



NEWMARK

Long Island
Industrial Market Overview

4Q25

Market Observations



Economy

- In the fourth quarter, Long Island's unemployment rate dropped by 10 basis points to 3.0%, nearly flat with year-ago levels. It still sits well below the national rate of 4.3%.
- Although industrial-using employment sectors have recovered from five-year lows, manufacturing remains 22.2% below its April 2021 peak, and trade, transportation, and utilities is 7.6% below its April 2021 high.
- Total employment on Long Island fell 1.2% year over year, contrasting with 0.8% growth nationally. As of September, manufacturing was unchanged year over year, while trade, transportation, and utilities decreased 0.6%.



Leasing Market Fundamentals

- Long Island industrial vacancy rose in the fourth quarter of 2025, up 30 basis points from 2024 year-end to 6.0%, the highest level since 2010.
- Average asking rent decreased \$0.06/SF from the same period last year to \$16.59/SF but remain elevated compared to historical levels.
- For full-year 2025, Class A leasing totaled 414,778 square feet, an 18.2% decrease from 2024. Class A activity accounted for just 11.0% of total industrial leasing, the market's lowest share since 2021.
- Available sublease space rose 21.2% quarter-over-quarter to 881,162 SF and remains 43.0% above its long-term average. The increase was driven by the addition of multiple 20,000-SF blocks.



Major Transactions

- Q4 industrial leasing on Long Island totaled 843,240 square feet, a 42.5% decline quarter over quarter.
- Suffolk County finished 2024 with 2,344,608 square feet leased, accounting for 62.3% of Long Island's annual activity.
- Nassau County leasing more than doubled from the prior year to 1,432,327 square feet, the strongest since 2021, contributing 38.1% of the year's total.
- The largest transaction was signed by Haloo LLC, which took 21,690 square feet on a portion of the first floor under a three-year term at 25 Ranick Road.



Outlook

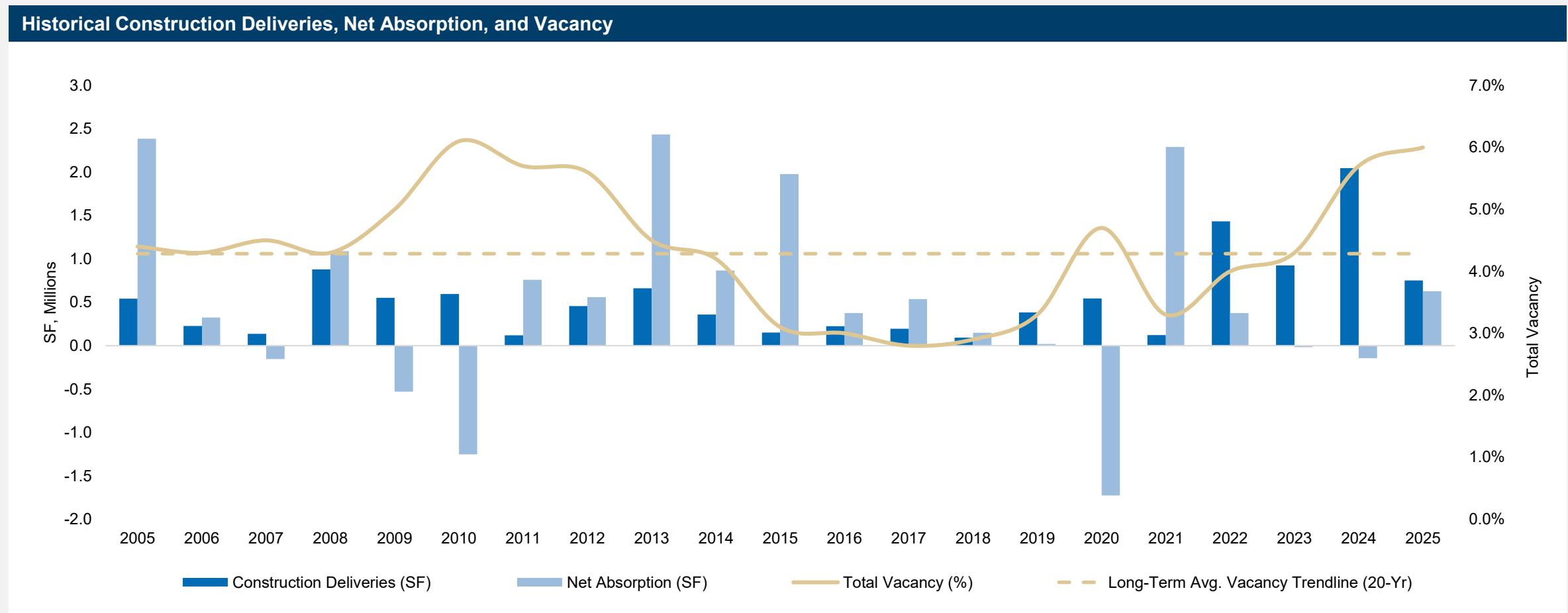
- With construction deliveries continuing to outpace net absorption, the vacancy rate is expected to remain above its long-term average.
- Long Island recorded 606,160 square feet of industrial completions in the fourth quarter. The construction pipeline totals 650,670 square feet, yet overall activity is below the 2023 peak reverting toward 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.

