3Q25

Long Island
Office Market Overview

NEWMARK

Market Observations

Economy

- In the third quarter, Long Island's unemployment rate rose by 80 basis points to 3.8%, remaining close to its level from a year earlier. It still sits well below the national rate of 4.5%.
- Over the past year, education, other services, and professional and business services led job gains across the region. In contrast, construction and information employment sectors lead the largest declines.
- Long Island continues to follow typical cyclical unemployment patterns, now 10 basis points above year-ago levels. Office-using employment is down 0.9% year over year amid ongoing uncertainty yet remains 2.0% above its pre-pandemic level.

Leasing Market Fundamentals

- Third quarter office vacancy rate remained elevated at 10.9%, though continuing it's decline from a twenty-year high in 2023 dropping 150 basis points.
- Total available space decreased 591,098 square feet in the third quarter bringing the office availability rate to 12.1%, the market's lowest level since the fourth quarter of 2020.
- Asking rents decreased $0.35/SF to $32.58/SF marking a third consecutive quarter of decreasing rents. Despite the decreases, third quarter asking rents remains 19.2% higher than 10-year average.

Major Transactions

- Long Island recorded 475,898 square feet of leasing during the third quarter, a 7.5% decrease from the previous quarter, bringing year-to-date leasing to 1.5 million square feet.
- Esquire Bank executed the largest deal of the quarter, taking 49,017 square feet at 300 Jericho Quadrangle.
- With tenants adjusting to the new paradigm of the hybrid model and more employees returning to the office, more tenants are committing to long-term deals.

Outlook

- With looming economic tariffs, uncertainty persists in the macroeconomic economy. Occupiers and investors alike will approach deals with greater caution, which will impact leasing and investment activity.
- The third quarter of 2025 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.
- For landlords with the capital to provide tenant installations, pay commissions, and provide first class services, maintenance, and capital improvements, these properties will be the beneficiaries of the distressed properties in the Long Island market.

TABLE OF CONTENTS

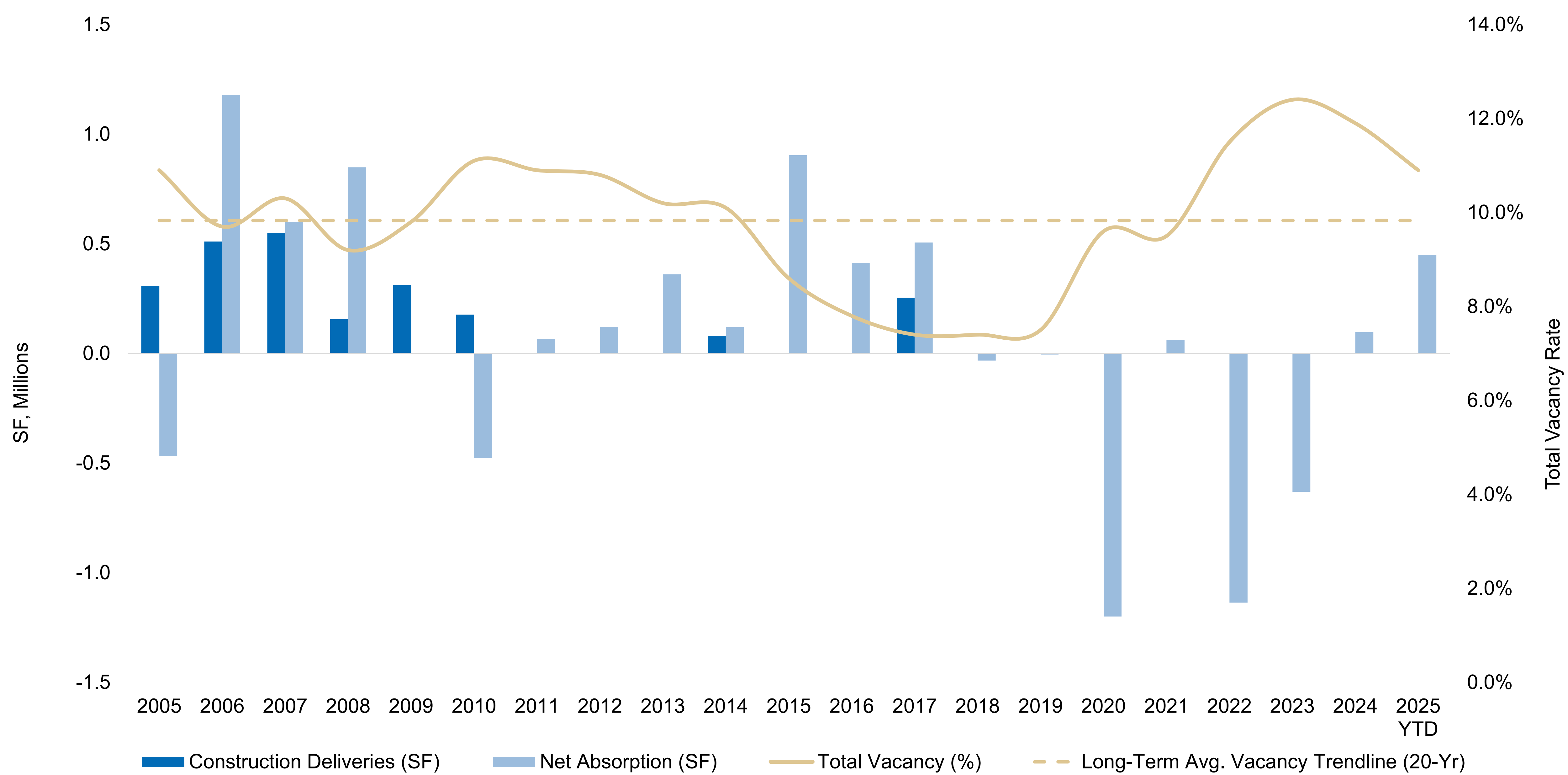
3Q25

Leasing Market Fundamentals

Vacancy Continues to Fall With Positive Net Absorption

Year-to-date, Long Island recorded a positive net absorption of 449,173 SF, the highest since 2017. This strong demand contributed to a decrease in the vacancy rate to 10.9%, which is 100 basis points lower than the prior year.

