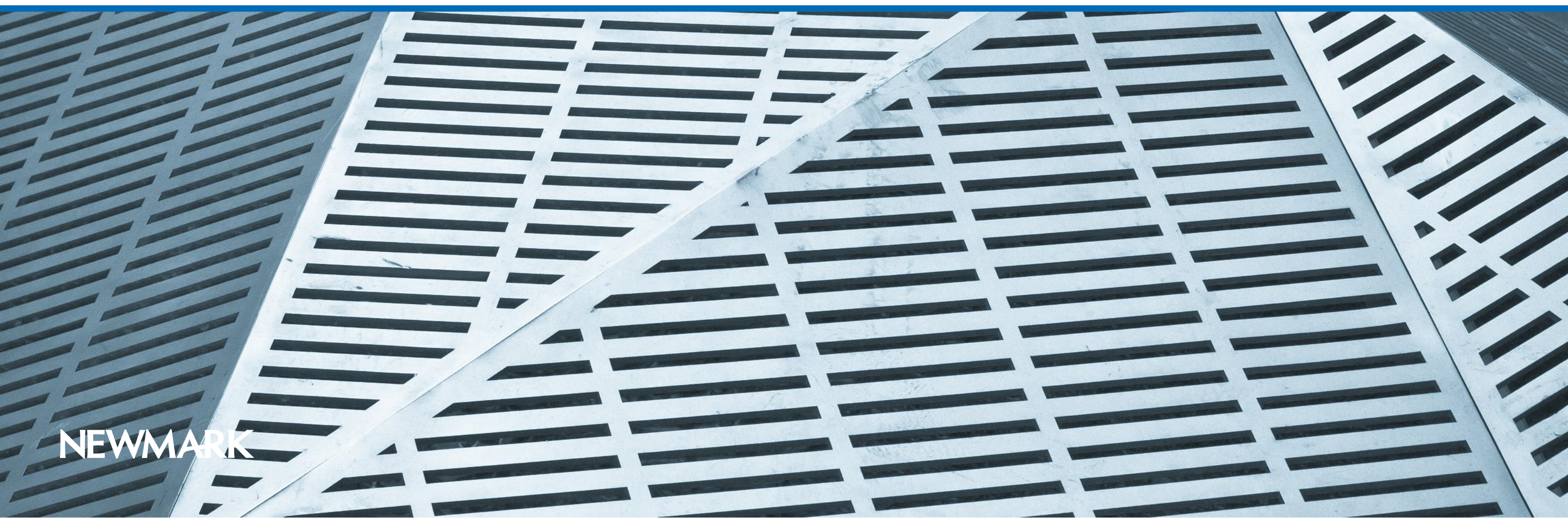

2Q25

Long Island Industrial Market Overview



NEWMARK

Market Observations

Economy

- The Long Island unemployment rate decreased 80 basis points during the second quarter to 2.7%, the market's lowest level since April 2023. The unemployment rate remains well below the national average of 4.0%.
- All three industrial-using industries experienced negative year-over-year job growth. Manufacturing and the trade, transportation, and utility sector experienced a modest decline of -0.4% and -0.5%, respectively, while employment growth in the construction sector was -5.2%.
- Trade, transportation, and utility employment levels remains 5.6% 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 43.6% from the previous quarter to 857,120 square feet. Despite this quarterly growth, industrial leasing activity remains 16.0% below the long-term average of 1,020,532 square feet.
- Leasing activity in Suffolk County increased 53.4% from the previous quarter to 617,356 square feet, the county's highest level since the first quarter of 2024. Suffolk County accounting for 72.0% of Long Island leasing activity.
- Leasing activity in Nassau County increased 23.2% quarter-over-quarter to 239,764 square feet, accounting for 28.0% of Long Island leasing activity.
- CPI Aerostructures, Inc. signed the largest deal of the quarter for 171,319 square feet at 91 Heartland Boulevard.

Leasing Market Fundamentals

- During the first half of 2025, Long Island industrial vacancy increased 30 basis points from the fourth quarter of 2024 to 6.0%, the market's highest level since 2010.
- Long Island's average asking rent increased \$0.48/SF from the previous quarter to \$16.79/SF. 2025 asking rents have increased 0.8% year-over-year but remain shy of 2023's high of \$16.95/SF.
- Long Island recorded 121,101 square feet of Class A leasing activity during the first half of 2025, a 12.5% year-over-year decline from the first half of 2024. Class A leasing fell to 8.6% of total industrial leasing through the first half of 2025, Long Island's lowest level since 2021.
- Available sublease space declined 32.3% from the previous quarter to 930,120 square feet due to strong subleasing activity during the quarter. Available sublease space remains elevated, exceeding the long-term average by 54.4%.

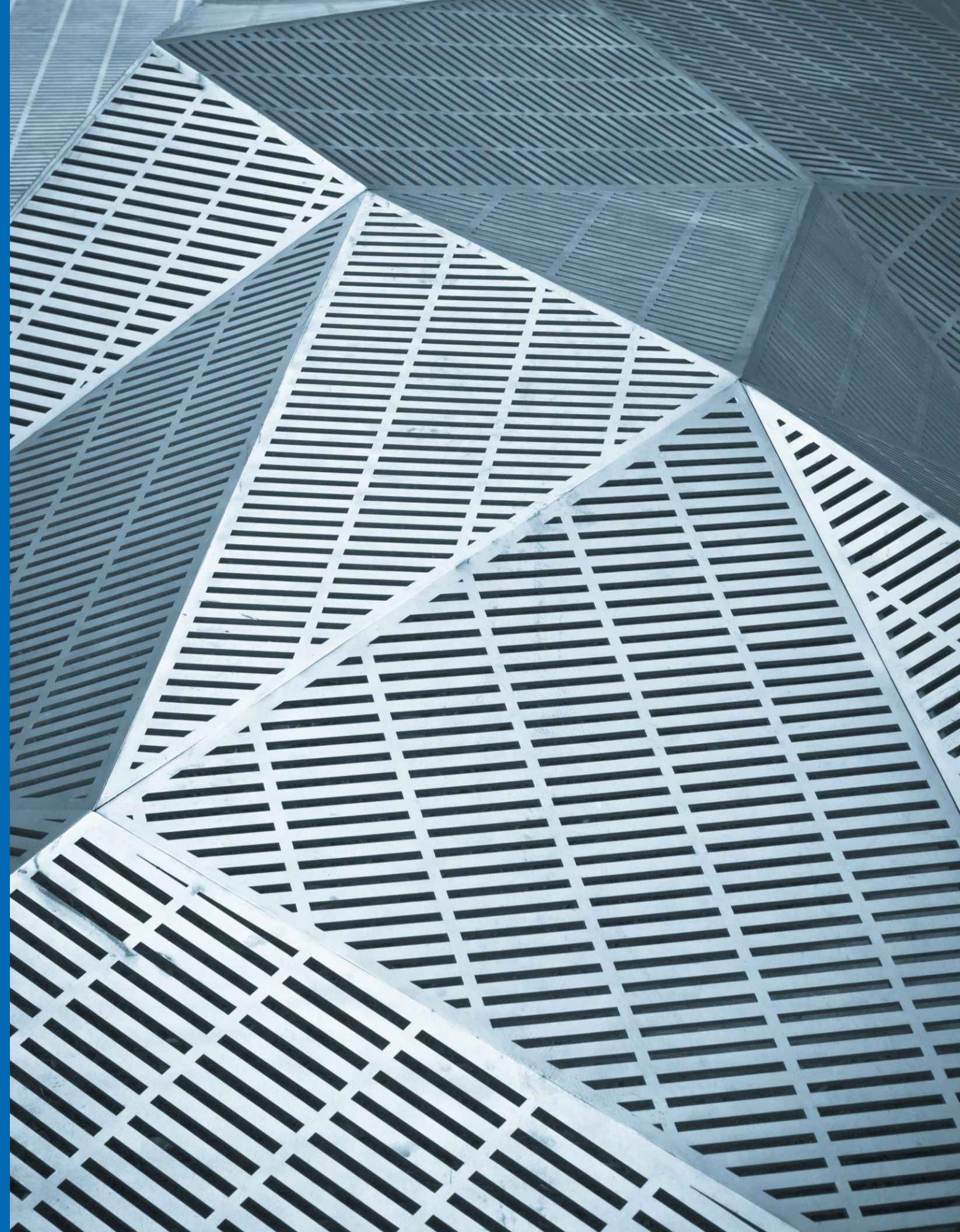
Outlook

- As construction deliveries continue to outpace net absorption, heightened vacancy rates are expected to persist.
- The second quarter of 2025 recorded no industrial deliveries throughout Long Island. While the construction pipeline remains active with 961,170 square feet of space in the second quarter of 2025, under construction levels are down from their high in 2023, reverting towards pre-pandemic levels.
- 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

