
2Q24

Long Island Industrial Market Overview



NEWMARK

Market Observations

Economy

- The Long Island unemployment rate continued to track below the national average despite experiencing a minor uptick during the second quarter of 2024. Meanwhile, at 1.4%, employment growth on Long Island remained positive during the second quarter of 2024.
- Leisure and hospitality, education, construction, and other services industries led the region in employment growth over the past year. The industrial using sectors of construction and manufacturing experienced strong annual employment growth.
- During the second quarter of 2024, at 1.0%, the manufacturing sector recorded its strongest year-over-year job growth since January 2023. Conversely, the employment level in the trade, transportation, and utility sector continued its gradual descent, falling 1.1% year-over-year.

Major Transactions

- Long Island industrial leasing recorded 661,473 square feet of activity in the second quarter of 2024.
- Suffolk County accounted for 83.1% of the leasing activity during the quarter, signing 549,416 square feet of space.
- Natural Foods, Inc. signed the largest deal of the quarter with a lease for 45,000 square feet in Suffolk County.

Leasing Market Fundamentals

- Long Island total vacancy increased to 5.1% in the second quarter of 2024, largely driven by a delivery of six properties totaling 1,051,790 square feet.
- In the second quarter of 2024, leasing activity for industrial space decreased 36.0% to 661,473 square feet, its lowest level over the past five years.
- Despite a marginal year-over-year decrease, average asking rents remain elevated at \$16.88/SF in the second quarter of 2024. The second quarter recorded a 39.7% increase in asking rents compared to the onset of the pandemic.
- During the first half of 2024, Long Island Class A leasing activity exceeded the first half of 2023 by 49.6%. Despite this, Class A leasing dropped to 8.2% of the total industrial leasing for 2024, the lowest rate since 2021.

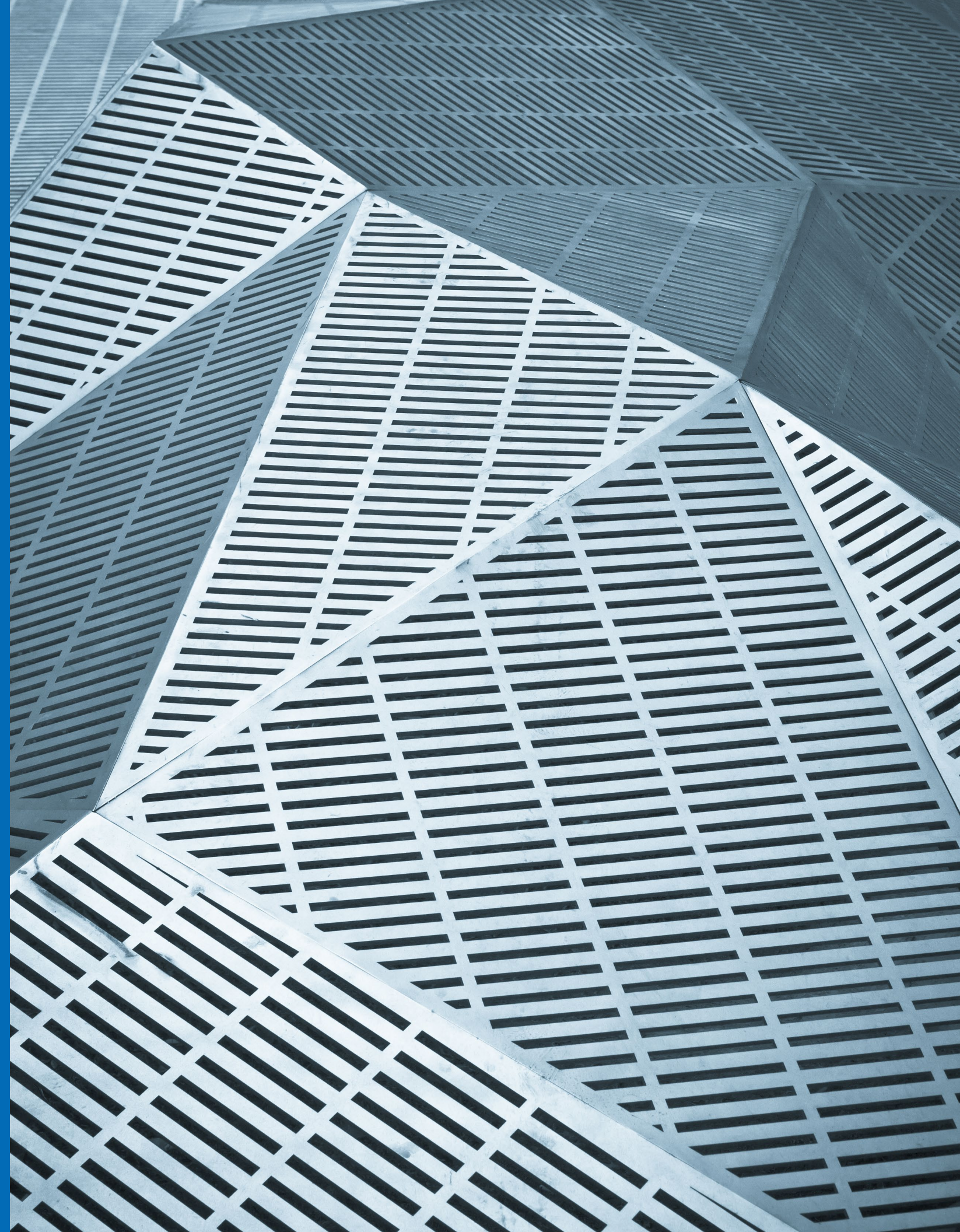
Outlook

- As construction deliveries continue to outpace net absorption, vacancy is expected to rise over the next few quarters.
- Long Island industrial construction decreased as 1.1 million square feet of space was delivered during the second quarter of 2024. Despite this, the pipeline remains active with over 6.9 million square feet of industrial space proposed.

1. Economy
2. Leasing Market Fundamentals

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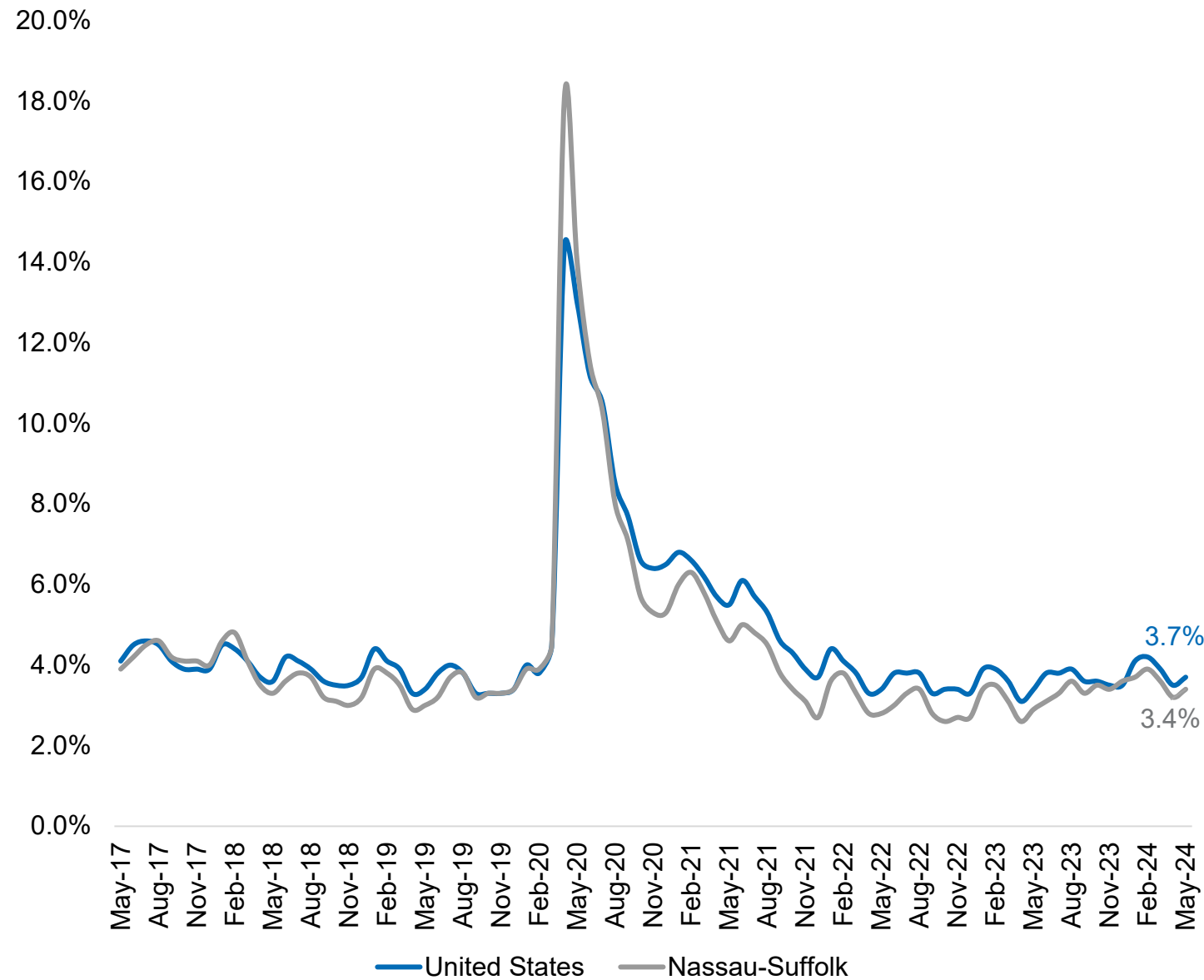
Economy