Historical Construction Deliveries, Net Absorption, and Vacancy

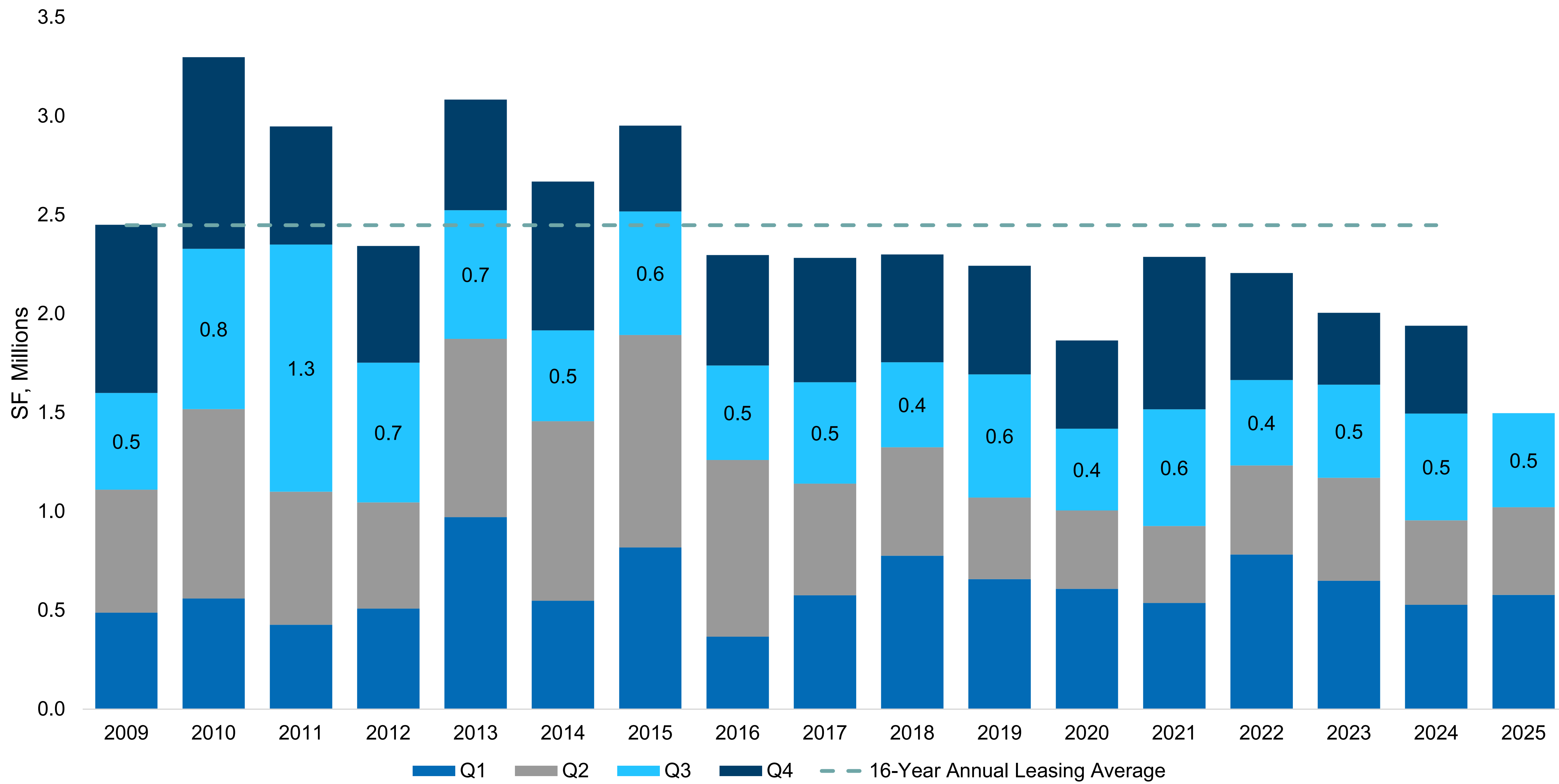


Source: Newmark Research, CoStar

Quarterly Leasing Activity Increases

Long Island recorded 475,898 square feet of leasing activity in the third quarter of 2025, a 7.5% increase compared to the prior quarter and bringing year-to-date leasing to 1.5 MSF. Esquire Bank signed the largest deal of the quarter taking 49,017 square feet at 300 Jericho Quadrangle.

Total Leasing Activity

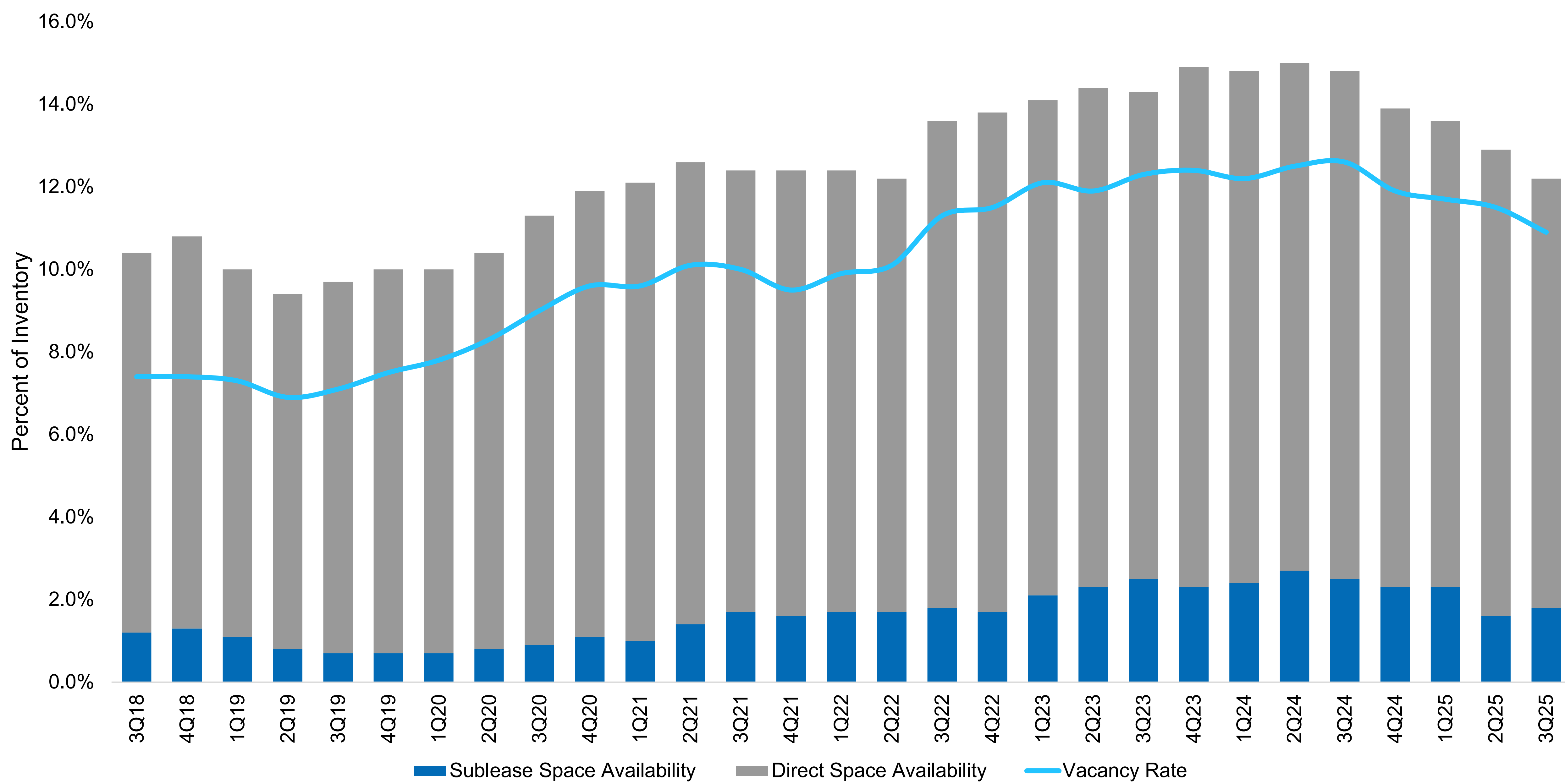


Source: Newmark Research, CoStar

Vacancy and Availability Falls

Total available space in the Long Island office market decreased 591,098 square feet in the third quarter of 2025, bringing the availability rate to 12.1%, the market's lowest level since the fourth quarter of 2020. The largest availability shift was in Nassau due to Northwell Health's purchase of 200 Jericho Quadrangle, removing over 310,000 square feet from the market.

