
4Q24

Long Island Industrial Market Overview



NEWMARK

Market Observations

Economy

- The Long Island labor market unemployment rate continued to track below the national average in the fourth quarter of 2024 as it declined 80 basis points from the previous quarter to 3.0%. Meanwhile, Long Island unemployment growth mirrored the national average at 1.4%.
- The construction sector led all industrial-using industries in year-over-year job growth with a 5.0% annual increase. The trade, transportation, and utilities sector recorded annual job growth of -1.0% while the manufacturing sector employment growth marginally declined 0.4% from the previous year.
- Employment in the trade, transportation, and utility sector increased 1.8% from the previous quarter, but remains 7.9% less than its pre-pandemic levels. Meanwhile, manufacturing employment in the fourth quarter declined 1.2% from the third quarter; however, employment rates have returned to pre-pandemic levels.

Major Transactions

- Long Island industrial leasing activity decreased 17.1% from the previous quarter to 566,235 square feet, its lowest level in the past ten years as leasing activity in Nassau County fell by over 50% from the third quarter. 2024 leasing activity recorded 2.9 million square feet, 31.3% lower than 2023 totals.
- Suffolk County accounted for 80.0% of the leasing activity during the quarter, signing 453,179 square feet of space.
- Global Freight Management signed the largest deal of the quarter for 124,182 square feet at 49 Mall Drive.

Leasing Market Fundamentals

- In 2024, Long Island total vacancy increased to 5.7% due to the delivery of 13 properties totaling 2,046,981 square feet.
- Long Island recorded average industrial asking rents of \$16.65/SF in the fourth quarter of 2024, a \$0.30/SF decrease from the fourth quarter of 2023. Despite this decline, 2024 asking rents remain 13.9% above the long-term average of \$14.61/SF.
- 506,990 square feet of class A leasing activity was recorded in 2024, far outpacing the long-term average of 278,972 square feet. Class A's share of leasing activity increased to 17.2%, its highest level over the past twenty years.
- In the fourth quarter of 2024, available sublease space in Long Island increased by 21.9% from the previous quarter to 965,708 square feet, a 14-year high.

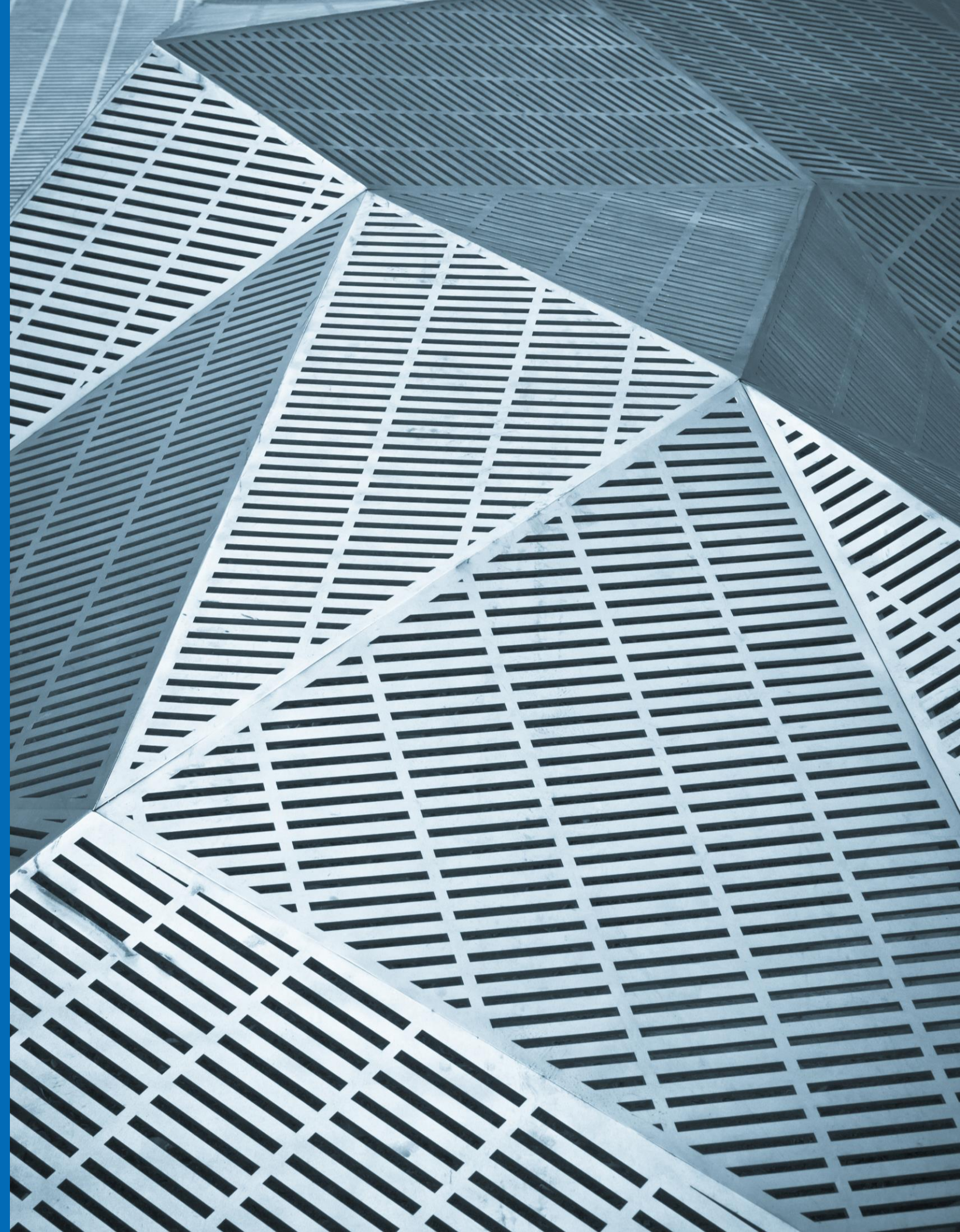
Outlook

- As construction deliveries continue to outpace net absorption, heightened vacancy rates are expected to persist.
- The fourth quarter recorded 426,512 square feet of deliveries, bringing the total 2024 deliveries to 2.0 million square feet, more than doubling the 925,721 square feet delivered in 2023. The pipeline remains active with another 824,540 square feet of space under construction throughout Long Island.

