



NEWMARK

Long Island
Office Market Overview

4Q25

Market Observations



Economy

- In the fourth quarter, Long Island's unemployment rate declined by 10 basis points to 3.0%, nearly flat with year-ago levels. It still sits well below the national rate of 4.3%.
- Over the past year, education and healthcare were among the sectors that led job gains across the region. In contrast, the financial and information sectors lead the largest declines.
- Long Island office-using employment is down 220 basis points year-over-year as market uncertainty continues. Despite this, office-using employment remains 120 basis points above pre-pandemic employment levels.



Leasing Market Fundamentals

- Fourth quarter vacancy stood at 10.6%, down 130 basis points year over year and at its lowest level since 2021.
- Total available space decreased 154,820 square feet in the fourth quarter, bringing the office availability rate to 12.0%, the market's lowest level since the fourth quarter of 2020.
- Asking rents increased \$0.55/SF to \$33.13/SF marking 16.5 increase from the same period last year. Fourth quarter asking rents remain 22.1% higher than the 10-year average



Major Transactions

- Long Island recorded 586,059 square feet of leasing during the fourth quarter, a 23.1% increase from the previous quarter, bringing year-to-date leasing to 2.1 million square feet.
- Huntington Coach Corporation executed the largest deal of the quarter, taking 44,086 square feet at 26 Harbor Park Drive.
- 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

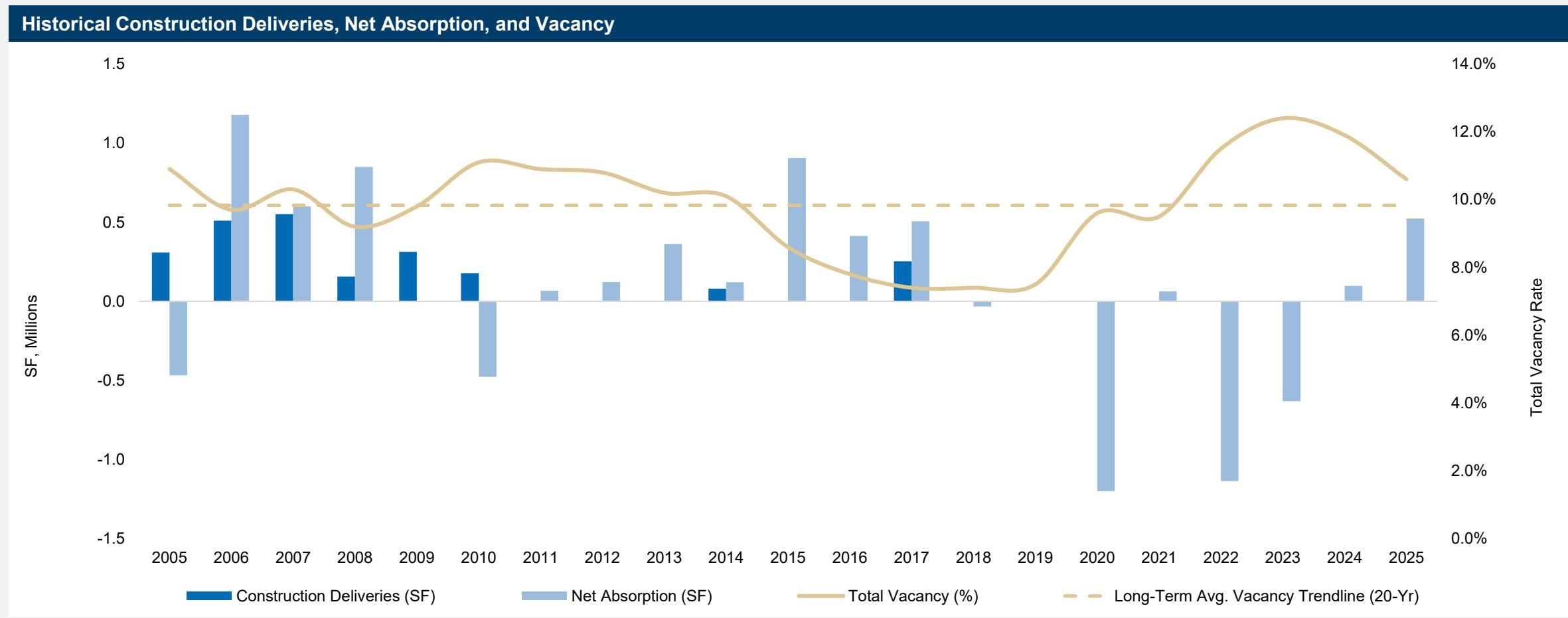
- With looming economic tariffs, uncertainty persists in the macroeconomic economy. Occupiers and investors alike will approach deals with greater caution, which will impact leasing and investment activity.
- The fourth quarter of 2025 saw no office properties under construction in the Long Island market. 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.