Leasing Market Fundamentals



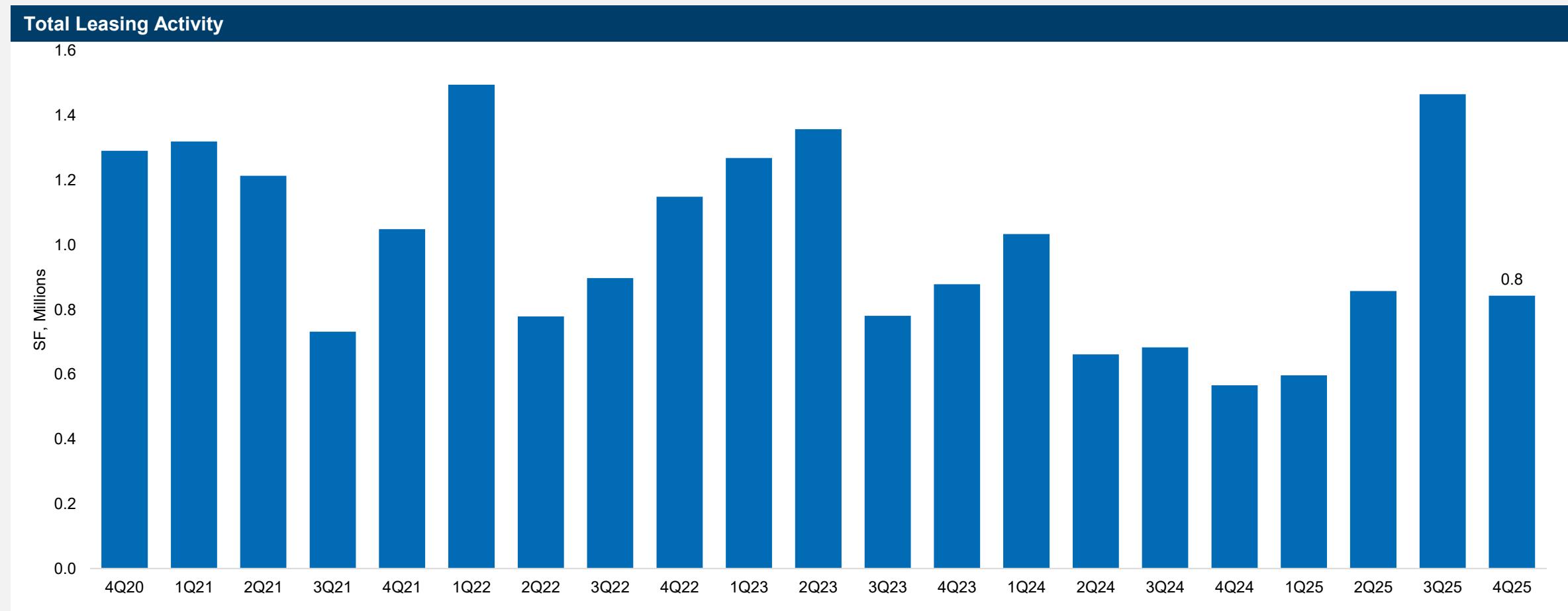
Vacancy Rises as Construction Deliveries Outpace Net Absorption

During the fourth quarter of 2025, Long Island's industrial vacancy rate rose 30 basis points from year-end 2024 to 6.0%. With construction deliveries continuing to outpace net absorption, the vacancy rate is expected to remain above its long-term average.



Industrial Leasing Activity Declines

Led by large deals signed by Haloo LLC, Comfort Air Conditioning & Heating, and Jerusalem Distributions, Long Island recorded 843,240 square feet of activity in the fourth quarter, a 42.5% decrease from the previous quarter. Industrial leasing activity is 24.1% lower than the long-term average of 1,110,396 square feet.