1. Leasing Market Fundamentals
2. Economy

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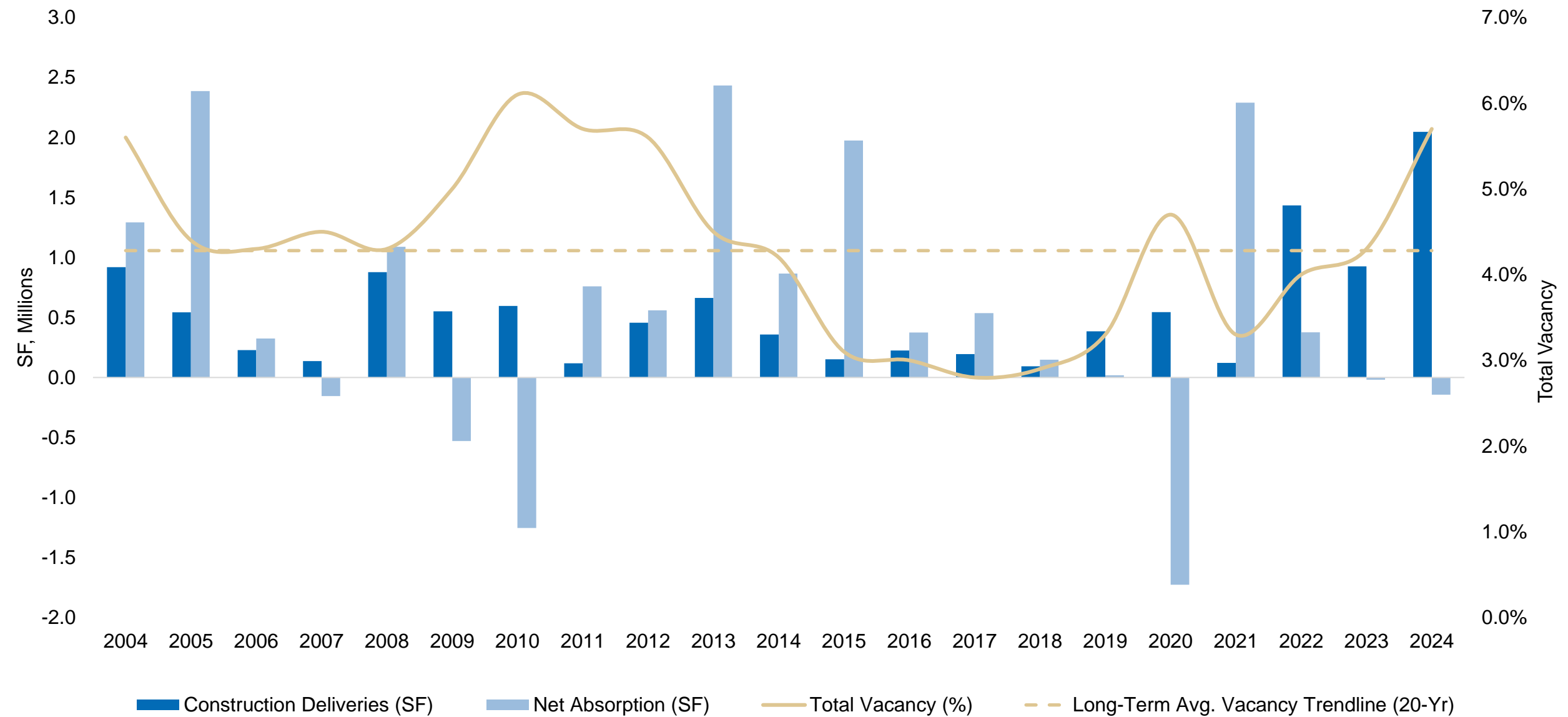
Leasing Market Fundamentals



Vacancy Rises as Construction Deliveries Outpace Net Absorption

In 2024, Long Island total vacancy increased to 5.7% due to the delivery of 13 properties totaling 2,046,981 square feet. As construction deliveries continue to outpace net absorption, heightened vacancy rates are expected to persist.

Historical Construction Deliveries, Net Absorption, and Vacancy

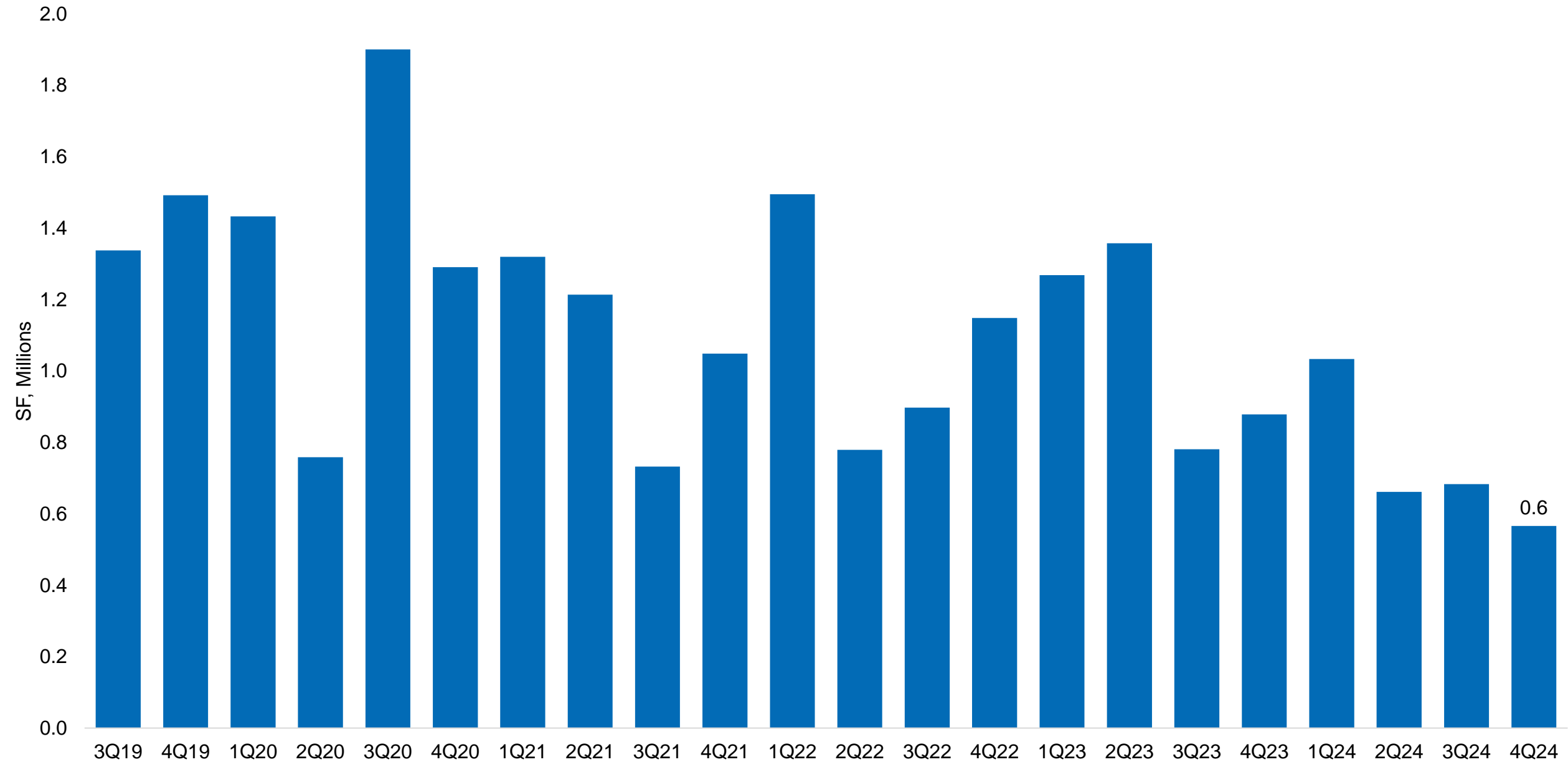


Source: Newmark Research, CoStar

Industrial Leasing Activity

In the fourth quarter of 2024, Long Island industrial leasing activity decreased 17.1% from the previous quarter to 566,235 square feet, its lowest level in the past ten years. 2024 leasing activity recorded 2.9 million square feet, 31.3% lower than 2023 totals.

Total Leasing Activity (SF)