Leasing Market Fundamentals



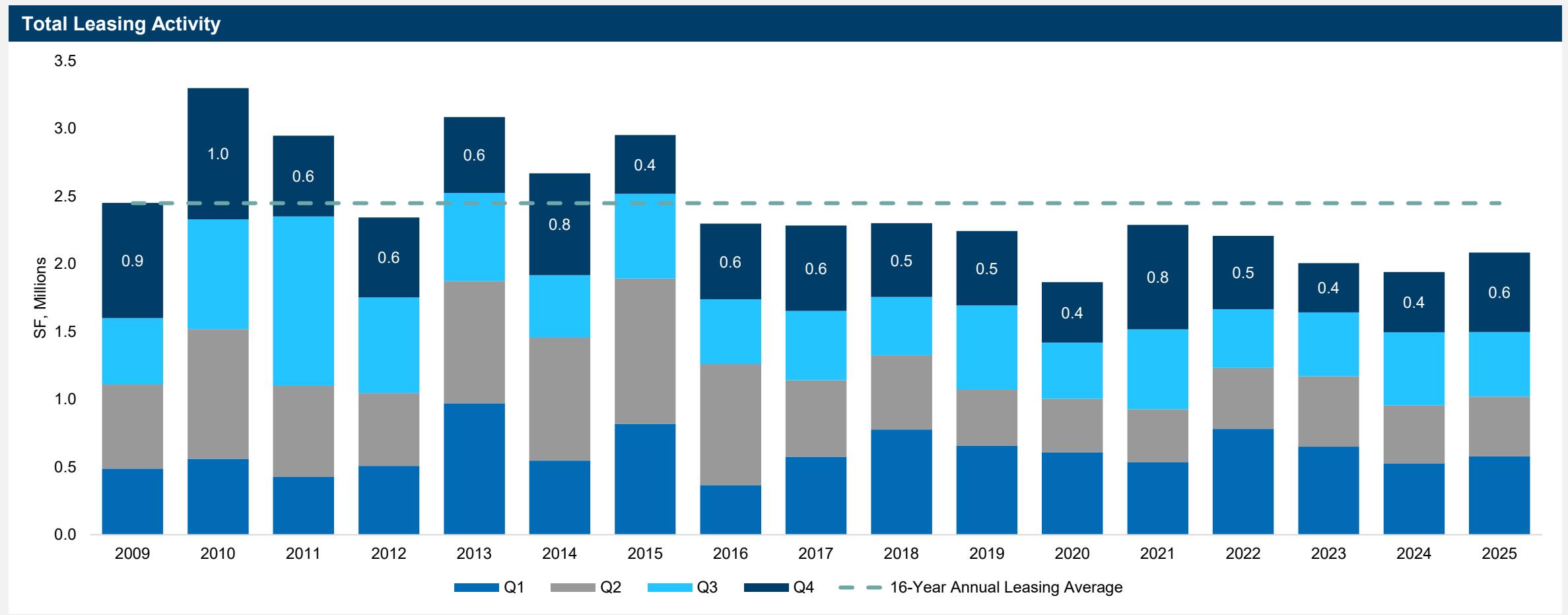
Vacancy Continues to Fall With Positive Net Absorption

Long Island recorded a positive net absorption of 523,128 SF in 2025, the highest level since 2015. Strong demand contributed to a decrease in the vacancy rate to 10.6%, 130 basis points lower than the prior year.



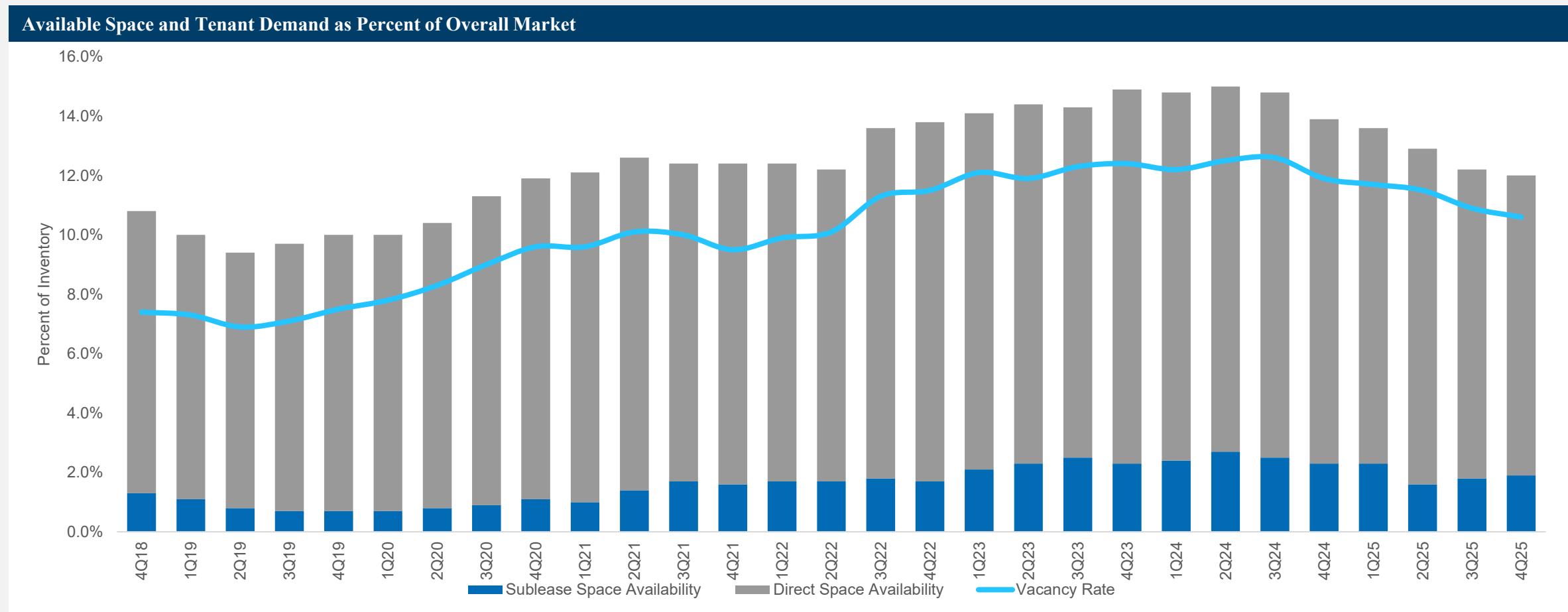
Quarterly Leasing Activity Increases

Long Island recorded 586,059 square feet of leasing activity in the fourth quarter of 2025, a 23.1% increase compared to the prior quarter and bringing year-to-date leasing to 2.1 MSF. Huntington Coach Corporation signed the largest deal of the quarter, taking 44,086 square feet on part of the second floor at 26 Harbor Park Drive.