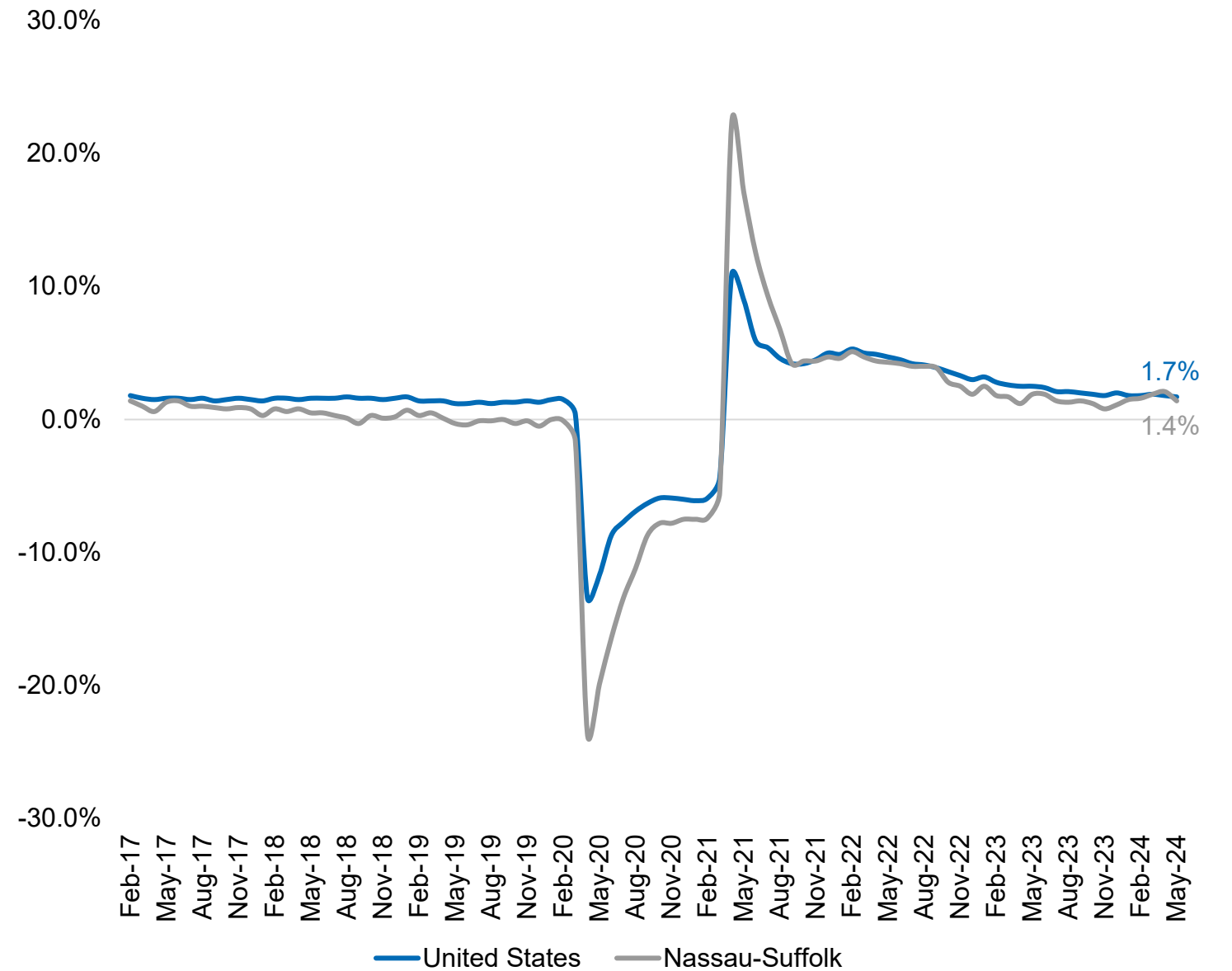
Metro Employment Trends Signal A Slowing Economy

The Long Island unemployment rate continued to track below the national average despite experiencing a minor uptick during the second quarter of 2024. Meanwhile, at 1.4%, employment growth on Long Island remained positive during the second quarter of 2024.

