

Fairfield County, CT & Lower Hudson Valley, NY Region

Industrial Report

Market Summary

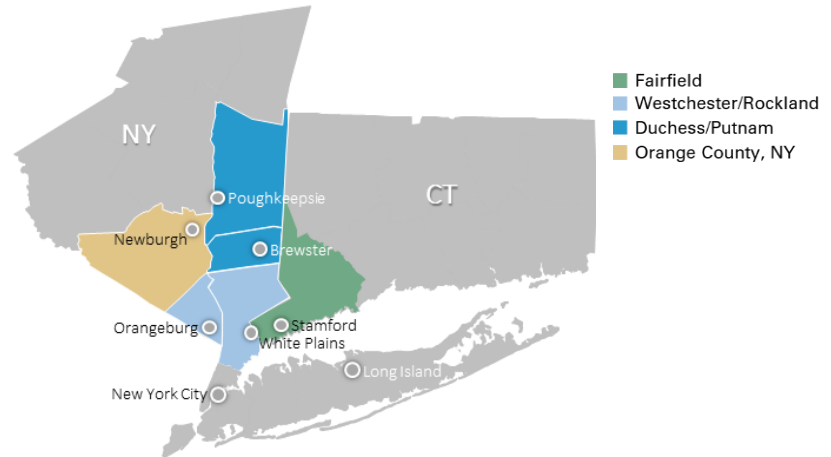
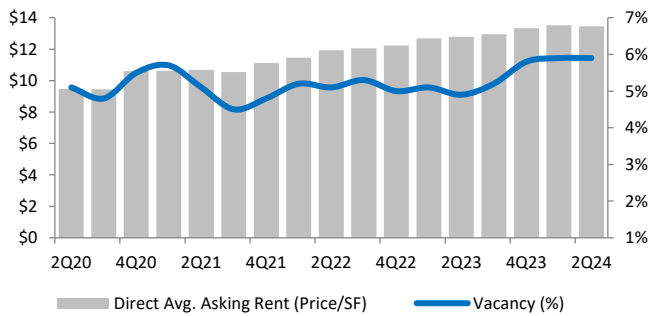
	REGION / ALL COUNTIES	FAIRFIELD, CT	WESTCHESTER / ROCKLAND, NY	DUCHESS / PUTNAM, NY	ORANGE, NY
Total Inventory:	148.2 MSF (1,955 bldgs.)	49.1 MSF (705 bldgs.)	49.0 MSF (703 bldgs.)	16.1 MSF (204 bldgs.)	34.0 MSF (343 bldgs.)
% of Total Inventory:		33% of Total Inv.	33% of Total Inv.	11% of Total Inv.	23% of Total Inv.
Vacancy Rate*:	5.9%	5.3%	6.4%	2.3%	8.3%
Direct Asking Rent:	\$13.46/SF	\$12.77/SF	\$17.11/SF	\$12.35/SF	\$10.32/SF
Net Absorption:					
Q2 2024	226,036 SF	60,893 SF	320,873 SF	10,191 SF	(165,921) SF
H1 2024	1,406,685 SF	96,135 SF	225,244 SF	228,993 SF	856,313 SF

12-Month Forecast

- Vacancy
- Net Absorption
- Asking Rates
- # of Leases
- Leased SF
- Sold SF
- Sales \$ PSF
- # of Sales
- Cap Rates

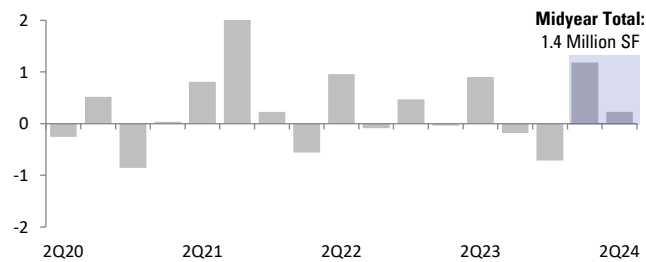
* Inventory and vacancy numbers are inflated in Fairfield, Westchester and Rockland Counties; with the inclusion of older and functionally obsolete buildings from urban areas in these markets