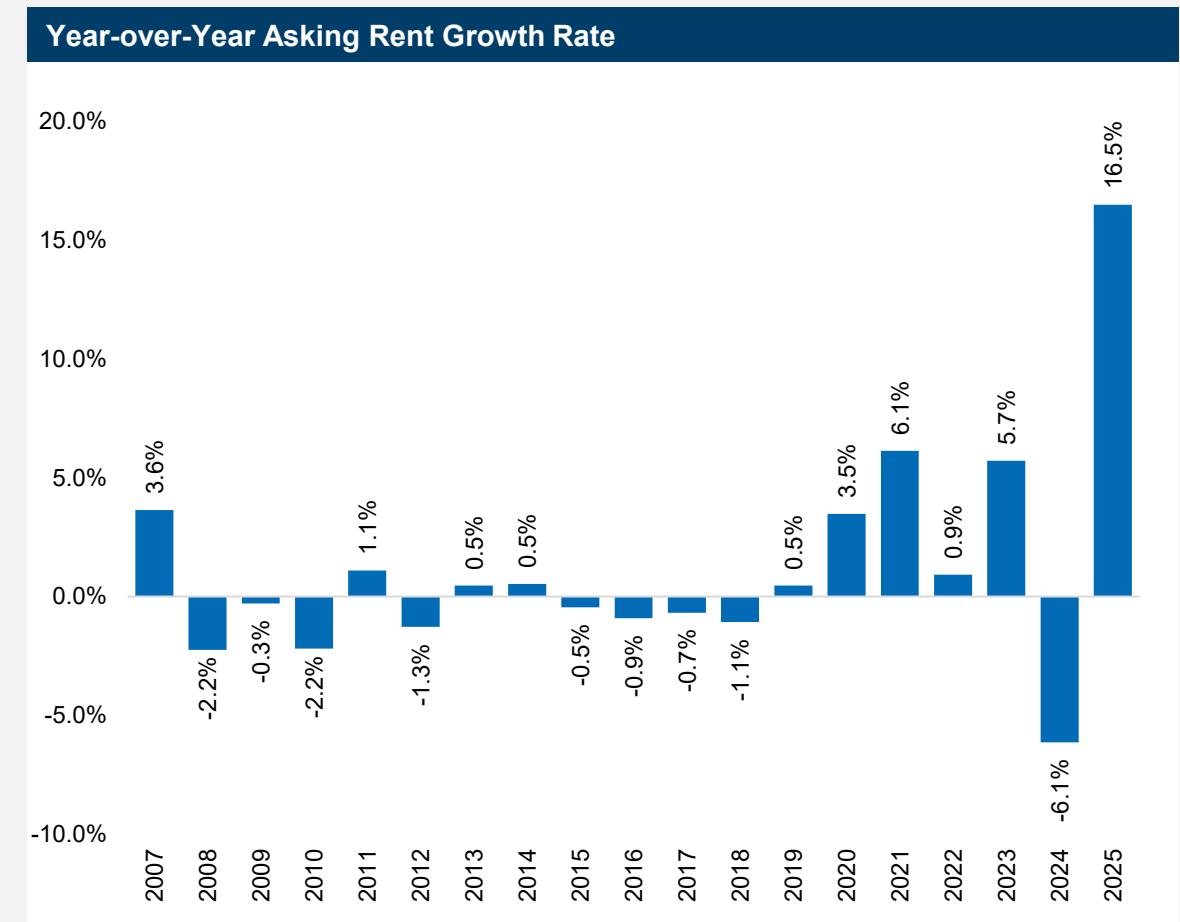
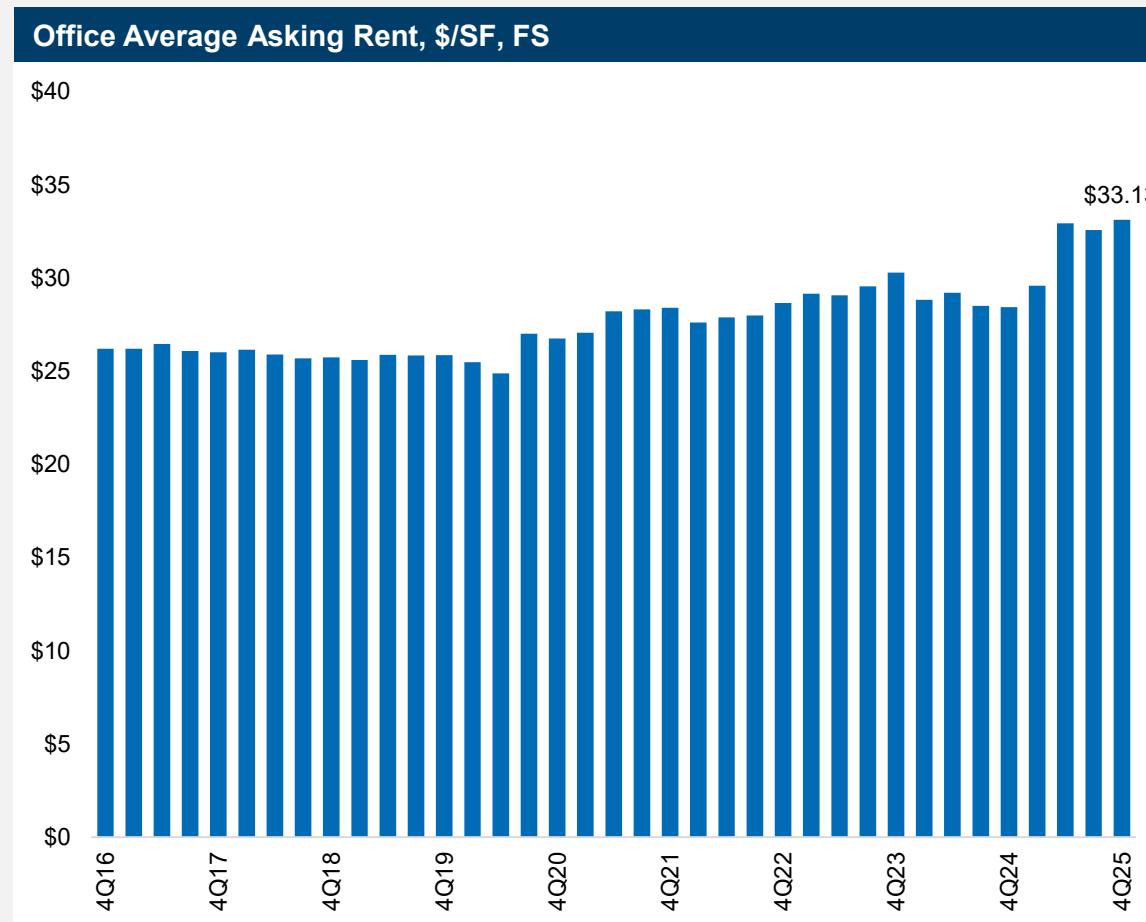
Vacancy and Availability Falls