Unemployment Rate, Non-Seasonally Adjusted



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

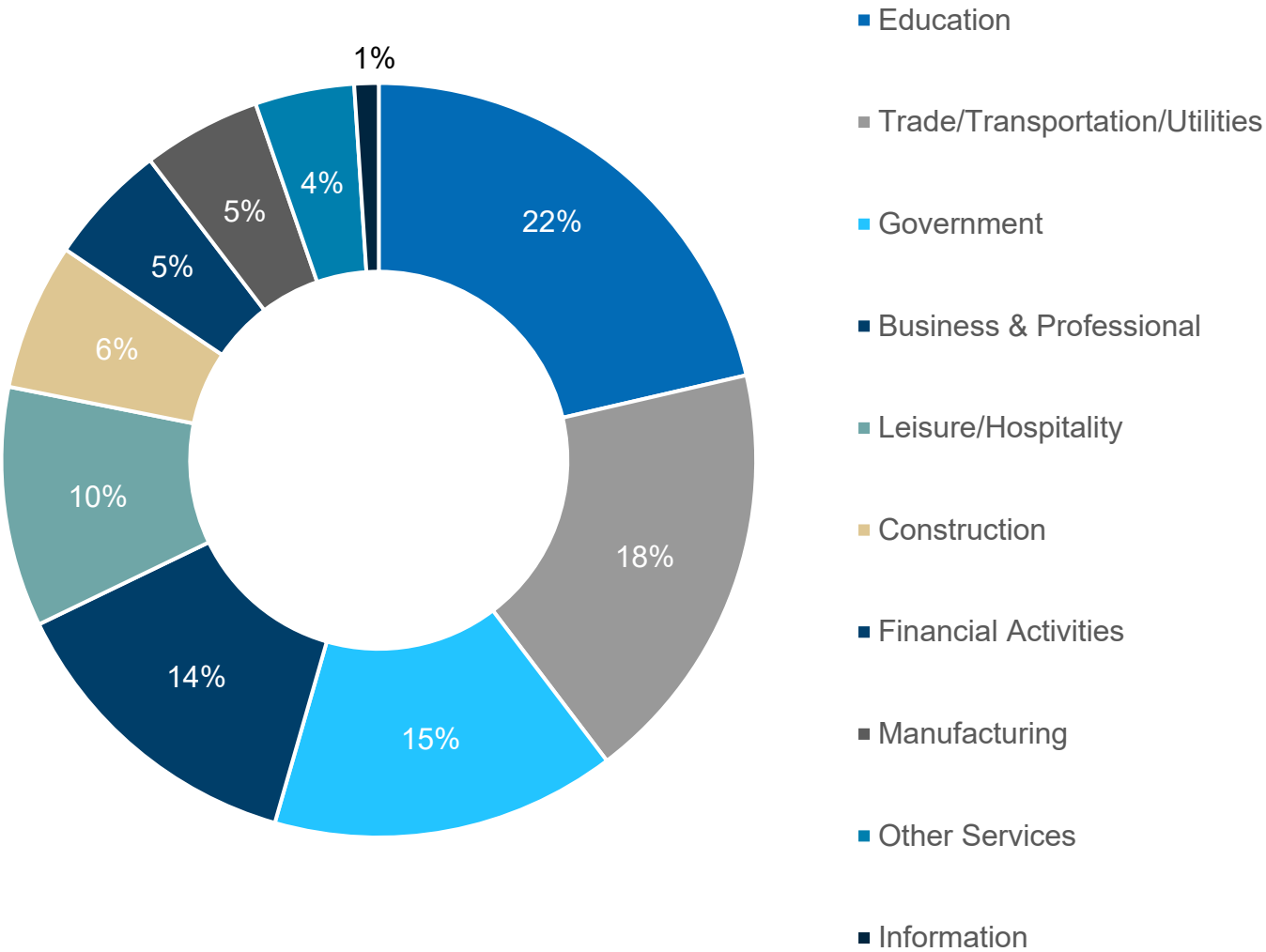


Source: U.S. Bureau of Labor Statistics, Nassau-Suffolk

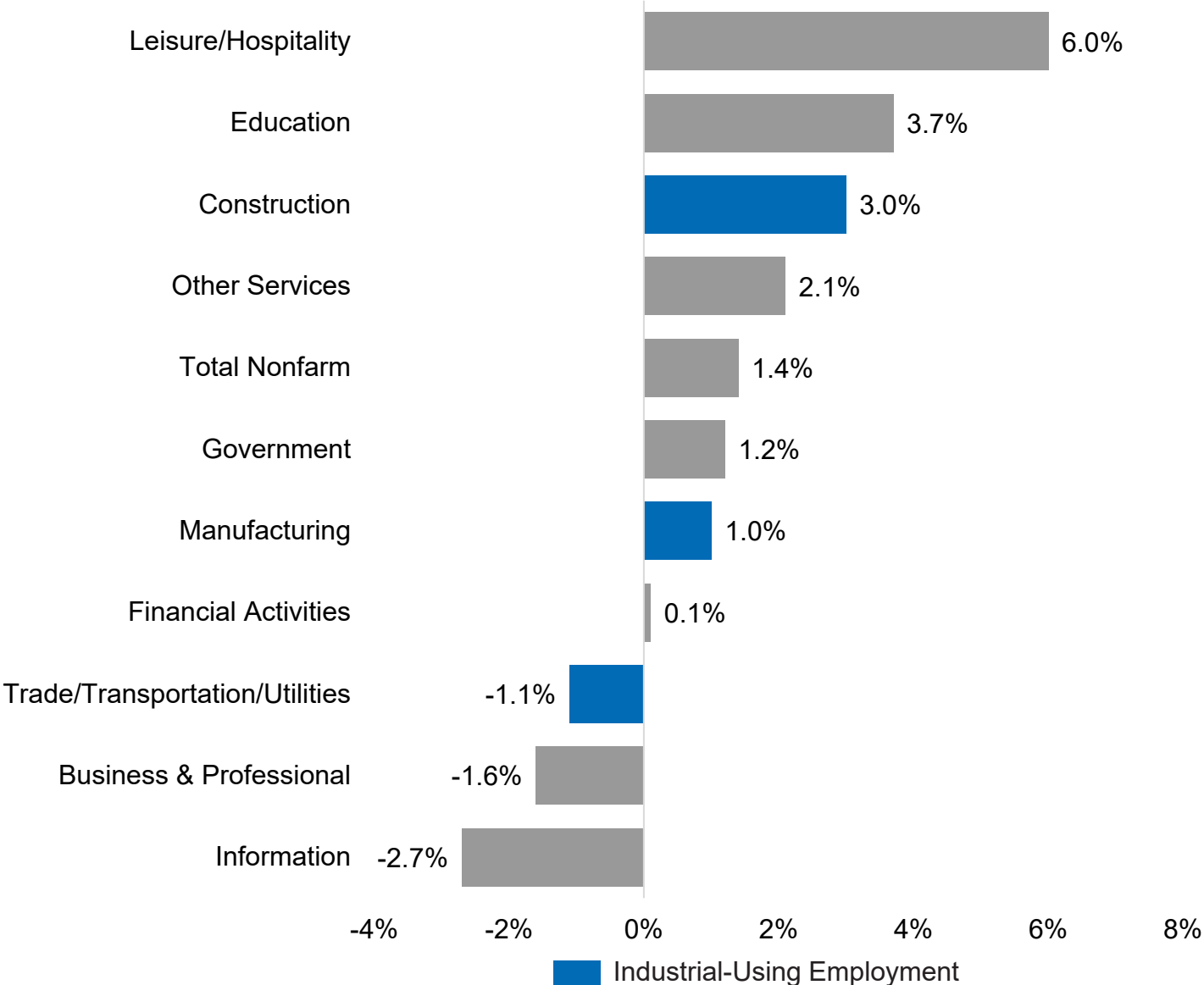
Strong Job Growth for Industrial Using Sectors

Leisure and hospitality, education, construction, and other services industries led the region in employment growth over the past year. While trade, transportation, and utility saw negative job growth over the past year, the primary industrial using sectors of construction and manufacturing experienced strong year-over-year employment growth.