Average Asking Rent vs. Vacancy Rates



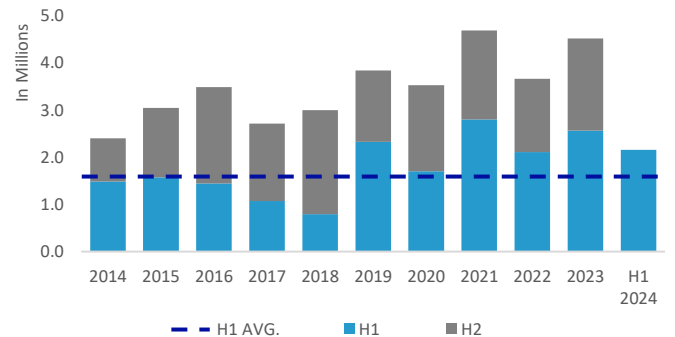
Net Absorption

SQUARE FEET, MILLIONS



Historical Leasing Activity

TOTAL LEASING



MID-YEAR 2024

Market Highlights

The Fairfield County and Lower Hudson Valley, NY industrial market, which includes mostly modern facilities greater than 20,000 square feet (SF), comprises an inventory of 148.2 million SF spread among 1,955 buildings. Most of the inventory in the region is concentrated in the southern portion of the market, with a total of 98.1 million SF in 1,408 buildings, or 66.0% of the region's total inventory. Generally, this portion of the market consists of smaller and older buildings, compared to a growing big-box inventory with more new developments in the northern submarkets.

Industrial vacancies at the end of the second quarter of 2024 totaled 8.8 million SF, for a total vacancy rate of 5.9%. Although stable from the previous quarter, this represents an increase of a percentage point from midyear 2023's level of 4.9%. The largest increase was seen in Orange County, NY, where the vacancy jumped to 8.3%, from 5.9% a year ago. On the other hand, the largest decrease in vacancy was seen in Putnam County, NY, where the rate dropped from 8.4% in the second quarter of 2023 to 1.8% this quarter. Leasing activity in the first half of 2024 reached approximately 2.2 million SF, surpassing the 1.8 million SF historical midyear average. This led to positive net absorption of 1.4 million SF for the first two quarters of the year.

The vacancy rate increase in Orange County, a function of existing space coming available, new construction being delivered, and new spec developments in the works; is also consistent with many other industrial markets throughout the United States.

Positive economic and demographic factors affecting the regional industrial market include the growing semiconductor sector. Global Foundries, Onsemi, AMD, IBM, and now Micron have positioned New York State and the region around Dutchess County to play a critical role in growing this dynamic industry. Infrastructure upgrades remain in the works, particularly the widening of Route 17 in Orange County, upgrading and connecting this limited access road to I-86.

The largest new leases in the first half of 2024 were PrimeSource's commitment to the Brookfield 312,567 SF spec development in Montgomery, NFI's 215,219 SF sublease in Newburgh, and Stellantis increasing their lease commitment to the entire 540,000 SF Bluewater project in East Fishkill. Lidl continues seeking permits for an 889,000 SF grocery distribution facility in East Fishkill in the iPark campus, which will feature clear ceiling heights up to 80'.

Full delivery of Lincoln Equities' two-building 921,000 SF spec development in Brewster is expected to occur in Q3 2024. In Orange County, Matrix has broken ground on their 595,900 SF I-84 Distribution Center, and Brookfield is proceeding on their 416,320 SF spec development, both in Newburgh. Crow Holdings are making plans to break ground on 550,000 SF in Walkkill. In Rockland County Lincoln Equities' 220,000 SF spec building shell in Valley Cottage was delivered, and Brookfield is underway with their first building at the 1.2 million SF Suffern development.

Roughly 20 million SF of new development projects are in the process of design, permitting, or construction in the region; primarily in Rockland, Dutchess, and Orange Counties. With over 14 million SF of these new industrial developments in the works, Orange County is the leading submarket for Build to Suit and speculative development activity.

The direct gross average asking rent for the region at mid-year was \$13.46/SF, up 6% from the \$12.64/SF rate recorded in the same period last year. Westchester and Rockland, NY continue to boast the highest rental rates in the region, with an average of \$17.11/SF at mid-year 2024.

Top Lease Transactions (Past 12 Months)

Tenant	Building	SF	Type
Stellantis	500 South Dr, East Fishkill, NY	540,000	New
Prime Source	134 Neelytown Rd, Montgomery, NY	312,567	New
NFI	1396 Route 300; Bldg. B, Newburgh, NY	215,219	Sublease
ReadySpaces	250 E Sandford Blvd, Mt Vernon, NY	112,385	New
Content Critical	227 N Route 303, Congers, NY	100,000	New
Cai Hong Printing & Publishing	20 Smith Rd, Middletown, NY	78,580	New

Top YTD 2024 Sale Transactions (By Price/SF)

Building	Market	SF Sold	Price	\$/SF
400 Corporate Ct	Valley Cottage, NY	45,840	\$11.8 M	\$257
6 Ram Ridge Rd	Chestnut Ridge	135,000	\$34.25 M	\$254
105 Bracken Rd	Montgomery, NY	89,960	\$16.2 M	\$180
34 Cottage St	Middletown, NY	20,763	\$3.07 M	\$148
53 Church Hill Rd	Newtown, CT	63,060	\$7.7 M	\$122
2618 Route 302	Middletown, NY	122,000	\$14.75 M	\$121

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