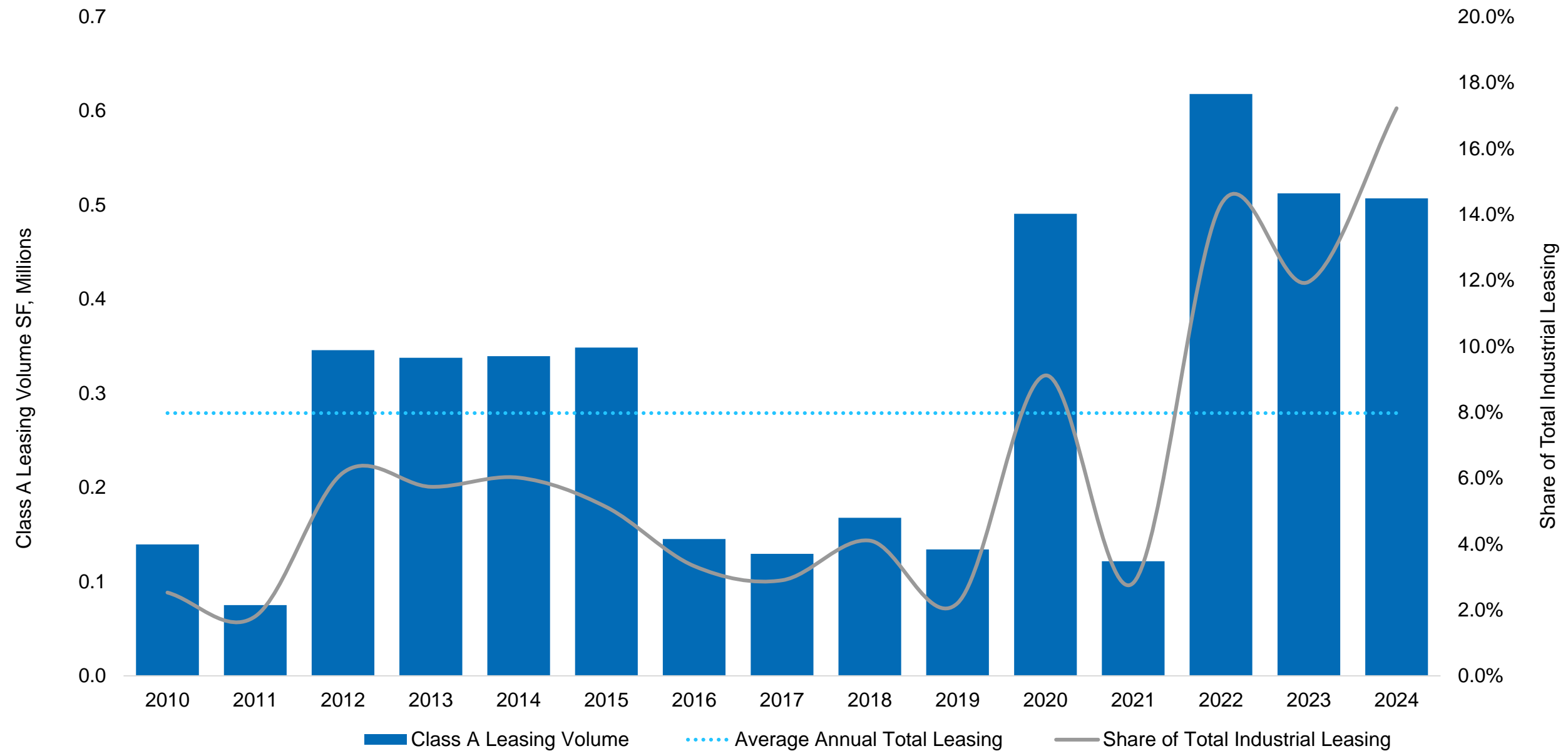


Source: Newmark Research, CoStar

Strong Demand for Class A Property Continues

506,990 square feet of class A leasing activity was recorded in 2024, far outpacing the long-term average of 278,972 square feet. Class A's share of leasing activity increased to 17.2%, its highest level over the past twenty years. Reflecting the heightened demand, developers delivered 1.9 million square feet of class A office space in 2024. Despite the rise in construction and deliveries, Class A properties account for only 6.0% of the total industrial Long Island inventory.

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

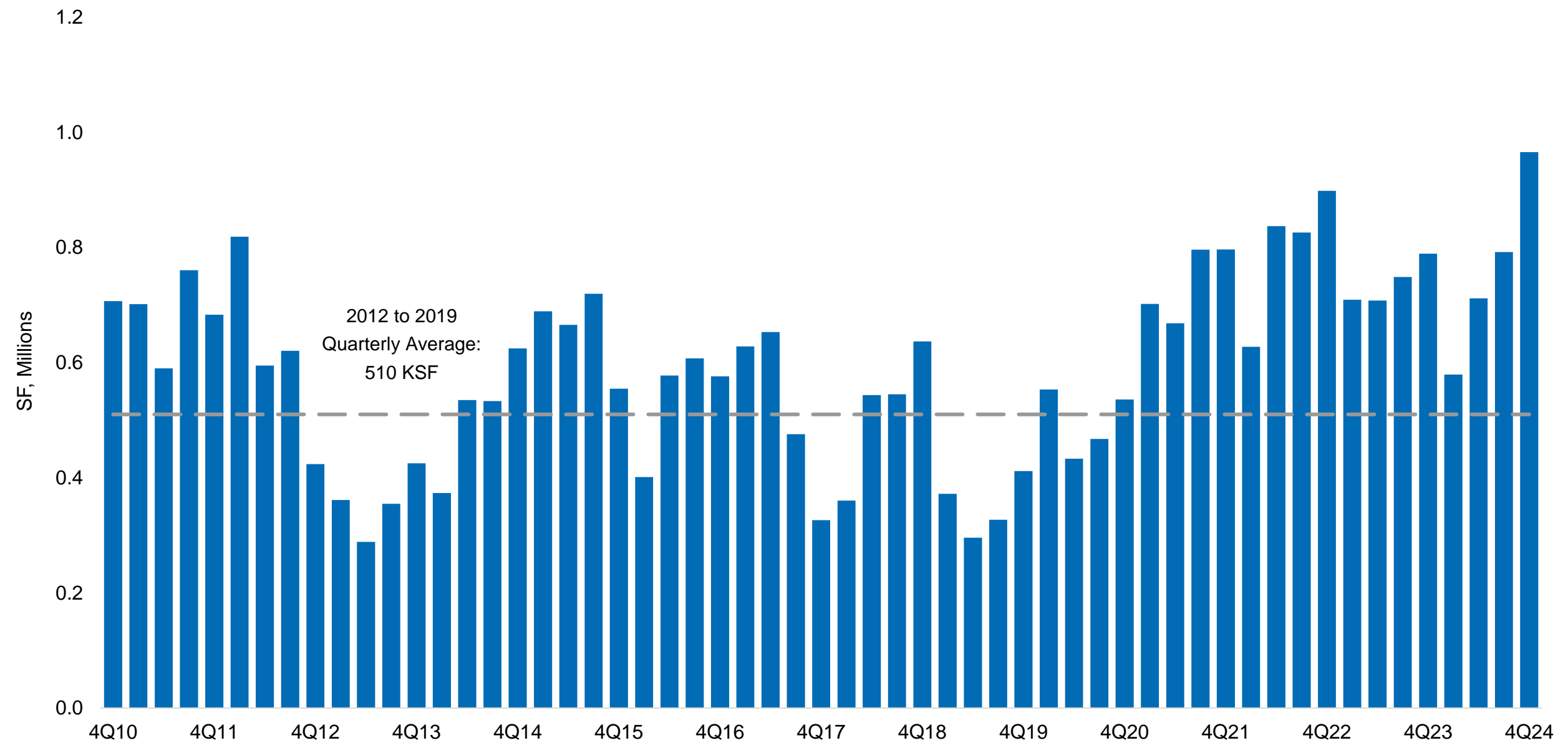


Source: Newmark Research, CoStar

Industrial Sublease Availability Surges

In the fourth quarter of 2024, available sublease space in Long Island increased by 21.9% from the previous quarter to 965,708 square feet, a 14-year high. This increase was largely driven by the addition of 175,000 square feet of sublease space at 555 North Research Place from ELM Global Logistics.

Available Industrial Sublease Volume (msf)