Available Space and Tenant Demand as Percent of Overall Market

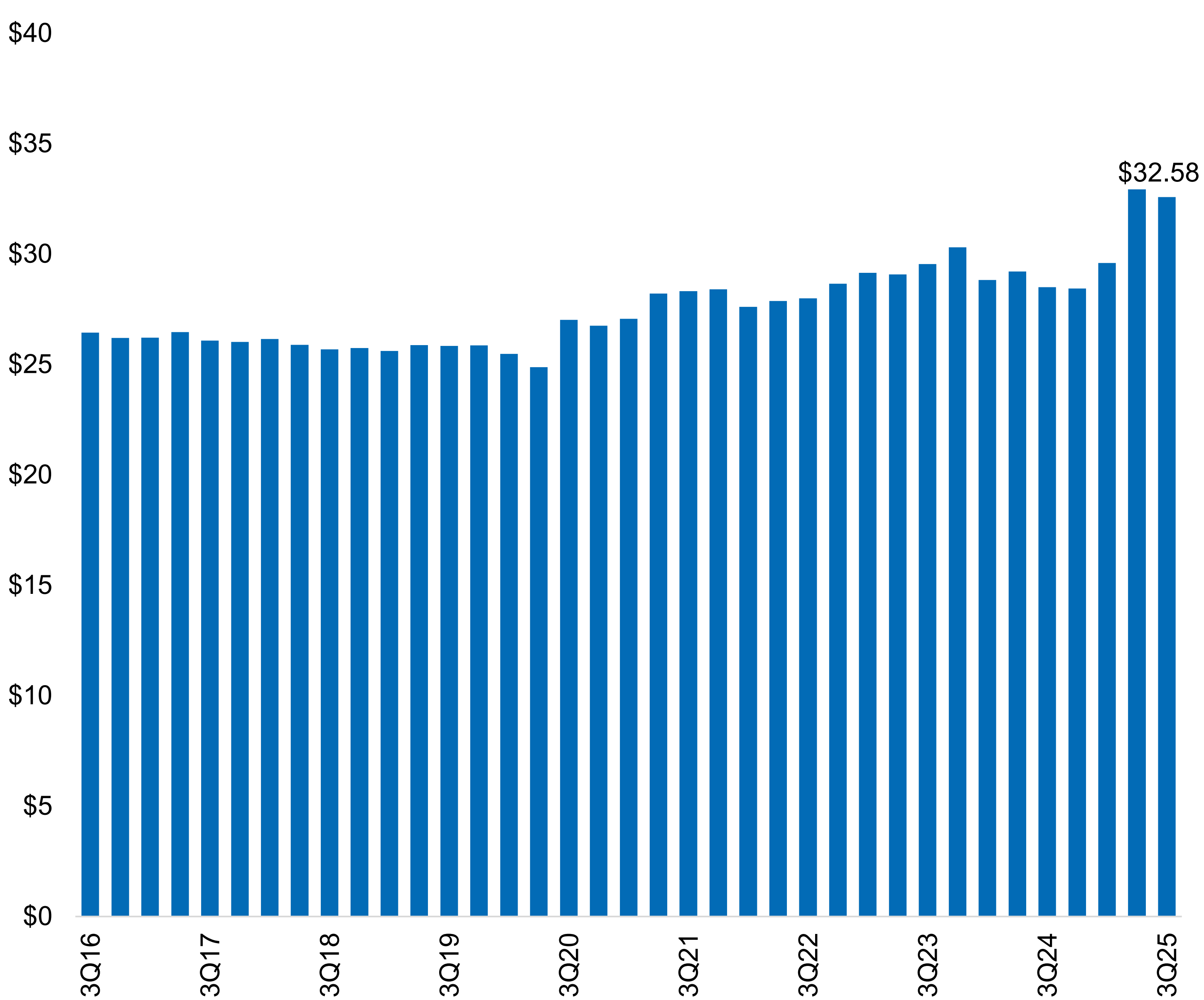


Source: Newmark Research, CoStar

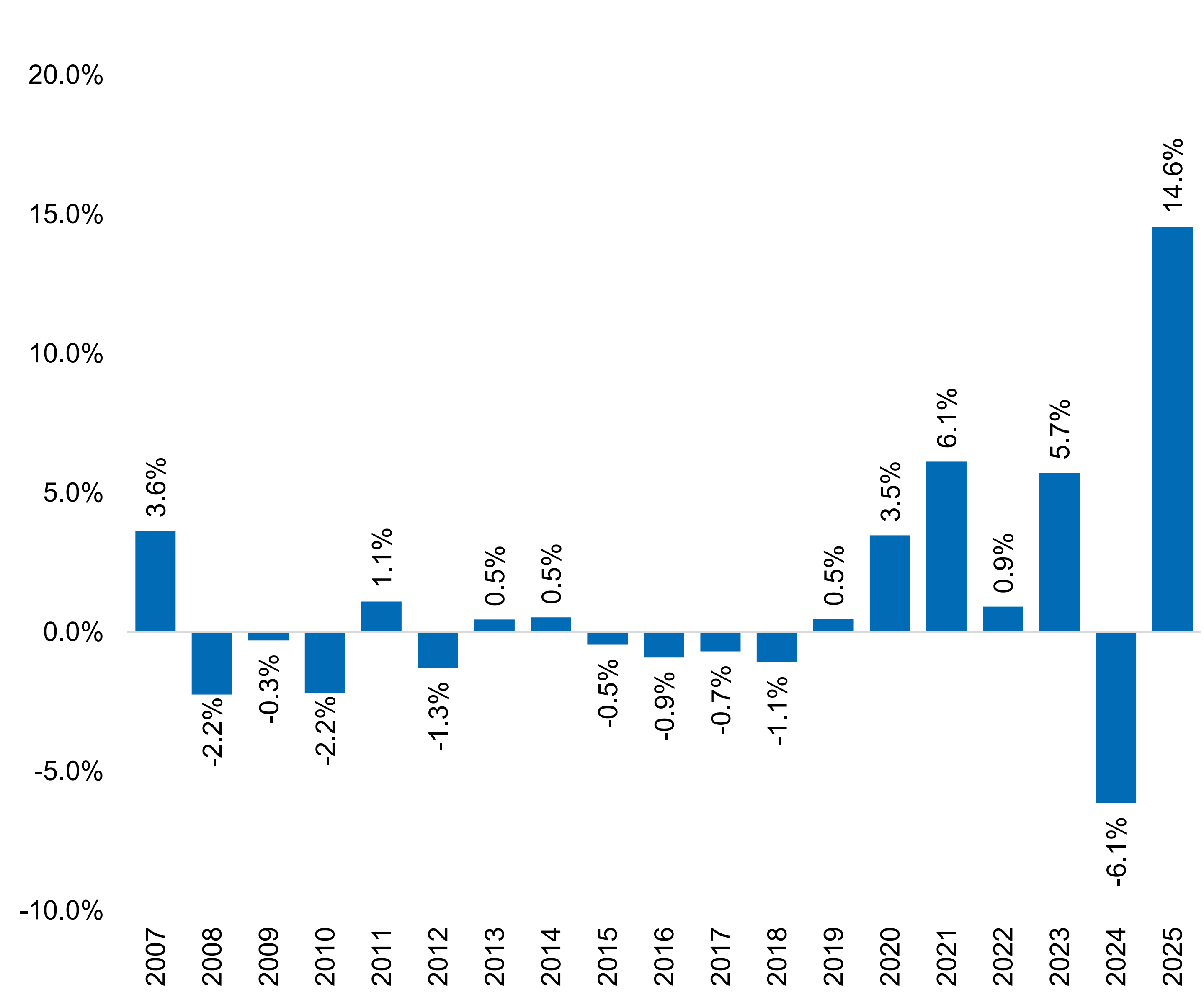
Rents Remain Elevated

Year-to-date office asking rents remain elevated due to significant block additions in class A properties the previous quarter, remaining up 14.6% since the prior year. Although, third quarter asking rents posted quarter-over-quarter declines of $0.35/SF to $32.58/SF, rents remain high compared to historical 10-year data.

