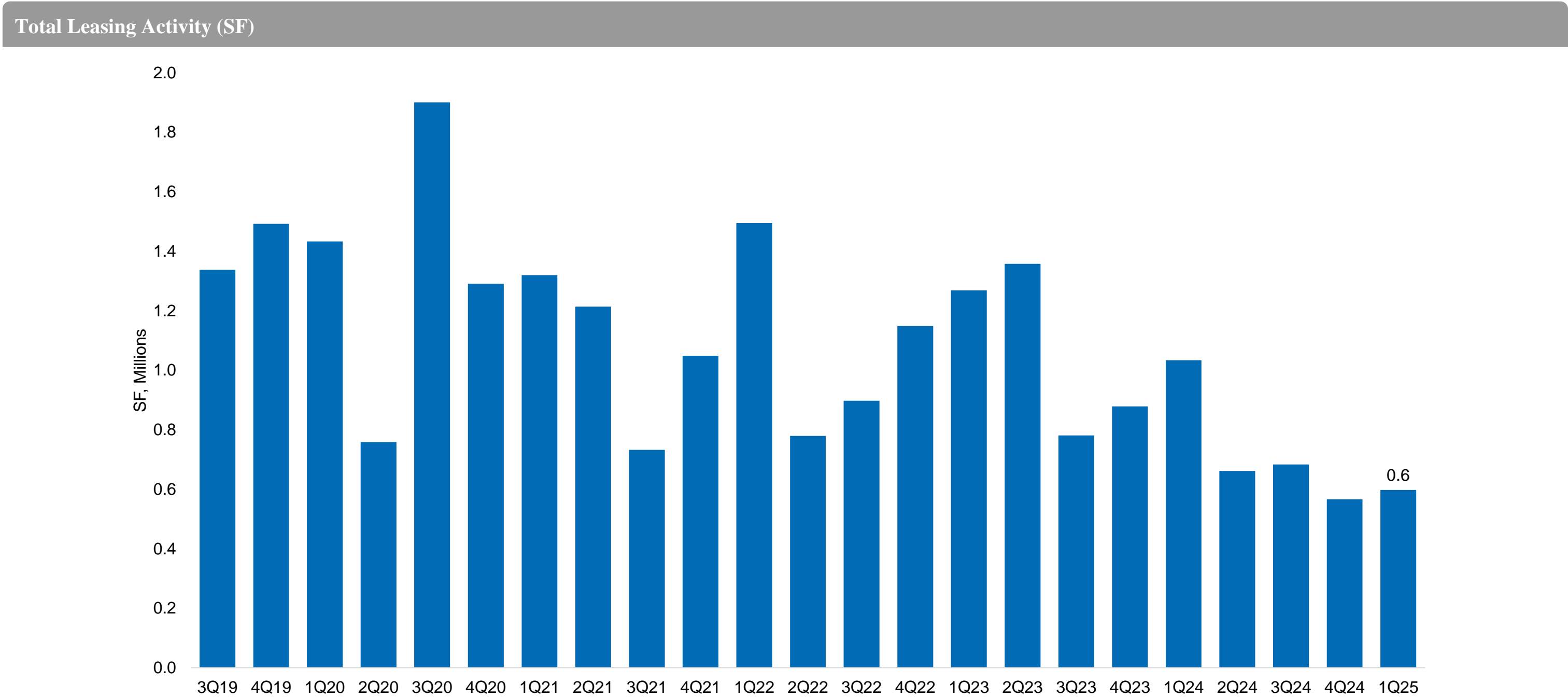
Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research, CoStar

Industrial Leasing Activity Rises

In the first quarter of 2025, Long Island industrial leasing activity increased 5.4% from the previous quarter to 596,997 square feet. Despite this quarterly growth, industrial leasing activity remains 43.8% below the long-term average of 1,082,793 square feet.

