



NEWMARK

Long Island
Office Market Overview

1Q26

NMRK.COM

Market Observations



Economy

- At 3.2% Long Island's unemployment rate currently stands 90 basis points below the national rate, a gap that has held steady throughout 2024–2025.
- Over the past year, private education and healthcare were among the sectors that led job gains across the region. In contrast, the information sector registered the largest employment decline.
- Long Island office-using employment is down 20 basis points year-over-year. All office-using sectors recorded year-over-year decline, the most being the information sector down 2.9% followed by financial activities and professional and business services both down 1.0%.



Leasing Market Fundamentals

- Total available space decreased modestly by 4,048 square feet in the first quarter, bringing the office availability rate to 12.0%, the market's lowest level since fourth-quarter 2020.
- Asking rents increased \$0.21/SF to \$33.34/SF, a 0.6% gain year-over-year. First quarter asking rents remain 20.5% above the 10-year average.
- Direct asking rents closed the quarter at \$33.52/SF, an increase of \$0.32/SF from the prior quarter while sublease asking rents declined to \$25.01/SF. Class A rents are still rising but at a slower pace, growing 1.2% year-over-year compared with 2.2% growth the year before, reflecting steady demand amid limited new supply.



Major Transactions

- Long Island registered 464,930 square feet of leasing in the first quarter, 20.7% below the prior quarter amid a shift toward smaller-sized transactions.
- ION completed the largest transaction of the period, renewing 32,000 square feet on a portion of the seventh floor at 626 RexCorp Plaza.
- With 186,057 square feet, Suffolk County accounted for 40.0% of quarterly activity and posted its first gain in leasing following four straight quarters of decline.



Outlook

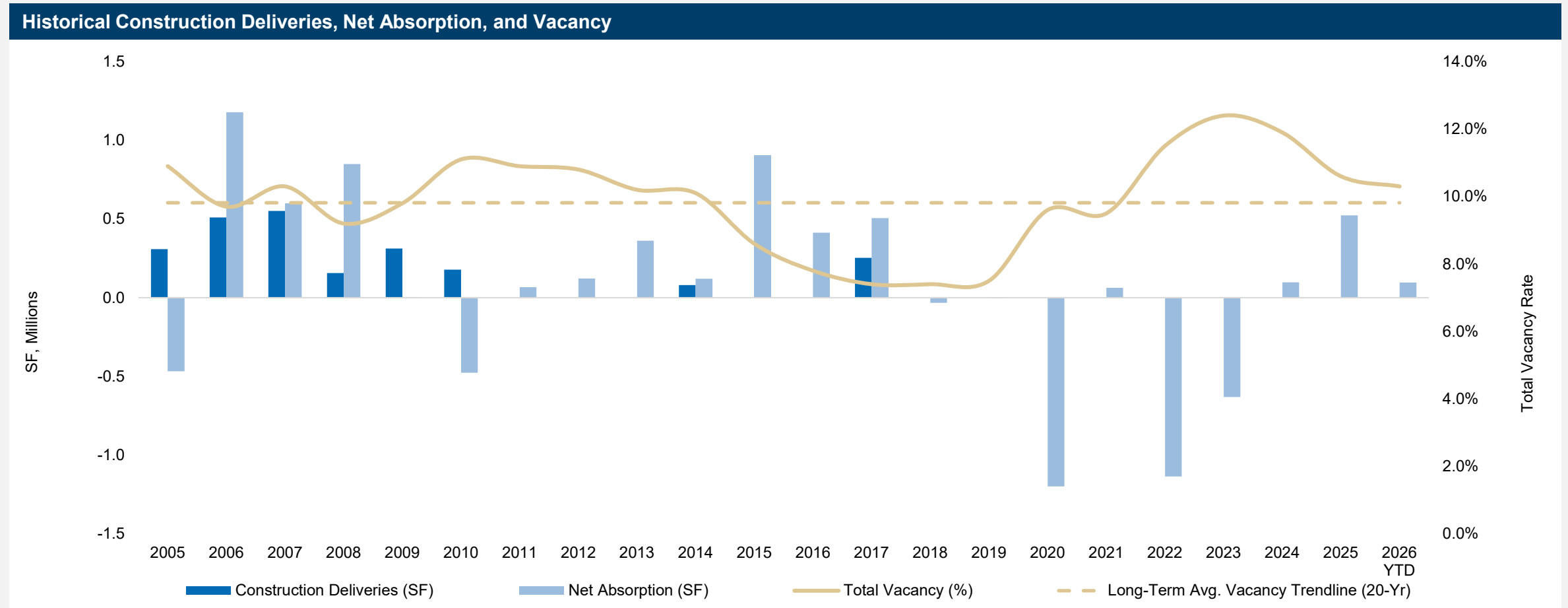
- Uncertainty around economic tariffs are keeping investors cautious; likely impacting market activity to remain concentrated in well-located, higher-quality assets.
- The first quarter of 2026 saw no office properties under construction in the Long Island market. With uncertainty surrounding the future of suburban office space, developers are turning their attention away from office projects.
- High-quality market activity is expected to continue as vacancies continue to fall while limited new supply persists, allowing class A assets to capture a greater share of demand.