Total available space in the Long Island office market decreased 154,820 square feet in the fourth quarter of 2025, bringing the availability rate to 12.0%, the market's lowest level since the fourth quarter of 2020. The largest availability shift was in Suffolk County as vacant availability declined 135,473 square feet to 2,265,190 square feet.



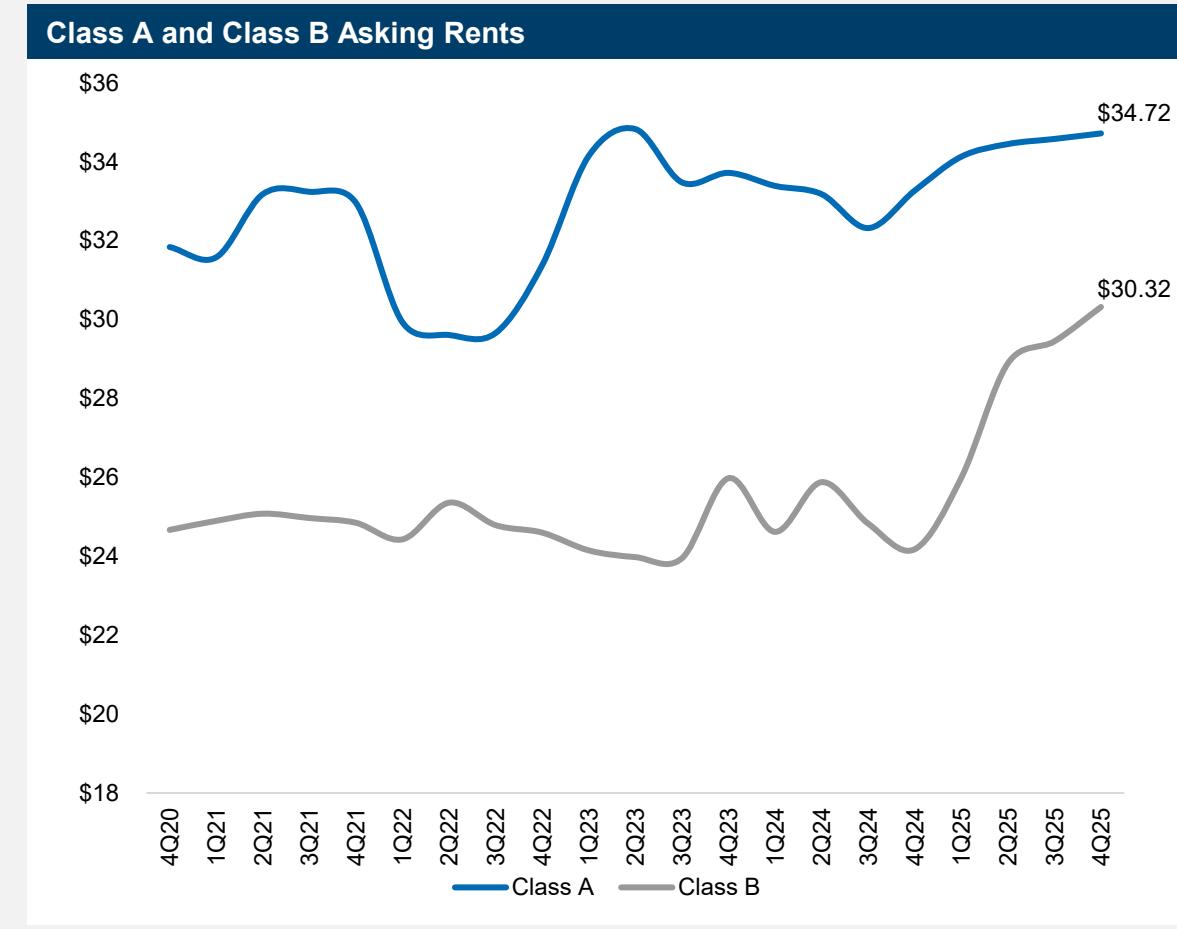
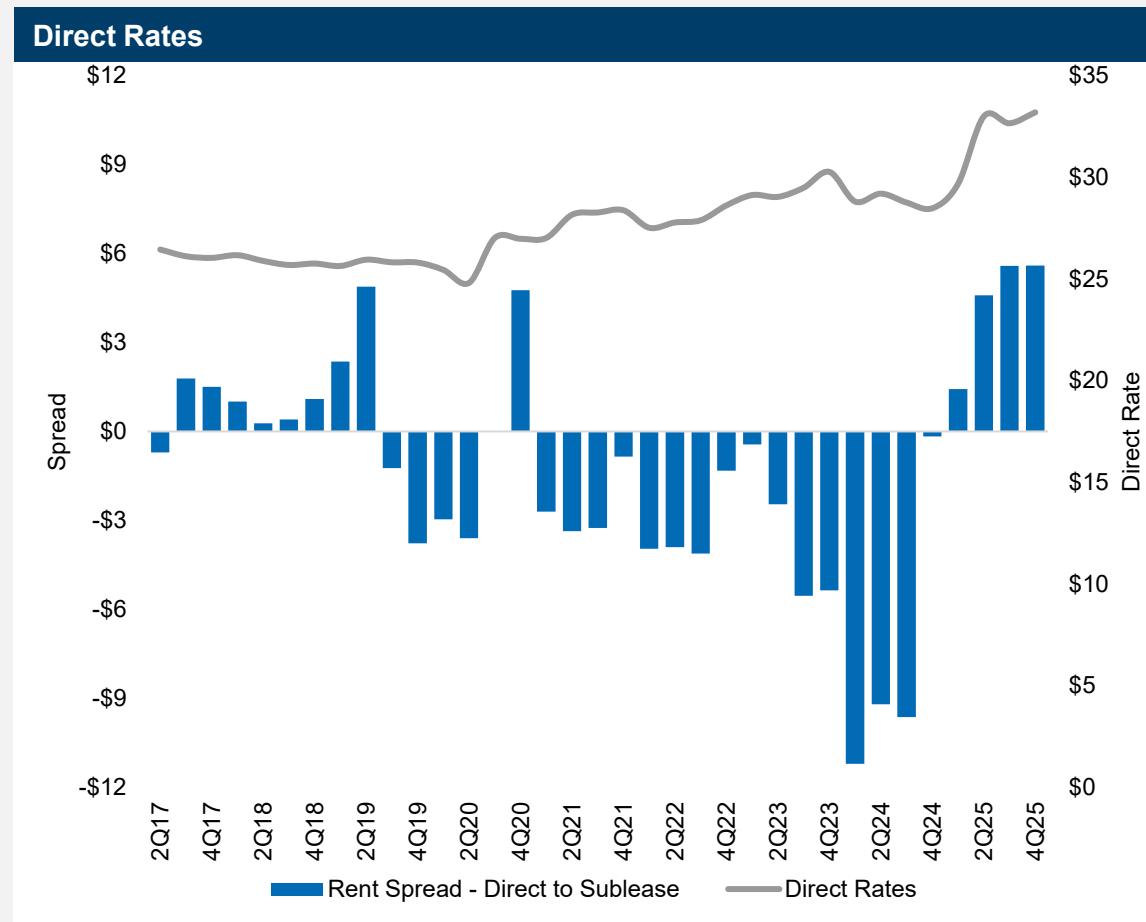
Rents Remain Elevated