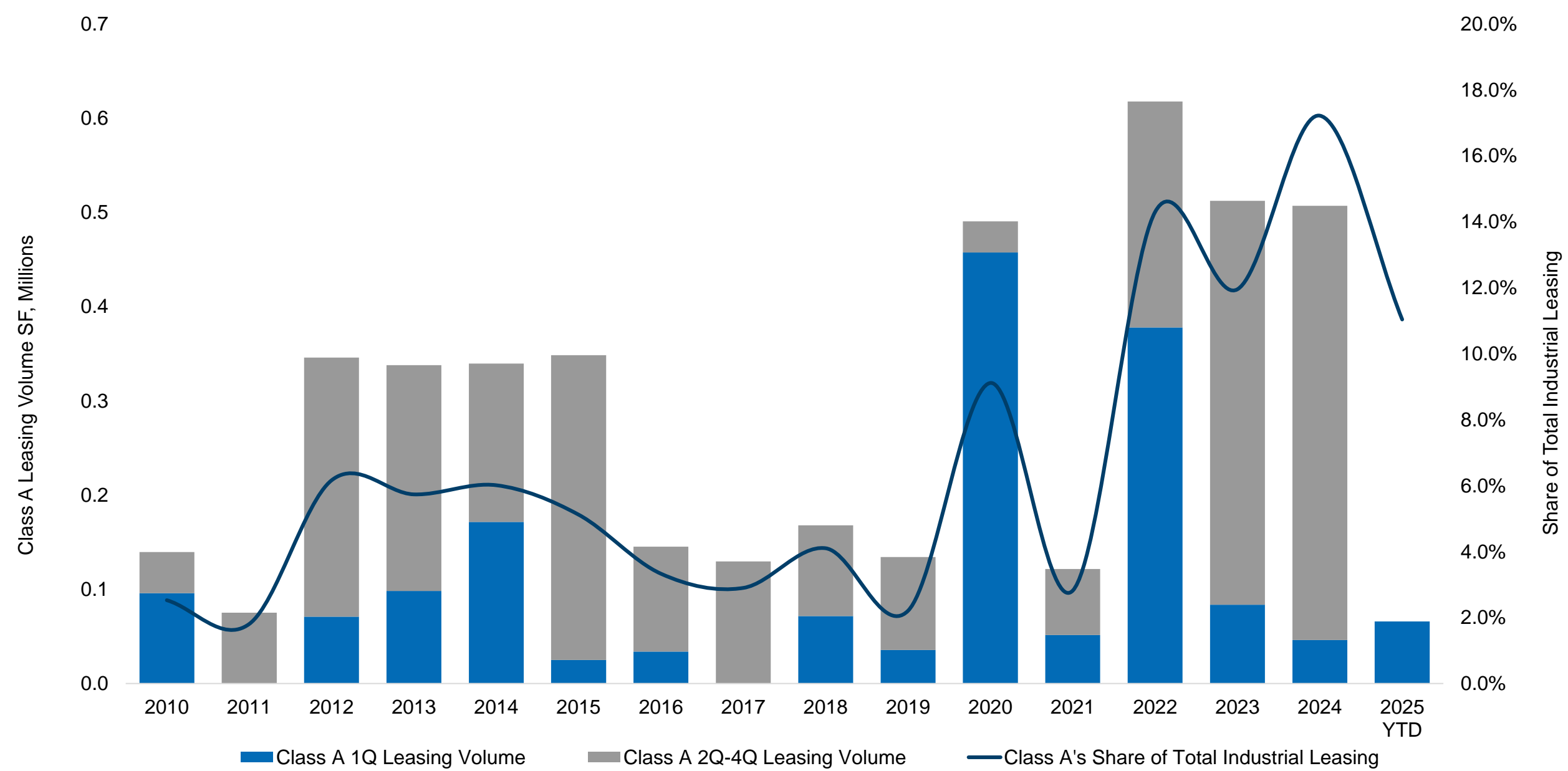


Source: Newmark Research, CoStar

Class A Leasing Remains Consistent

Long Island recorded 65,901 square feet of class A industrial leasing activity during the first quarter of 2025, a 42.6% increase from the first quarter of 2024. Class A's share of leasing activity remains elevated, accounting for 11.0% of transactions during the first quarter of 2025. Reflecting the strong demand for Class A space, an additional 103,500 square feet of class A industrial space was delivered during the first quarter of 2025.

Industrial Class A Leasing Volume and Percentage of Total Industrial Leasing Volume

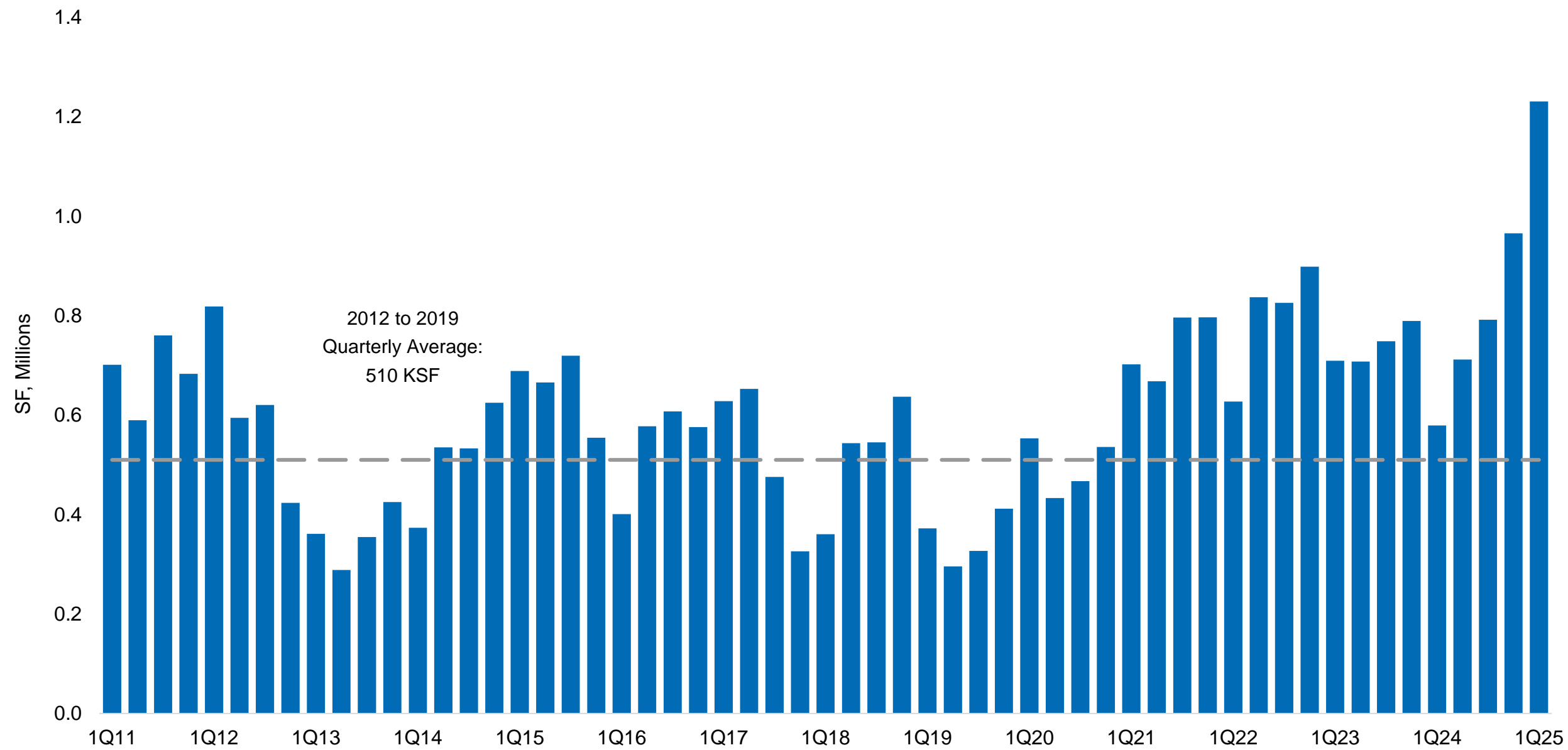


Source: Newmark Research, CoStar

Sublease Availability Surges

In the first quarter of 2025, available sublease space increased 27.4% from the previous quarter to 1,230,603 square feet, the market’s highest level since 2007. While no large blocks of sublease space were added to the market, the addition of multiple blocks in the 20,000 square foot range resulted in a surge in sublease availability. Sublease space accounts for 9.1% of the total available space in Long Island, a 180-basis point increase from the previous quarter.

Available Industrial Sublease Volume (msf)