Employment by Industry, May 2024



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

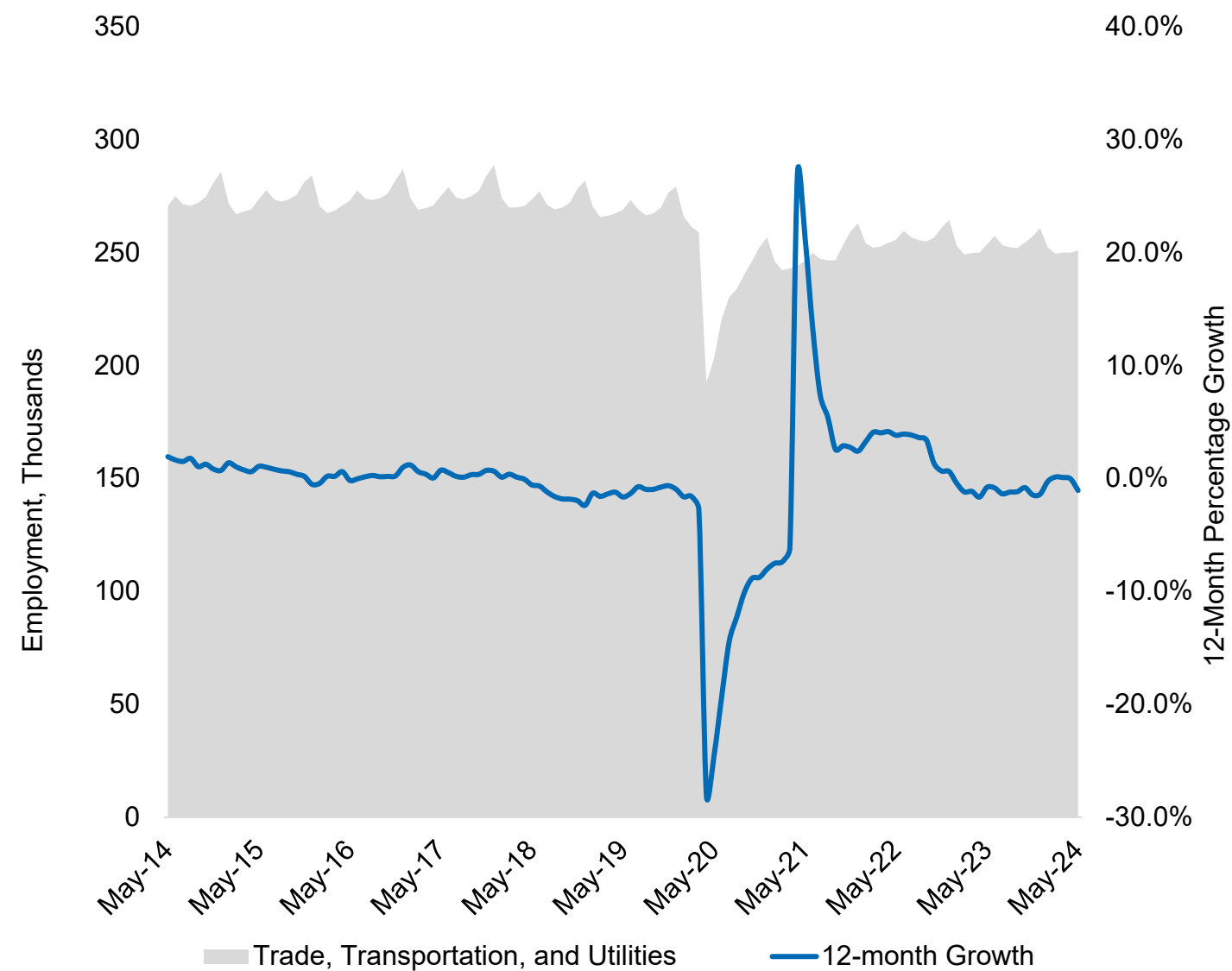


Source: U.S. Bureau of Labor Statistics, Nassau-Suffolk

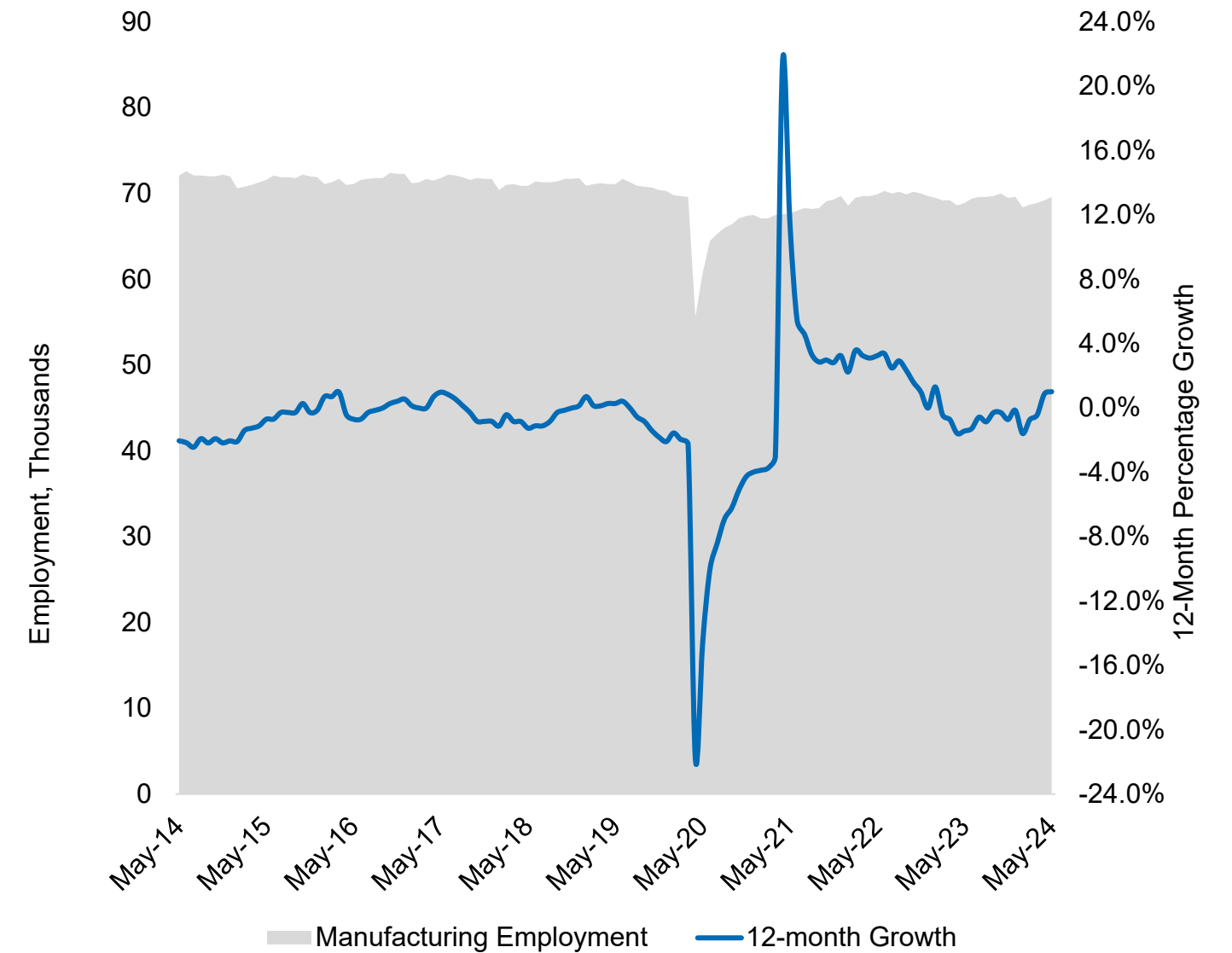
Industrial Employment Sectors Differ

During the second quarter of 2024, at 1.0%, the manufacturing sector recorded its strongest year-over-year job growth since January 2023. Conversely, the employment level in the trade, transportation, and utility sector continued its gradual descent, falling 1.1% year-over-year.