2Q25

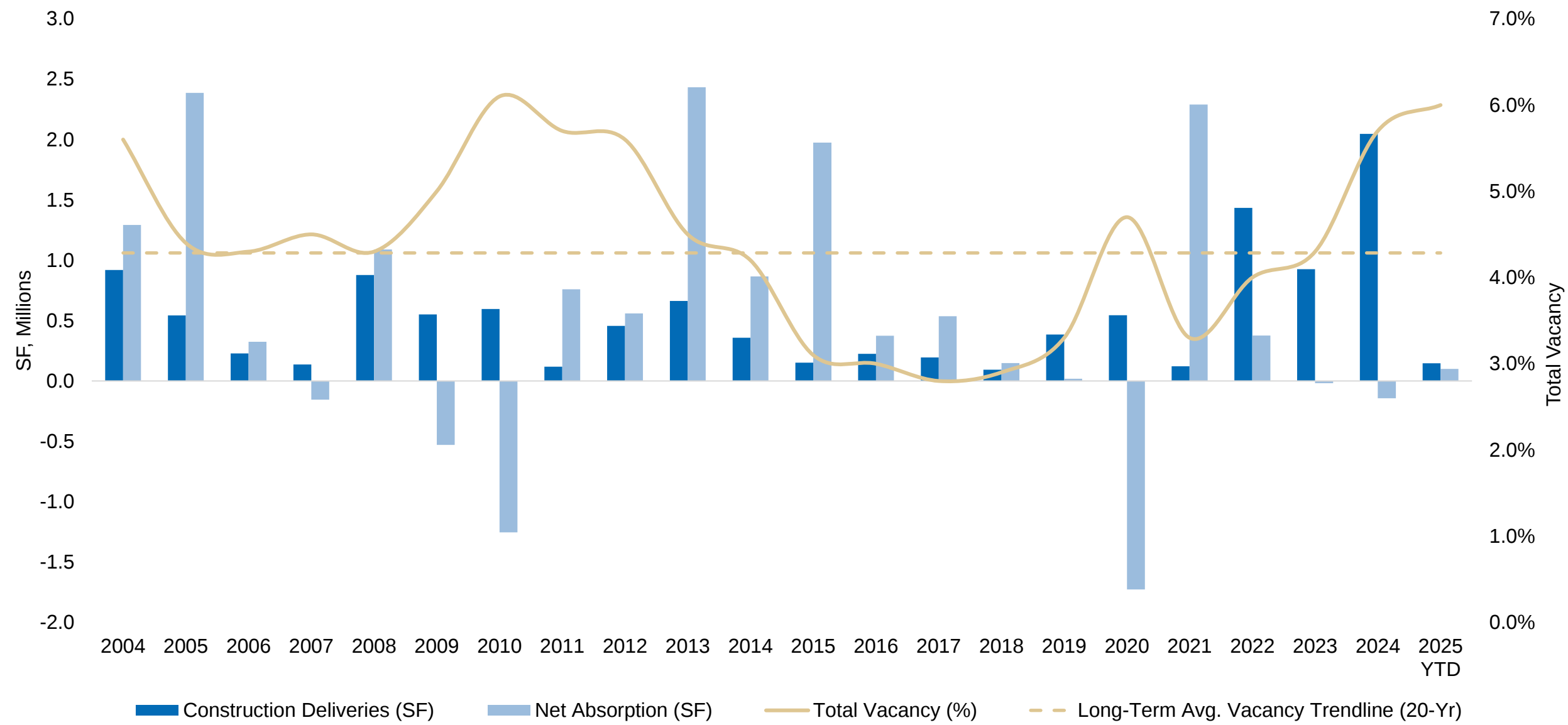
Leasing Market Fundamentals



Vacancy Rises as Construction Deliveries Outpace Net Absorption

During the first half of 2025, Long Island industrial vacancy increased 30 basis points from the fourth quarter of 2024 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.

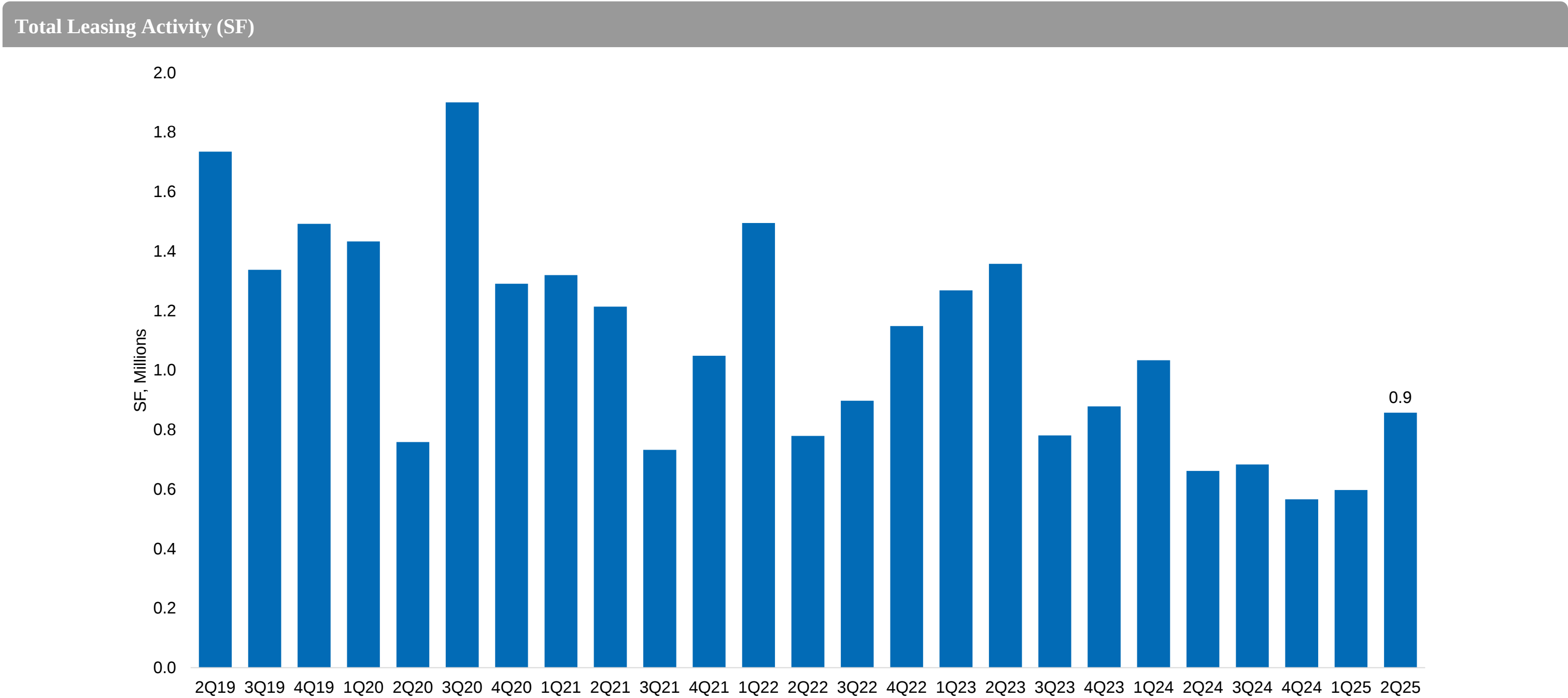
Historical Construction Deliveries, Net Absorption, and Vacancy



Source: Newmark Research, CoStar

Industrial Leasing Activity Rises

In the second quarter of 2025, Long Island recorded 857,120 square feet of industrial leasing activity, a 43.6% increase from the previous quarter and a 29.6% increase year-over-year. Despite this growth, industrial leasing activity remains 16.0% below the long-term average of 1,020,532 square feet.