Leasing Market Fundamentals



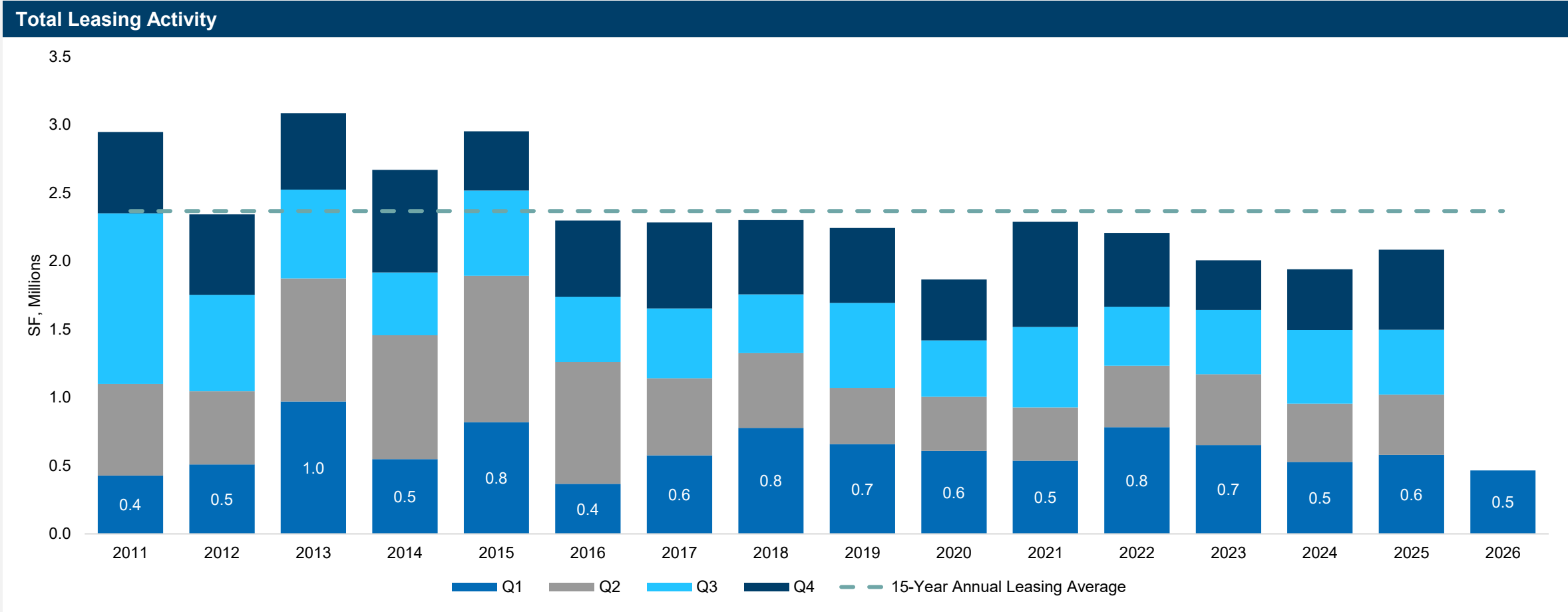
Vacancy Continues to Fall With Positive Net Absorption

Net absorption totaled 96,731 square feet, in line with the past two years of strong demand. Total vacancy remains above the 20-year average of 9.8% but declined 30 basis points quarter-over-quarter to 10.3%.



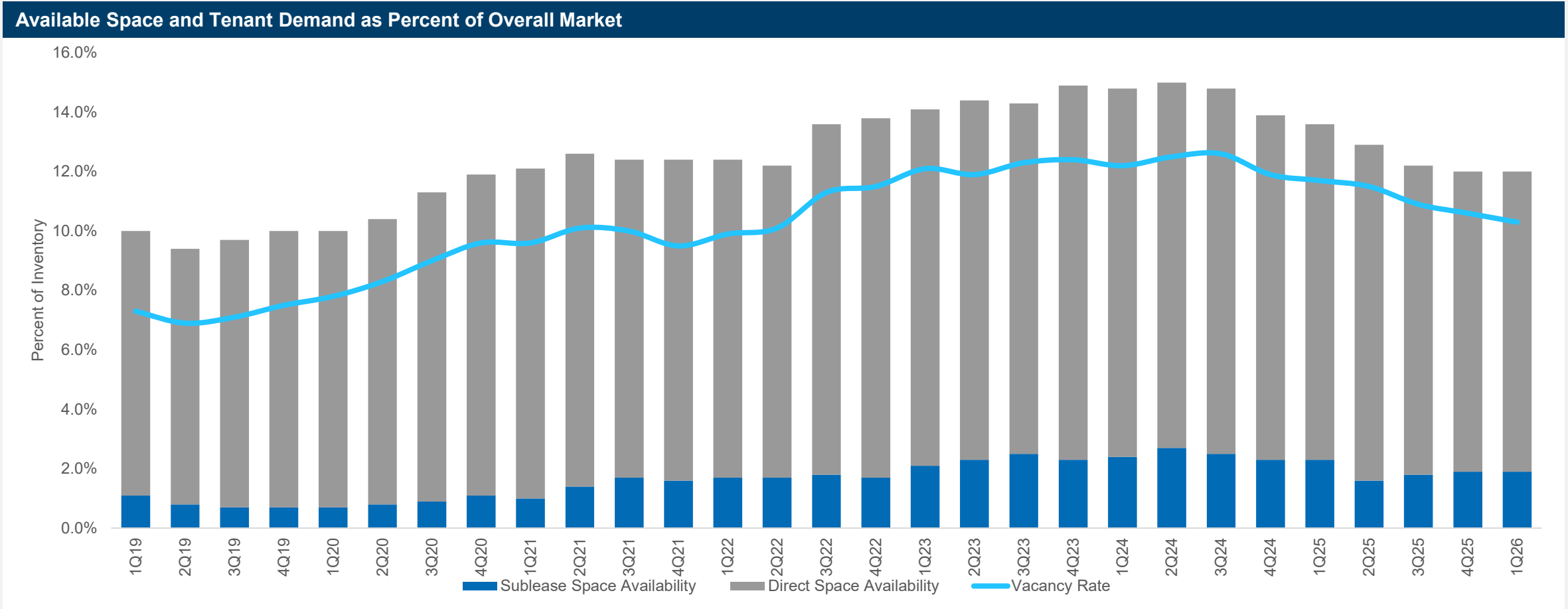
Quarterly Leasing Activity Falls

Long Island recorded 464,930 square feet of leasing activity in the first quarter of 2026, a 10.7% decline from the 2025 average. ION signed the largest deal of the quarter, renewing 32,000 square feet on part of the seventh floor at 626 RexCorp Plaza.