Fourth quarter office asking rents remain elevated due to significant block additions in class A properties in 2Q25, remaining up 16.5% since the prior year. Asking rents posted quarter-over-quarter growth of \$0.55/SF to \$33.13, remaining elevated relative to the 10-year average.



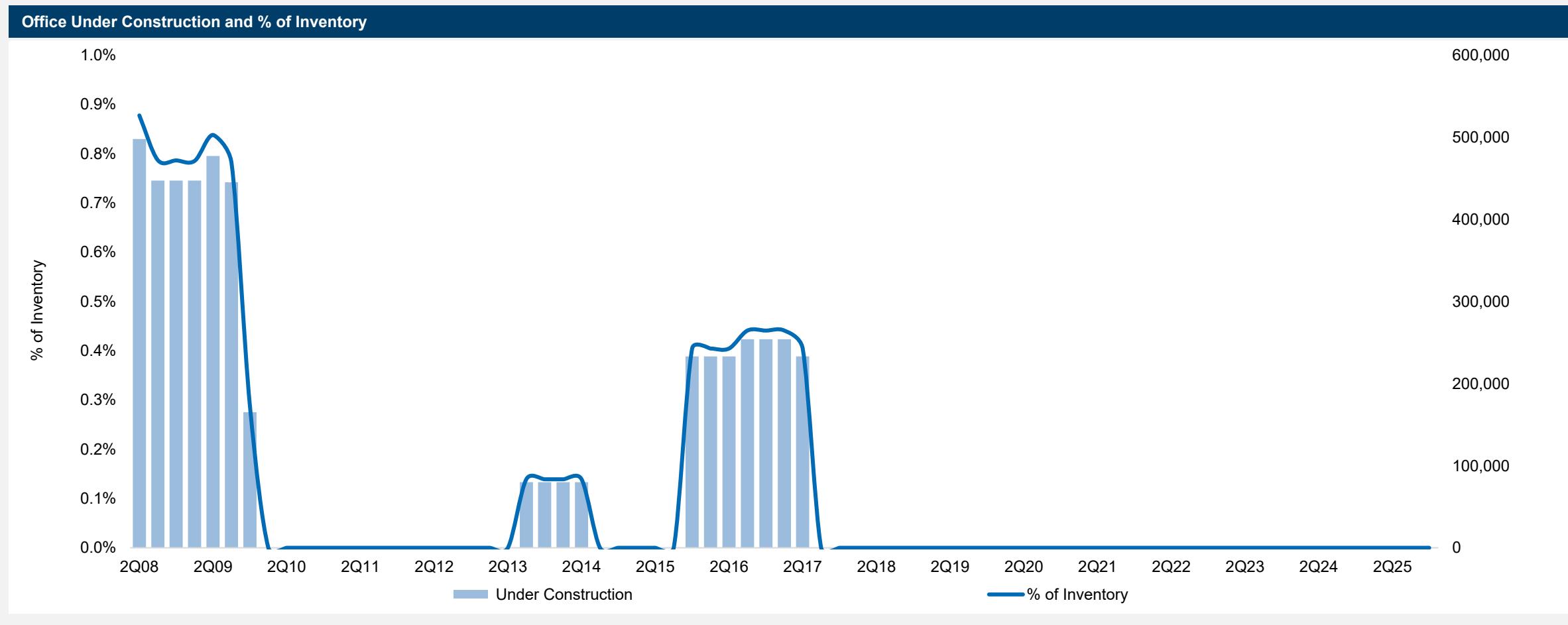
Asking Rate Growth for Direct Space

Direct rates exceeded sublease rates during the fourth quarter of 2025, consistent with the last three quarters. Direct and sublease asking rents finished the quarter at \$33.20/SF and \$27.60/SF, respectively, both up quarter-over-quarter. Class B rental growth outpaced Class A, increasing 3.0% in 4Q25, as both classes recorded increases.



Construction Standstill Continues

The fourth 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.



Notable Lease Transactions

Long Island recorded 586,059 square feet of leasing activity during the fourth quarter of 2025, a 23.1% increase from the previous quarter. At 152,323 square feet, Suffolk accounted for 26.0% of fourth quarter leasing activity, down from 32.6% of third quarter activity and the county's lowest share of activity since the first quarter of 2015.