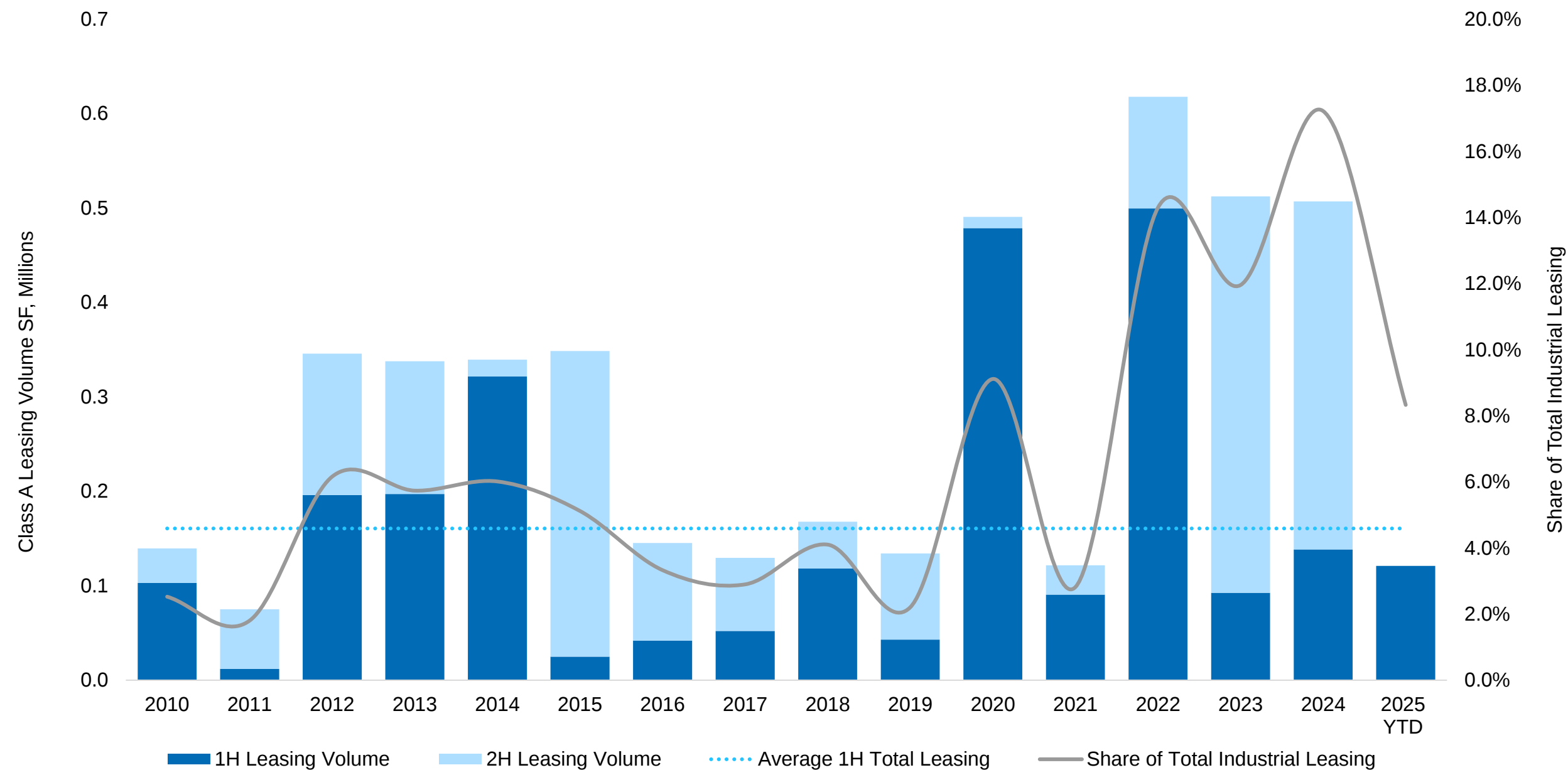


Source: Newmark Research, CoStar

Class A Warehouse Leasing Percentage Dips

Long Island recorded 121,101 square feet of Class A leasing activity during the first half of 2025, a 12.5% year-over-year decline from the first half of 2024. Class A leasing fell to 8.3% of total industrial leasing through the first half of 2025, Long Island’s lowest level since 2021.

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

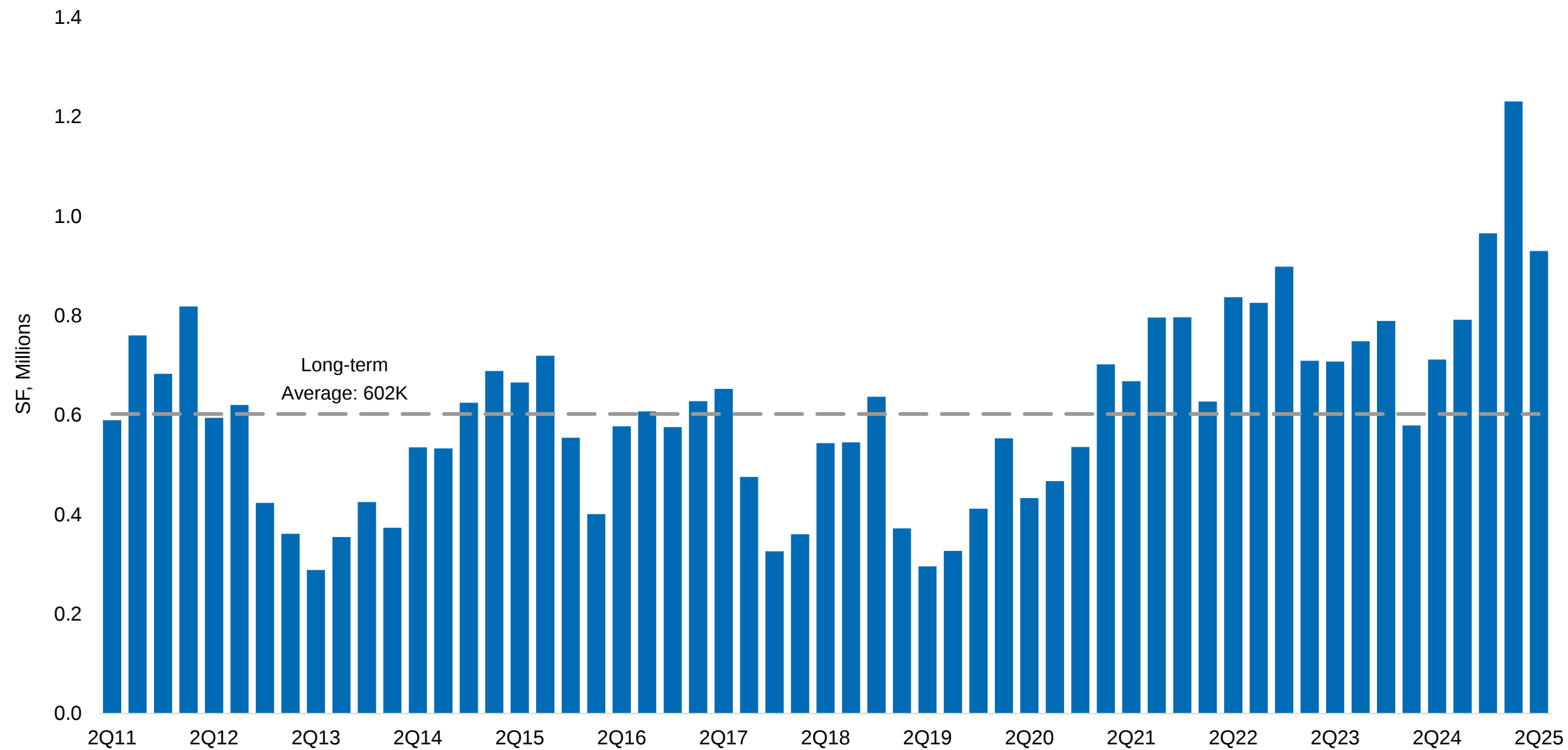


Source: Newmark Research, CoStar

Sublease Availability Remains Elevated

During the second quarter of 2025, available sublease space declined 32.3% from the previous quarter to 930,120 square feet. This decline is largely attributed to the market recording 159,913 square feet of subleasing activity, its highest level since 2020. Despite a quarterly decline, available sublease space remains elevated, exceeding the long-term average by 54.4%.