Office Average Asking Rent, $/SF, FS



Year-over-Year Asking Rent Growth Rate

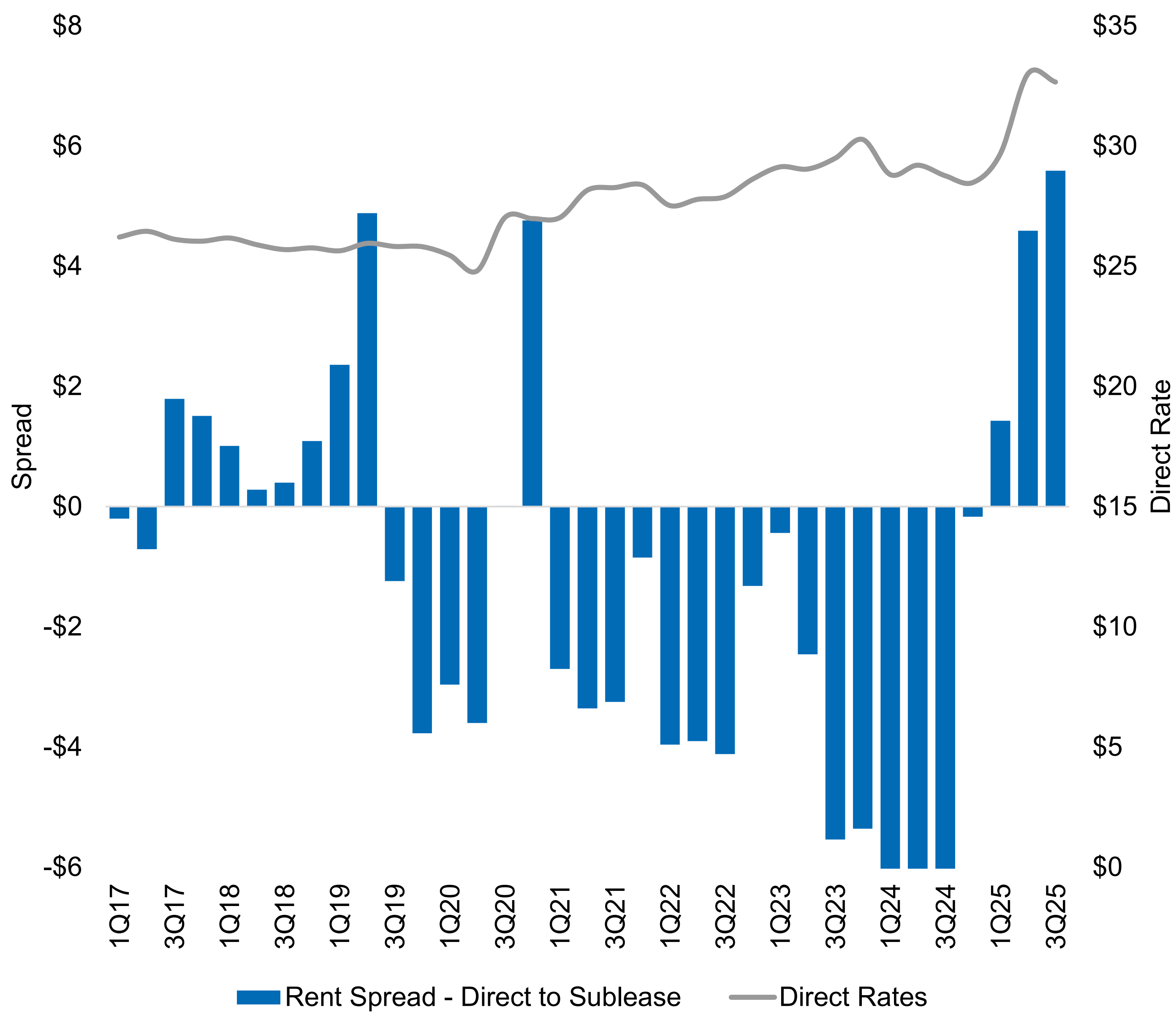


Source: Newmark Research, CoStar

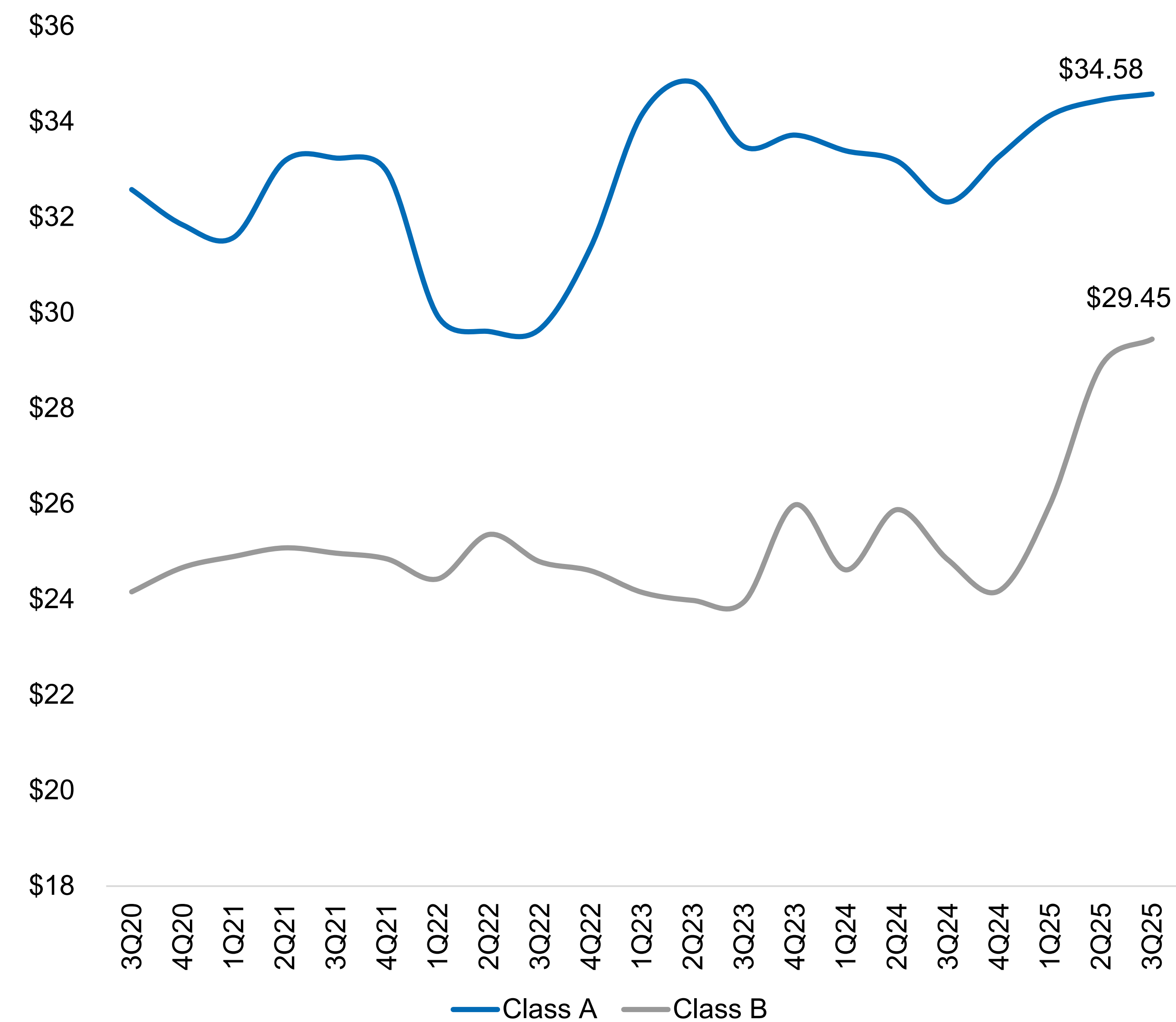
Asking Rate Growth for Direct Space

Direct rates exceeded sublease rates during the third quarter of 2025, consistent with the last two quarters. Average direct rates declined $0.34/SF from the previous quarter to $32.66/SF and sublease rates declined $1.34/SF to $27.07/SF. Meanwhile, class A and class B both experienced asking rent growth during the third quarter of 2025. Class A asking rents increased 0.4% from the previous quarter while class B rents increased 1.9%.

Direct Rates