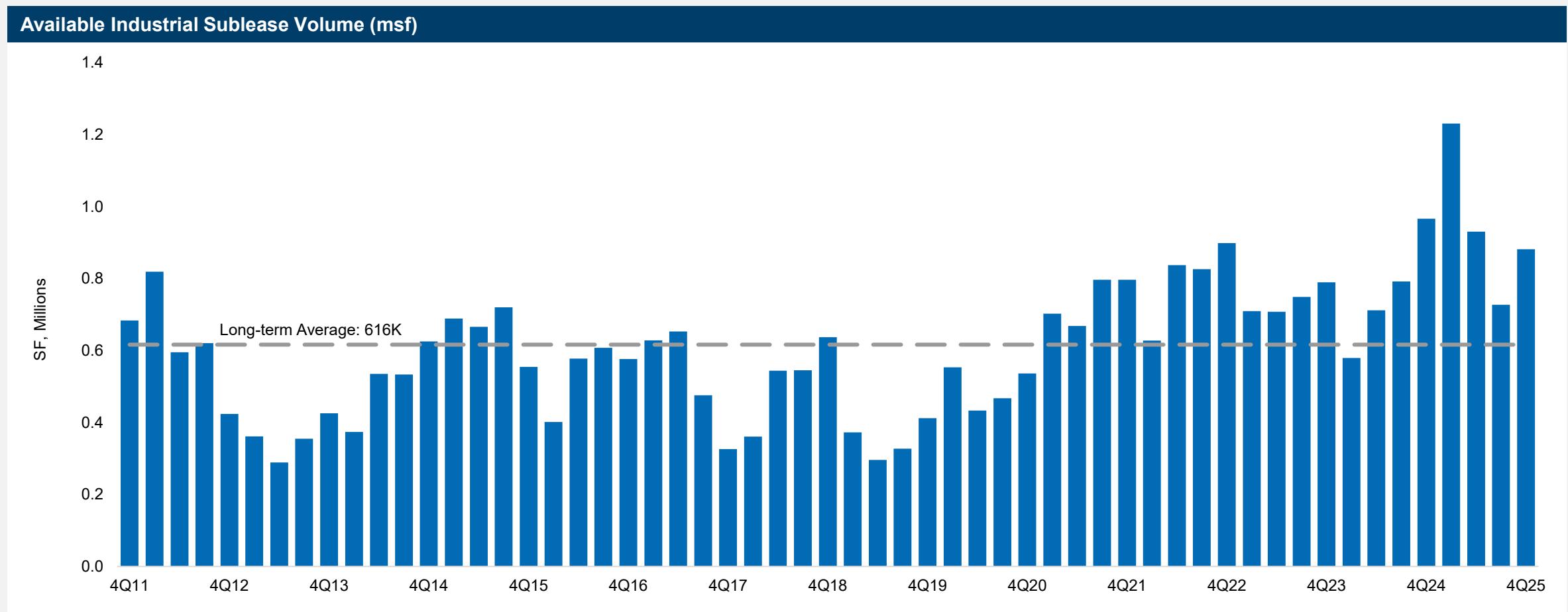
Class A Warehouse Leasing Falls

Long Island recorded 69,799 square feet of Class A leasing in Q4 2025, a 68.0% drop from the same period last year. For full-year 2025, Class A leasing totaled 414,778 square feet, an 18.2% decrease from 2024. Class A activity accounted for just 11.0% of total industrial leasing, the market's lowest share since 2021.



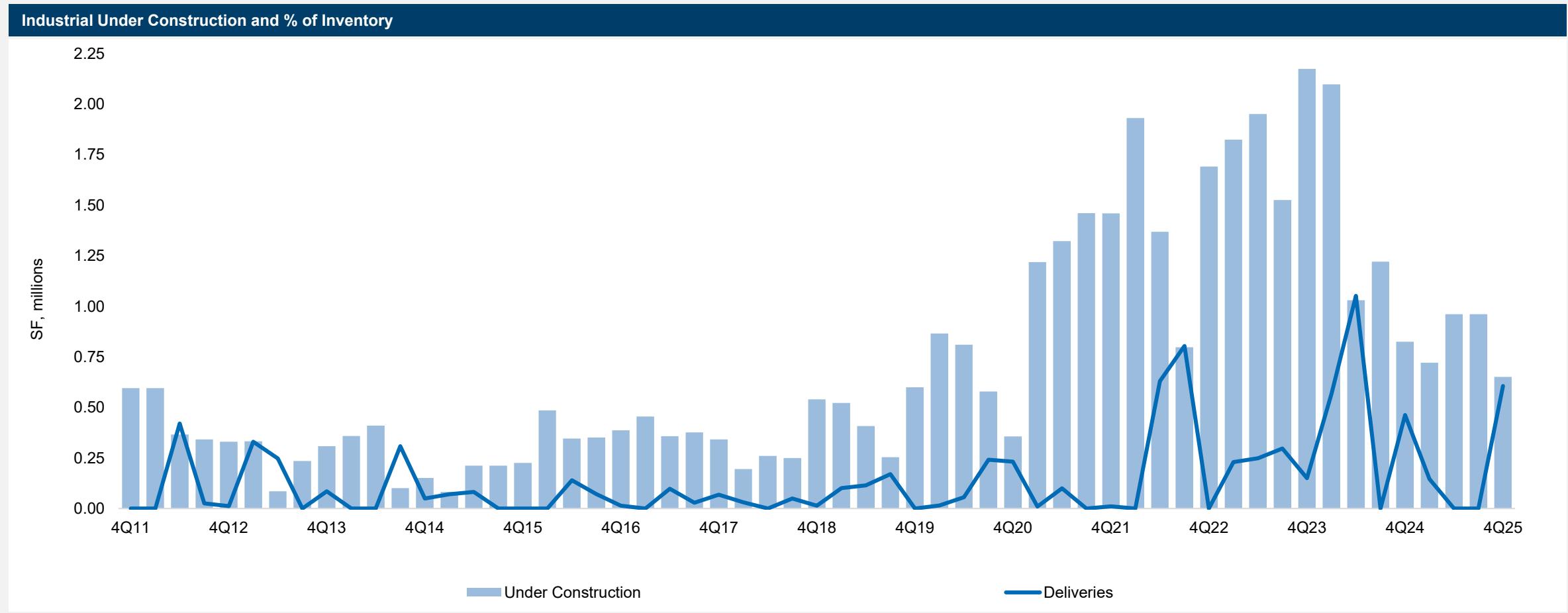
Sublease Availability Remains Elevated

During the fourth quarter of 2025 available sublease space increased 21.2% from the previous quarter to 881,162 square feet. Available sublease space remains elevated, exceeding the long-term average by 43.0%.