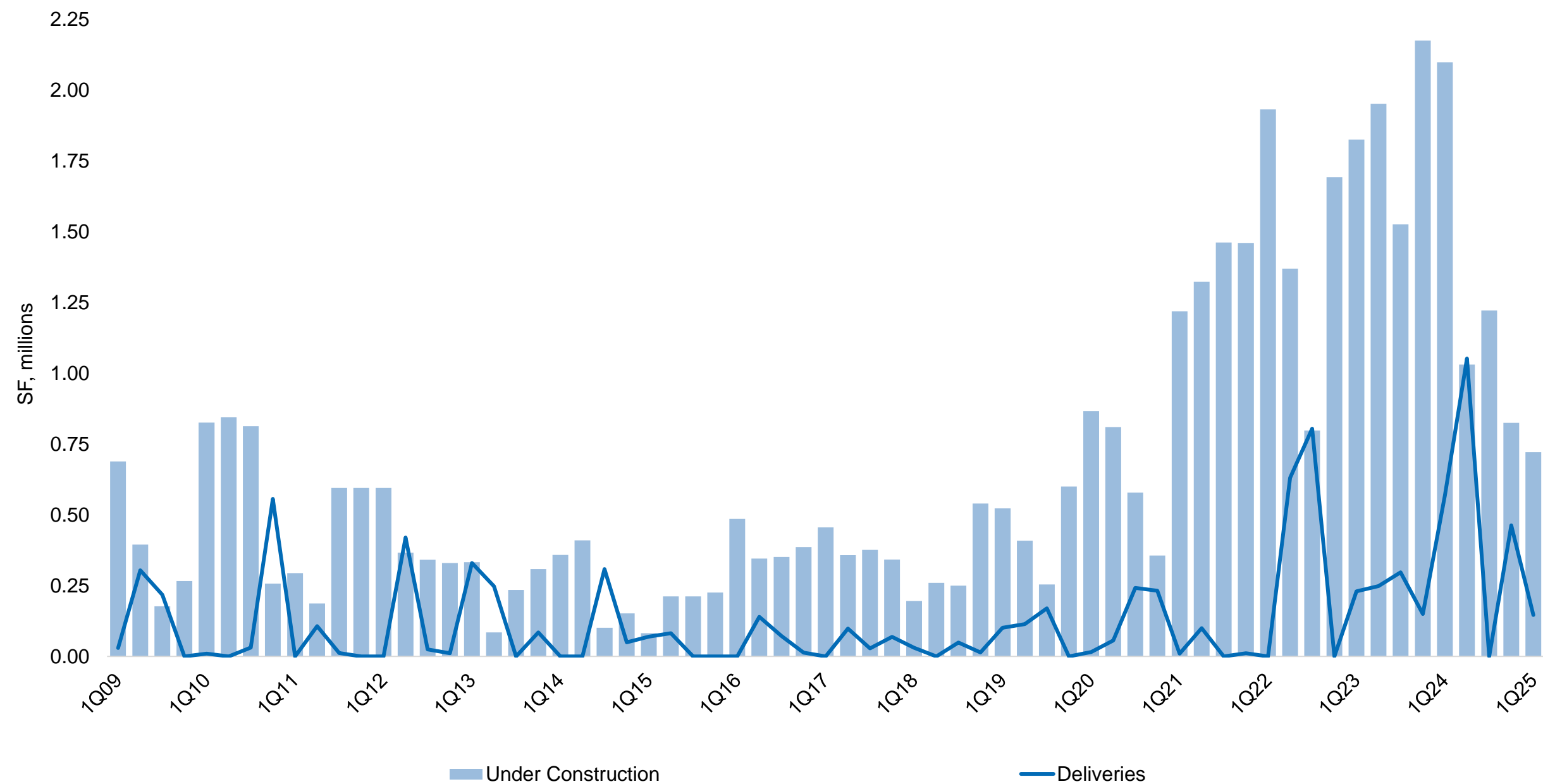


Source: Newmark Research, CoStar

Under Construction Totals Revert Towards Pre-Pandemic Levels

The first quarter of 2025 recorded 146,125 square feet of deliveries throughout Long Island. While the construction pipeline remains active with 720,970 square feet of space in the first quarter of 2025, under construction levels are down from their high in 2023, reverting towards pre-pandemic levels.