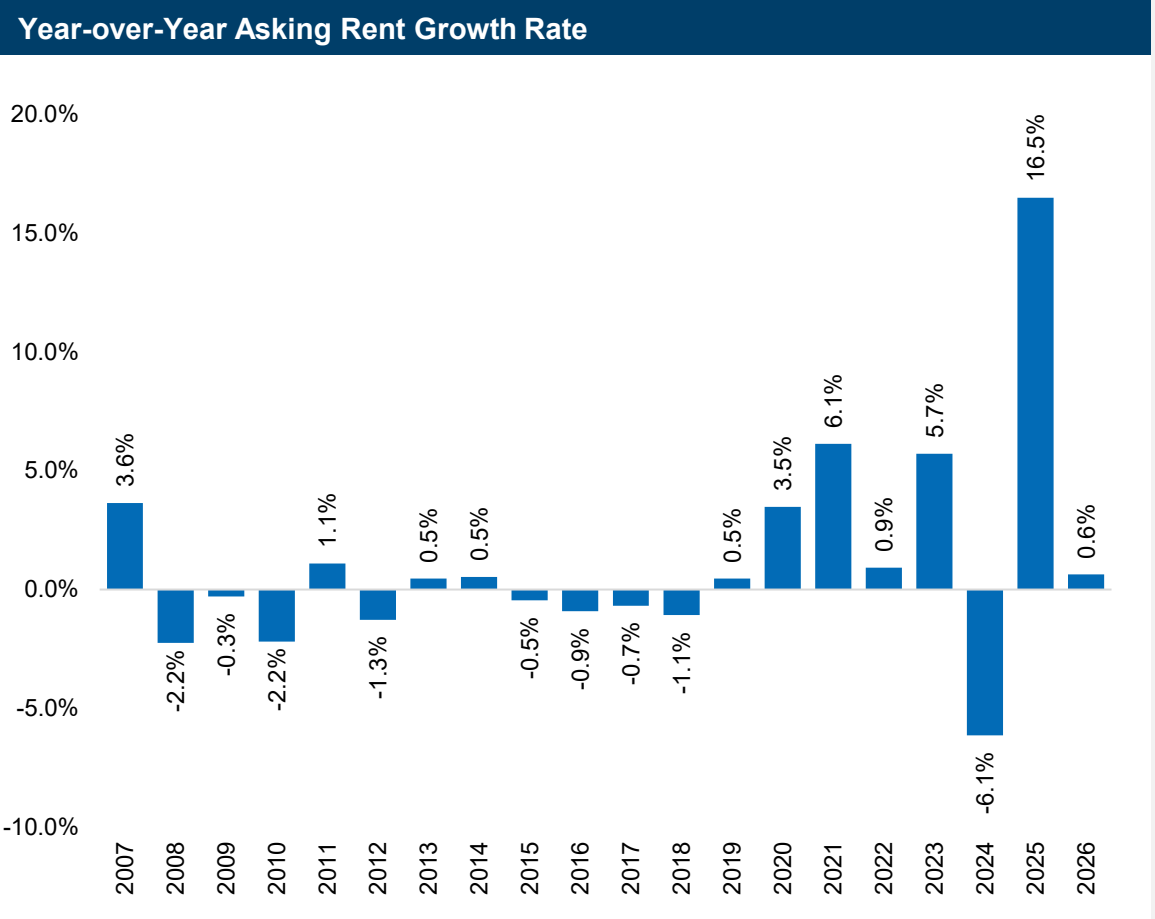
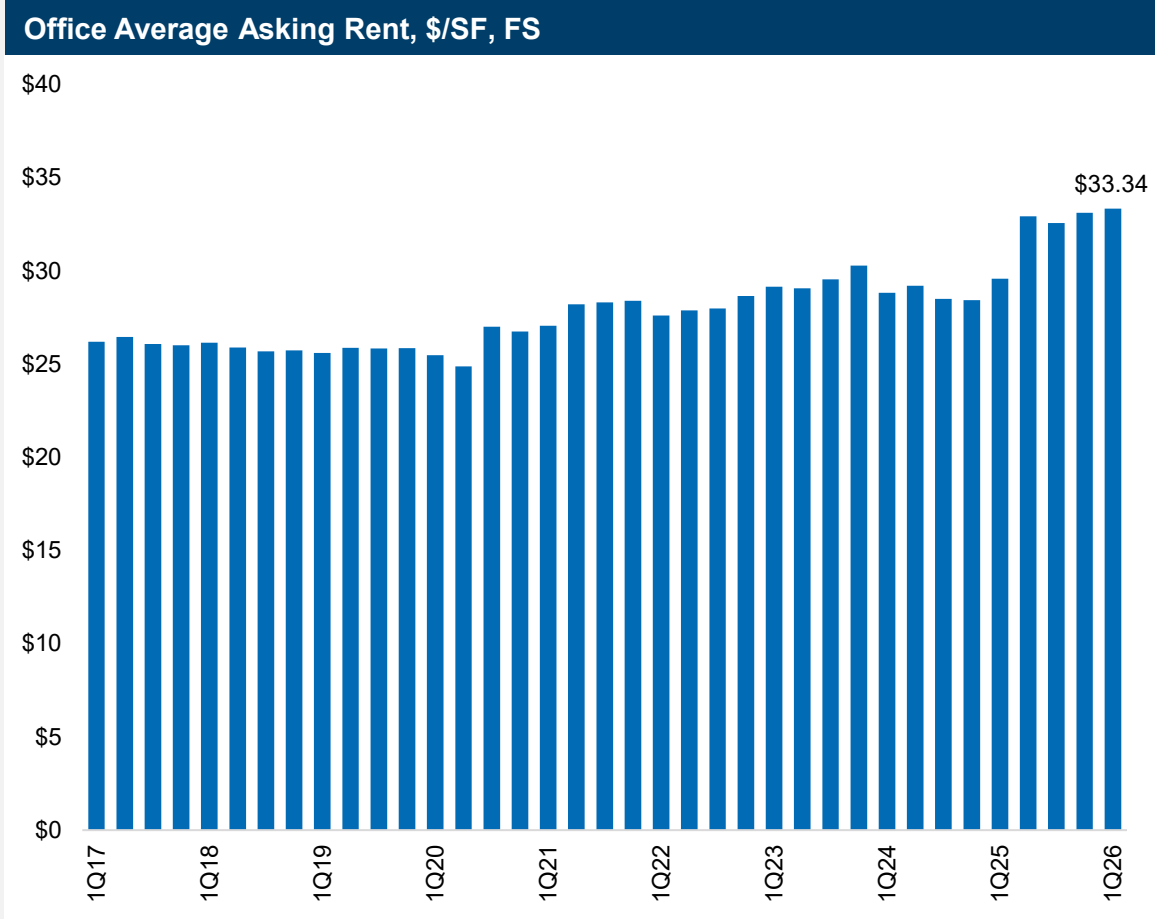
Vacancy and Availability Falls

Total available space in the Long Island office market decreased in 1Q 2026 to 6,872,515 square feet, the lowest level since 4Q 2020. The small net change reflects offsetting trends: availability in Nassau County fell by 178,603 square feet, while Suffolk County recorded a 174,555-square-foot increase.