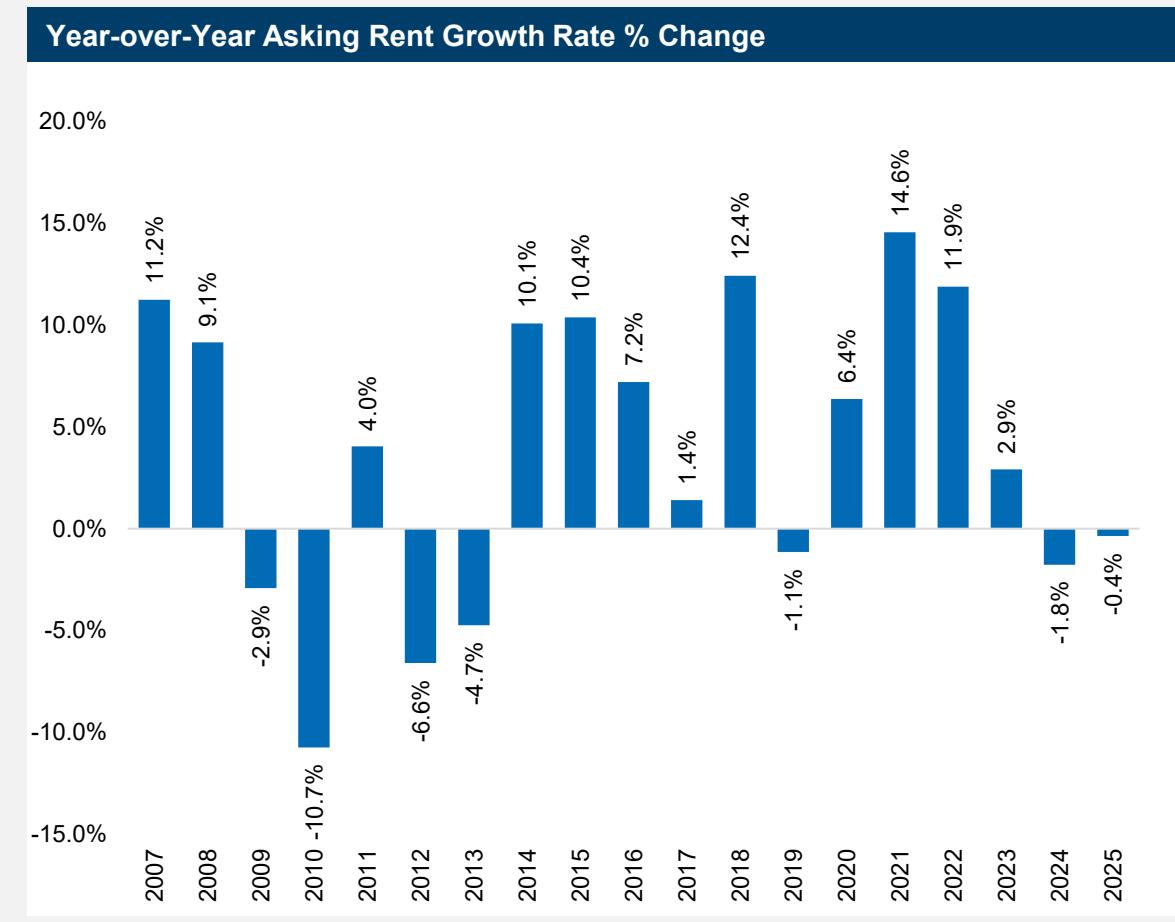
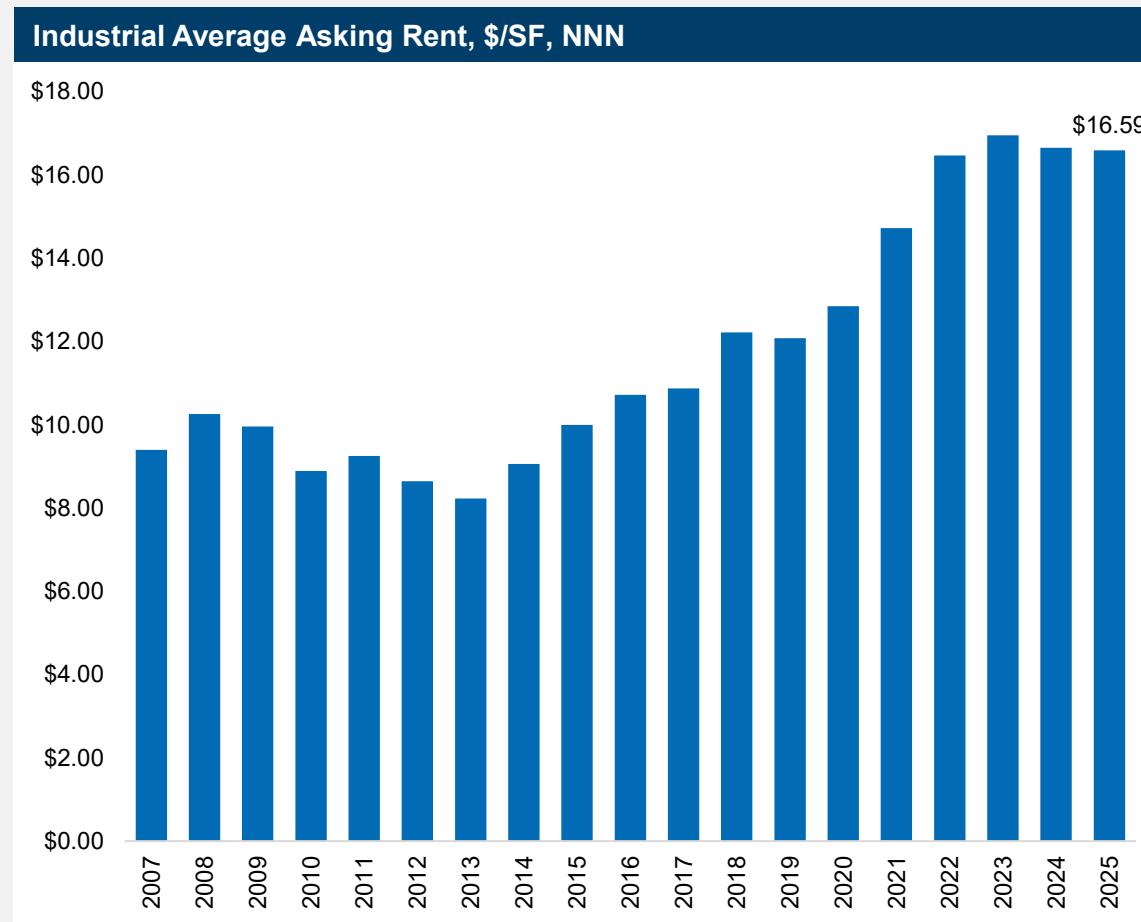
Year-End Deliveries Outpace Prior Quarters