Industrial Under Construction and % of Inventory

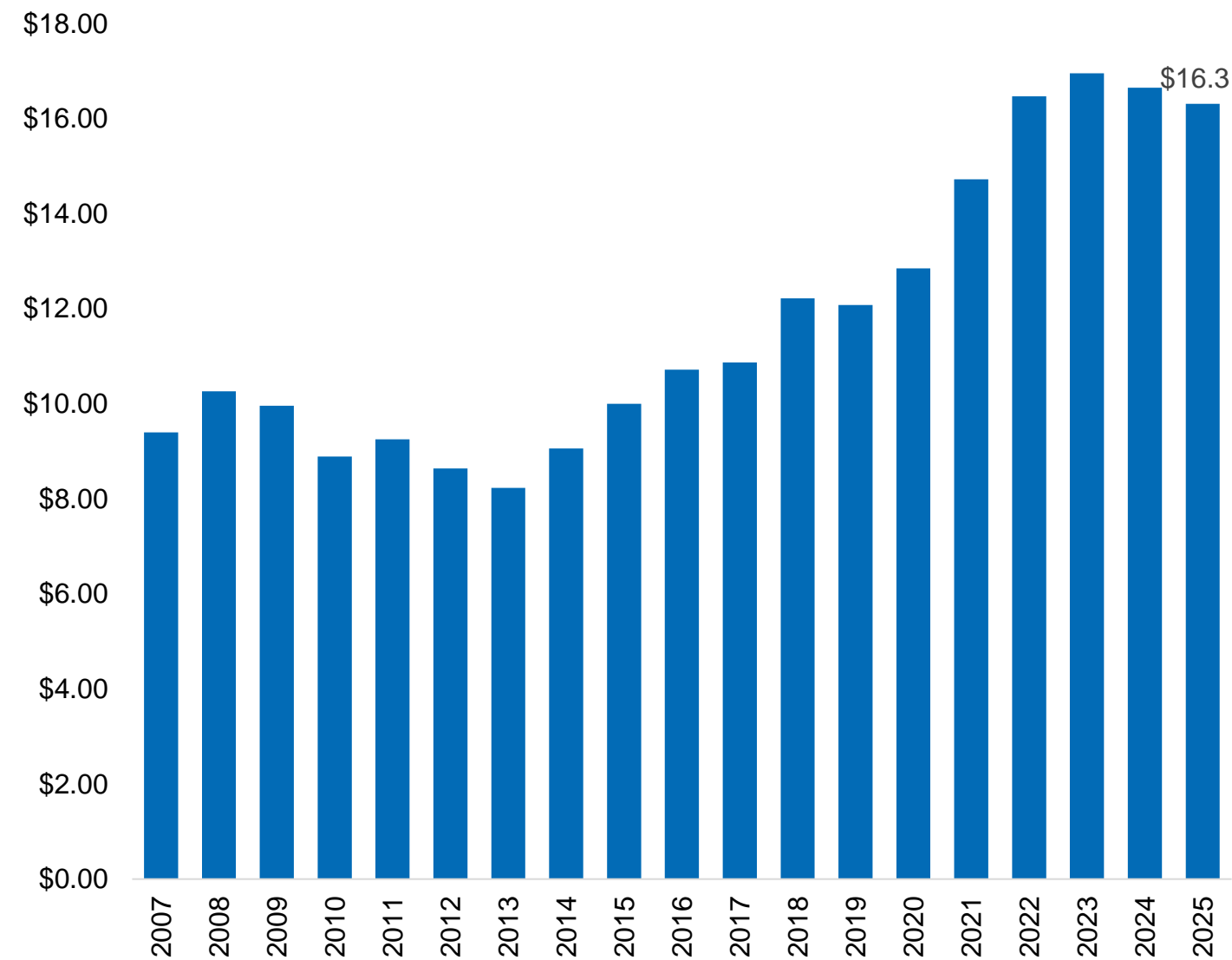


Source: Newmark Research, CoStar

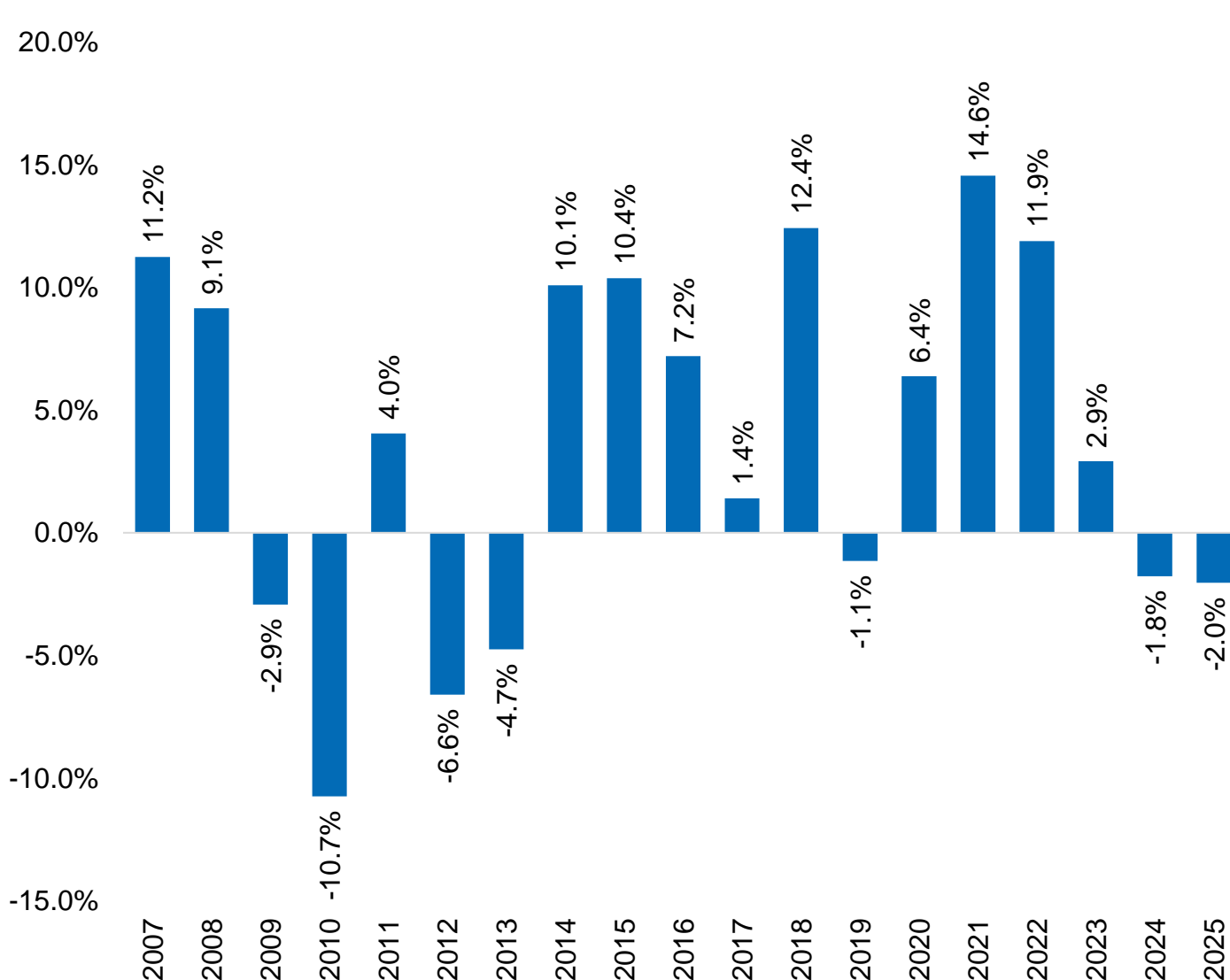
Heightened Industrial Asking Rent Continues

Long Island recorded average industrial asking rents of \$16.31/SF during the first quarter of 2025, declining 2.0% from 2024. Despite this decline, 2025 asking rents remain 5.0% above the long-term average of \$15.53.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable Lease Transactions

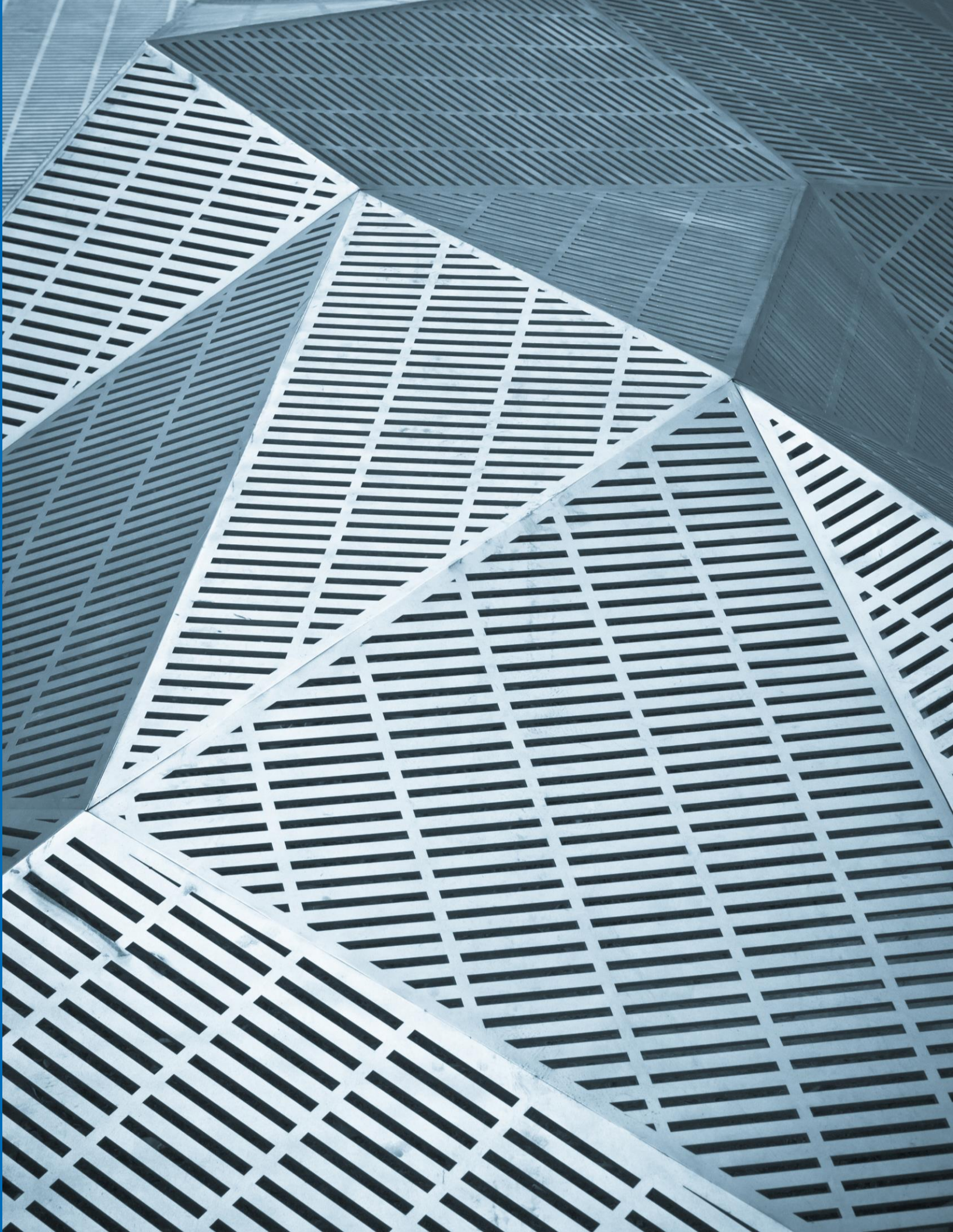
Long Island industrial leasing recorded 596,997 square feet of activity during the fourth quarter, a 5.4% increase from the previous quarter. Leasing activity in Nassau County increased 72.1% quarter-over-quarter to 194,595 square feet, while Suffolk County leasing activity decreased 11.2% from the previous quarter to 402,402 square feet. Suffolk County accounted for only 67.4% of the total leasing activity in the first quarter of 2025, a decline from the 78.5% of activity it accounted for throughout 2024.