Rents Remain Elevated

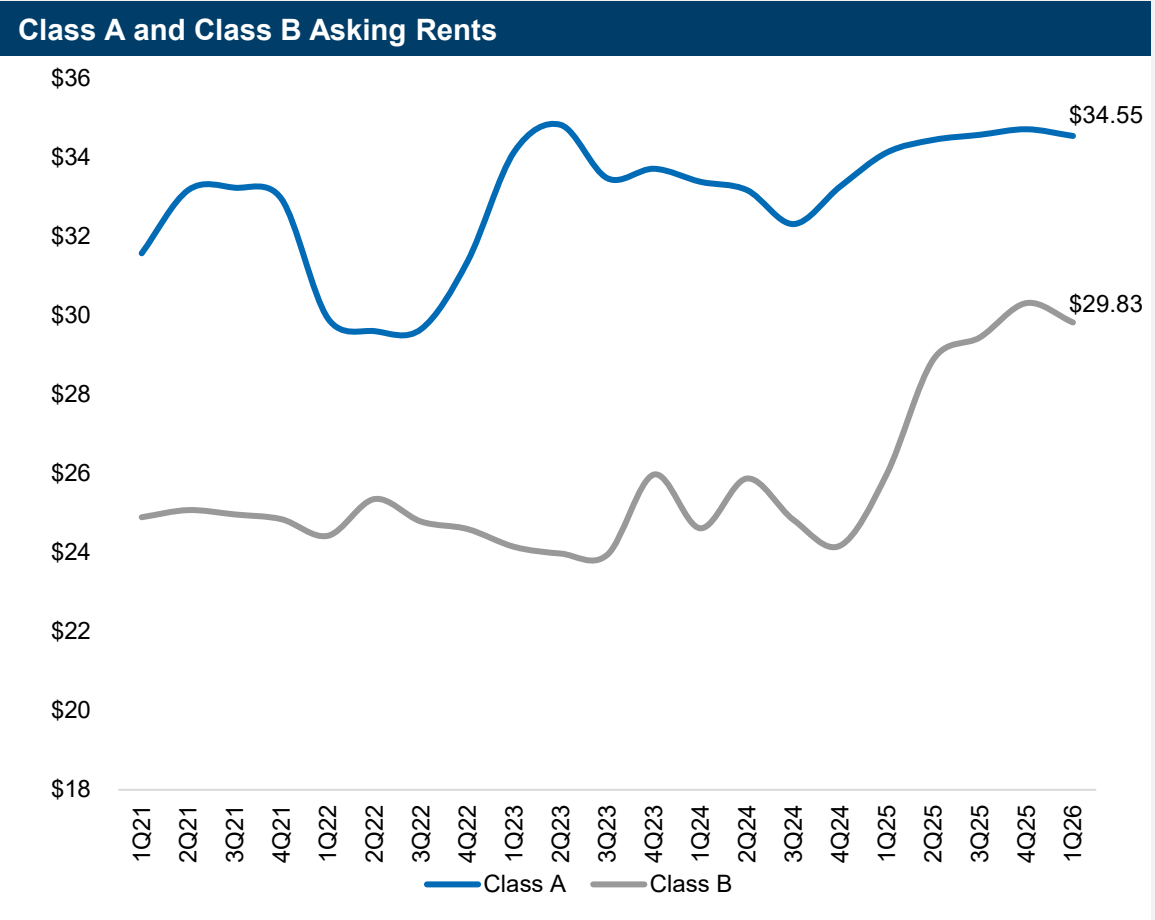
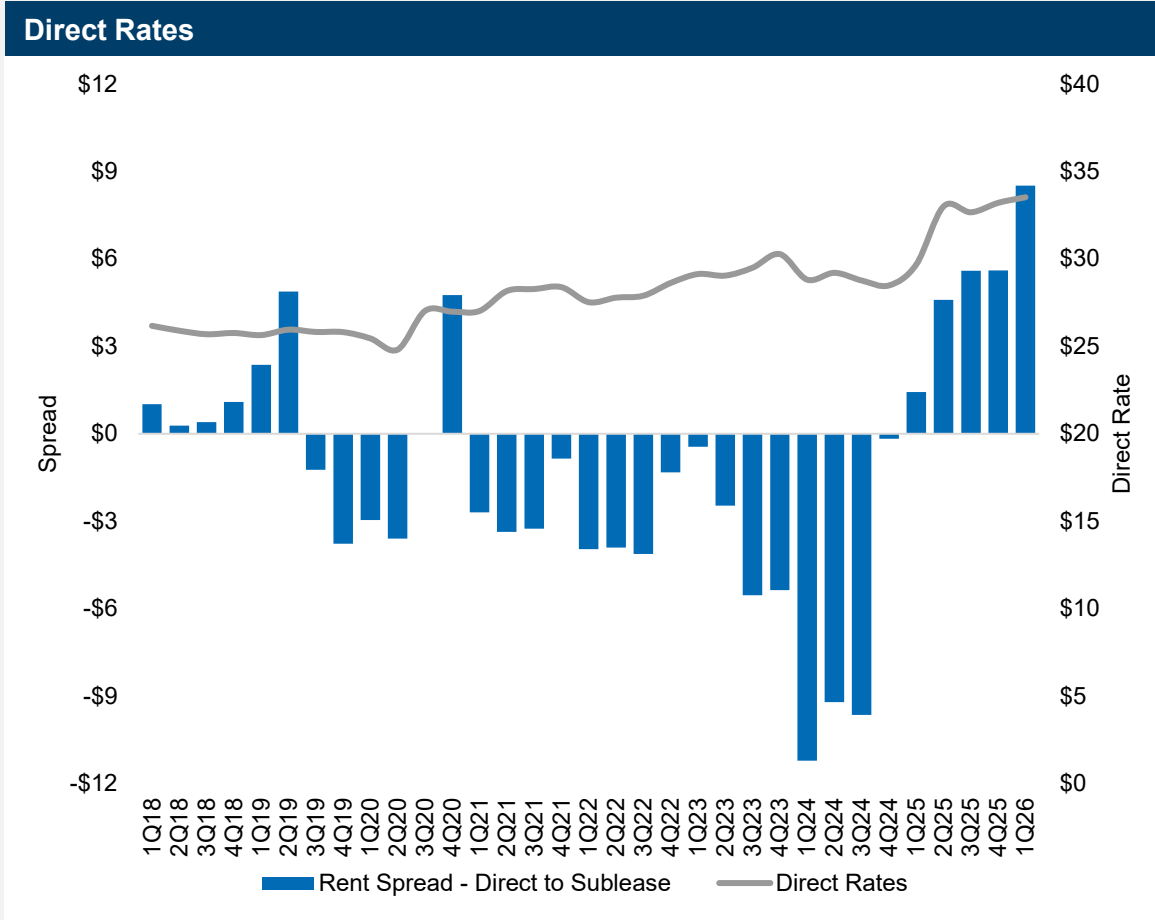
First quarter office asking rents rose \$0.21/SF quarter-over-quarter to \$33.34/SF, a 0.6% increase year-over-year and an all-time high. They remain well above the 10-year average of \$27.66/SF.