Long Island recorded 606,160 square feet of industrial deliveries in Q4 2025, bringing full-year deliveries to 752,285 square feet, 63.9% below 2024. Q4 alone exceeded the combined total of Q1-Q3. The construction pipeline remains active, with 650,670 square feet currently underway across Long Island.



Industrial Asking Rent Declines

Long Island recorded average industrial asking rents of \$16.59/SF in the fourth quarter of 2025, a \$0.06/SF decrease from one year ago. Despite this decline, industrial asking rents have remained consistently elevated compared to historical levels.



Notable Lease Transactions

Long Island industrial leasing recorded 843,240 square feet of activity during the fourth quarter, bringing the 2025 total to 3,762,735 square feet, a 27.8% increase from 2024. While Suffolk County activity remained consistent with 2024 levels, Nassau County leasing increased by 126.7% from the previous year. Suffolk County accounted for 62.3% of the leasing activity during the year, signing 2,344,608 square feet of space.

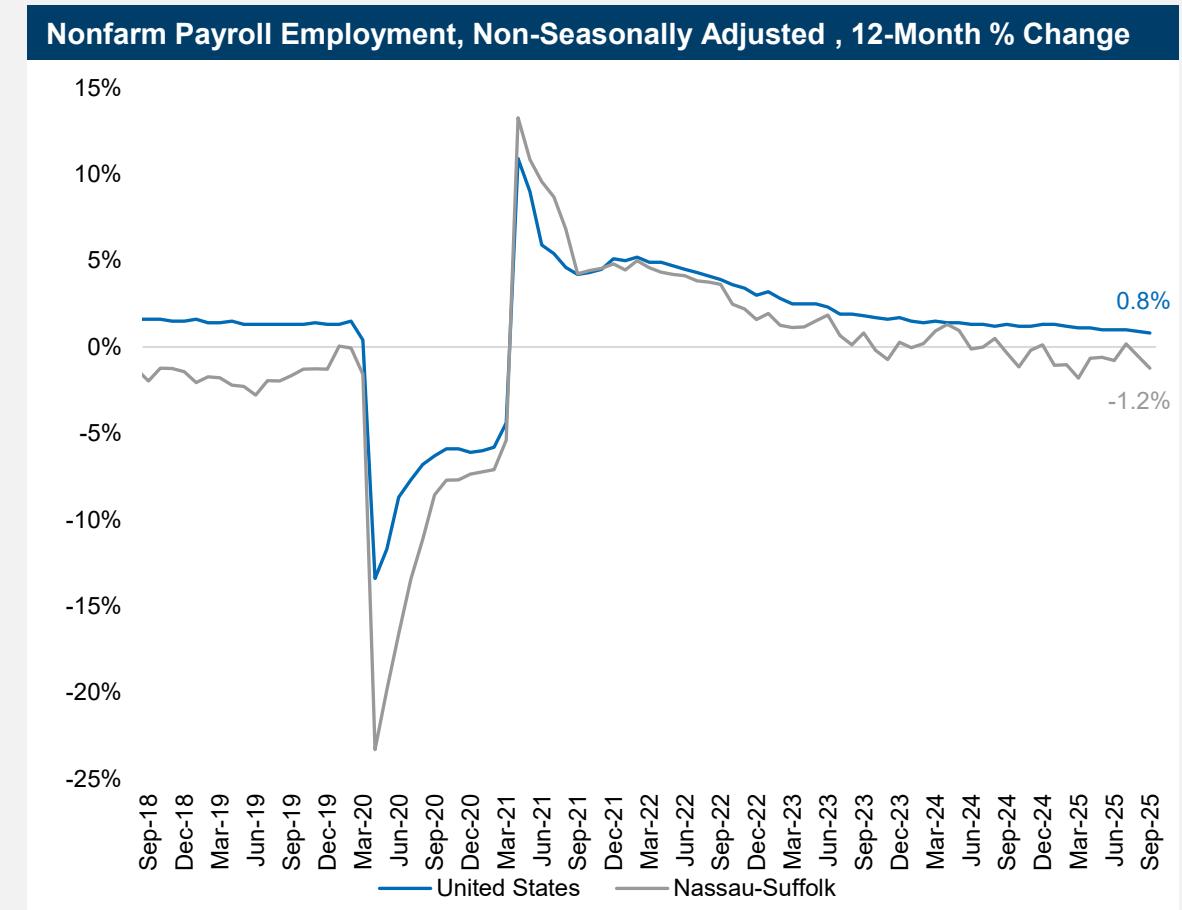
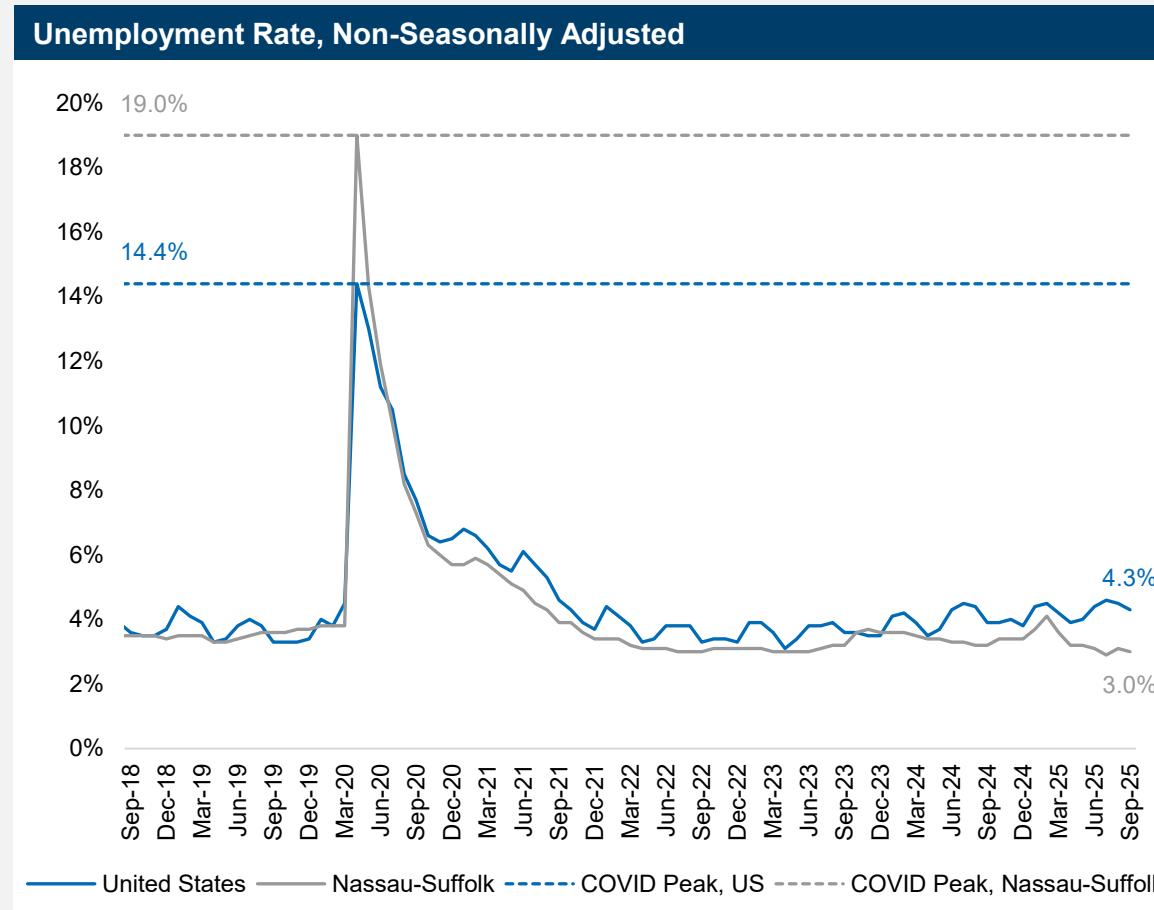
| Notable 3Q25 Lease Transactions | | | | |