Notable 1Q25 Lease Transactions				
Tenants	Building(s)	Submarket	Type	Square Feet
Jet Parts Engineering	30 Rasons Court	Suffolk County	Direct Lease	55,325
Jet Parts Engineering signed the largest deal of the quarter for the entire 55,325 square feet property at 30 Rasons Court.				
The Weeks Lerman Group	235 Pinelawn Road	Suffolk County	Direct Lease	48,801
Office supplies company The Weeks Lerman Group signed a 48,801 square foot lease for the last available space at 235 Pinelawn Road.				
Carry Co	95 Marcus Boulevard	Suffolk County	Direct Lease	22,500
Carry Co signed a three-year deal for 22,500 square feet at 95 Marcus Boulevard.				
Topgreat	305 Suburban Avenue	Suffolk County	Direct Lease	20,000
Topgreat signed a five-year deal for the entire 20,000 square foot property at 305 Suburban Avenue.				
Green Earth Duct Cleaning	700 Chettic Avenue	Suffolk County	Direct Lease	17,500
Air duct cleaning company Green Earth Duct Cleaning leased 17,500 square feet at 700 Chettic Avenue.				

Source: Newmark Research, CoStar

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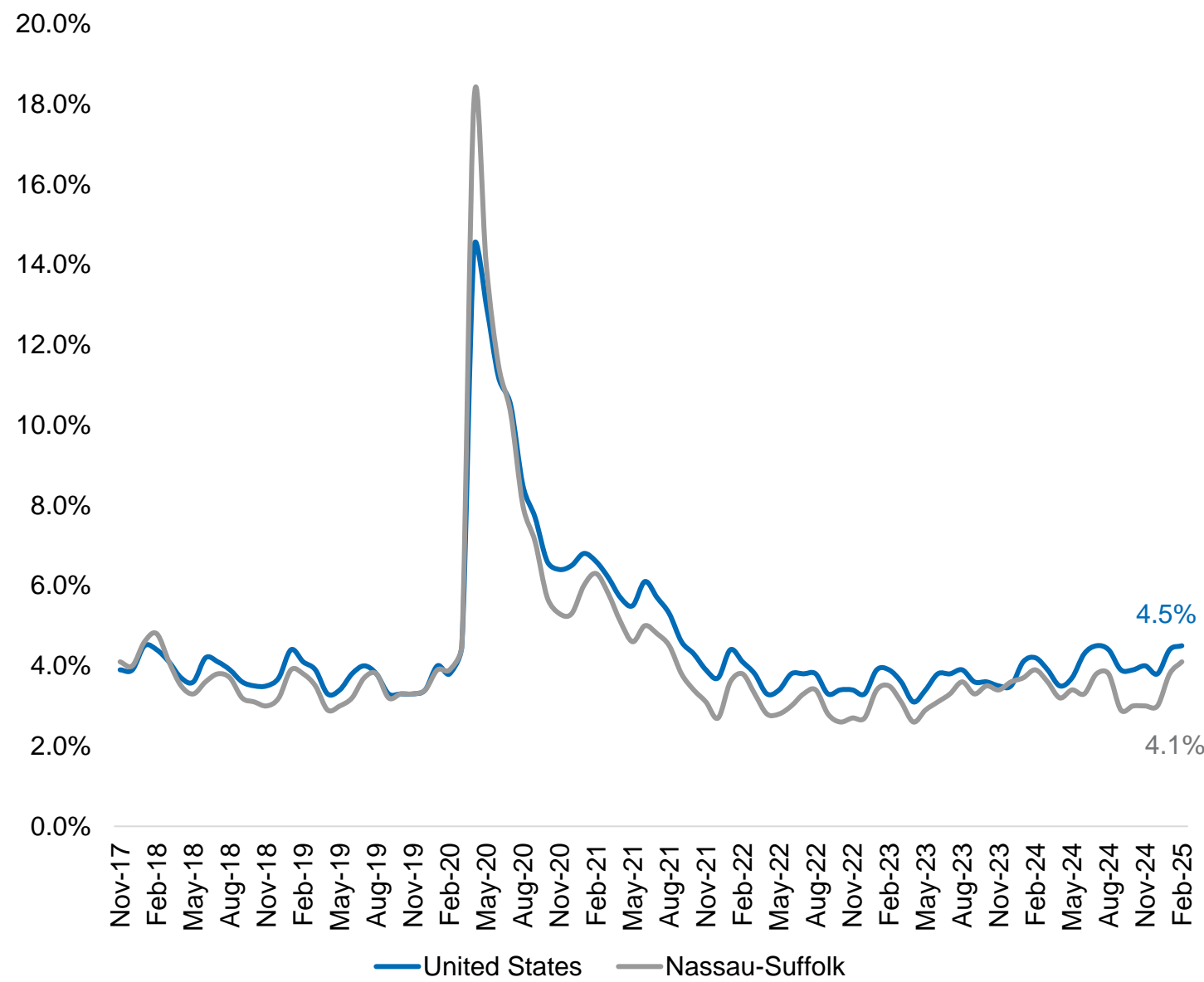
Economy