Class A and Class B Asking Rents

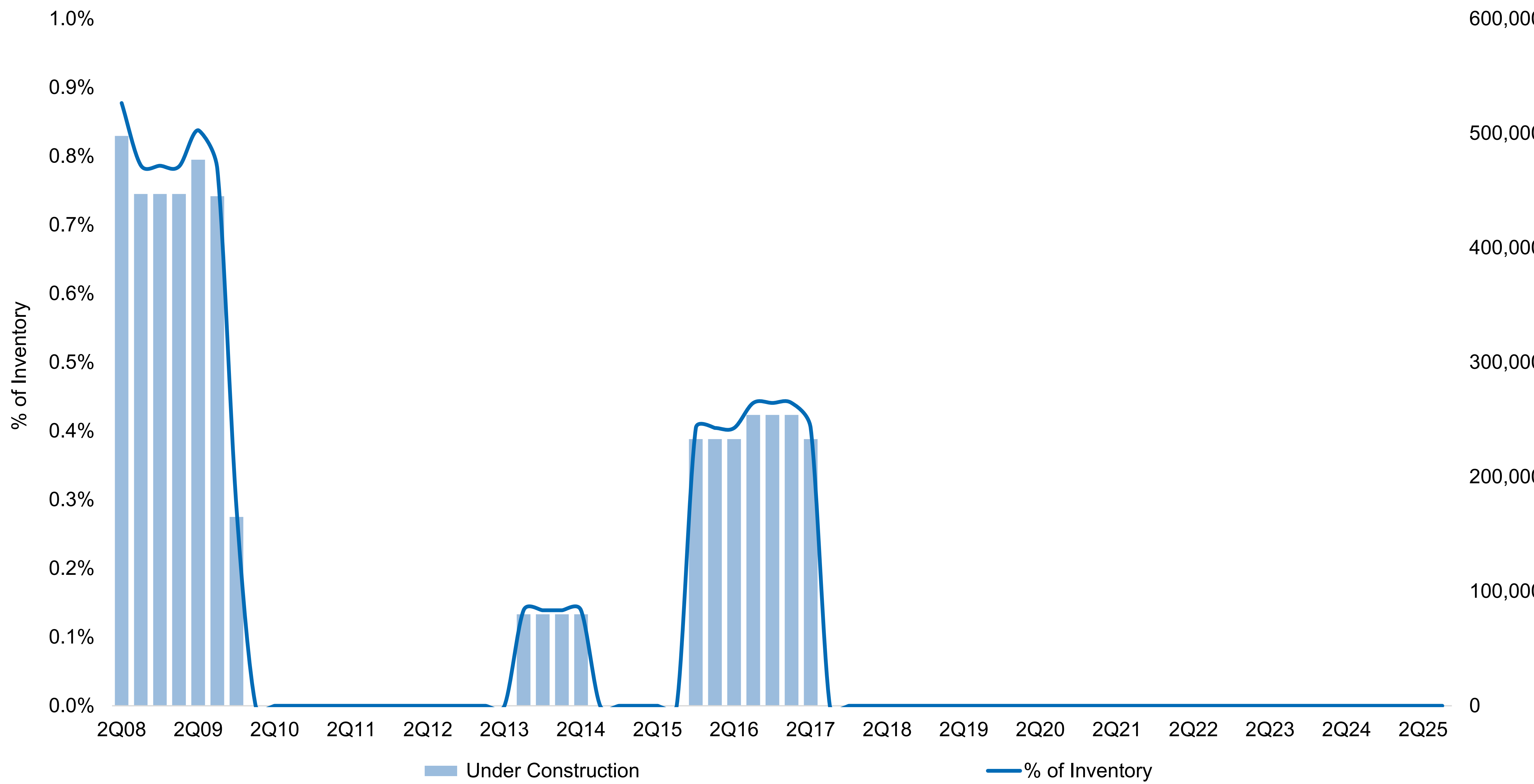


Source: Newmark Research, CoStar

Construction Standstill Continues

The third quarter of 2025 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.

Office Under Construction and % of Inventory



Source: Newmark Research, CoStar

Notable Lease Transactions

Long Island recorded 475,898 square feet of leasing activity during the third quarter of 2025, a 7.5% decrease from the previous quarter. At 155,157 square feet, Suffolk accounted for 32.6% of third quarter leasing activity, down from 44.4% of second quarter activity and the county's lowest share of activity since the third quarter of 2019.