Available Industrial Sublease Volume (msf)

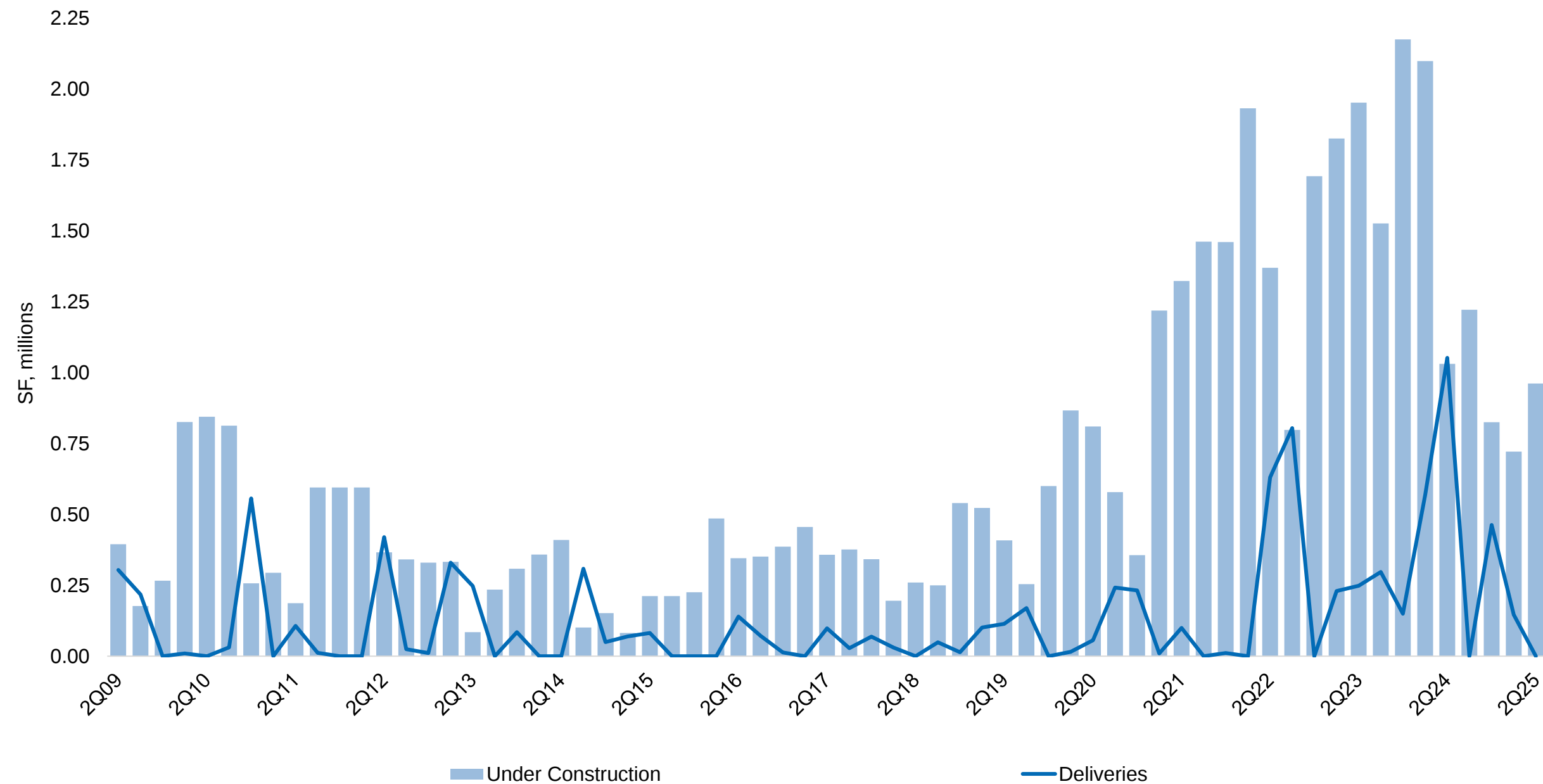


Source: Newmark Research, CoStar

Under Construction Totals Revert Towards Pre-Pandemic Levels

The second quarter of 2025 recorded no industrial deliveries throughout Long Island. While the construction pipeline remains active with 961,170 square feet of space in the second quarter of 2025, under construction levels are down from their high in 2023, reverting towards pre-pandemic levels.