Total Employment and 12-Month Growth Rate, Trade/Transportation/Utilities



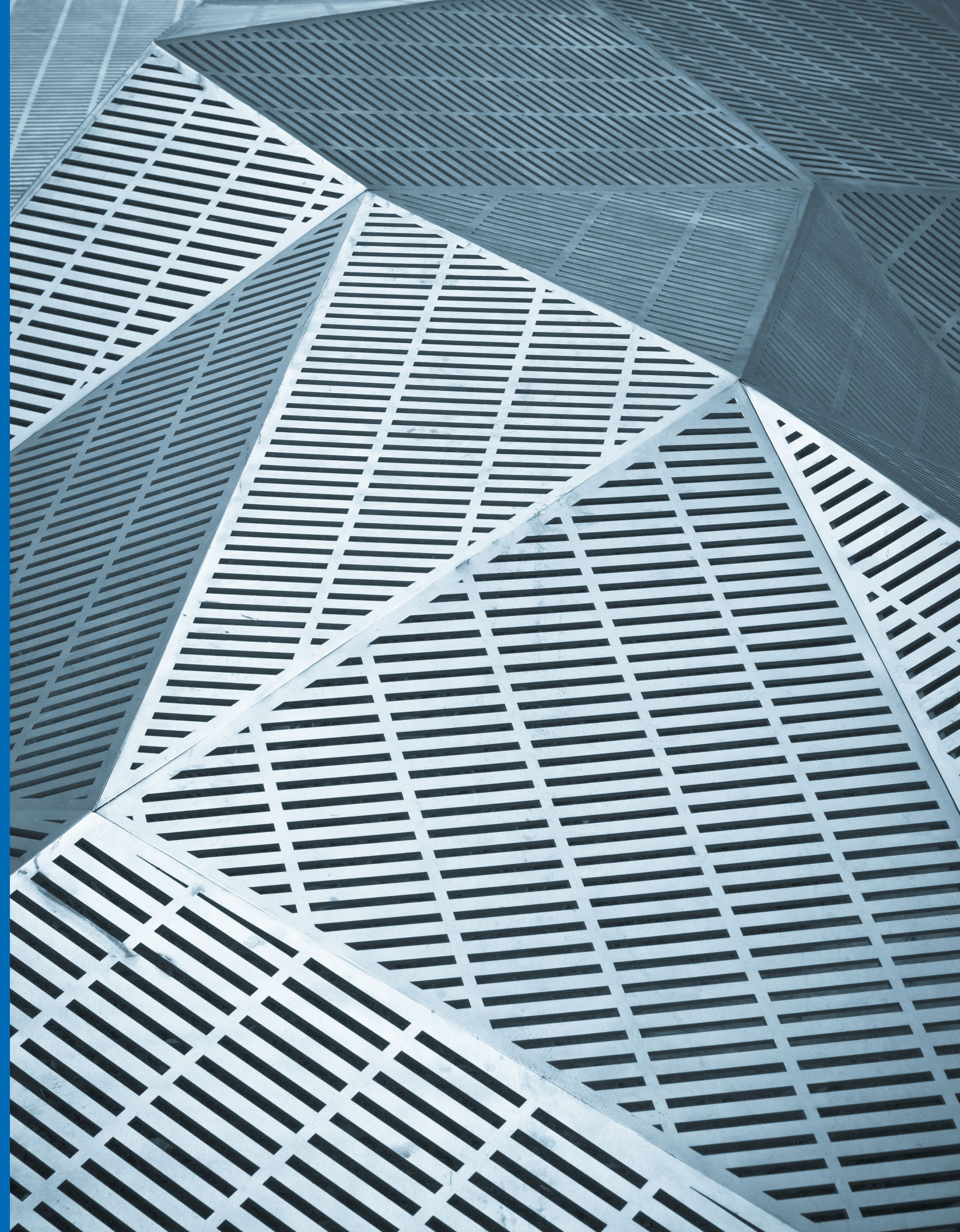
Total Employment and 12-Month Growth Rate, Manufacturing



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

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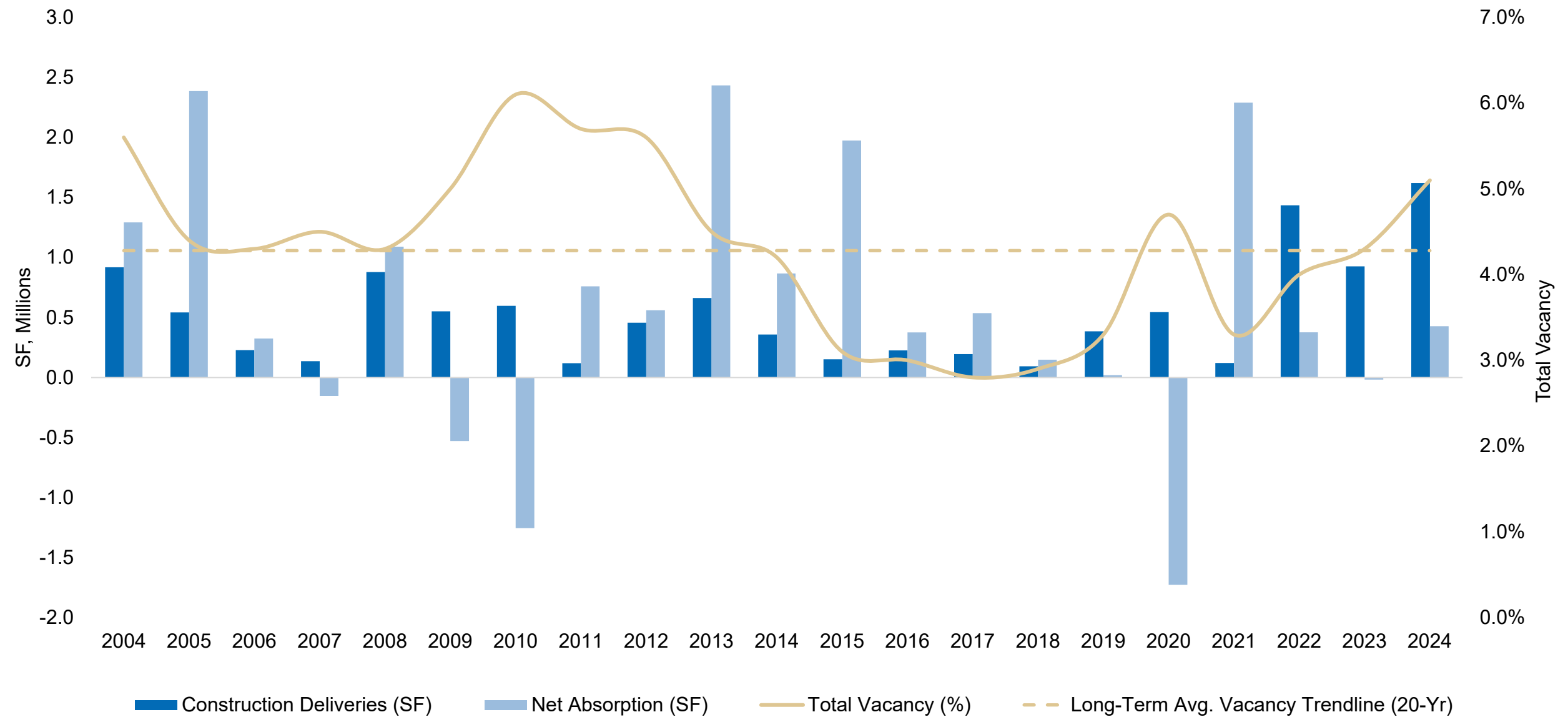
Leasing Market Fundamentals



Vacancy Rises as Construction Deliveries Outpace Net Absorption

Long Island total vacancy increased to 5.1% in the second quarter of 2024, largely driven by a delivery of six properties totaling 1,051,790 square feet. As construction deliveries continue to outpace net absorption, vacancy is expected to rise over the next few quarters.