|--|--------------------|----------------|--------------|-------------|
| Tenant | Building(s) | Submarket | Type | Square Feet |
| Haloo LLC | 25 Ranick Road | Suffolk County | Direct Lease | 21,690 |
| <i>Haloo LLC signed the largest deal of the quarter, taking 21,690 square feet on part of the first floor for three years at 25 Ranick Road.</i> | | | | |
| Comfort Air Conditioning & Heating, Inc. | 55 West Ames Court | Nassau County | Direct Lease | 20,985 |
| <i>Comfort Air Conditioning & Heating, Inc. leased 20,985 square feet on the first floor at 55 West Ames Court.</i> | | | | |
| Jerusalem Distributions Inc. | 59 Spence Street | Suffolk County | Direct Lease | 10,000 |
| <i>Jerusalem Distributions Inc. leased 10,000 square feet on part of the first floor at 59 Spence Street.</i> | | | | |
| Shoo Loong Kan | 95 Hoffman Lane | Suffolk County | Direct Lease | 4,000 |
| <i>Shoo Loong Kan signed a three-year lease for 4,000 square feet on the first floor at 95 Hoffman Lane.</i> | | | | |
| Born To Race | 85 Hoffman Lane | Suffolk County | Direct Lease | 4,000 |
| <i>Born To Race leased 4,000 square feet on the first floor at 85 Hoffman Lane.</i> | | | | |