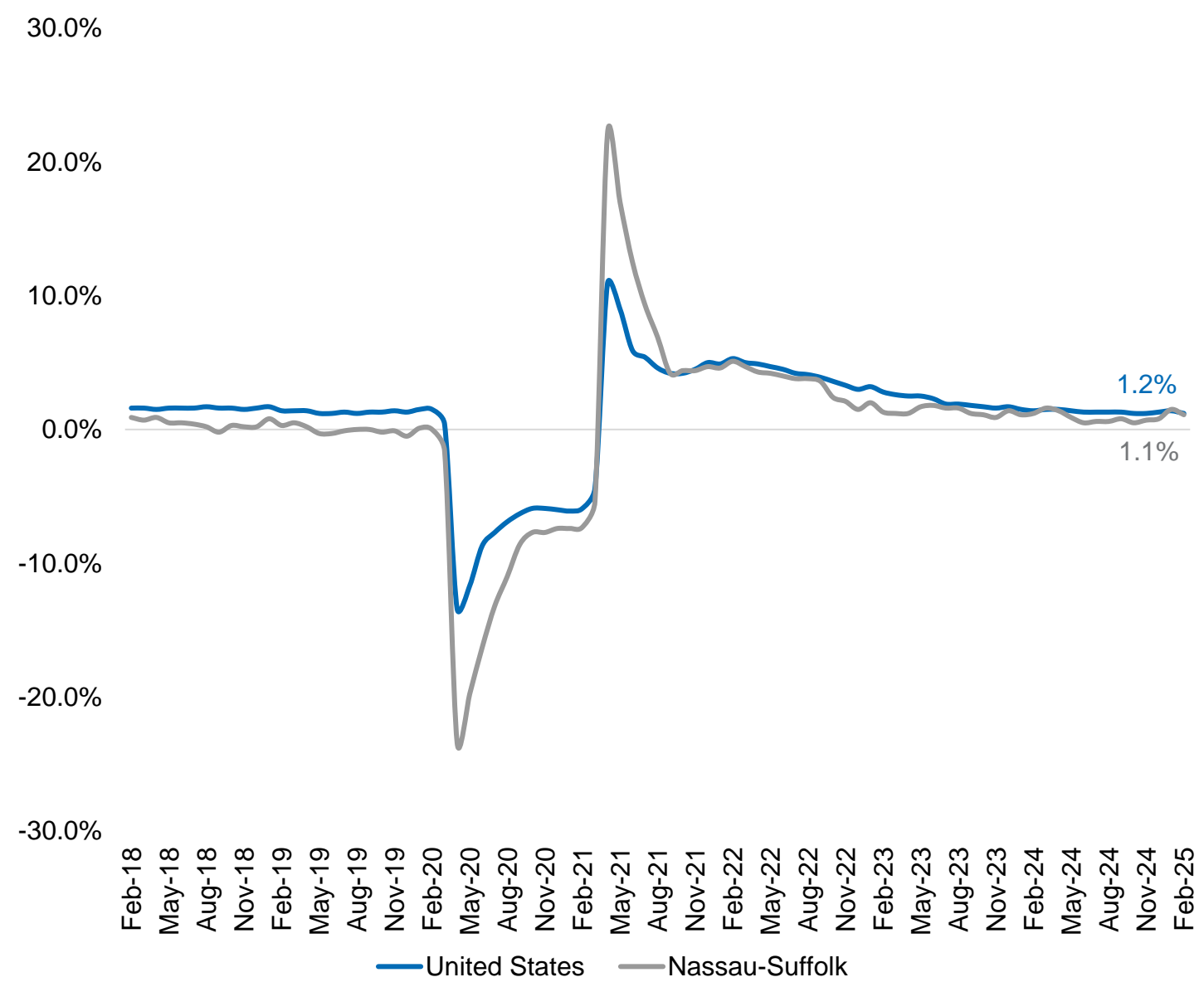
Uptick in Unemployment

The Long Island unemployment rate experienced a sharp uptick during the first quarter of 2025, increasing 110 basis points to 4.1%, the market’s highest level since August 2021. Despite this increase, Long Island unemployment remains below the national average of 4.5%. Meanwhile, at 1.1%, Long Island employment growth remained slightly shy of the national average in the first quarter of 2025.