Historical Construction Deliveries, Net Absorption, and Vacancy

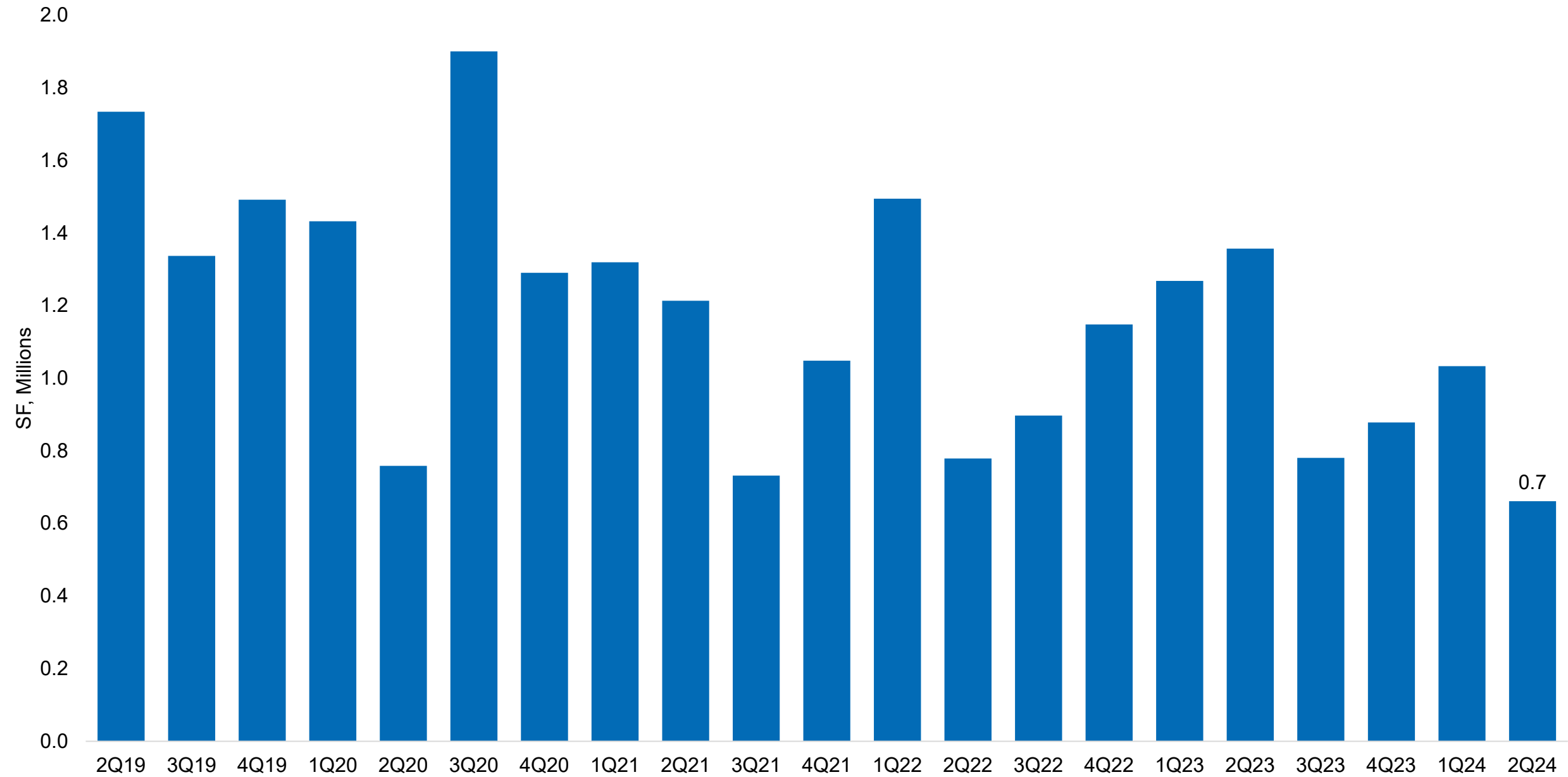


Source: Newmark Research, CoStar

Industrial Leasing Decline

In the second quarter of 2024, leasing activity for industrial space decreased 36.0% to 661,473 square feet, its lowest level over the past five years. Natural Foods, Inc. signed the largest deal of the quarter with a lease for 45,000 square feet.

Total Leasing Activity (SF)

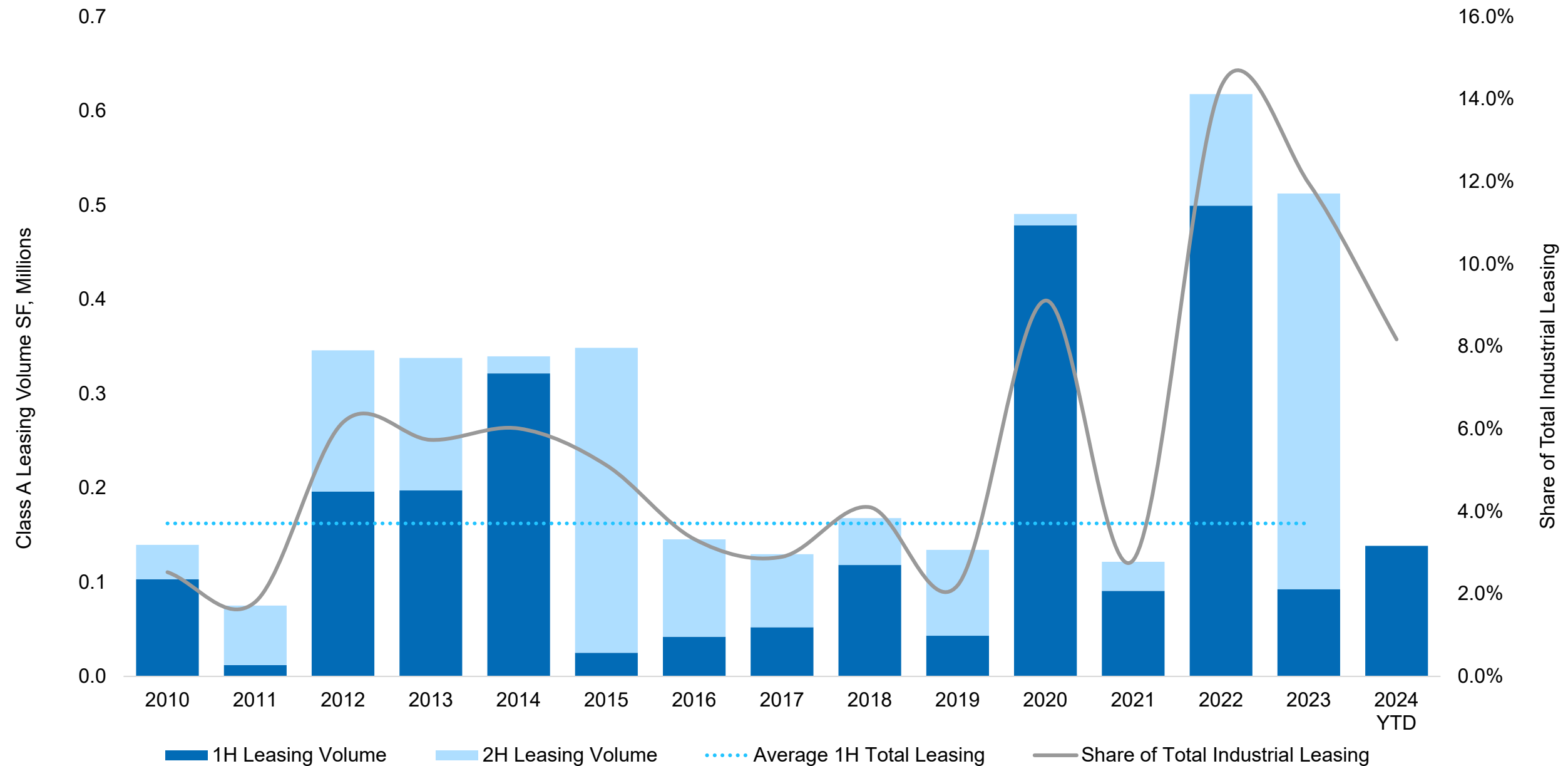


Source: Newmark Research, CoStar

Class A Warehouse Leasing Percentage Dips

During the first half of 2024, Long Island Class A leasing activity exceeded the first half of 2023 by 49.6%. Despite this, Class A leasing dropped to 8.2% of the total industrial leasing for 2024, the lowest rate since 2021.