Economy & Employment



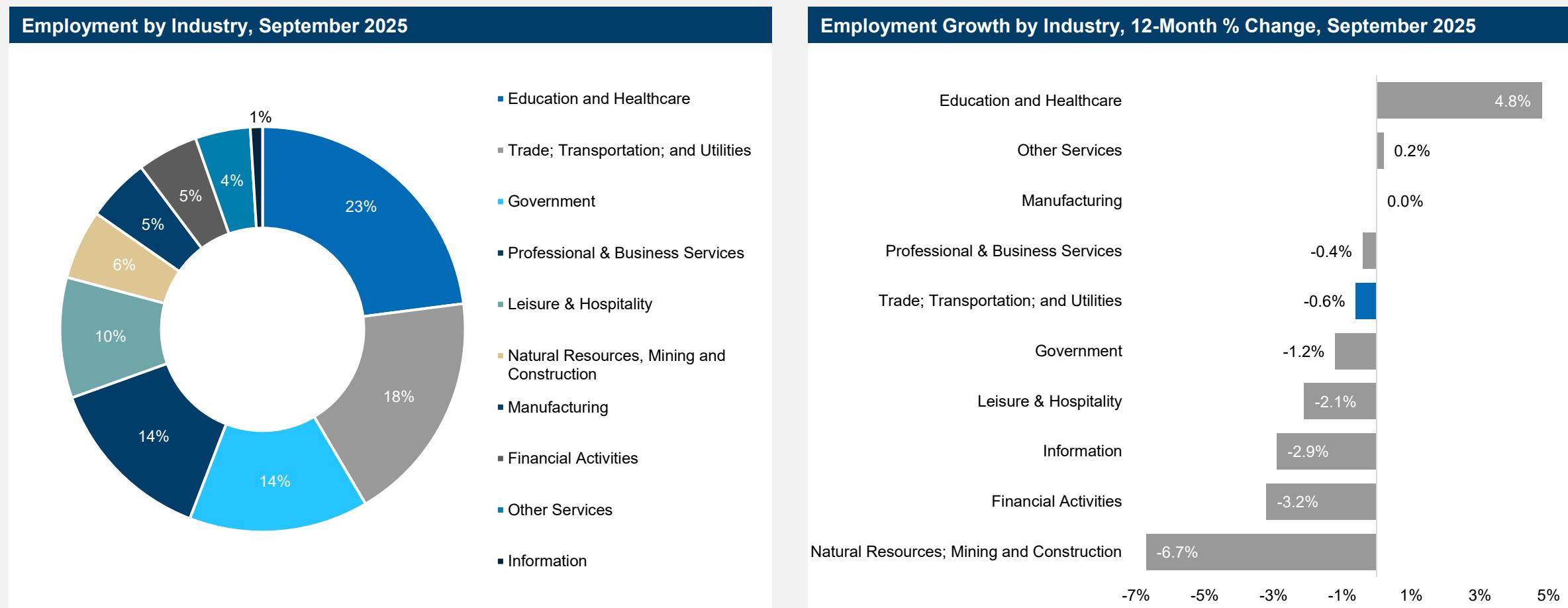
Uptick in Unemployment

The Long Island unemployment rate slightly in September, dropping 10 basis points to 3.0%, nearly flat with year-ago levels. The Long Island unemployment rate remains well below the national average of 4.3%. Dropping 1.2% year-over-year, Long Island employment growth continues well below the national average of 0.8%.