Notable 3Q25 Lease Transactions

Tenant	Building(s)	Submarket	Type	Square Feet
Esquire Bank	300 Jericho Quadrangle	Nassau County	Direct New	49,017
Esquire Bank signed the largest deal of the quarter, taking 49,017 square feet on floors one and two of 300 Jericho Quadrangle.				
Department of Defense	1 Old Country Road	Nassau County	Direct New	23,500
The Department of Defense signed a ten-year lease for 23,500 square feet at 1 Old Country Road.				
Enterprise	1975 Linden Boulevard	Nassau County	Direct New	6,782
Enterprise signed a five-year lease for 6,782 square feet on the second floor at 1975 Linden Boulevard.				
Stoler & Co.	1400 Old Country Road	Nassau County	Direct New	6,436
Stoler & Co. signed a three-year lease for 6,436 square feet at 1400 Old Country Road.				
CoStar Group	58 South Service Road	Suffolk County	Direct New	4,869
CoStar Group signed a five-year lease for 4,869 square feet on the third floor at 58 South Service Road.				

Source: Newmark Research, CoStar

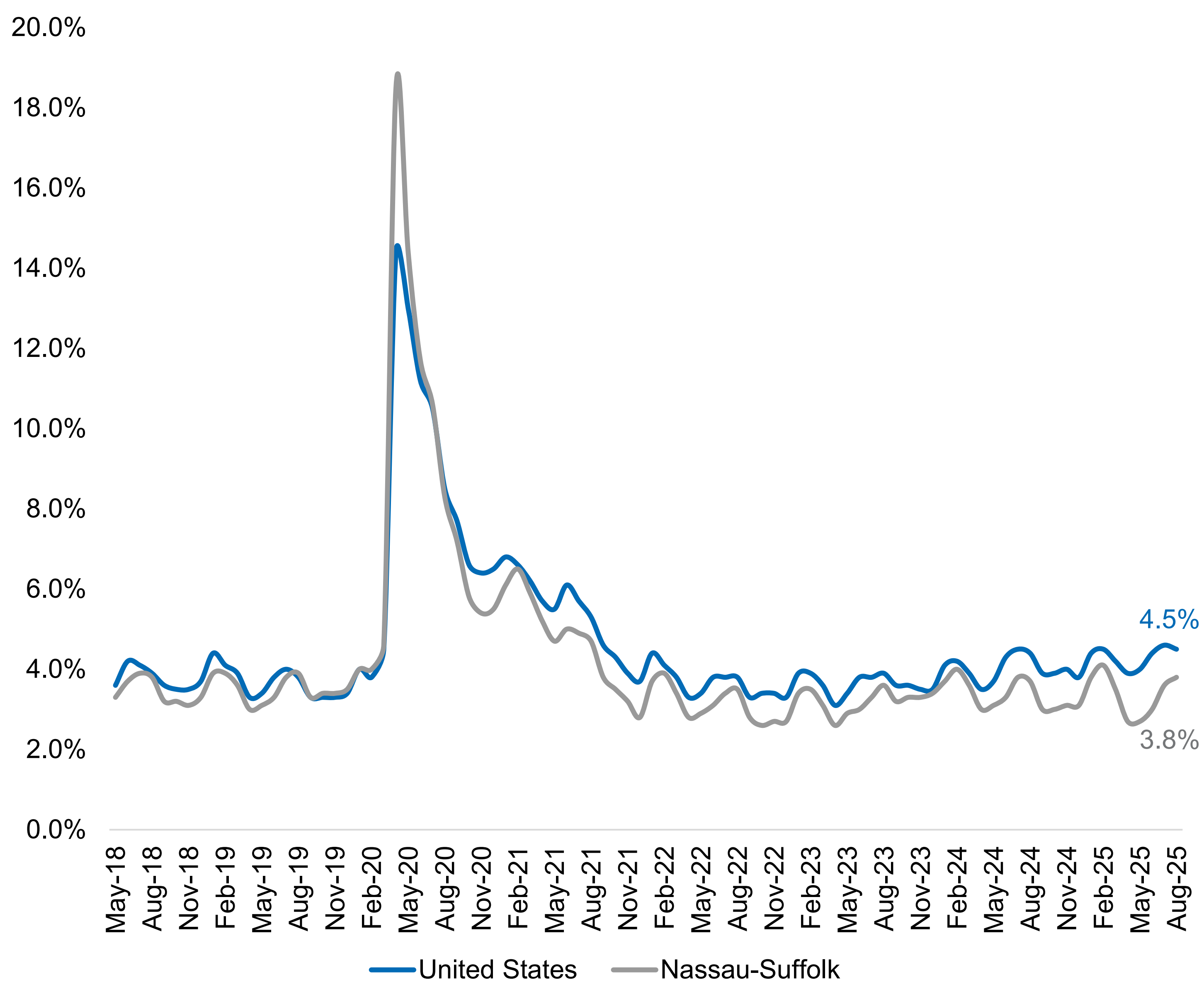
3Q25

Economy

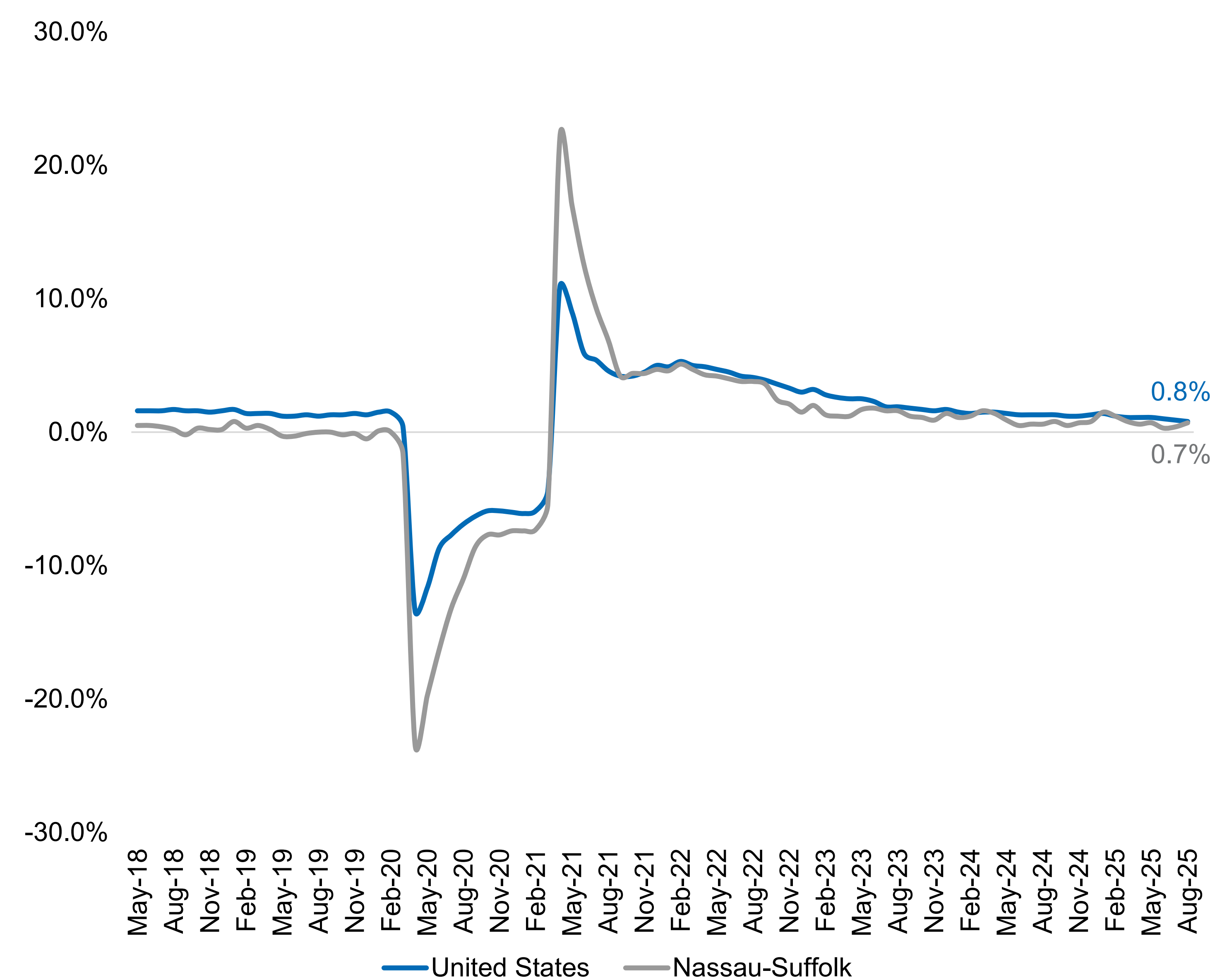
Uptick in Unemployment

The Long Island unemployment rate increased 80 basis points during the third quarter to 3.8%, nearly flat with year-ago levels. The Long Island unemployment rate remains well below the national average of 4.5%. Meanwhile, at 0.7%, Long Island employment growth remained shy of the national average of 0.8%.