Industrial Under Construction and % of Inventory

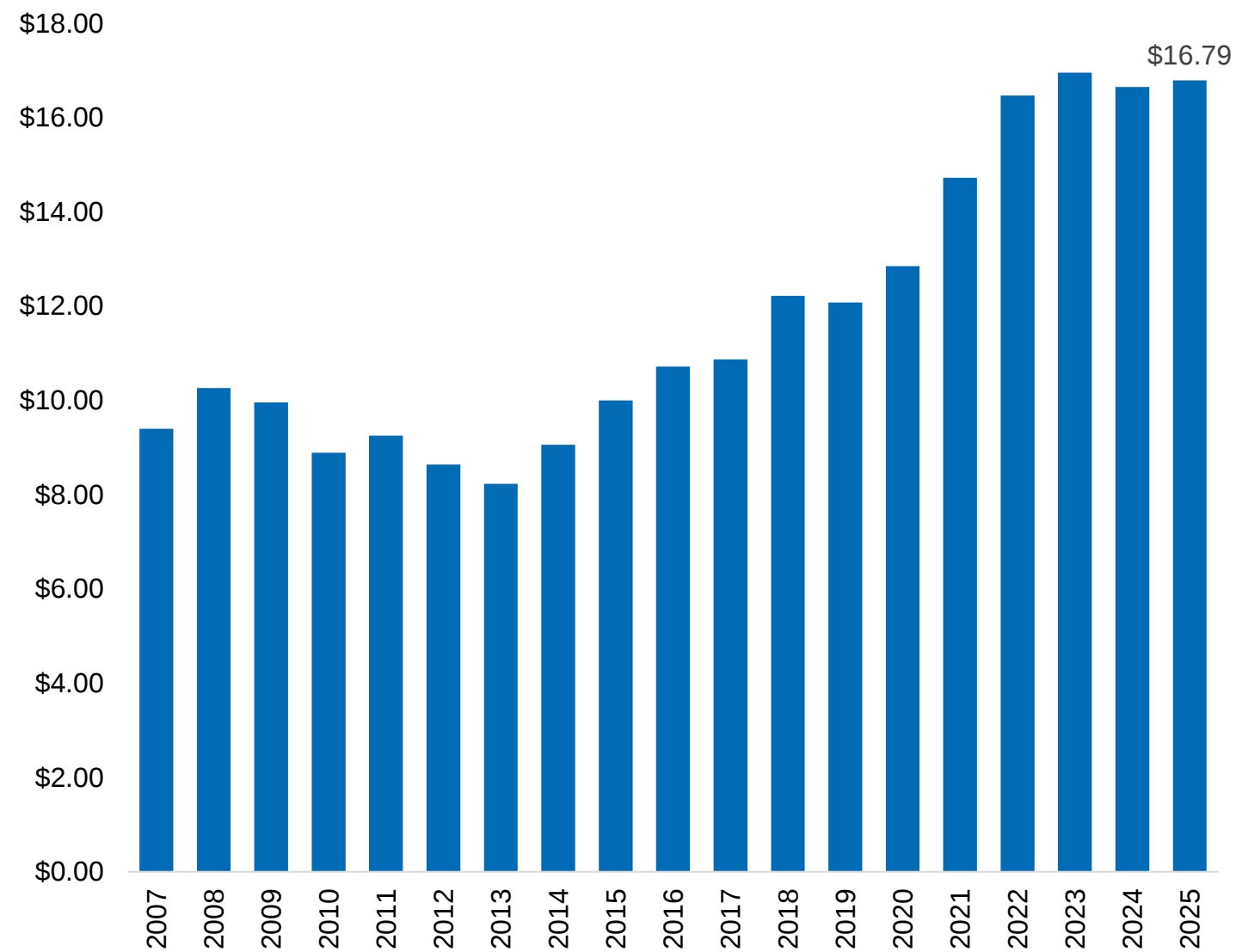


Source: Newmark Research, CoStar

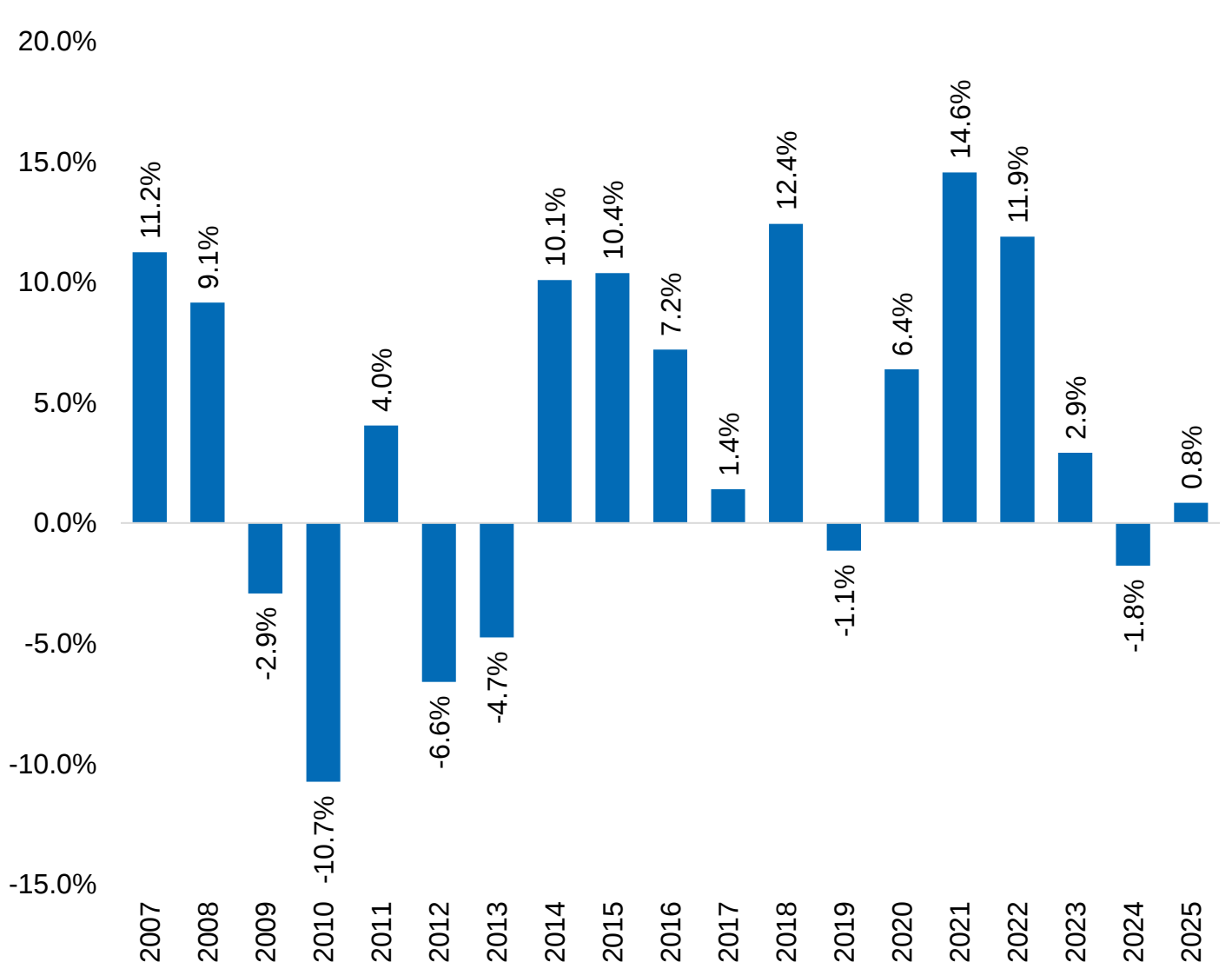
Heightened Industrial Asking Rent Continues

During the second quarter of 2025, Long Island’s average asking rent increased \$0.48/SF from the previous quarter to \$16.79/SF. Since 2022, industrial asking rents have remained consistently elevated compared to pre-pandemic levels. 2025 asking rents have increased 0.8% year-over-year but remain shy of 2023’s high of \$16.95/SF.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable Lease Transactions

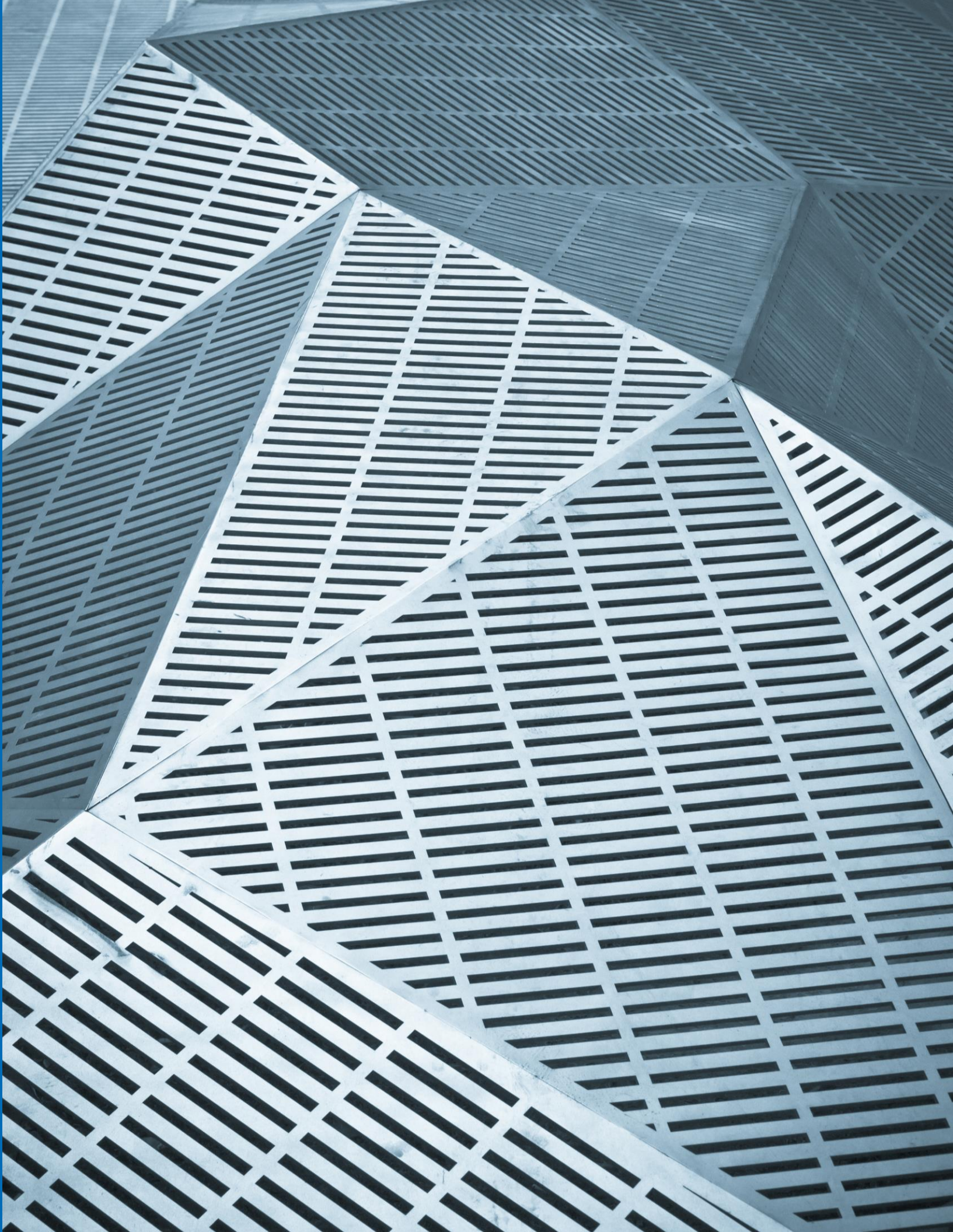
Long Island industrial leasing recorded 857,120 square feet of activity during the first quarter, a 43.6% increase from the previous quarter. Nassau County leasing activity increased 23.2% from the previous quarter to 239,764 square feet, while Suffolk County leasing activity increased 53.4% from the previous quarter to 617,356 square feet, the county’s highest level since the first quarter of 2024. As a result, Suffolk County accounted for 72.0% of quarterly leasing across Long Island while Nassau County accounted for 28.0% of total activity.