Unemployment Rate, Non-Seasonally Adjusted



Nonfarm Payroll Employment, Non-Seasonally Adjusted, 12-Month % Change

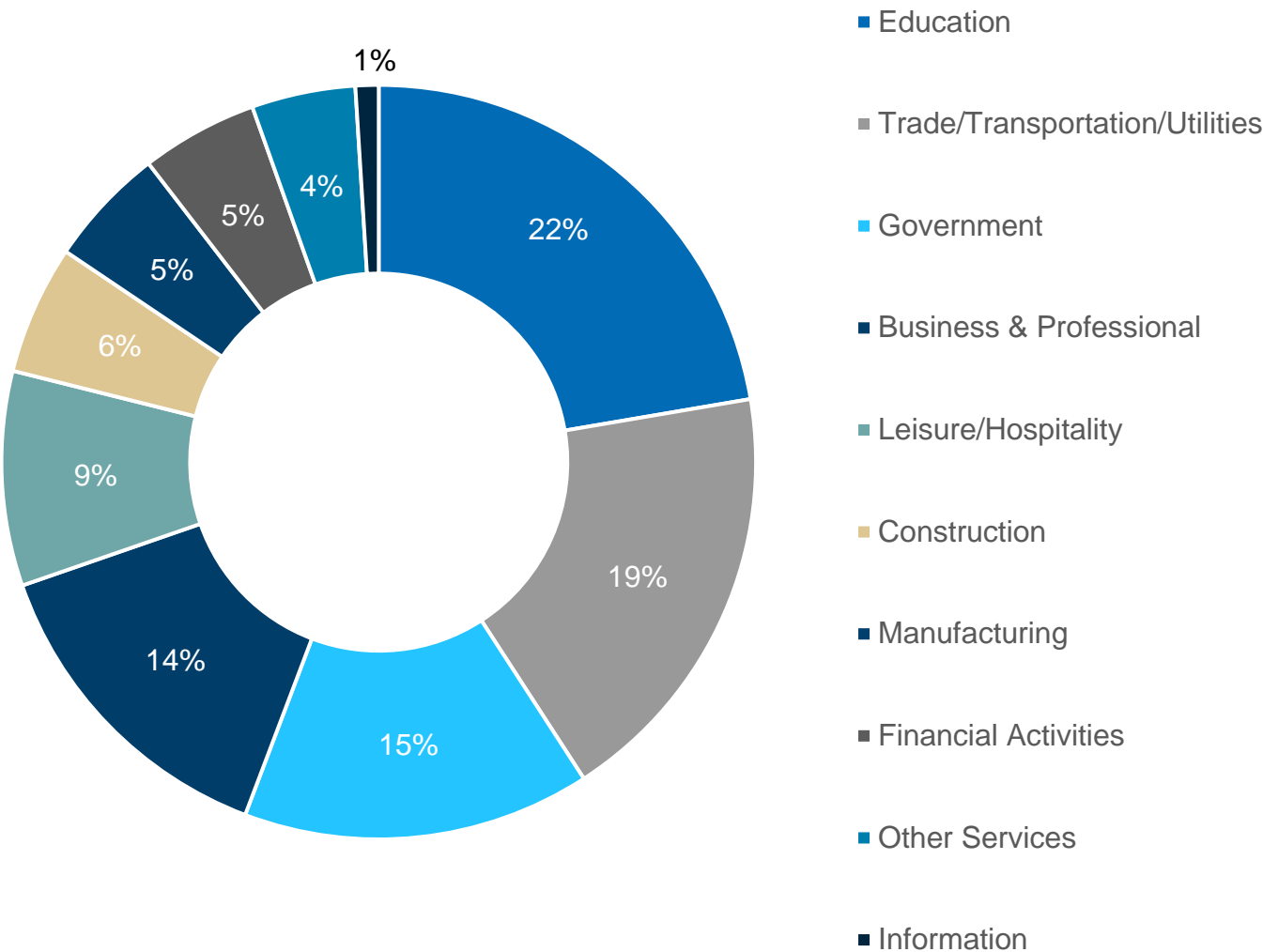


Source: U.S. Bureau of Labor Statistics, Nassau-Suffolk

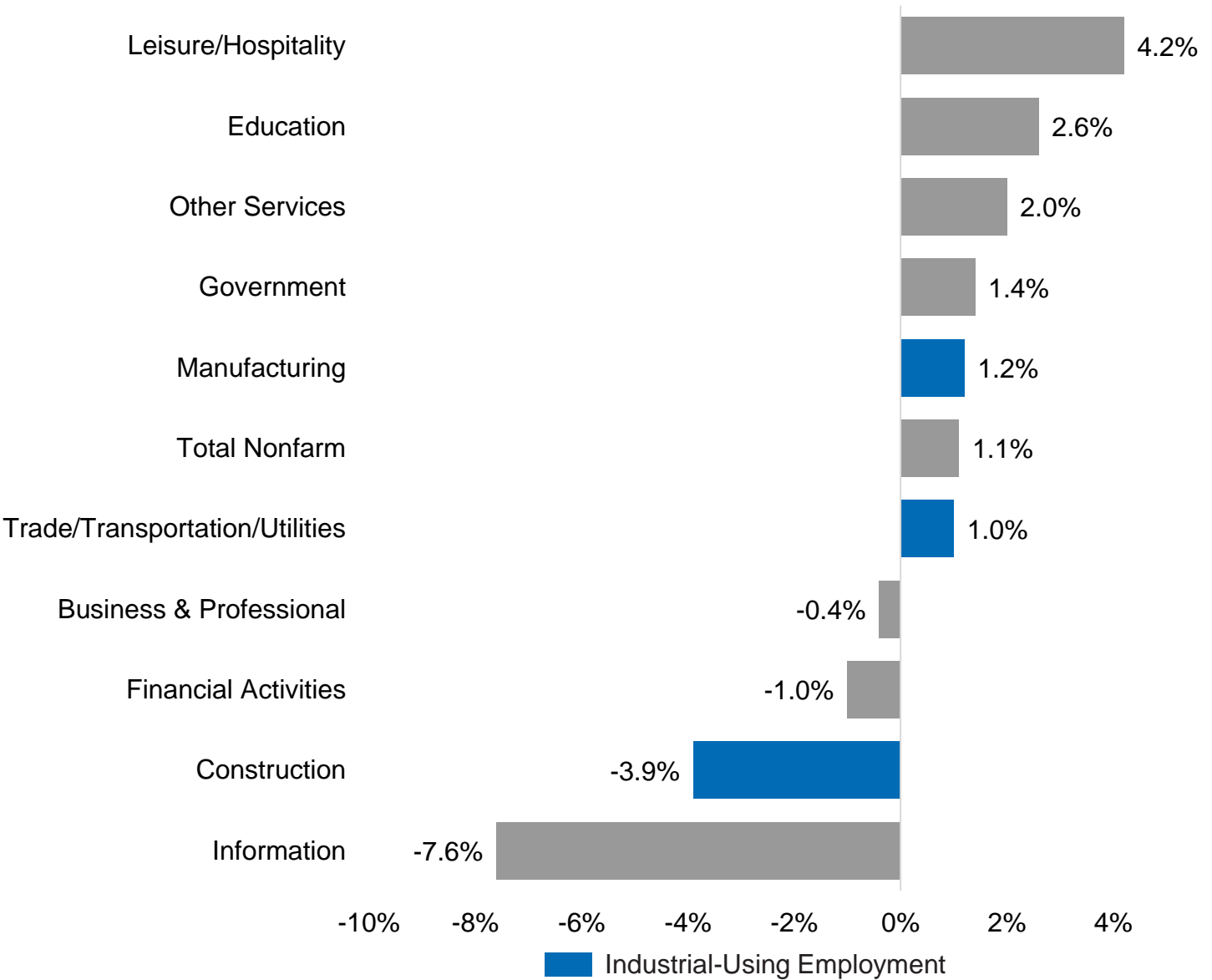
Varying Job Growth for Industrial Sector

During the first quarter of 2025, manufacturing led all industrial-using industries in year-over-year job growth with a 1.2% annual increase. The trade, transportation, and utilities sector experienced similar annual growth at 1.0%; however, the construction industry experienced declining annual employment growth at -3.9%.