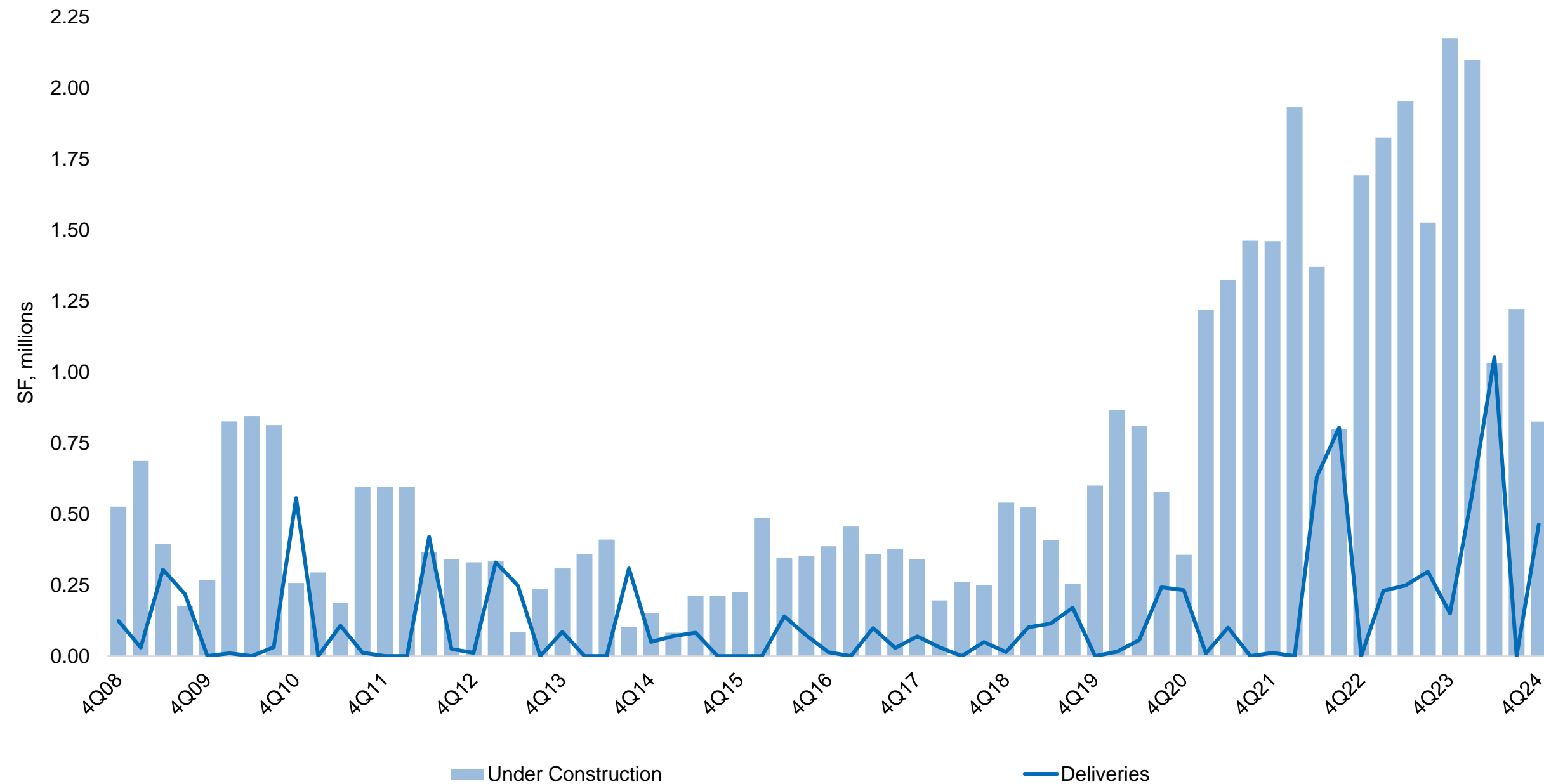


Source: Newmark Research, CoStar

Strong Deliveries Through 2024 With More To Come

The fourth quarter recorded 426,512 square feet of deliveries, bringing the total 2024 deliveries to 2.0 million square feet, more than doubling the 925,721 square feet delivered in 2023. The pipeline remains active with another 824,540 square feet of space under construction throughout Long Island.