Notable 2Q25 Lease Transactions				
Tenants	Building(s)	Submarket	Type	Square Feet
CPI Aerostructures, Inc.	91 Heartland Boulevard	Suffolk County	Renewal	171,319
CPI Aerostructures, Inc. signed the largest deal of the quarter for the entire 171,319 square foot property at 91 Heartland Boulevard.				
Chocolate Works	2100 Pacific Street	Suffolk County	Direct Lease	140,000
Chocolate Works consolidated and expanded operations into a single facility for production, packaging and distribution.				
Yaleet	40 Commerce Drive	Suffolk County	Direct Lease	47,700
Yaleet expanded operations from Melville into a larger facility in Hauppauge.				
NY Global Logistics	190 Express Street	Nassau County	Direct Lease	40,000
NY Global Logistics leased this property due to its proximity to the LIE and easy access to both Nassau and Suffolk County				
Capitol Building Supply, Inc.	1765 Expressway Drive North	Suffolk County	Direct Lease	13,500
Construction supplies company Capitol Building Supply, Inc. leased 13,500 square feet on the first floor of 1765 Expressway Drive North.				

Source: Newmark Research, CoStar

2Q25

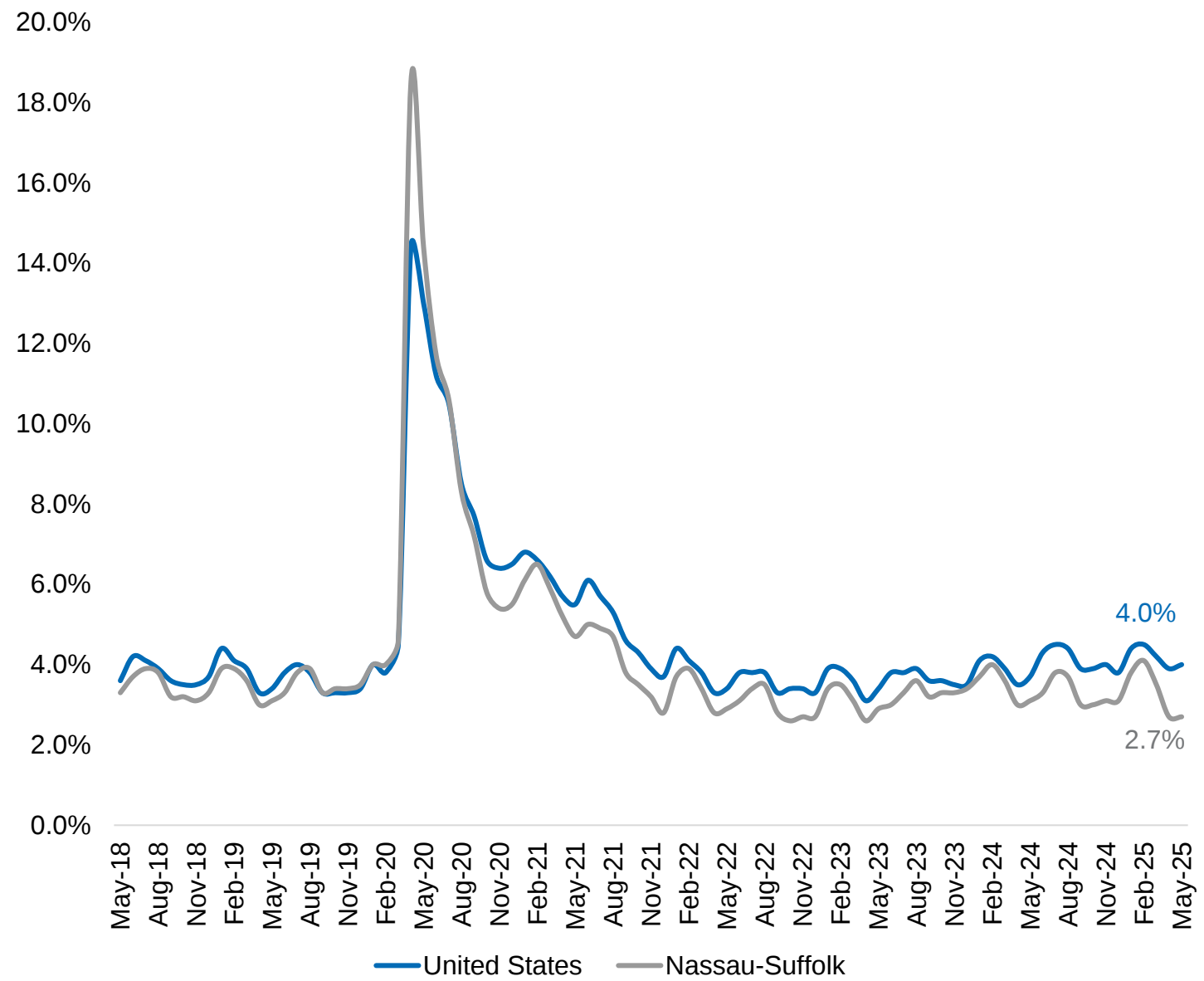
Economy



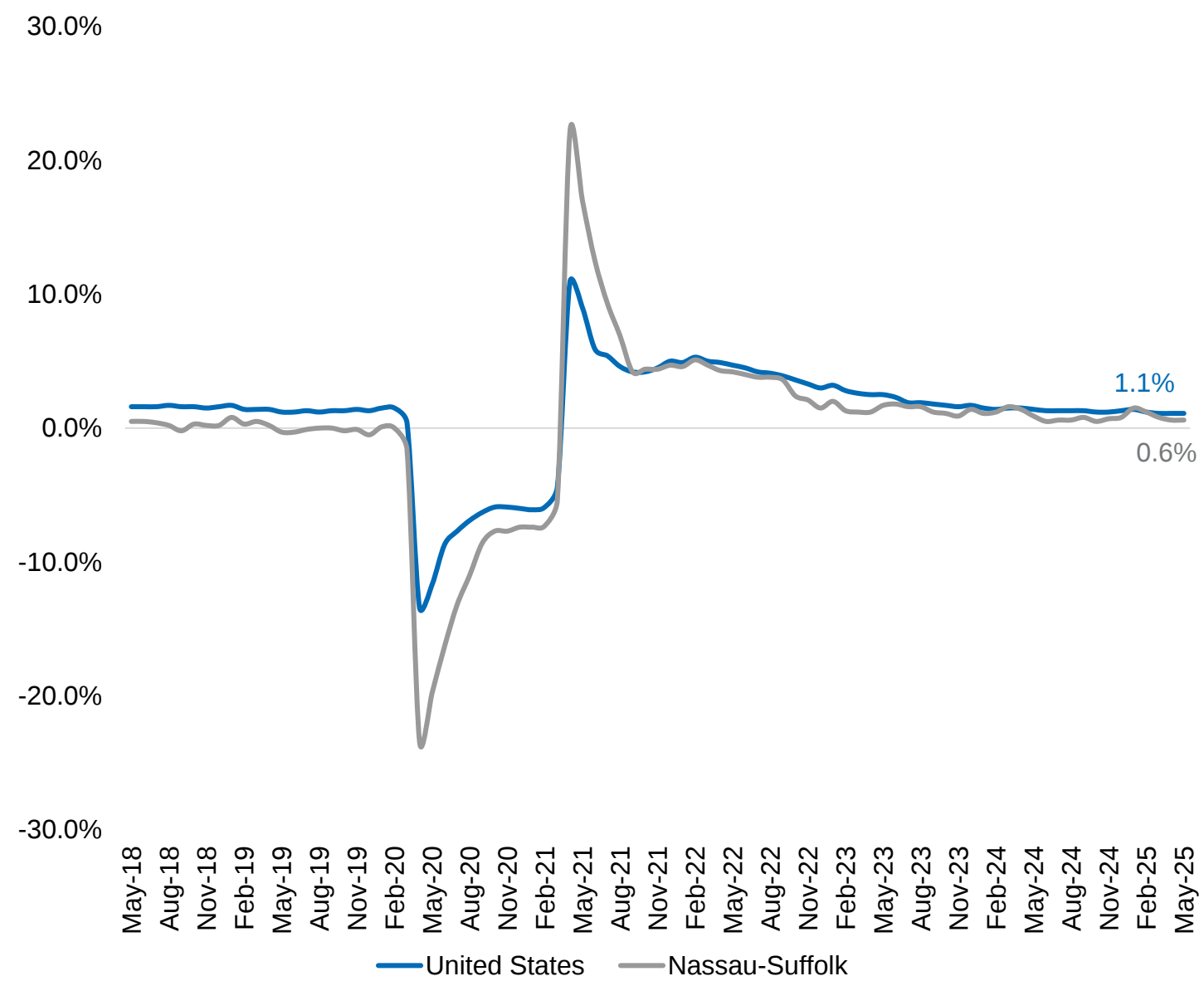
Uptick in Unemployment

The Long Island unemployment rate decreased 80 basis points during the second quarter to 2.7%, the market's lowest level since April 2023. The Long Island unemployment rate remains well below the national average of 4.0%. Meanwhile, at 0.6%, Long Island employment growth remained shy of the national average of 1.1%.