Employment by Industry, February 2025



Employment Growth by Industry, 12-Month % Change, February 2025

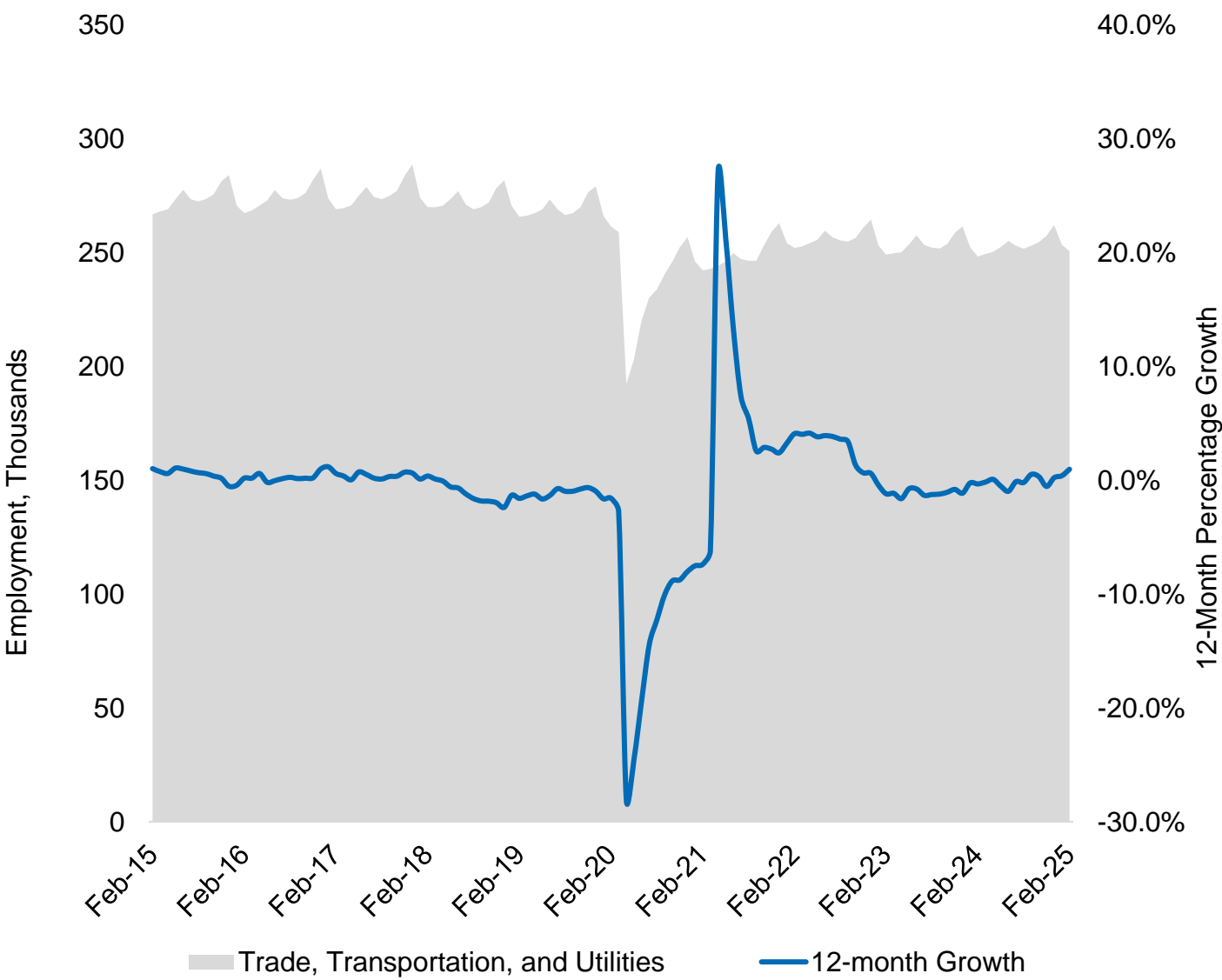


Source: U.S. Bureau of Labor Statistics, Nassau-Suffolk

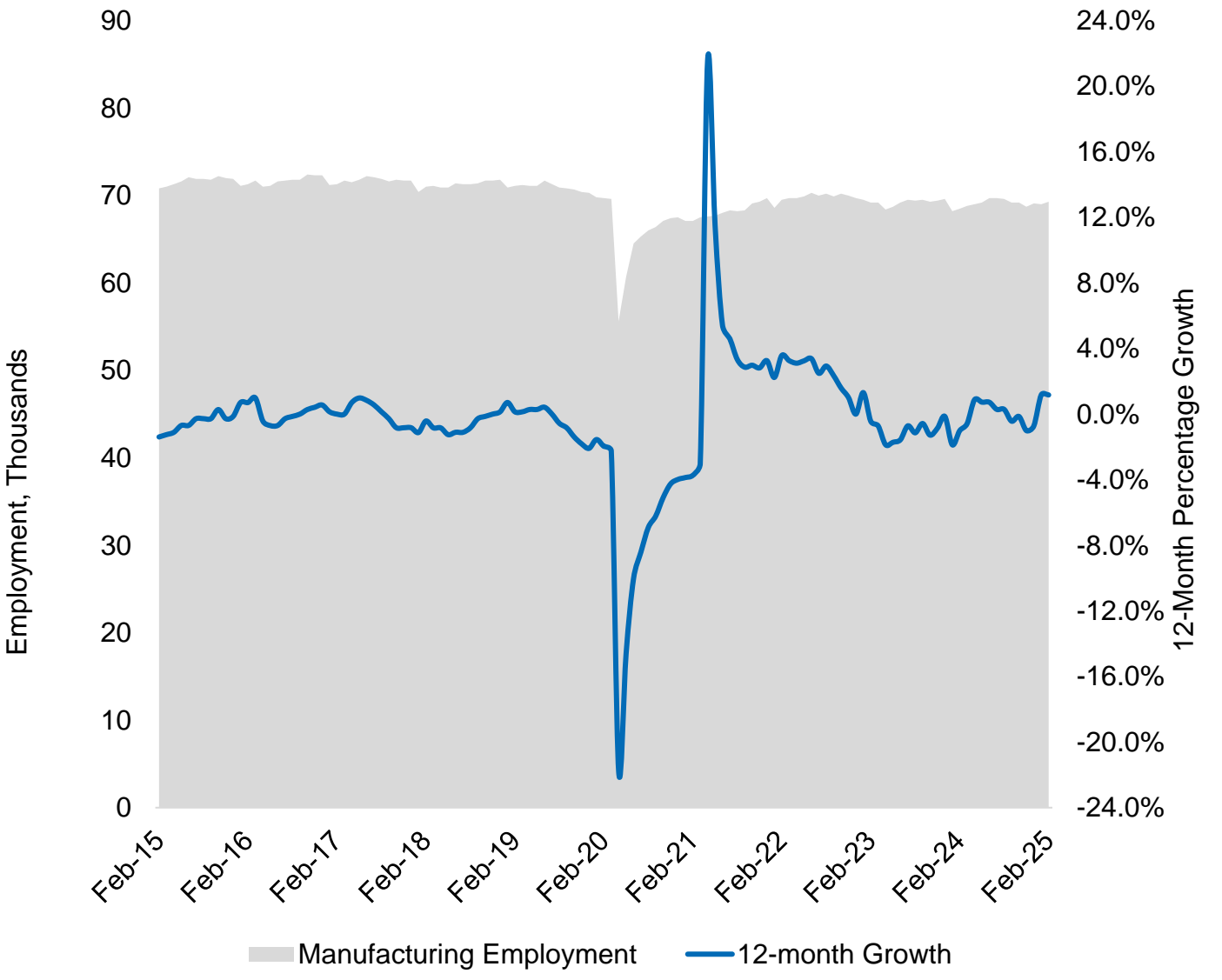
Modest Growth for Industrial Employment

During the first quarter of 2025, employment in the trade, transportation, and utility sector experienced modest annual growth, increasing 1.0% year-over-year. Despite this growth, trade, transportation, and utilities employment remains 4.1% below pre-pandemic levels. Meanwhile, the manufacturing sector experienced similar annual employment growth at 1.2% year-over-year; however, employment rates in the manufacturing sector have returned to pre-pandemic levels.

Total Employment and 12-Month Growth Rate, Trade/Transportation/Utilities



Total Employment and 12-Month Growth Rate, Manufacturing



Source: U.S. Bureau of Labor Statistics, Nassau-Suffolk

For more information:

Long Island
290 Broadhollow Road
Suite 103E
Melville, NY 11747
t 631-424-4800

New York Headquarters
125 Park Ave.
New York, NY 10017
t 212-372-2000

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