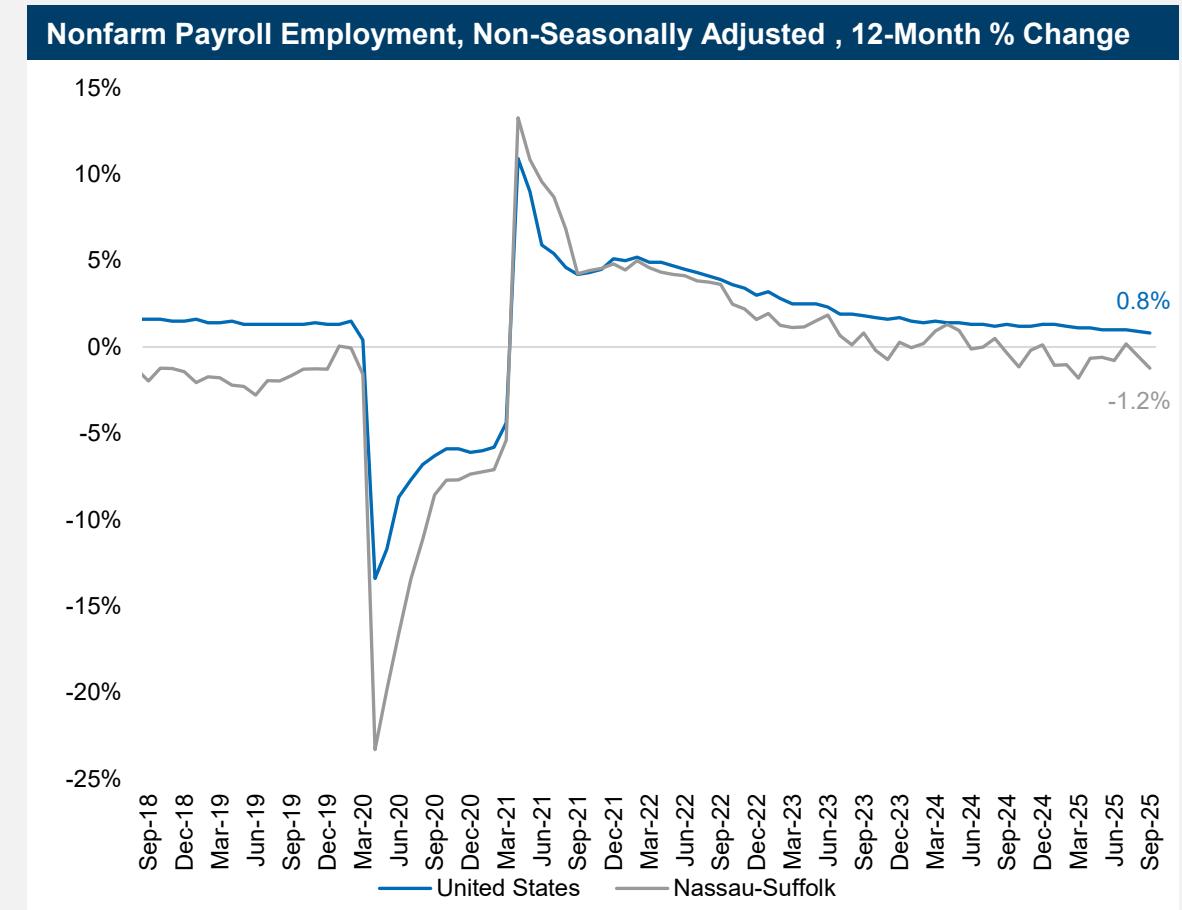
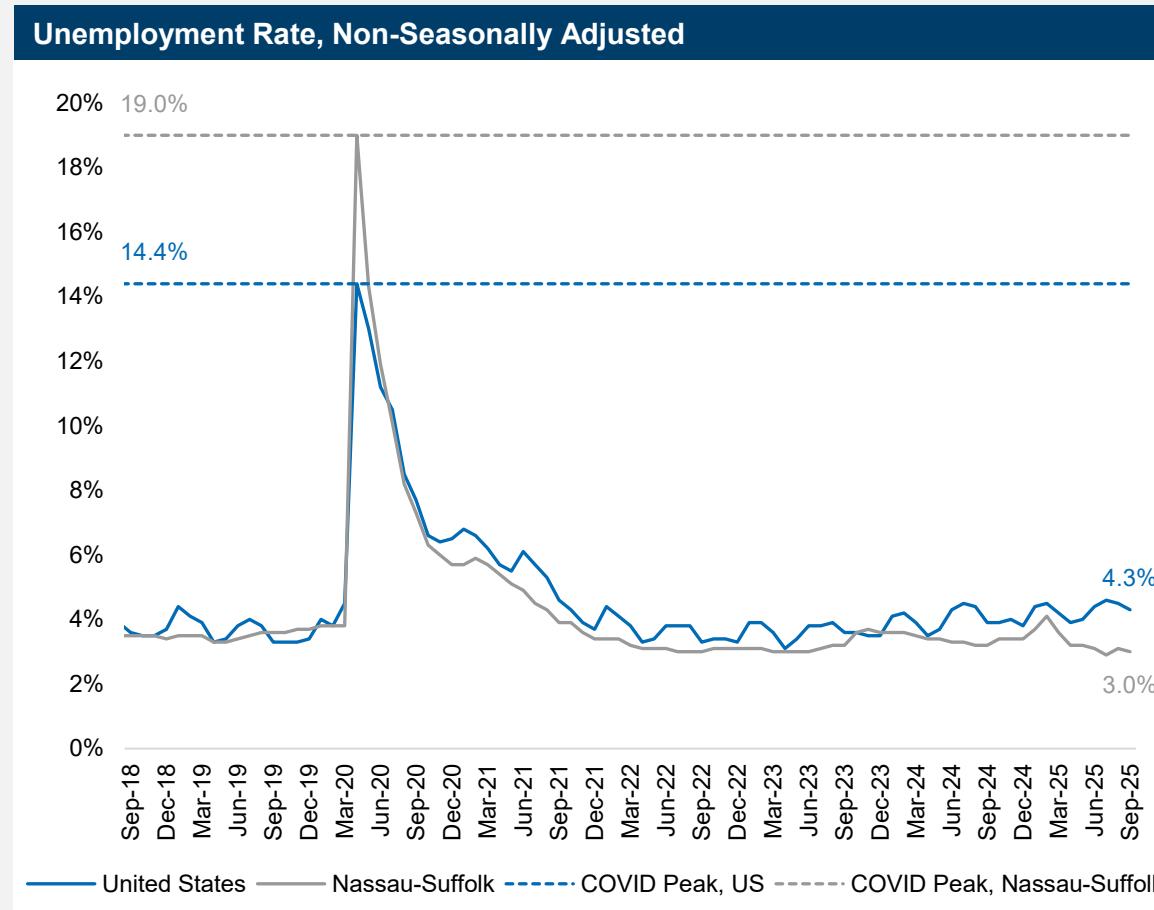
Notable 4Q25 Lease Transactions				
Tenant	Building(s)	Submarket	Type	Square Feet
Huntington Coach Corporation	26 Harbor Park Drive	Nassau County	Direct New	44,086
<i>Huntington Coach Corporation signed the largest deal of the quarter, taking 44,086 square feet on part of the second floor at 26 Harbor Park Drive.</i>				
Morgan Stanley	2 Jericho Plaza	Nassau County	Direct Renewal	31,514
<i>Morgan Stanley signed the second largest deal of the quarter, taking 31,514 square feet on floor one of 2 Jericho Plaza.</i>				
Ellquence	100 Sunnyside Boulevard	Nassau County	Sublease New	29,498
<i>Ellquence signed a nine-year lease for 29,498 square feet at 100 Sunnyside Boulevard.</i>				
The Department of Defense	1 Old Country Road	Nassau County	Direct New	23,500
<i>The Department of Defense signed a ten-year lease for 23,500 square feet on the third floor at 1 Country Road.</i>				
EY	1 Jericho Plaza	Nassau County	Direct Renewal	16,454
<i>EY renewed their lease for 16,454 square feet on the first floor at 1 Jericho Plaza.</i>				