Unemployment Rate, Non-Seasonally Adjusted



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

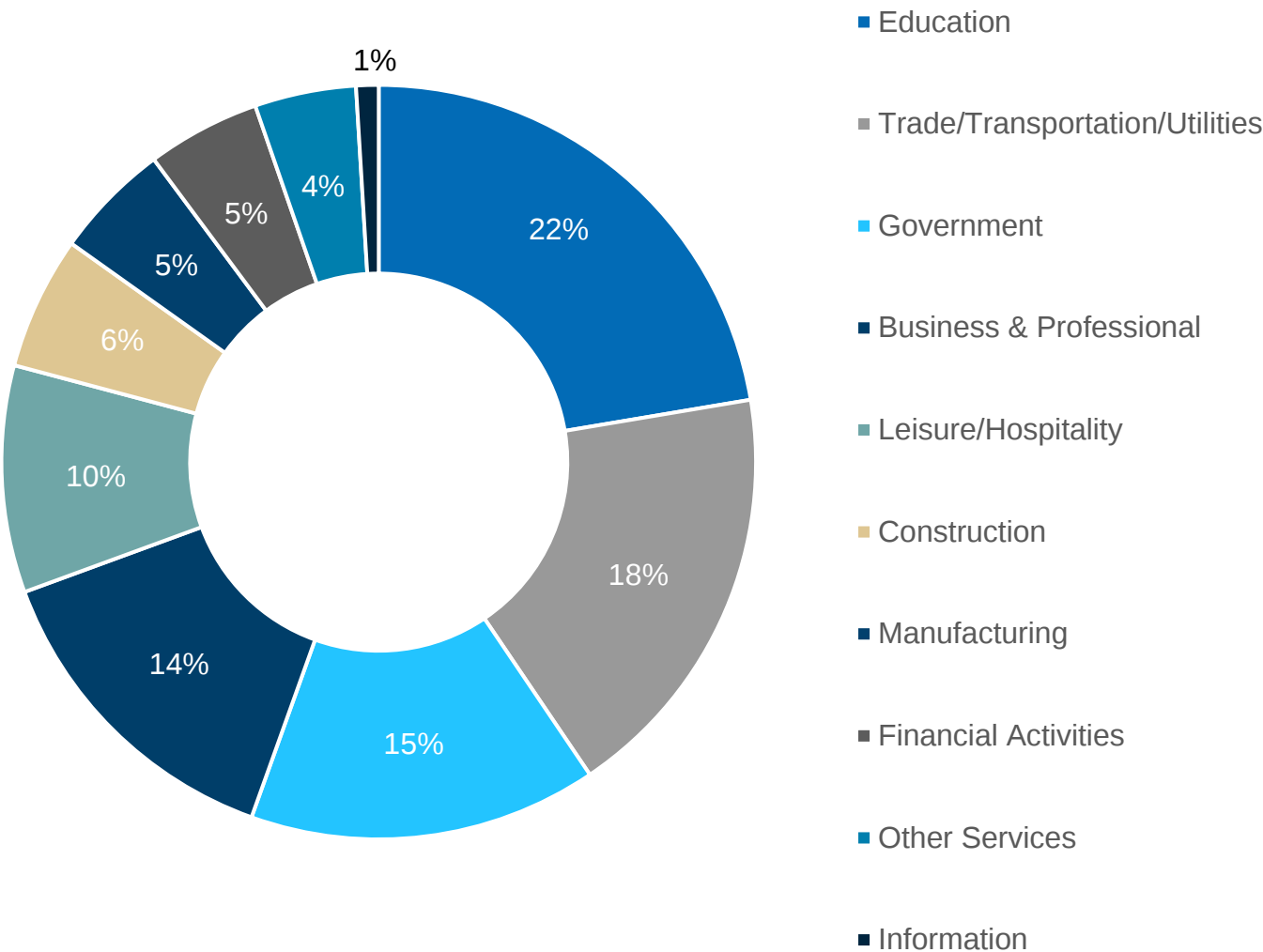


Source: U.S. Bureau of Labor Statistics, Nassau-Suffolk

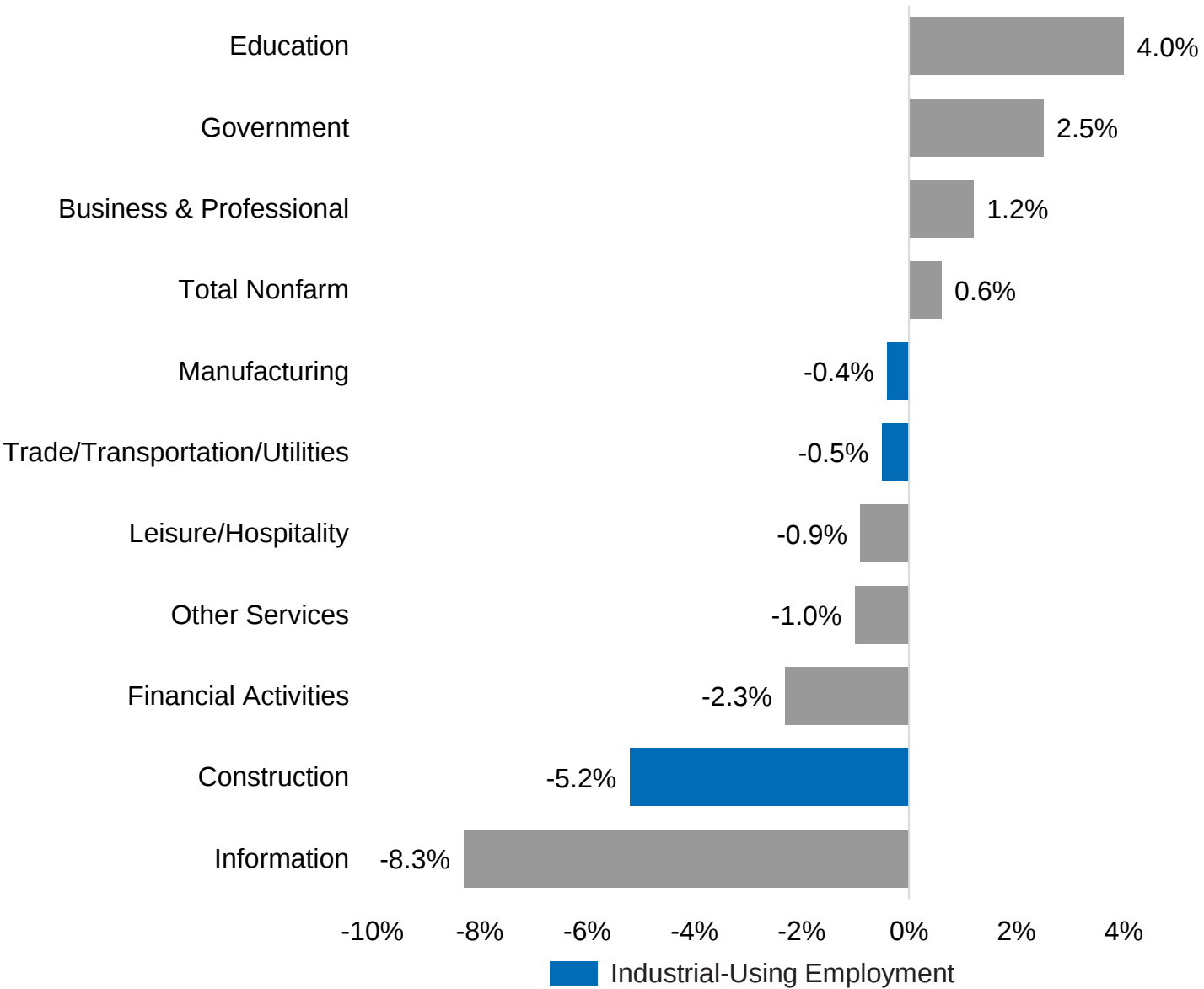
Declining Job Growth for Industrial Sector

During the second quarter of 2025, all three industrial-using industries experienced negative year-over-year job growth. Manufacturing and the trade, transportation, and utility sector experienced a modest decline of -0.4% and -0.5%, respectively, while employment growth in the construction sector was -5.2%.