Source: Newmark Research, CoStar

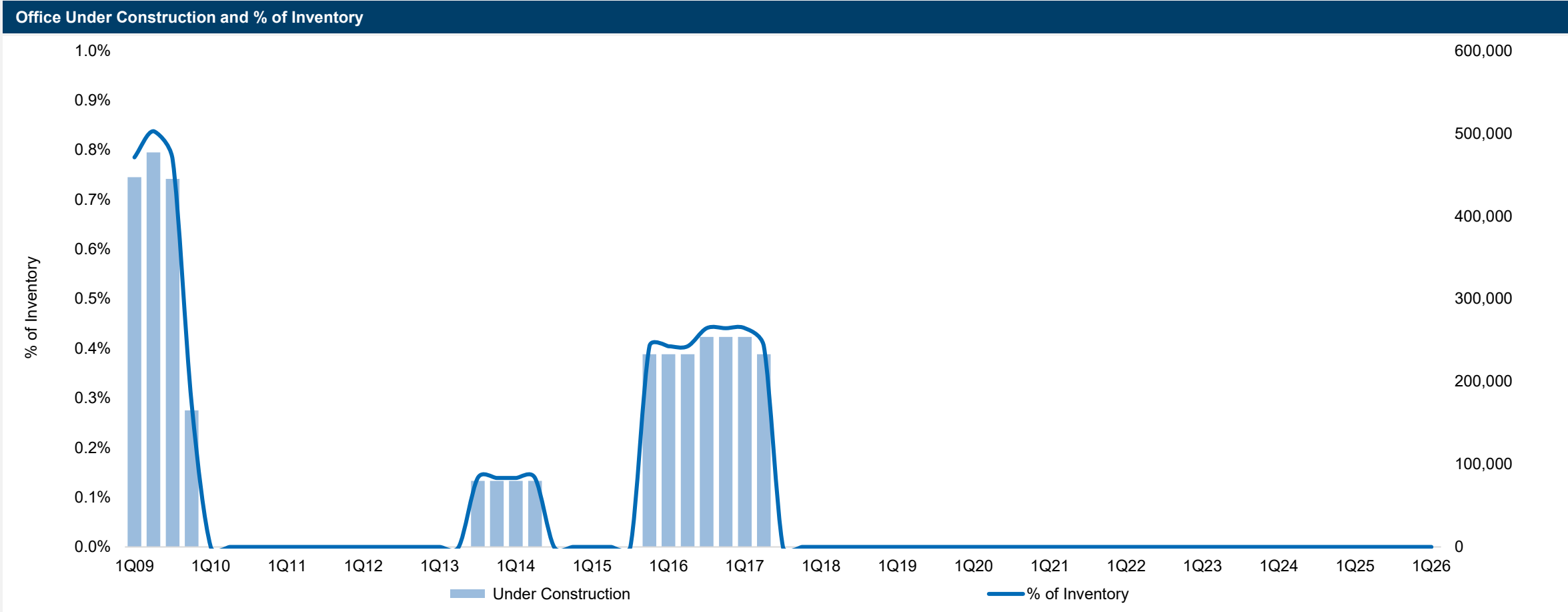
Asking Rate Growth for Direct Space

Sublease asking rents continued to trail direct rates in the first quarter of 2026. Direct asking rents ended the quarter at \$33.52/SF, up \$0.32/SF from the prior quarter while sublease asking rents fell to \$25.01/SF. Both Class A and Class B rents declined, falling by \$0.17/SF and \$0.49/SF, respectively.



Construction Standstill Continues

The first quarter of 2026 saw no office properties under construction in the Long Island market. With uncertainty surrounding the future of suburban office space, many developers are pulling back from new office projects.