Industrial Under Construction and % of Inventory

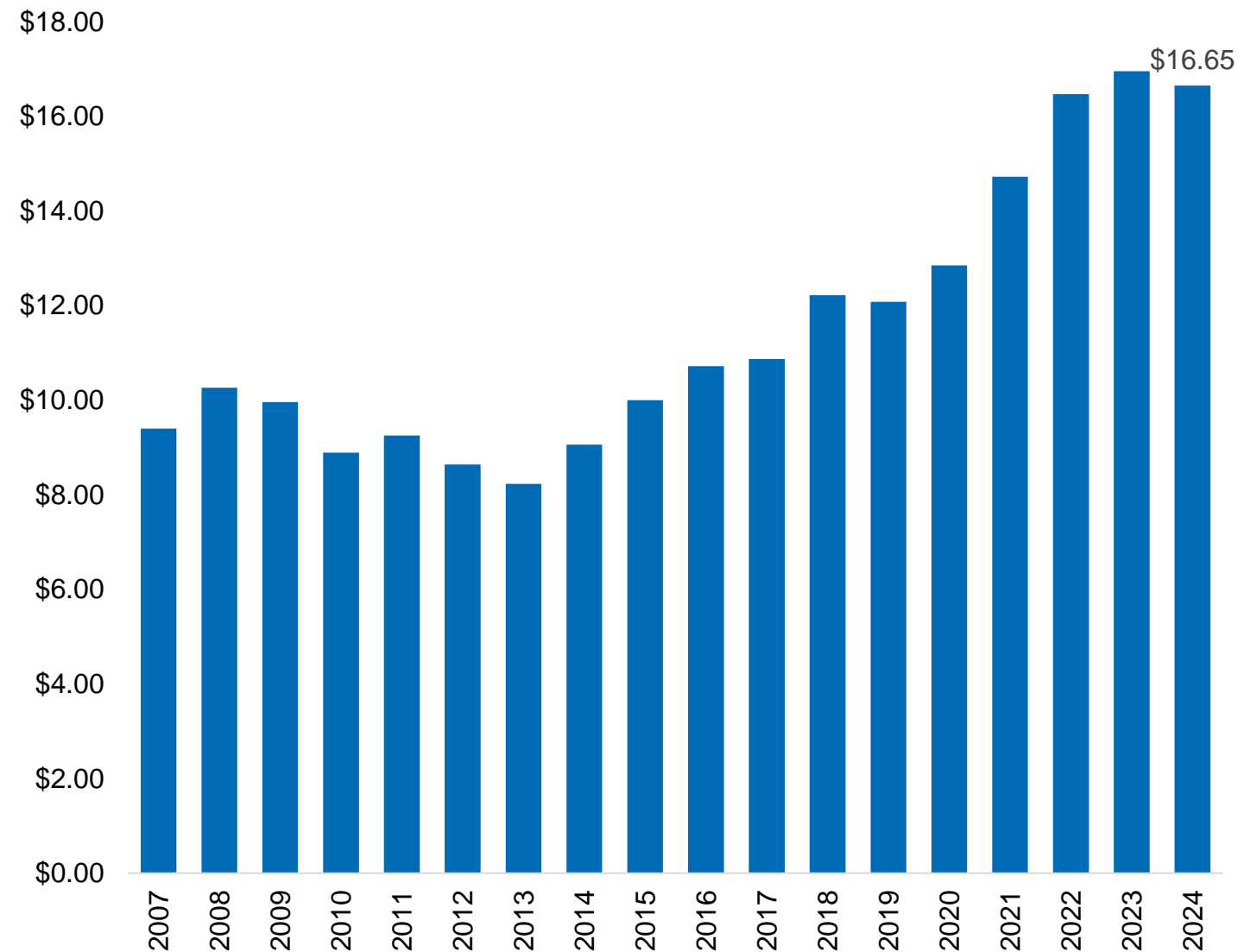


Source: Newmark Research, CoStar

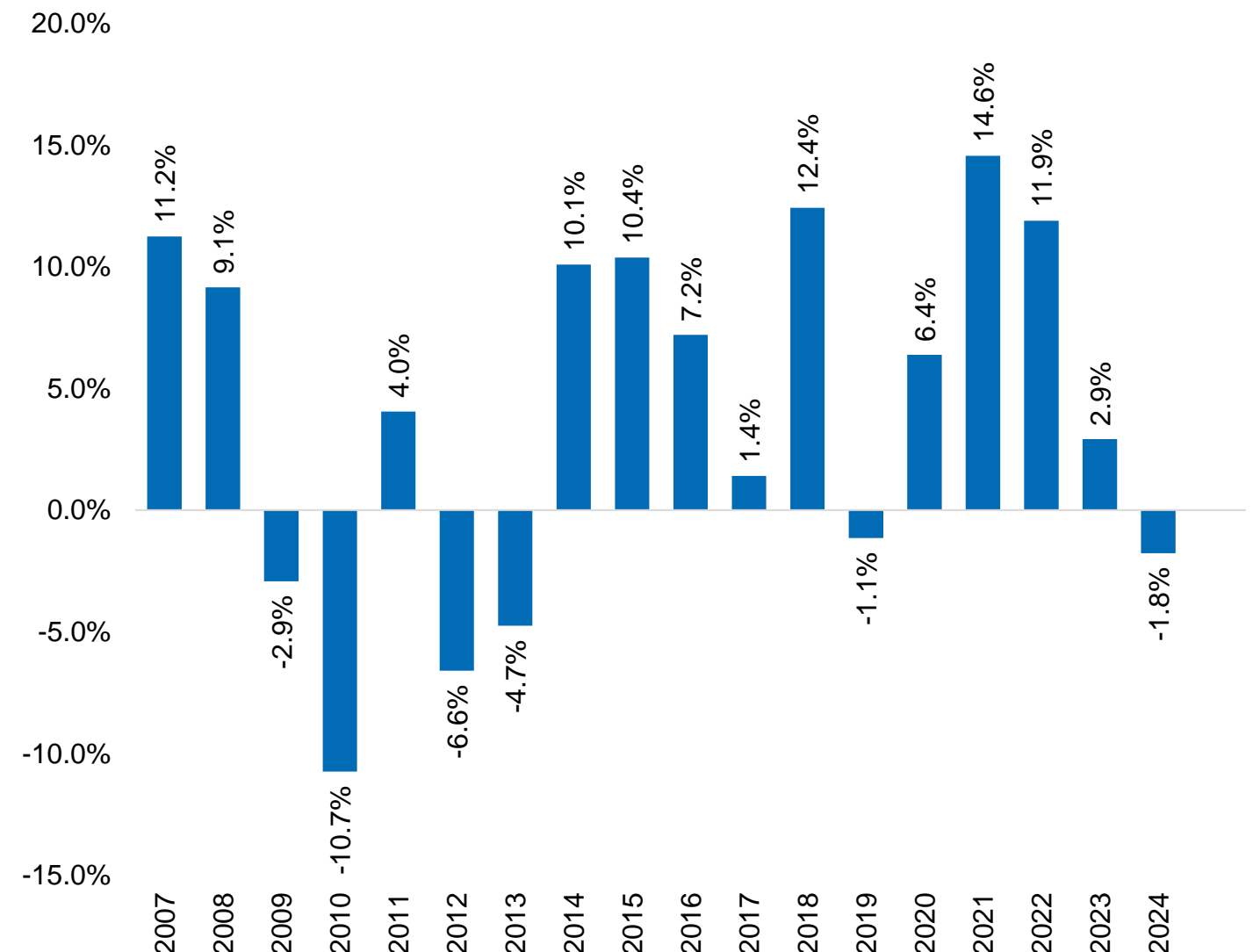
Heightened Industrial Asking Rent Continues

Long Island recorded average industrial asking rents of \$16.65/SF in the fourth quarter of 2024, a \$0.30/SF decrease from the fourth quarter of 2023. Despite this decline, 2024 asking rents remain 13.9% above the long-term average of \$14.61/SF.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable Lease Transactions

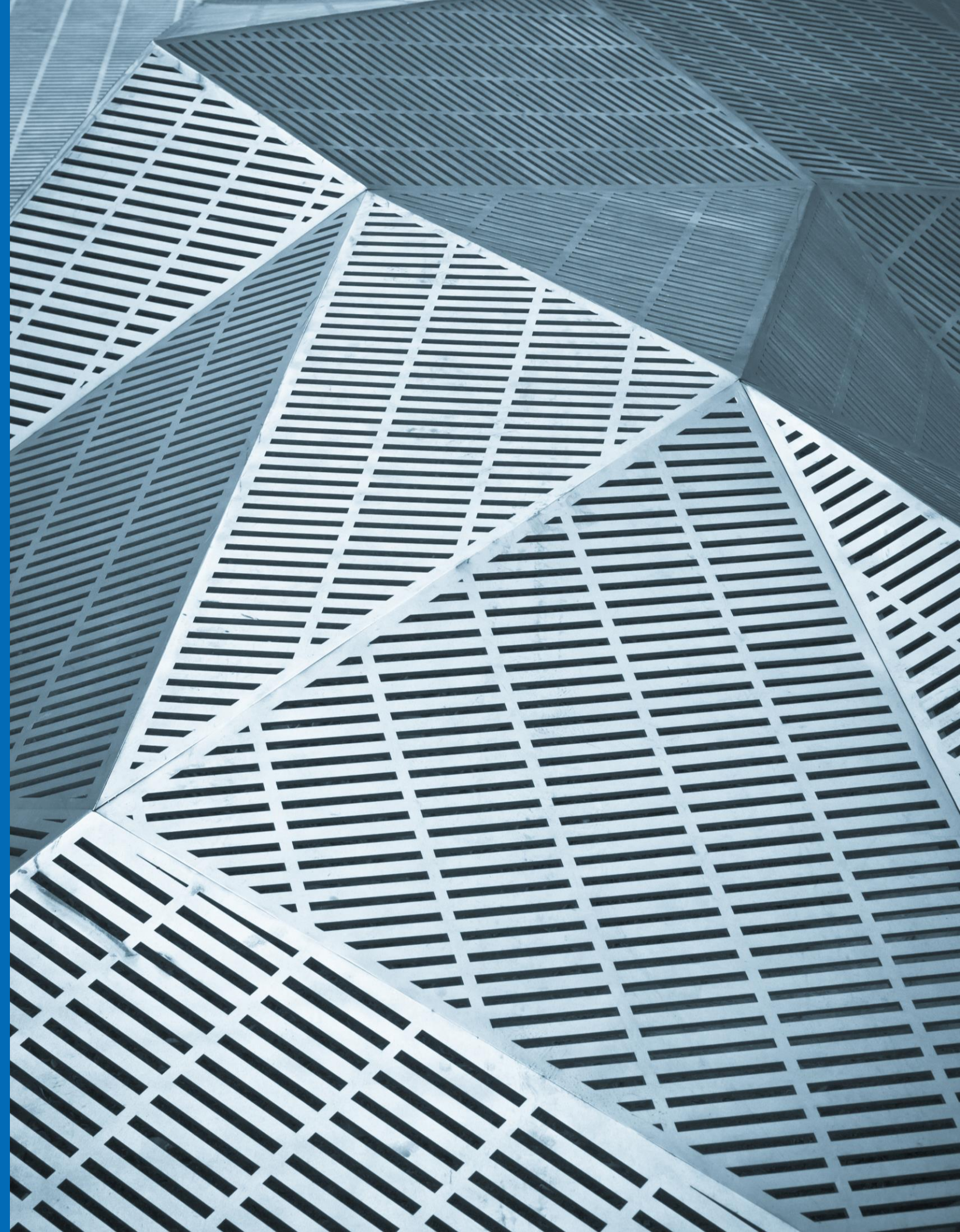
Long Island industrial leasing recorded 566,235 square feet of activity during the fourth quarter, a 17.1% decline from the previous quarter. While Suffolk County activity remained consisted with third quarter levels, Nassau County leasing dropped by 50.1% from the previous quarter. Suffolk County accounted for 80.0% of the leasing activity during the quarter, signing 453,179 square feet of space.

Notable 4Q24 Lease Transactions

Tenants	Building(s)	Submarket	Type	Square Feet
Global Freight Management	49 Mall Drive	Suffolk County	Direct Lease	124,182
<i>Global Freight Management signed the largest deal of the quarter for 124,182 square feet at 49 Mall Drive.</i>				
Redefine Meals	1724 Fifth Avenue	Suffolk County	Sublease	105,774
<i>Meal prep company Redefine Meals subleased 105,774 square feet on part of the first floor and the entire second and third floor of 1724 Fifth Avenue.</i>				
Best Pet Supplies	235 Pinelawn Road	Suffolk County	Direct Lease	93,985
<i>Best Pet Supplies signed 93,985 square feet for part of the first floor at 235 Pinelawn Road.</i>				
Legrand AFCO Systems	200 Finn Court	Suffolk County	Direct Lease	75,569
<i>Electrical manufacturer Legrand AFCO Systems signed 75,569 square feet at 200 Finn Court.</i>				
Horizon Freight Holdings	475 Doughty Boulevard	Nassau County	Direct Lease	36,641
<i>Horizon Freight Holdings signed the largest quarterly deal in Nassau County for 36,641 square feet at 475 Doughty Boulevard.</i>				