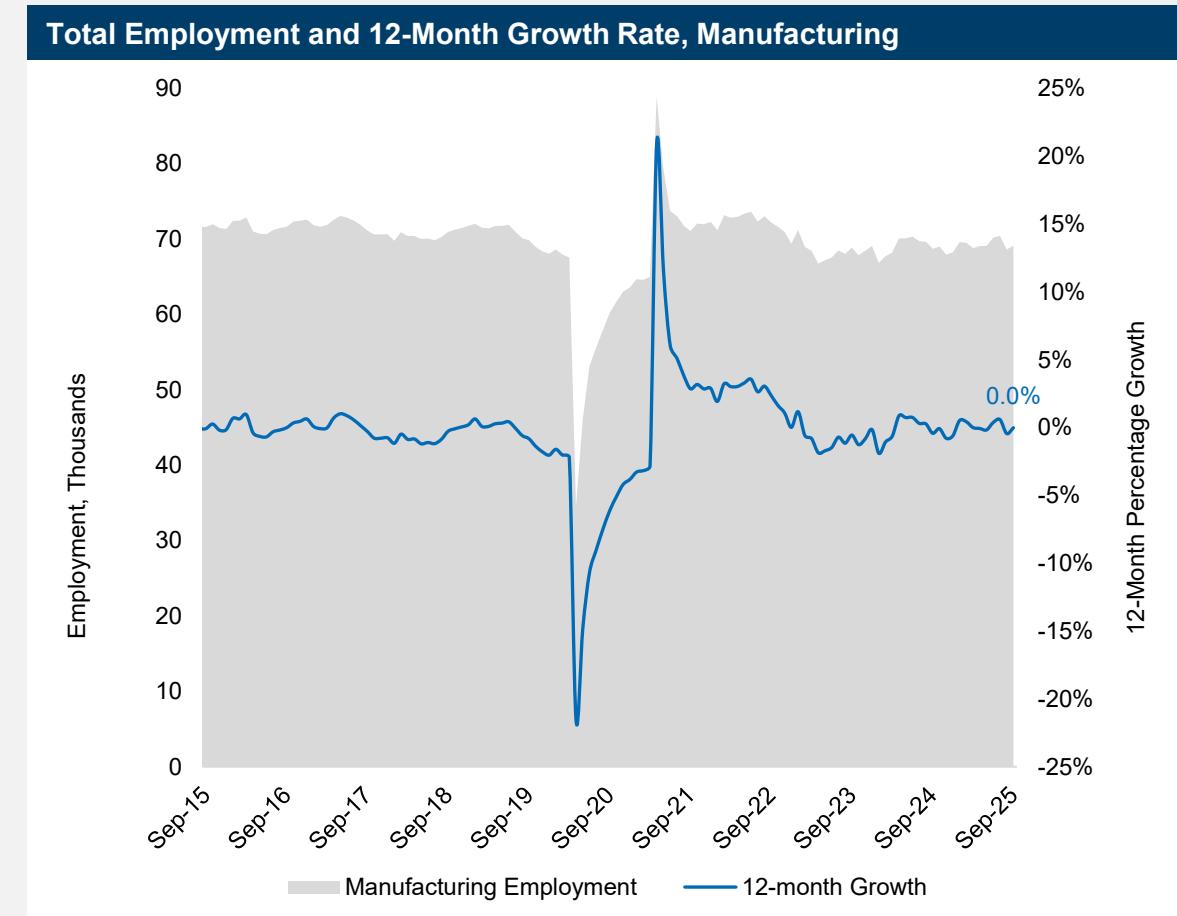
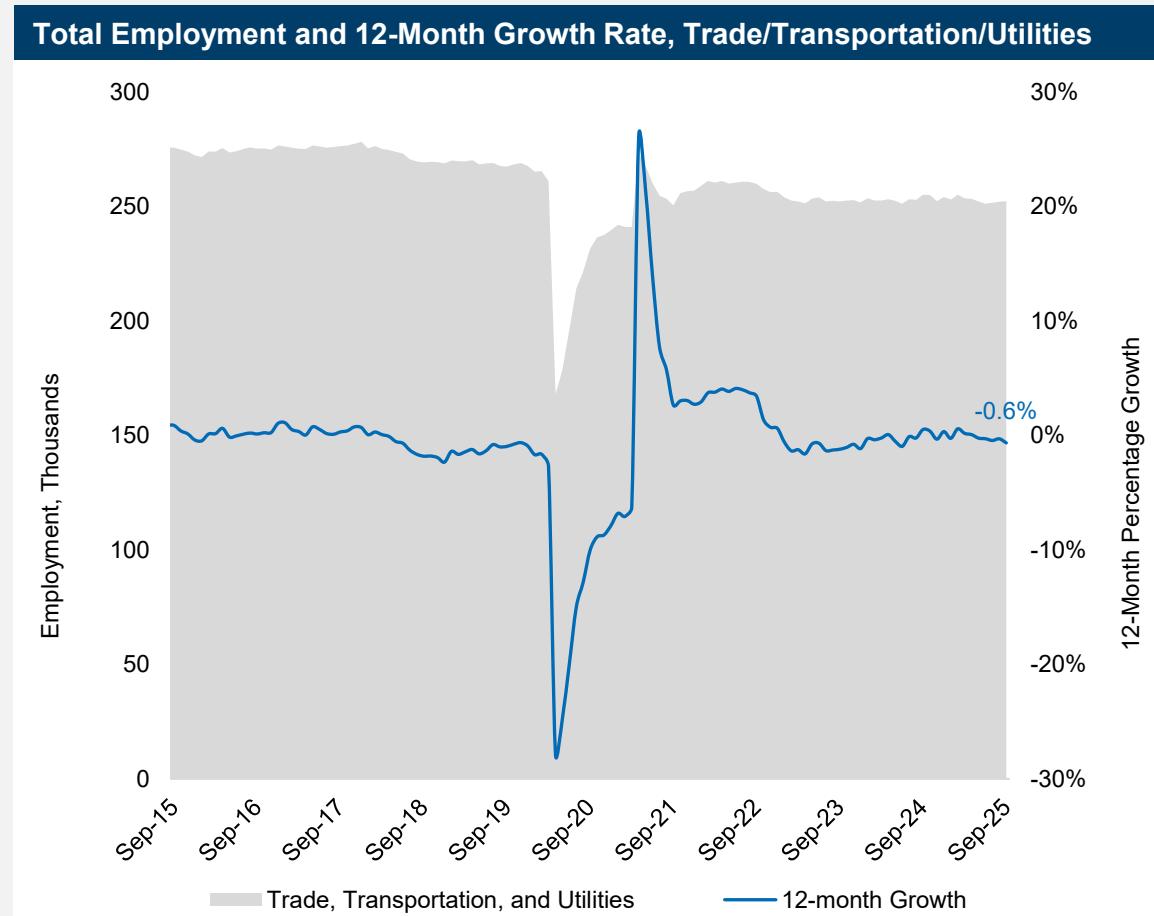
Declining Job Growth for Industrial Sector Continues

The education and healthcare and other services sectors led the region in job growth over the past year. Both industrial-using employment sectors remained stagnant or recorded negative annual job growth recording year-over-year changes of 0.0% and -0.6% in the manufacturing and trade/transportation/utilities industries, respectively.



Industrial Employment Decline Continues

While employment in both industries have rebounded from five-year lows, manufacturing employment remains 22.2% below its April 2021 high and trade, transportation, and utility employment is 7.6% below the April 2021 high.



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