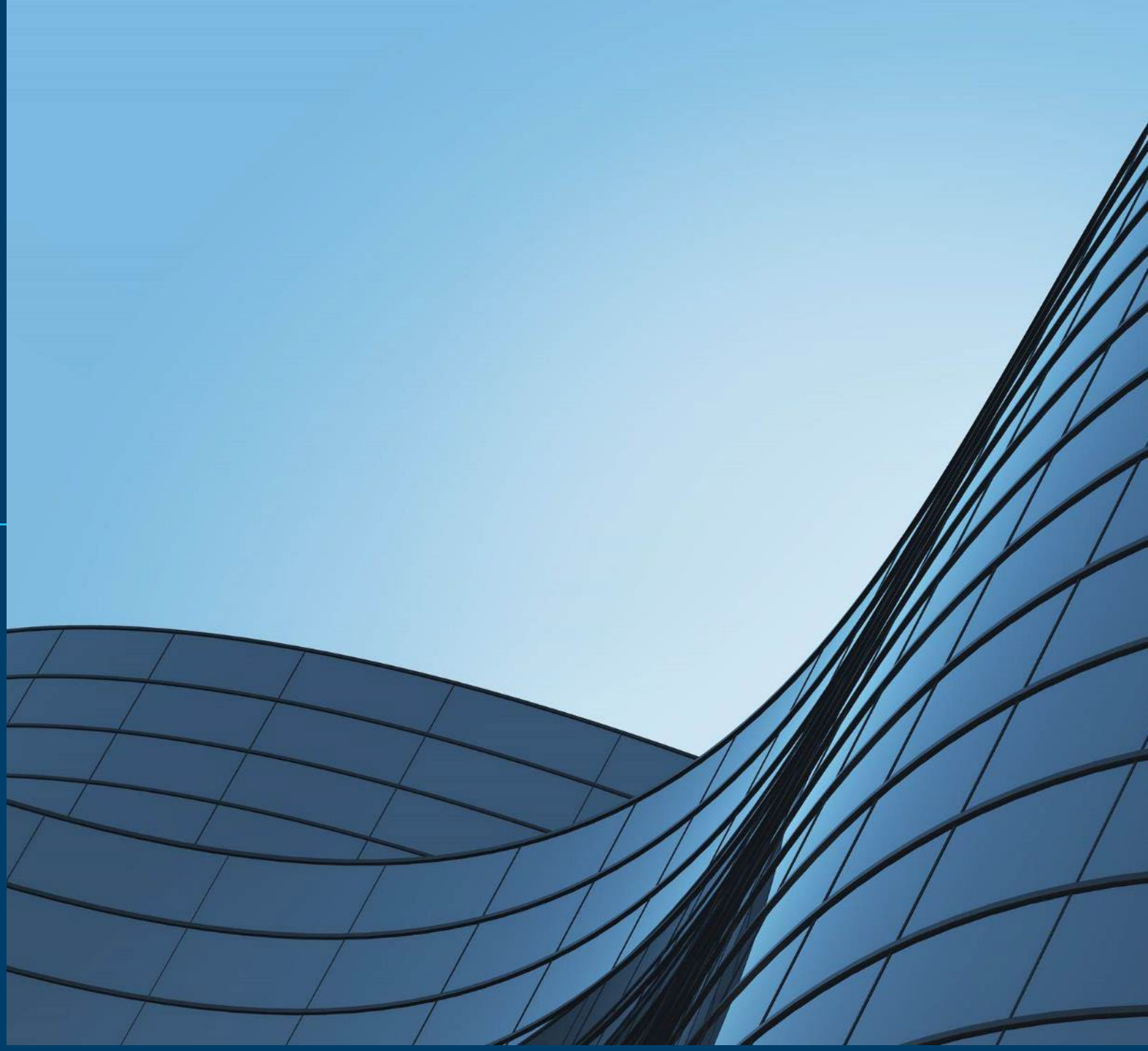


Notable Lease Transactions

Long Island recorded 464,930 square feet of leasing activity during the first quarter of 2026, a 20.7% decrease from the previous quarter. Suffolk County contributed 186,057 square feet, accounting for 40.0% of quarterly leasing and marking its first increase after four consecutive quarters of decline.

Notable 1Q26 Lease Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
ION	626 RexCorp Plaza	Nassau County	Direct Renewal	32,000
ION signed the largest deal of the quarter, renewing 32,000 square feet on part of the seventh floor at 626 RexCorp Plaza.				
Expeditors International	626 RexCorp Plaza	Nassau County	Direct Renewal	31,560
Expeditors International signed the second largest deal of the quarter, renewing 31,560 square feet on part of the eighth floor at 626 RexCorp Plaza.				
Immigration and Customs Enforcement	88 Froehlich Farm Boulevard	Nassau County	Sublease New	27,998
Immigration and Customs Enforcement signed a three-year and four-month sublease for 27,998 square feet at 88 Froehlich Farm Boulevard.				
New York Cancer and Blood Specialists	3 Dakota Drive	Nassau County	Direct New	25,296
New York Cancer and Blood Specialists signed for 25,296 square feet on part of the first floor at 3 Dakota Drive.				
Whitsons	1393 Veterans Memorial Highway	Suffolk County	Direct New	17,600
Whitsons signed a new deal for 17,600 square feet on part of the fourth floor at 1393 Veterans Memorial Highway.				