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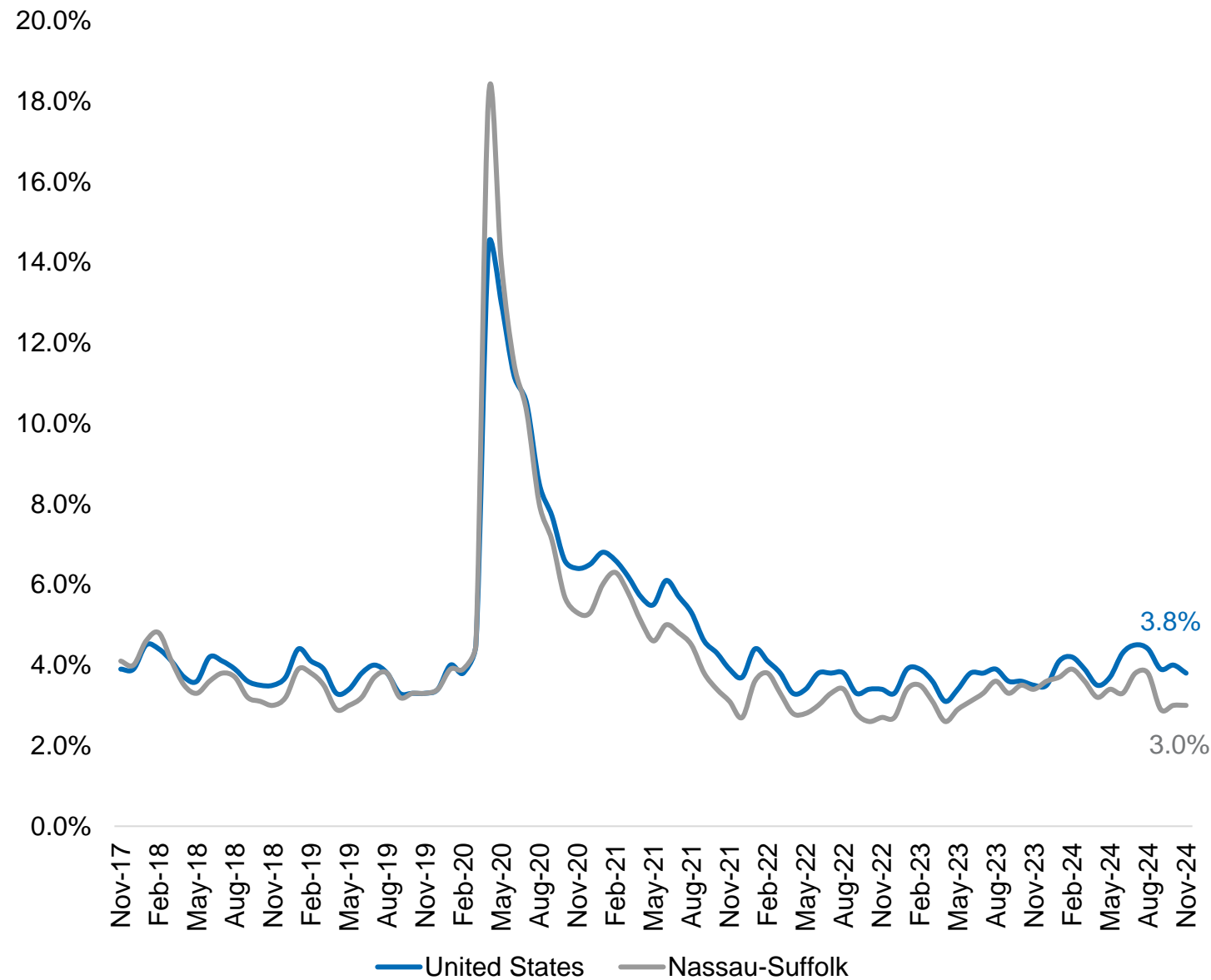
Economy



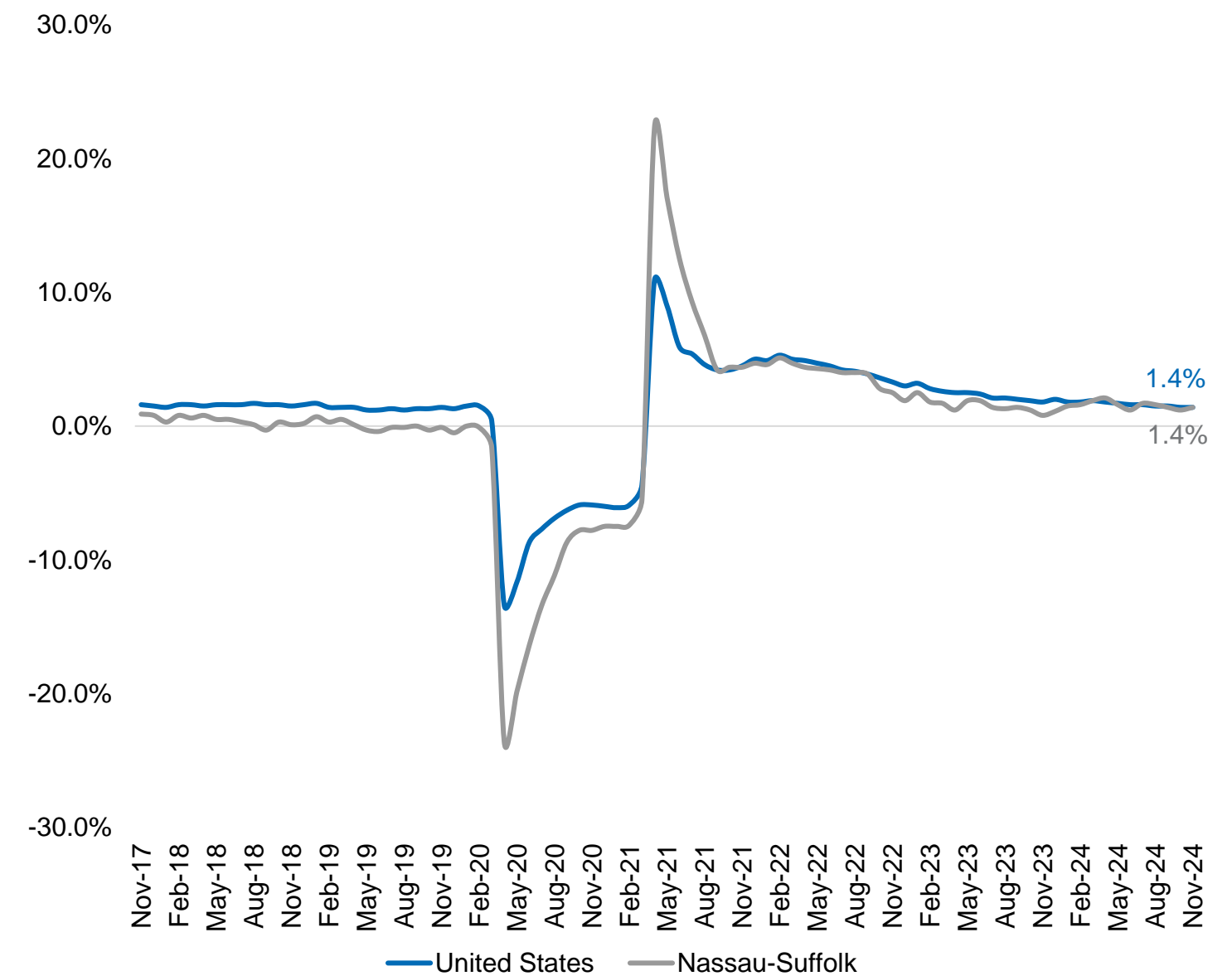
Employment Trends Return to Pre-Pandemic Levels

Declining 80 basis points from the previous quarter to 3.0%, the Long Island labor market unemployment rate continued to track below the national average in the fourth quarter of 2024. Meanwhile, Long Island unemployment growth mirrored the national average at 1.4%.