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

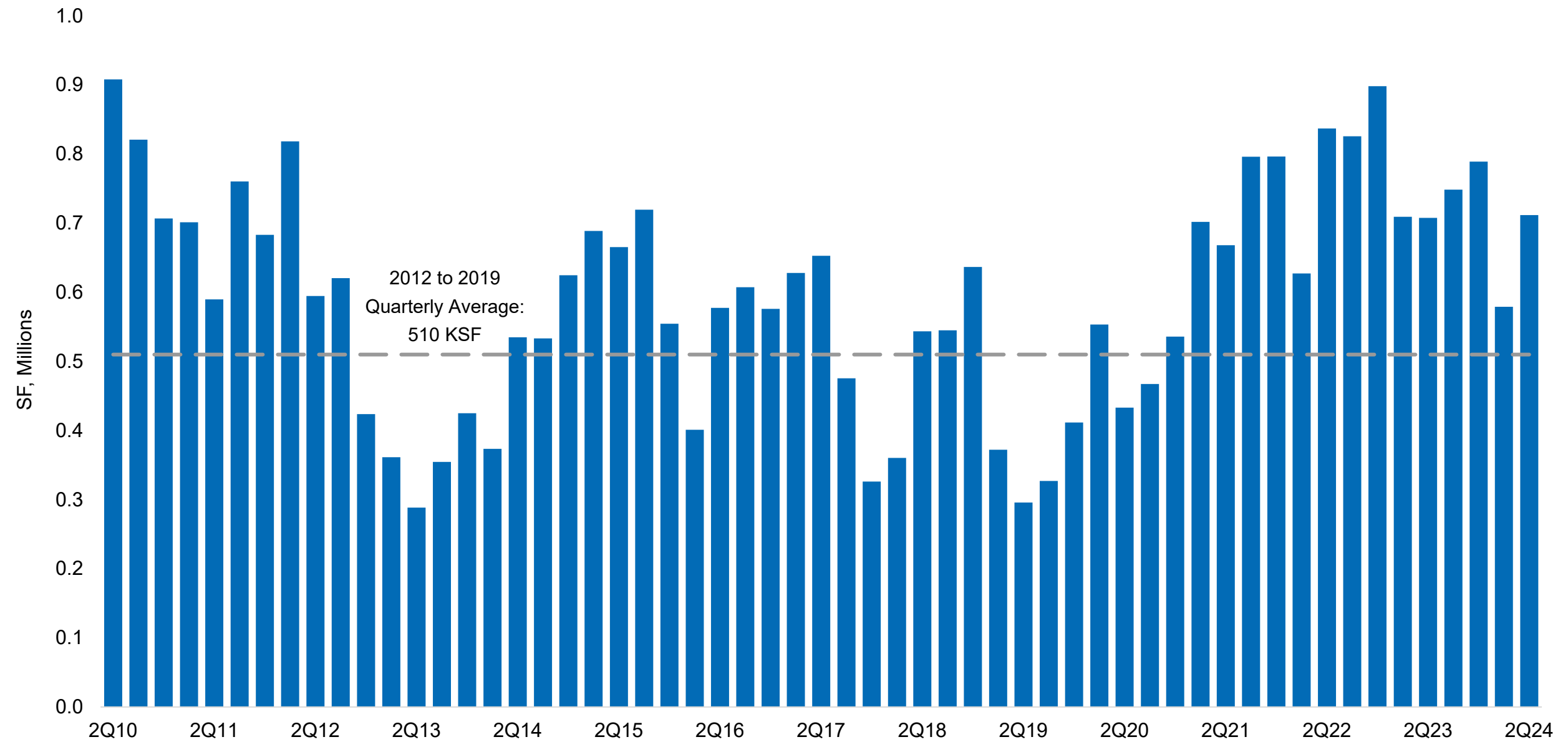


Source: Newmark Research, CoStar

Industrial Sublease Availability Rebounds

The second quarter of 2024 experienced a 22.9% quarterly increase in available sublease space to 711,762 square feet as Unilever is subleasing the entire 94,000 square foot property at 1 Adams Boulevard. This comes as sublease activity decreased 64.0% quarter-over-quarter to 28,650 square feet.

Available Industrial Sublease Volume (msf)

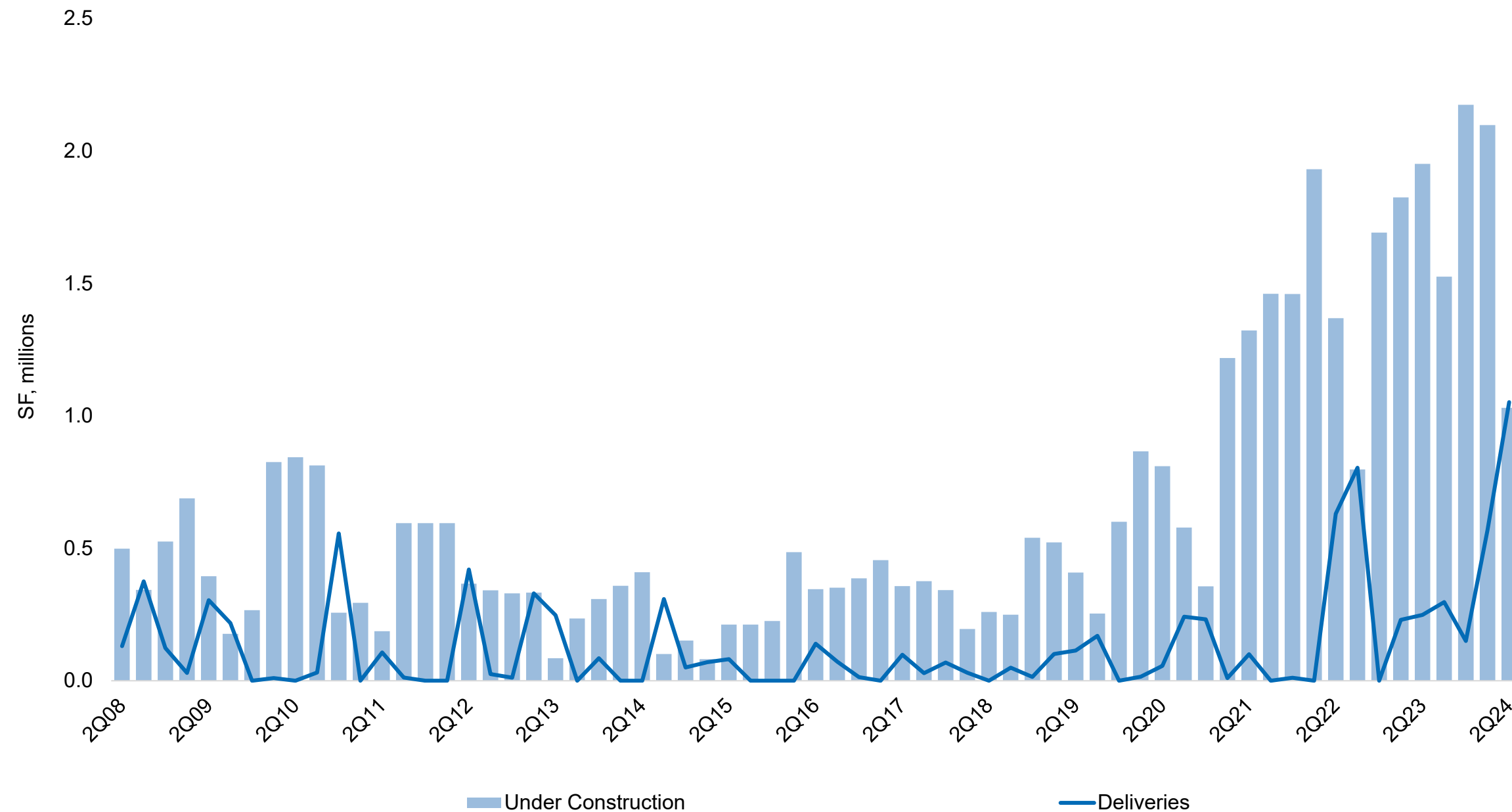


Source: Newmark Research, CoStar

Industrial Construction Decreases as Deliveries Occur

Long Island industrial construction decreased as 1.1 million square feet of space was delivered during the second quarter of 2024. Despite this, the pipeline remains active with over 6.9 million square feet of industrial space proposed.