Employment by Industry, May 2025



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

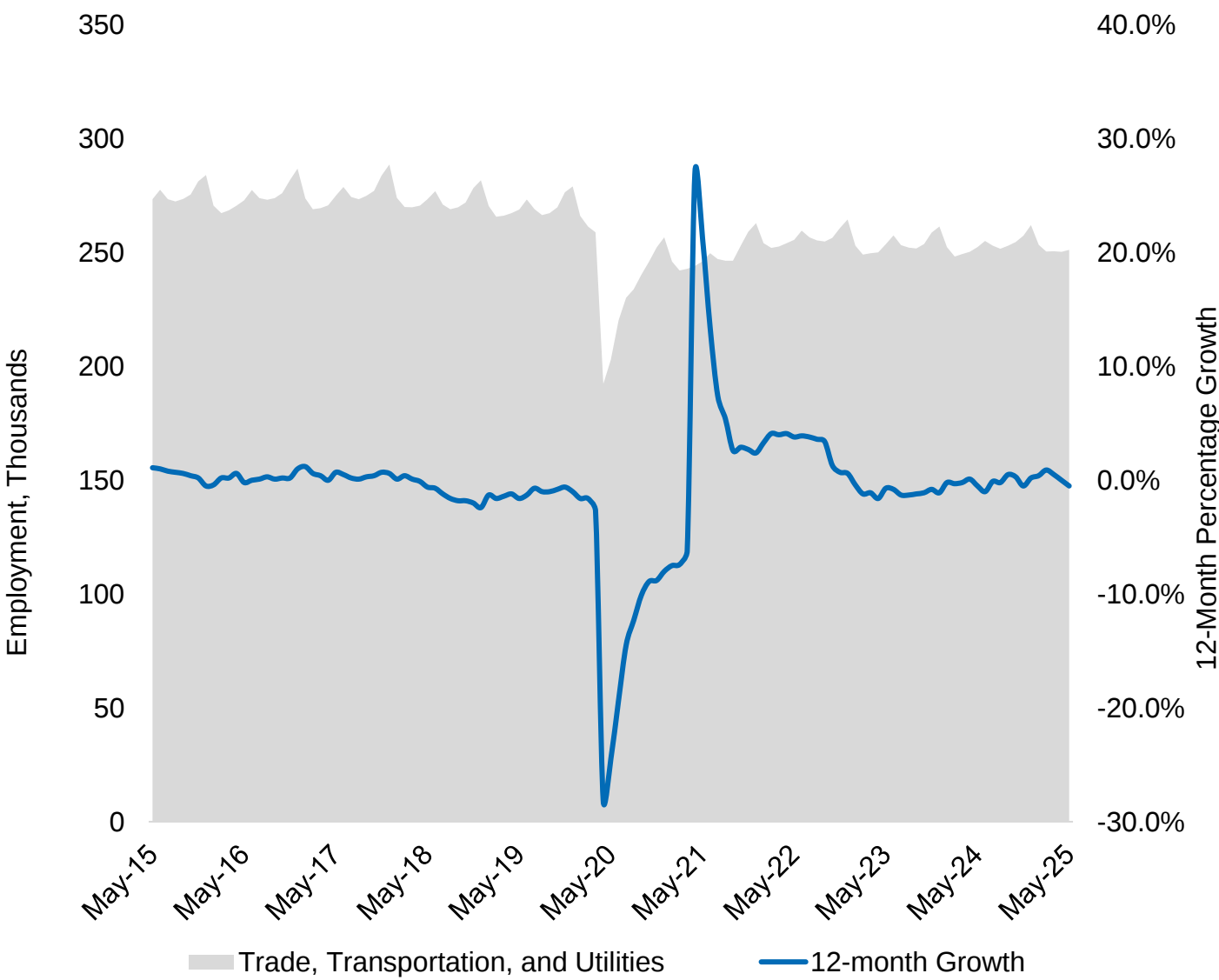


Source: U.S. Bureau of Labor Statistics, Nassau-Suffolk

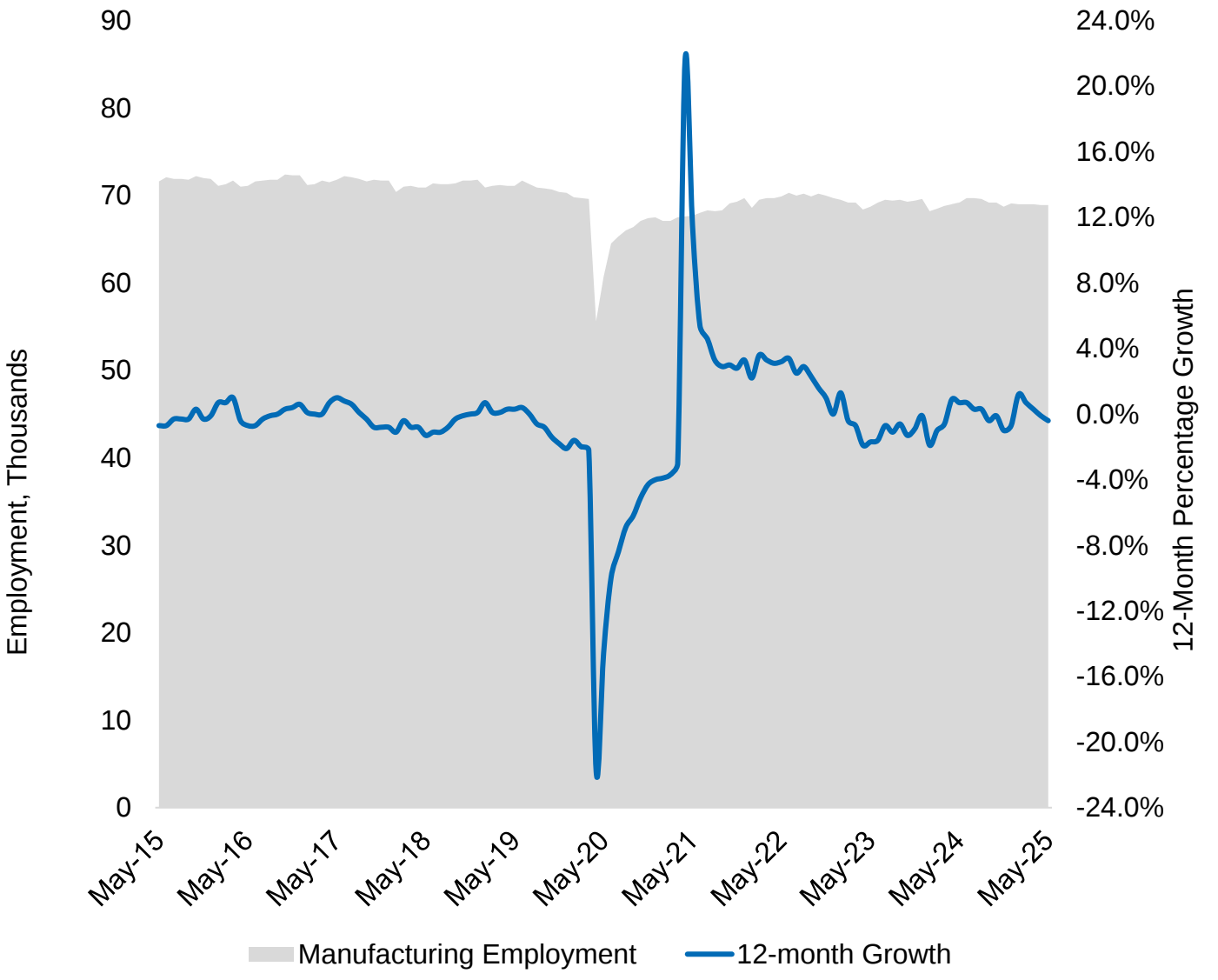
Slight Decline for Industrial Employment

Employment in the trade, transportation, and utility sector declined by 0.5% year-over-year in the second quarter of 2025. While employment in the industry has grown since its pandemic lows, it remains 5.6% shy of pre-pandemic levels. Meanwhile, the manufacturing sector experienced a similar annual employment decline of 0.4% 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

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