Unemployment Rate, Non-Seasonally Adjusted



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

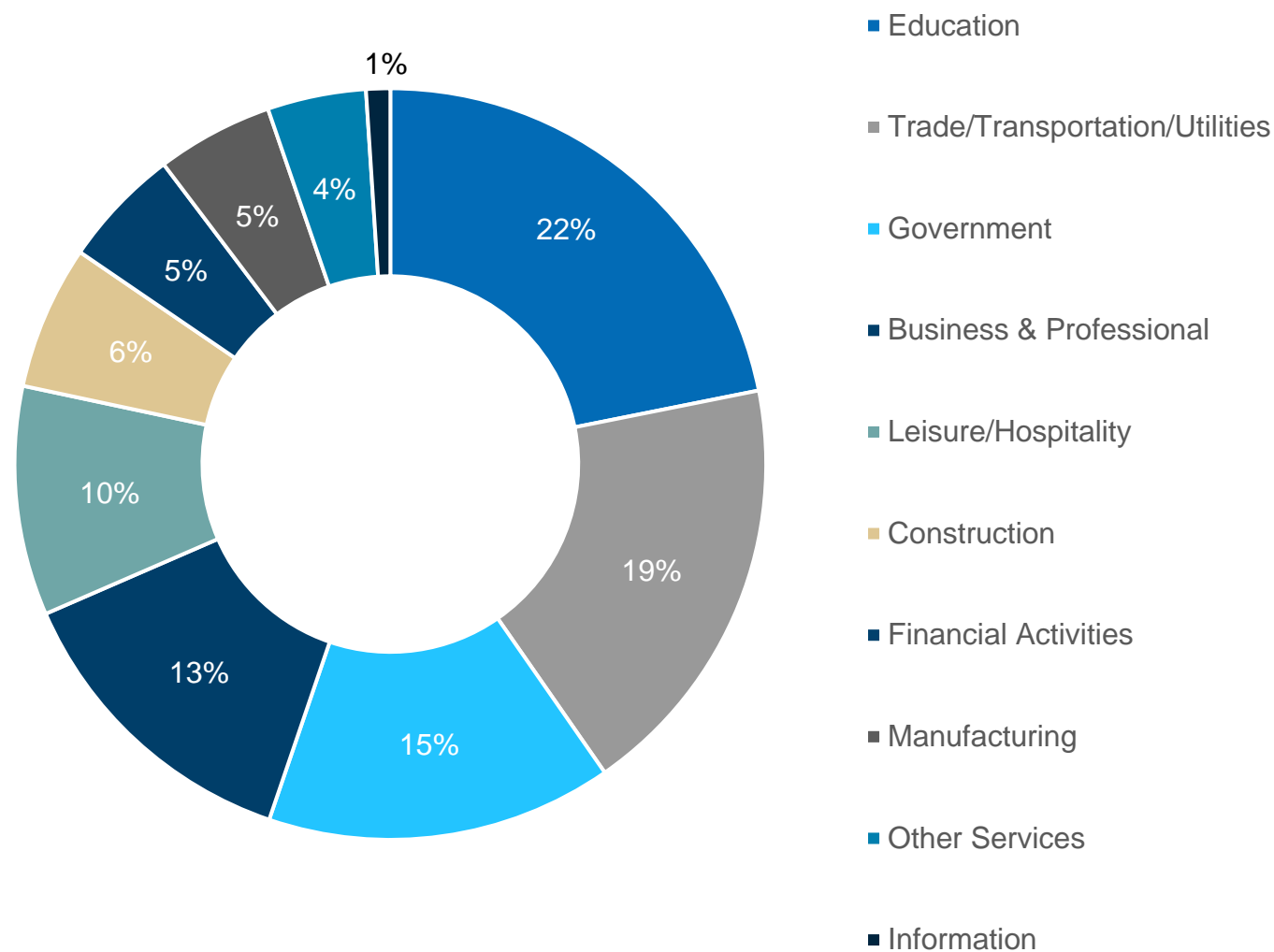


Source: U.S. Bureau of Labor Statistics, Nassau-Suffolk

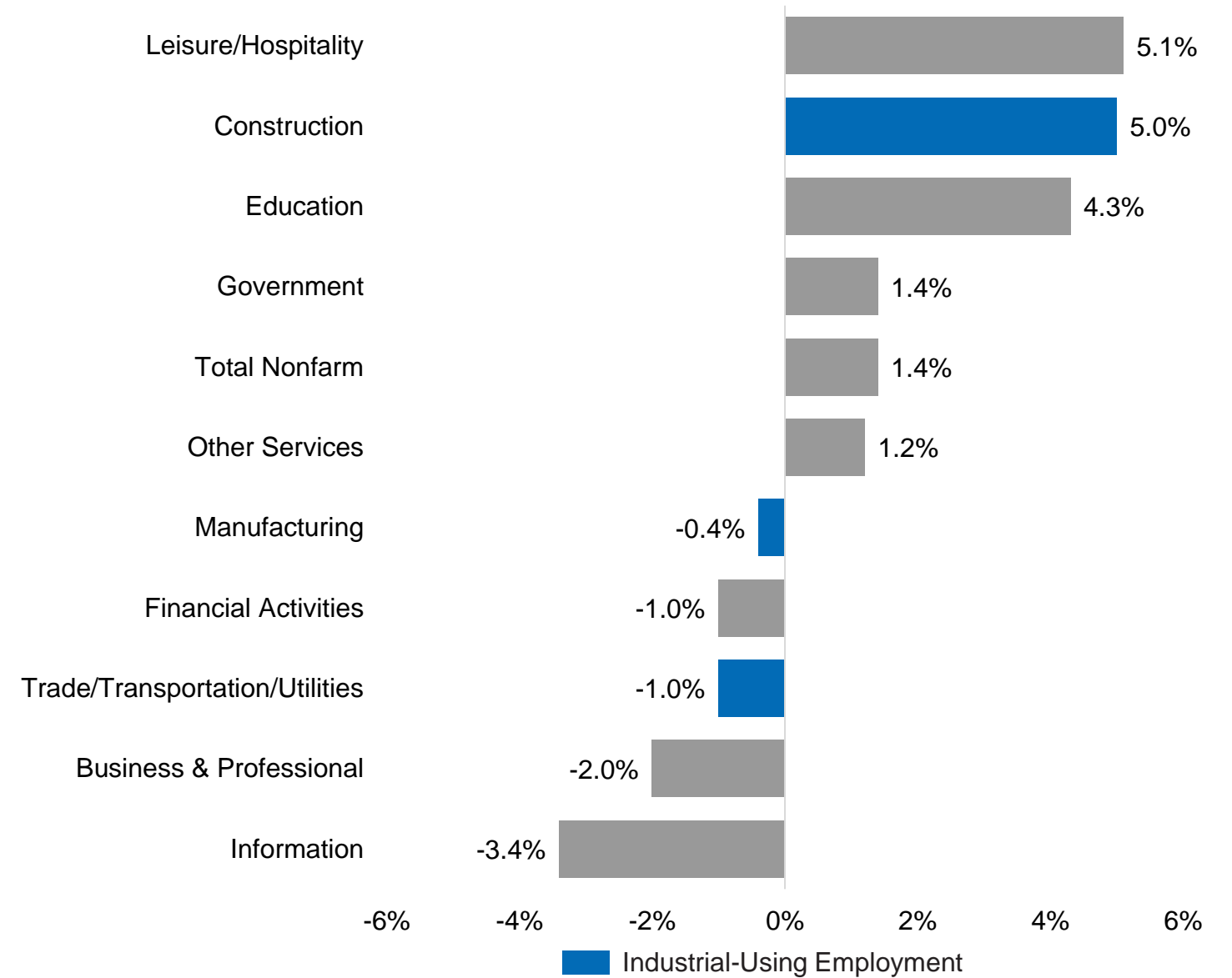
Varying Job Growth for Industrial Sector

In the fourth quarter of 2024, construction led all industrial-using industries in year-over-year job growth with a 5.0% annual increase. Meanwhile, while the trade, transportation, and utilities sector remains the second largest industry in the Long Island market, it recorded annual job growth of -1.0%. Manufacturing employment growth marginally declined 0.4% from the previous year.