Economy & Employment



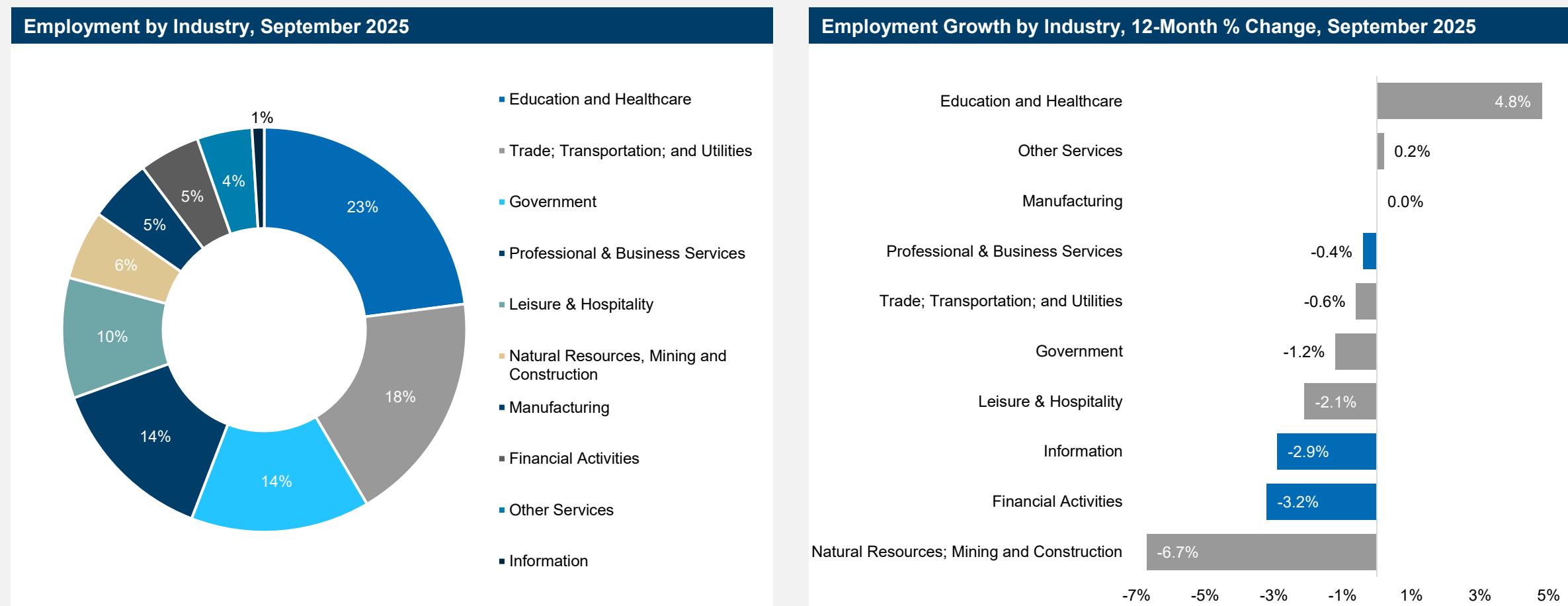
Uptick in Unemployment

The Long Island unemployment rate declined 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%. Meanwhile, dropping 150 basis points year-over-year, Long Island employment growth continues well below the national average of 0.8%.



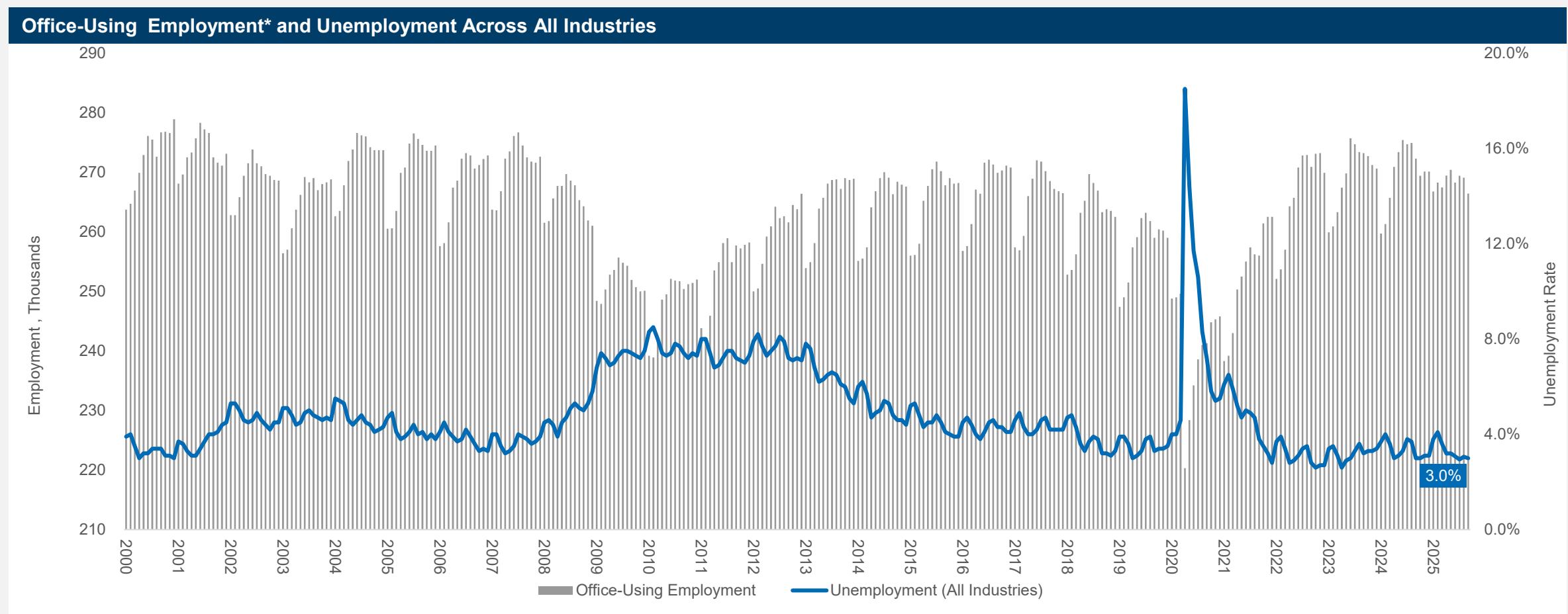
Limited Job Growth for Office Sector

The education and healthcare sectors led the region in job growth over the past year. All office-using employment sector recorded negative 12-month employment growth, the most being the financial activities and information sectors down 3.2% and 2.9%, respectively.



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

Long Island office-using employment is down 220 basis points year-over-year as market uncertainty continues. Despite this, office-using employment remains 120 basis points above pre-pandemic employment levels.



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

Note: September 2025 data is preliminary.

*Office-using employment includes employment in the following industry sectors: Professional & Business Services, Financial Activities and Information.

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