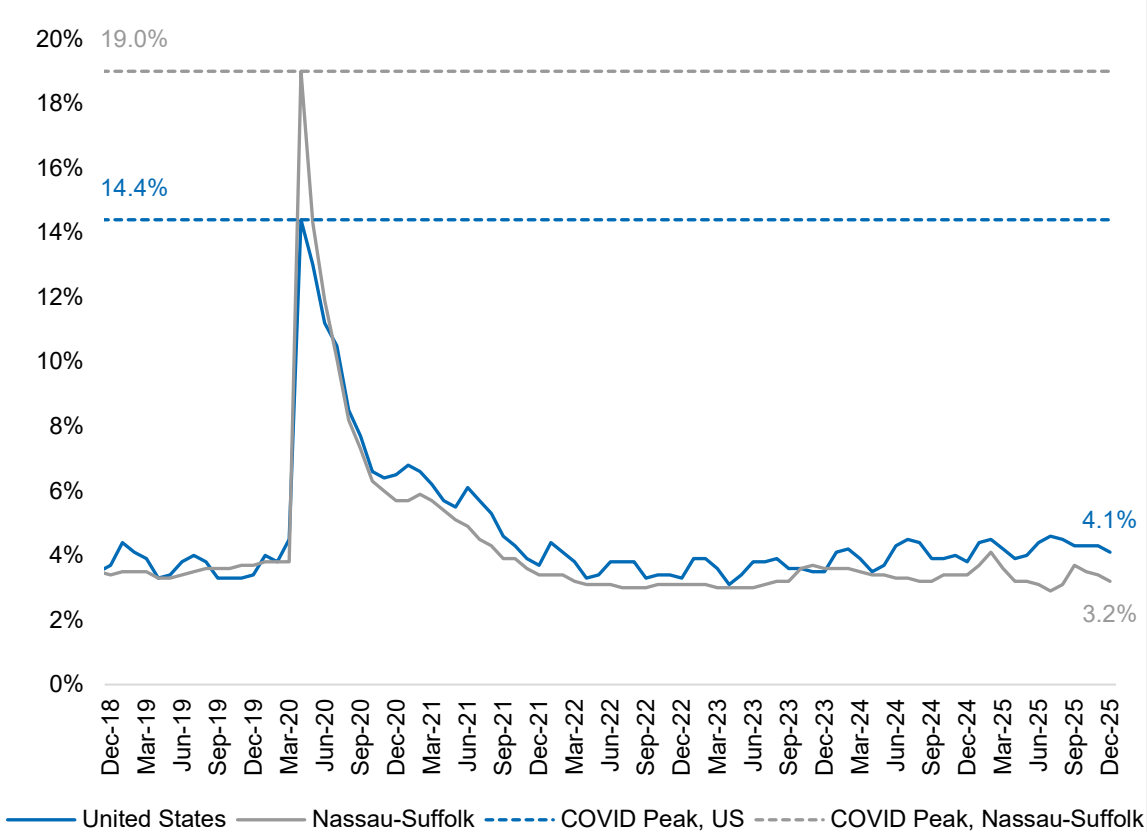
Economy & Employment



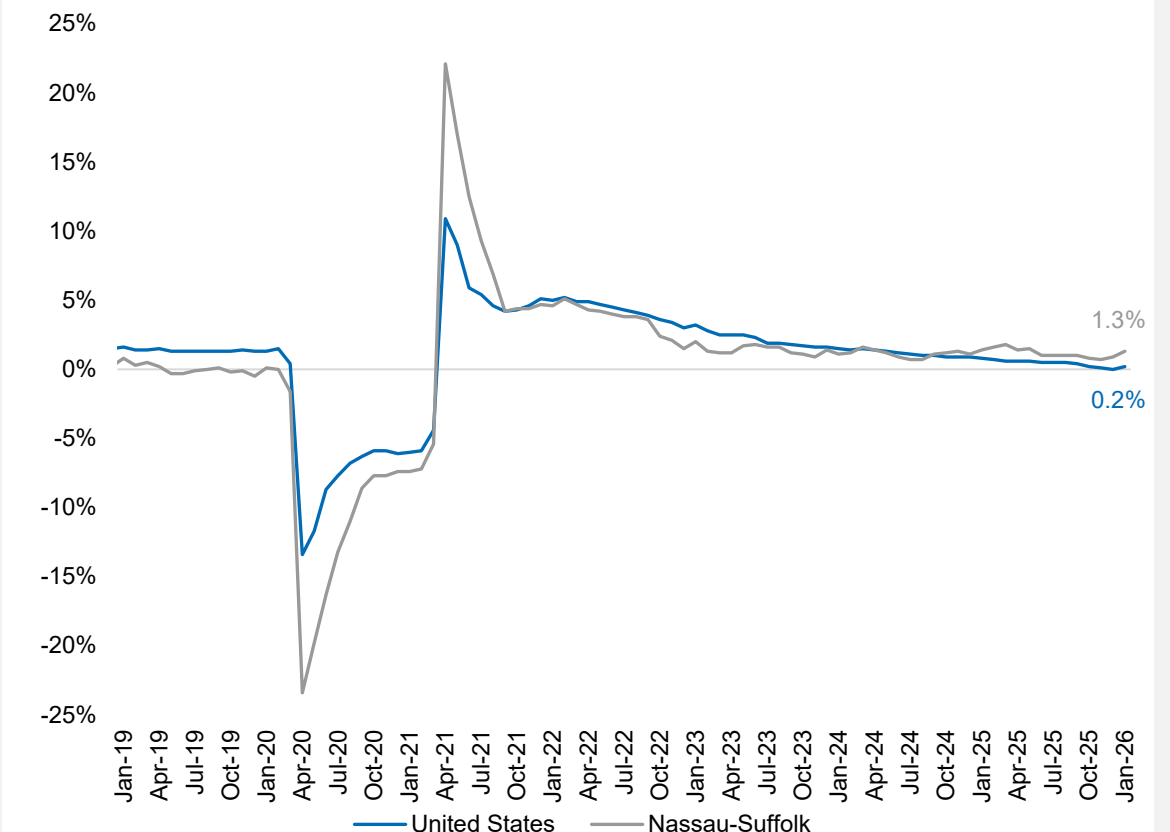
Continued Employment Growth

Since 2022 the Long Island unemployment rate has remained within 3%-4%, often below the national average and 20 basis points below the year-ago rate. Long Island employment consistently outpaced national employment growth in 2025, recording 90 basis points higher than national growth at 1.3%.

Unemployment Rate, Non-Seasonally Adjusted



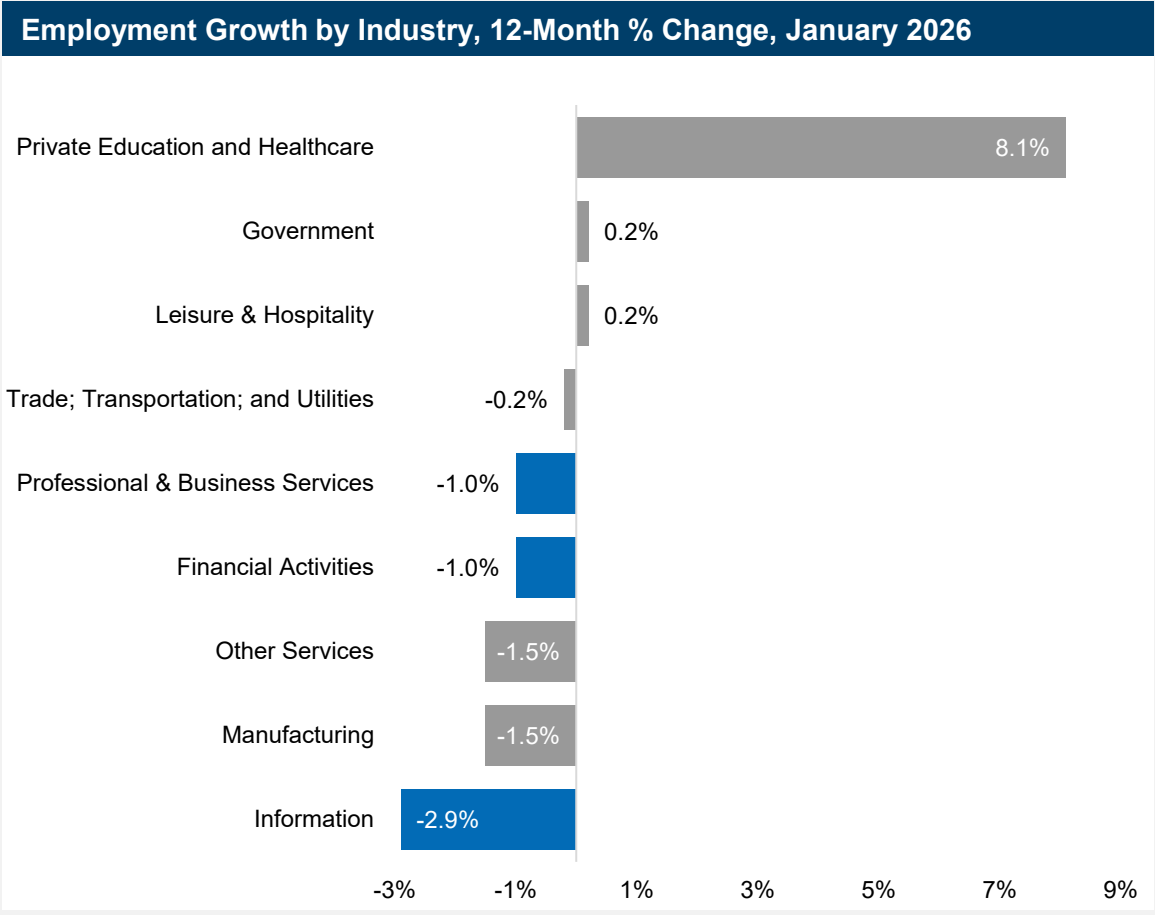
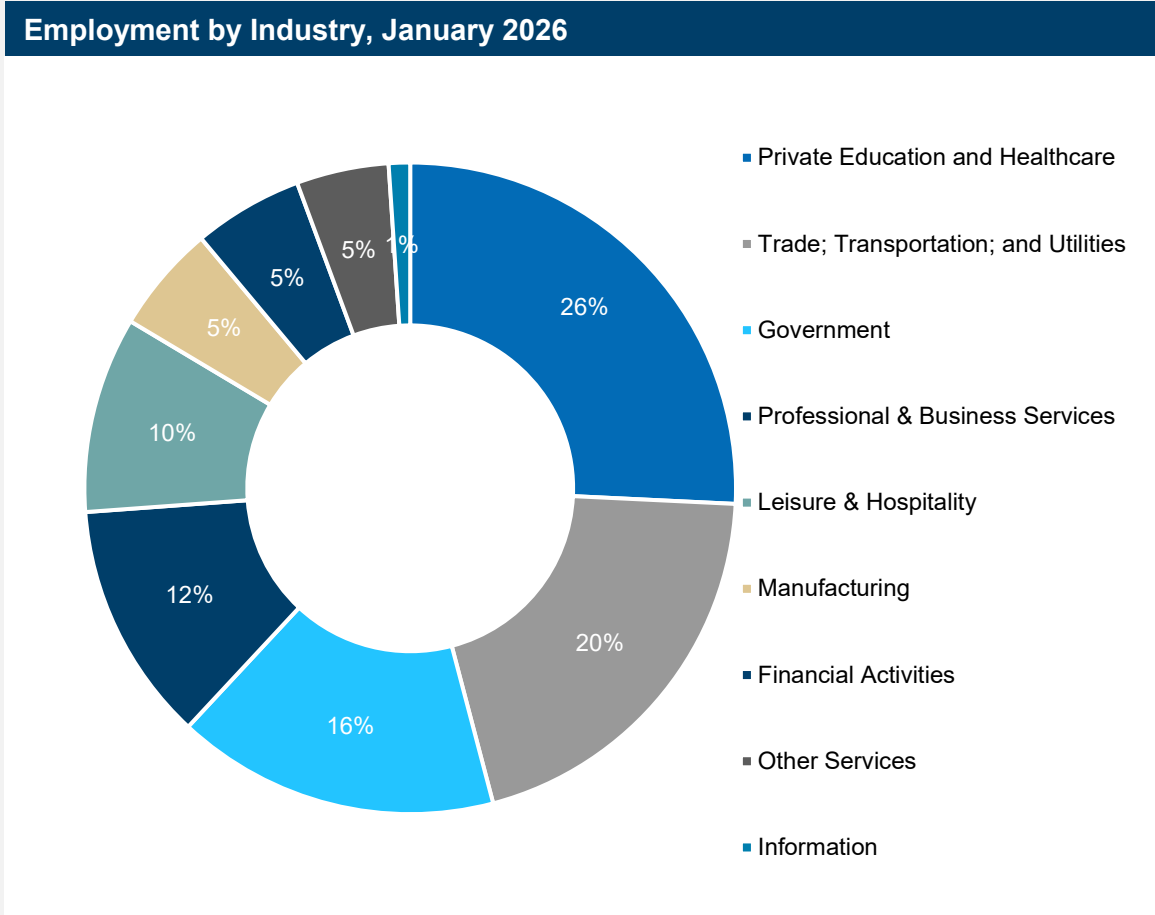
Nonfarm Payroll Employment, Non-Seasonally Adjusted , 12-Month % Change