Employment by Industry, November 2024



Employment Growth by Industry, 12-Month % Change, November 2024

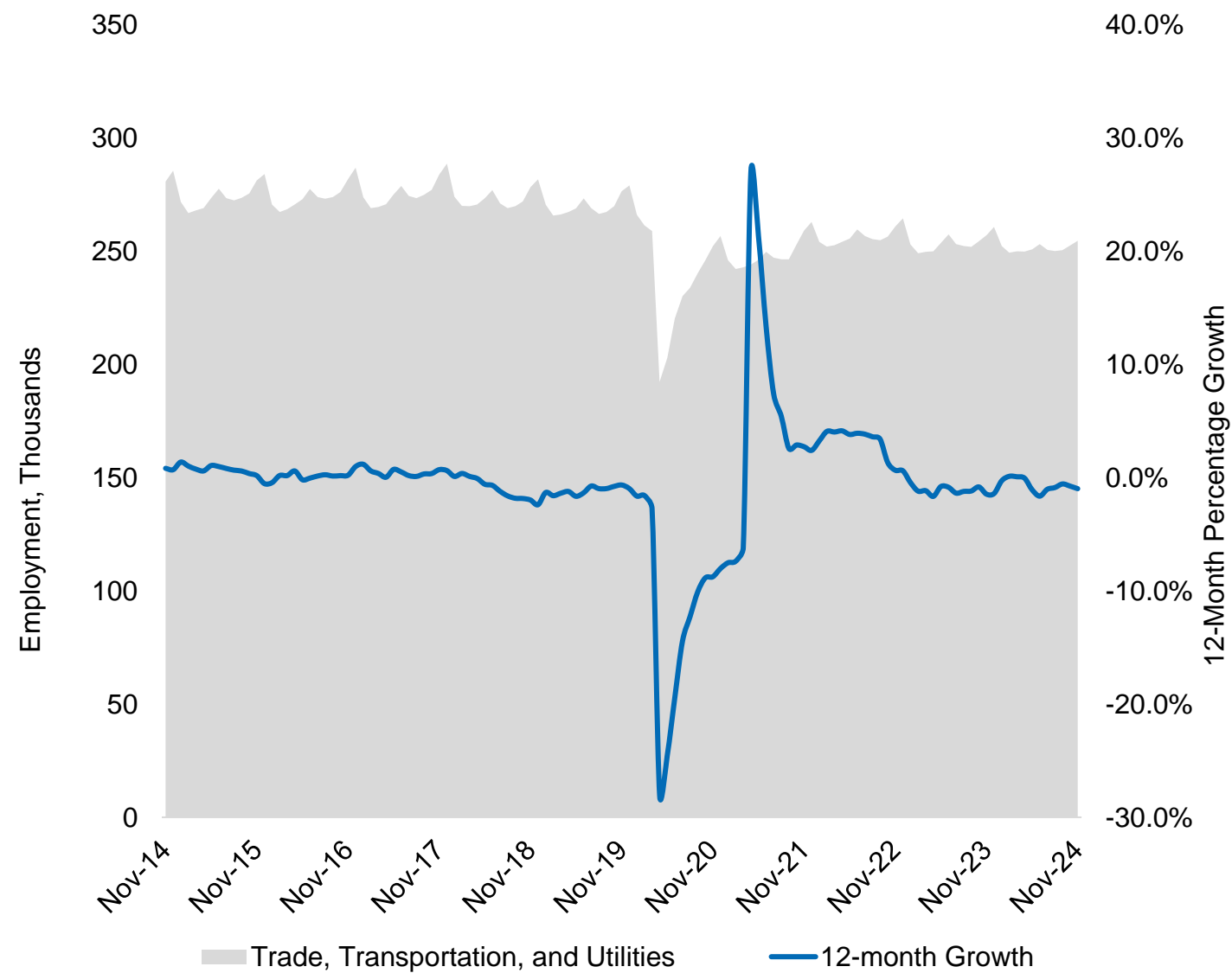


Source: U.S. Bureau of Labor Statistics, Nassau-Suffolk

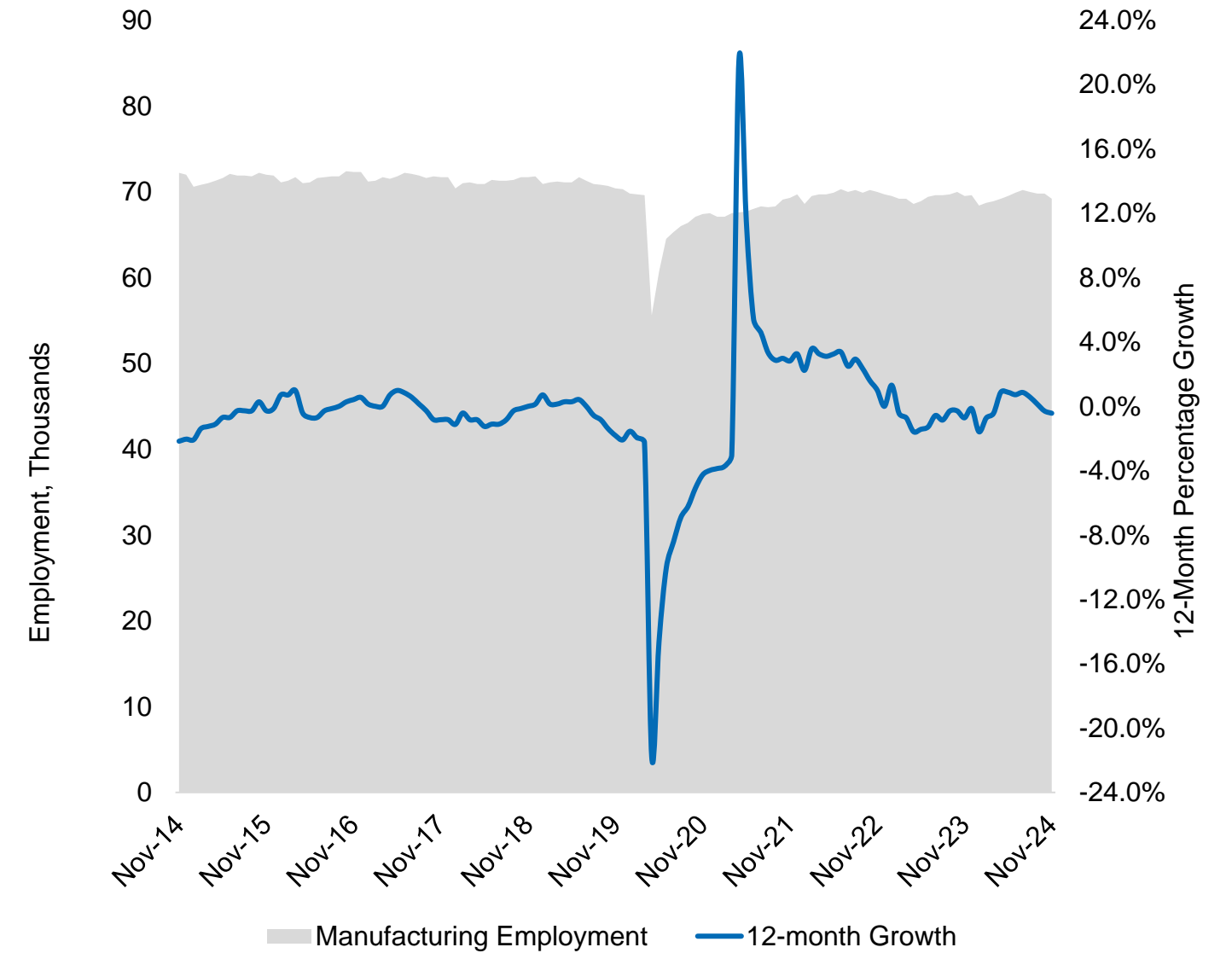
Industrial Employment Sectors Differ

During the fourth quarter of 2024, employment in the trade, transportation, and utility sector rebounded, increasing 1.8% from the previous quarter. Despite this growth, 2024 employment in the trades, transportation, and utilities sector remained 7.9% less than their pre-pandemic levels. Meanwhile, manufacturing employment in the fourth quarter experienced a decline of 1.2% from the third quarter; however, employment rates in the 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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