Unemployment Rate, Non-Seasonally Adjusted



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

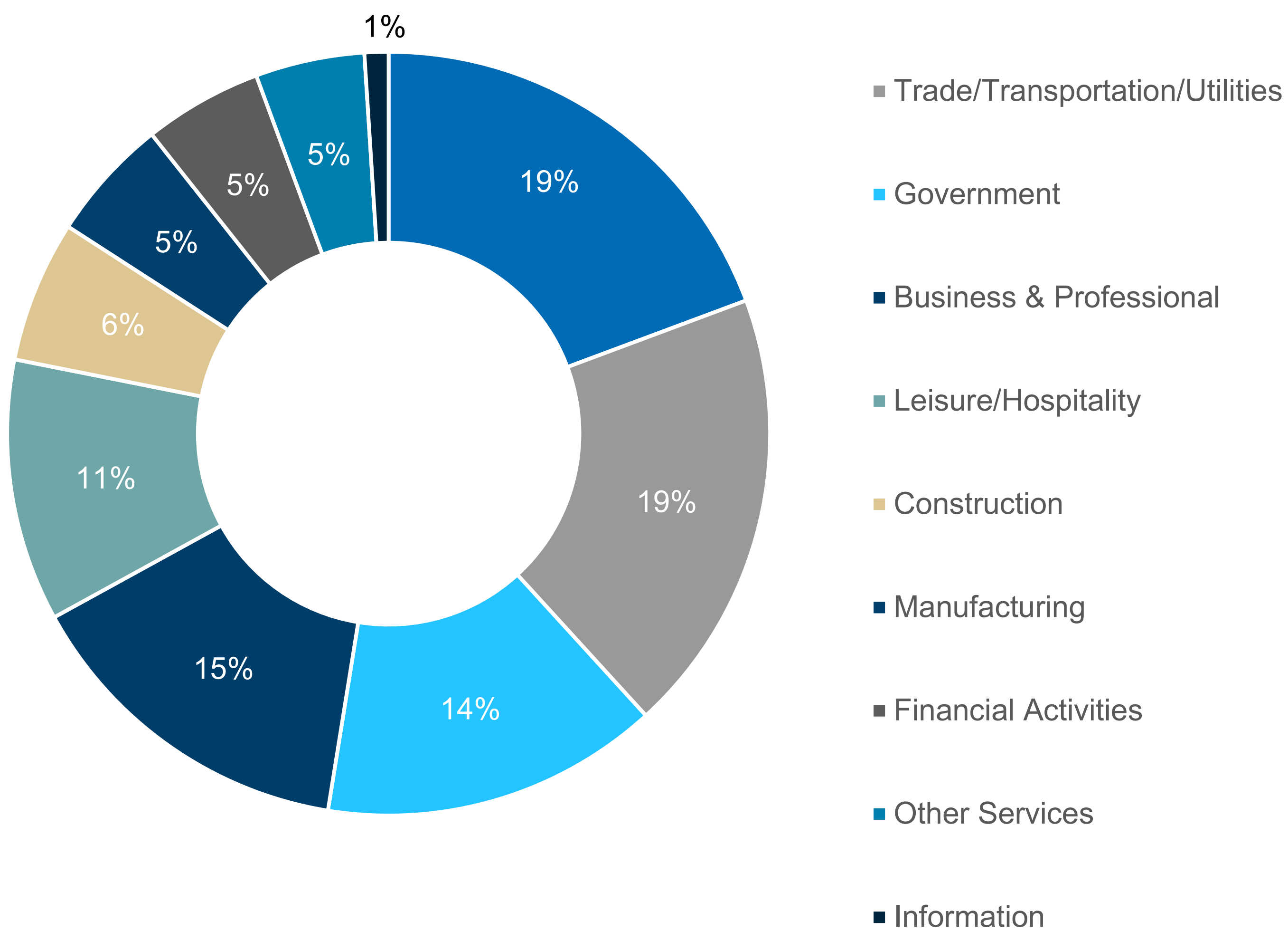


Source: U.S. Bureau of Labor Statistics, Nassau-Suffolk

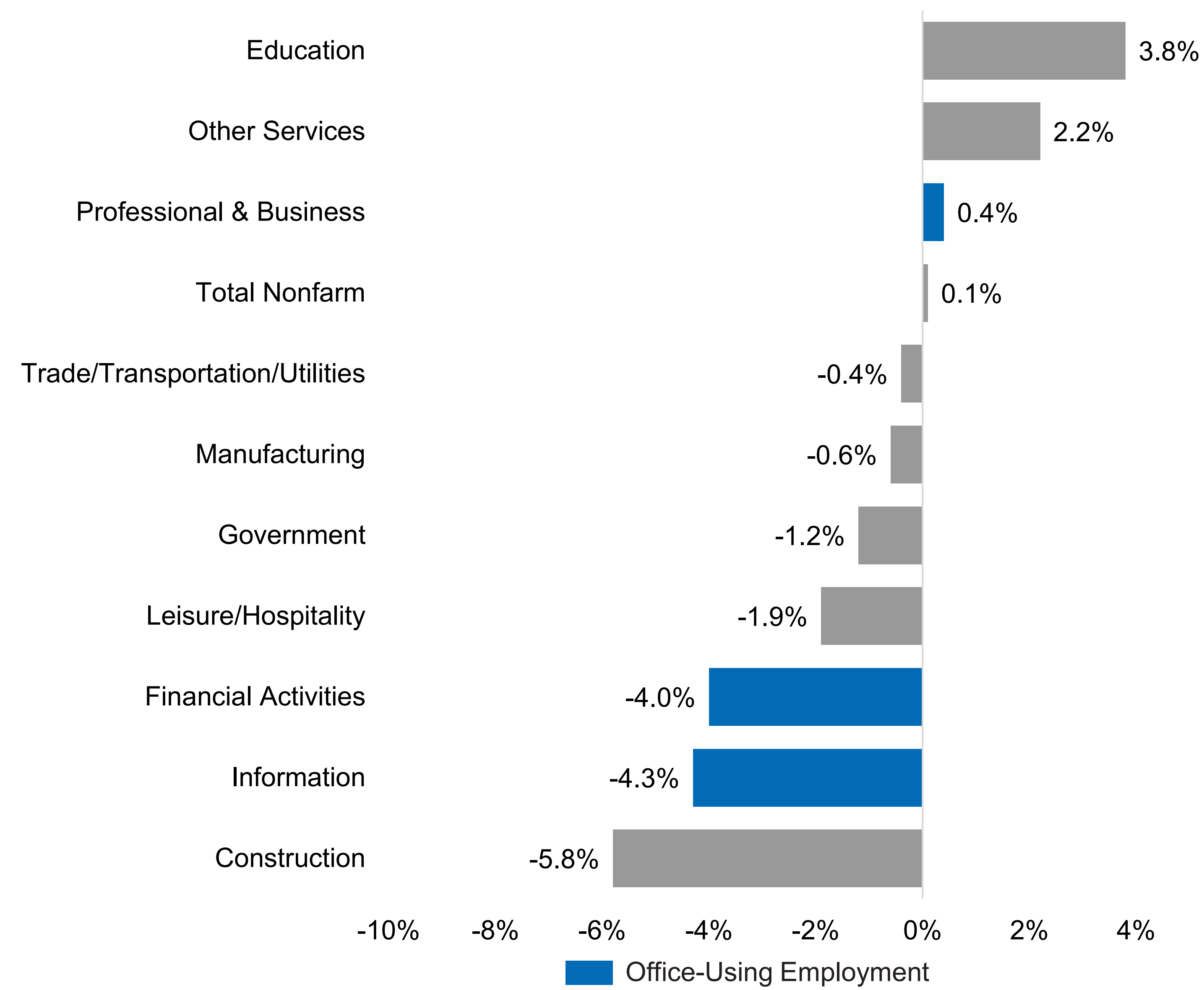
Limited Job Growth for Office Sector

Education, other services, and business & professional sectors led the region in job growth over the past year. One office-using employment industry, professional and business services, recorded 12-month growth while financial services and information industries were down 4.0% and 4.3%, respectively.

Employment by Industry, August 2025



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

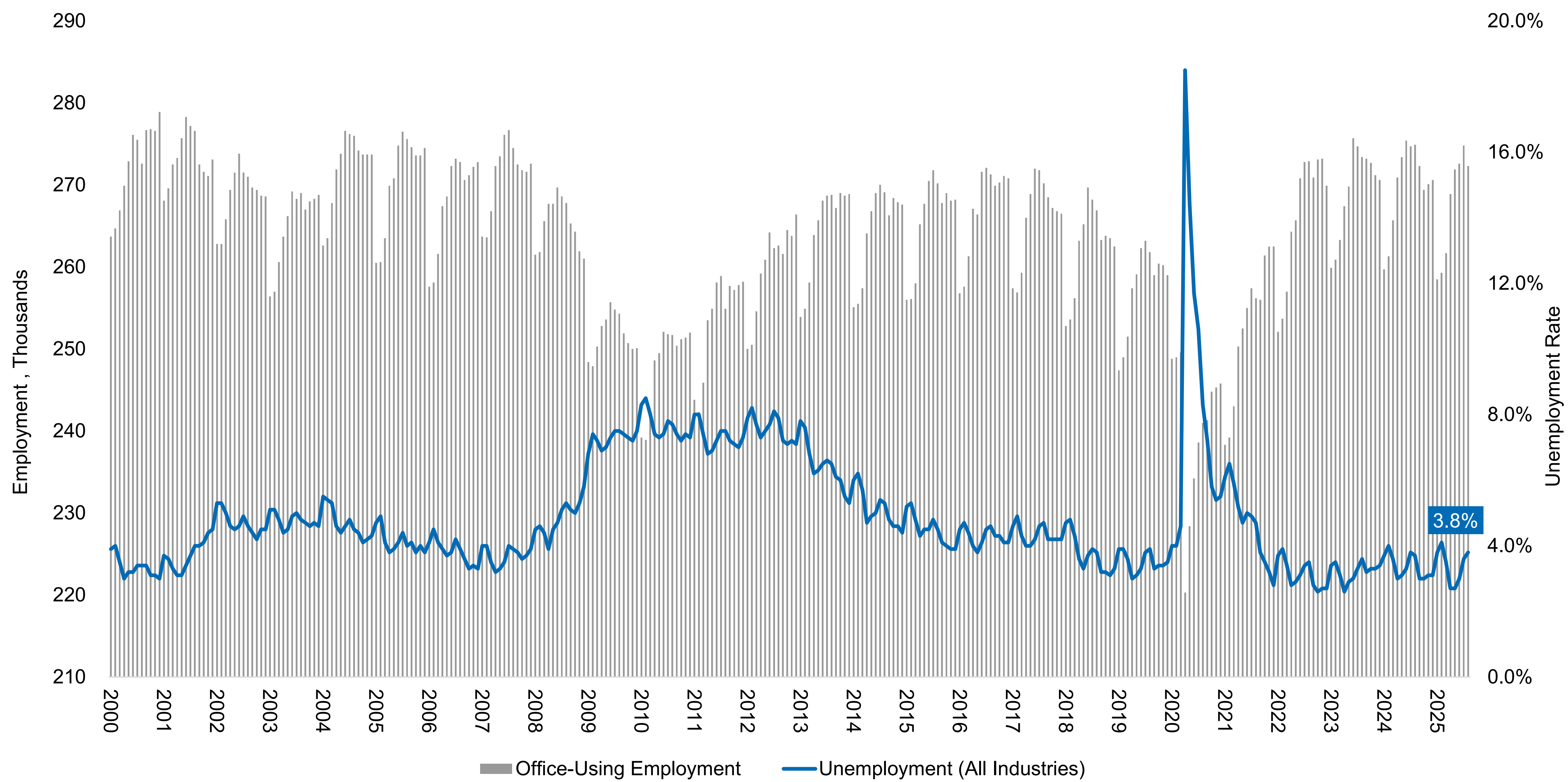


Source: U.S. Bureau of Labor Statistics, Nassau-Suffolk

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

The Long Island market continued to follow cyclical unemployment trends, though increasing 10 basis points above year-ago levels. Office-using employment is down 0.9% year-over-year as market uncertainty continues. Despite this, office-using employment remains 2.0% above pre-pandemic employment levels.

Office-Using Employment* and Unemployment Across All Industries



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

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

nmrk.com

Newmark has implemented a proprietary database and our tracking methodology has been revised. With this expansion and refinement in our data, there may be adjustments in historical statistics including availability, asking rents, absorption and effective rents. Newmark Research Reports are available at nmrk.com/insights.

NEWMARK