Source: U.S. Bureau of Labor Statistics, Nassau-Suffolk
 Note: December 2025 / January 2026 data is preliminary, October 2025 data is unavailable.

Limited Job Growth for Office Sector

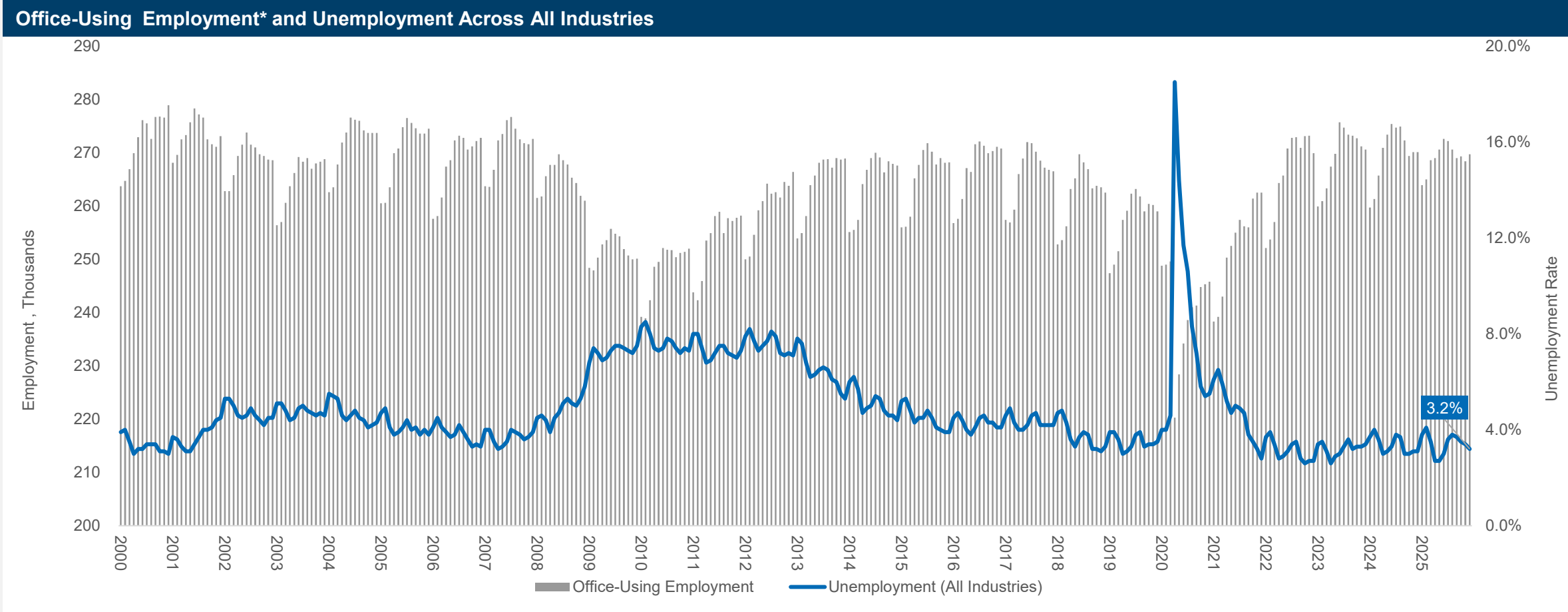
The Private education and healthcare sectors continue to lead the region in job growth over the past year. All office-using employment sector recorded negative 12-month employment growth, the most being the information sector down 2.9% followed by financial activities and professional and business services both down 1.0%.



Source: U.S. Bureau of Labor Statistics, Nassau-Suffolk
 Note: January 2026 data is preliminary.

Office-Using Employment Declines But Still Outpaces Pre-Pandemic Levels

Long Island office-using employment is down 20 basis points year-over-year as market uncertainty continues. Despite this, office-using employment remains 250 basis points above pre-pandemic employment levels.



Source: U.S. Bureau of Labor Statistics, Nassau-Suffolk
Note: December 2025 data is preliminary, October 2025 data is unavailable.
*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

Long Island

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