Industrial Under Construction and % of Inventory

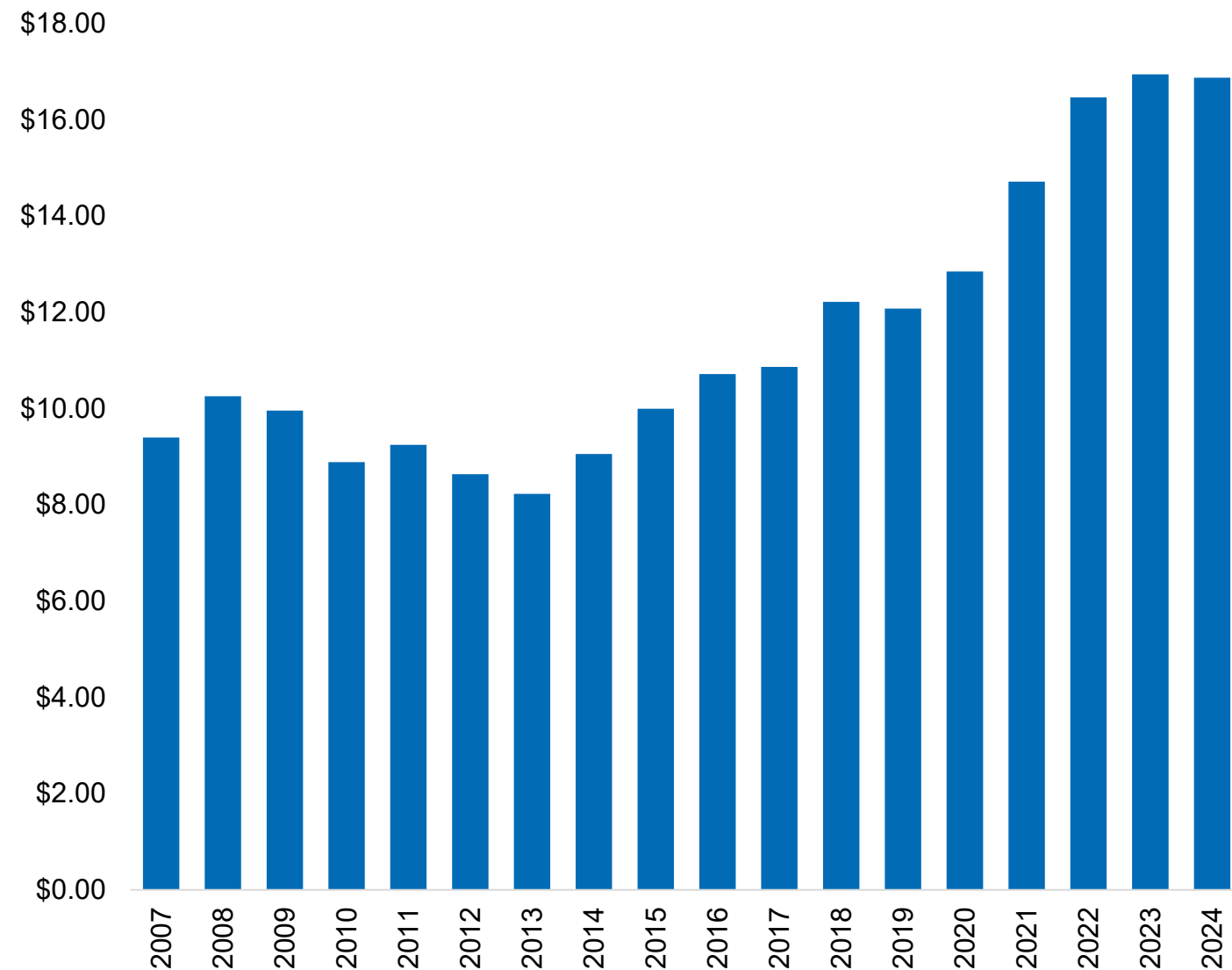


Source: Newmark Research, CoStar

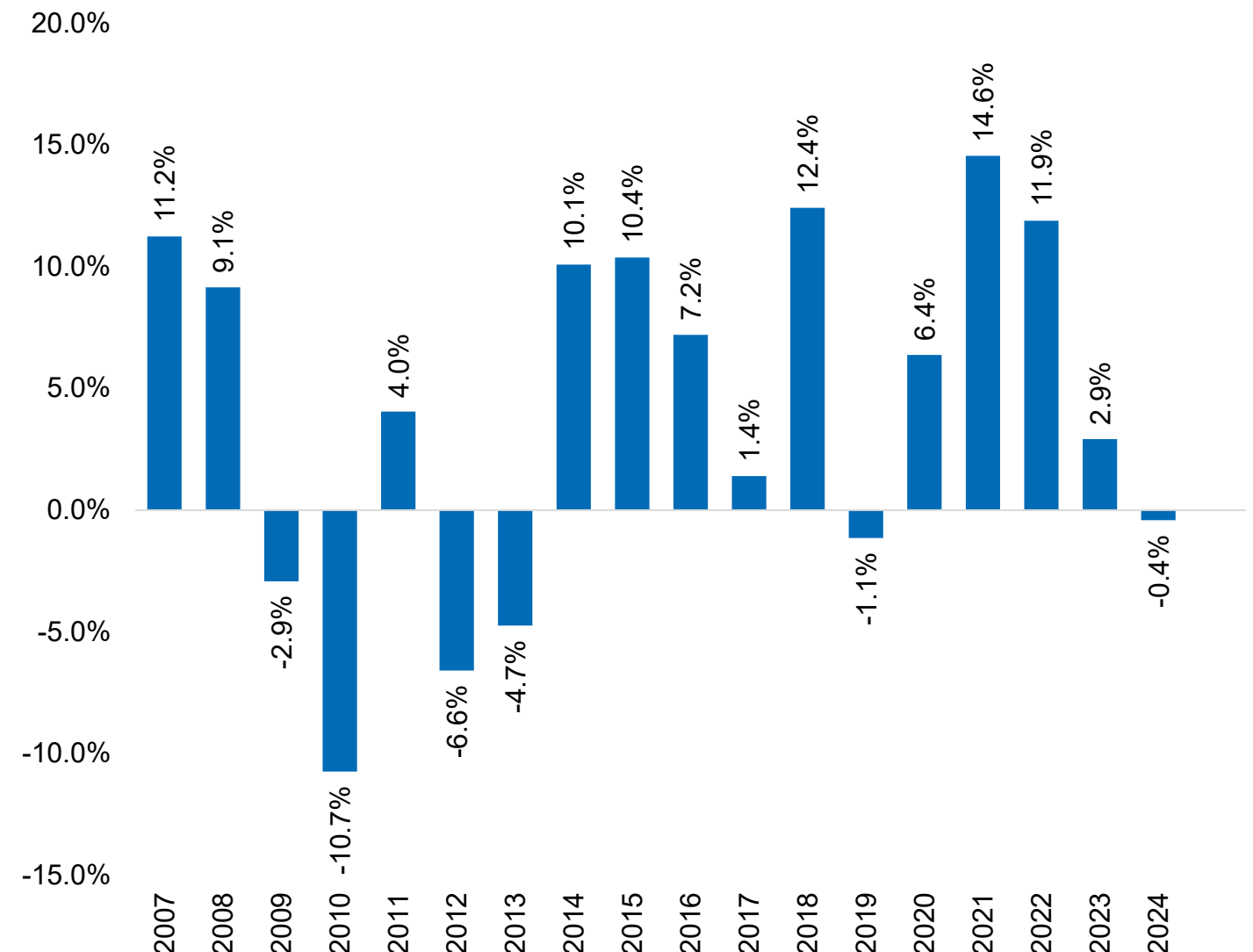
Heightened Industrial Asking Rent Continues into the Second Quarter of 2024

Despite a marginal year-over-year decrease, average asking rents remain elevated at \$16.88/SF in the second quarter of 2024. The second quarter recorded a 39.7% increase in asking rents compared to the onset of the pandemic.

Industrial Average Asking Rent, \$/SF, NNN



Year-over-Year Asking Rent Growth Rate % Change



Source: Newmark Research, CoStar

Notable Lease Transactions

Leasing recorded 661,473 square feet of activity in the second quarter of 2024, a 36.0% decrease from the previous quarter. Suffolk County accounted for 83.1% of the leasing activity during the quarter, signing 549,416 square feet of space.

Notable 2Q24 Lease Transactions

Tenant1	Building(s)	Submarket	Type	Square Feet
Natural Foods, Inc.	301 Henry Street	Suffolk County	Direct Lease	45,000
<i>Natural Foods, Inc. signed the largest lease of the quarter for 45,000 square feet at 301 Henry Street.</i>				
American Regent	20 Ramsey Road	Suffolk County	Direct Lease	43,000
<i>Health care manufacturer American Regent leased 43,000 square feet on the first floor at 20 Ramsey Road.</i>				
The Nanz Company	105 East Jefryn Boulevard	Suffolk County	Direct Renewal	39,922
<i>The Nanz Company renewed 39,922 square feet for the entire building at 105 East Jefryn Boulevard.</i>				
Top Hat Imagewear	230 Duffy Avenue	Nassau County	Direct Renewal	31,400
<i>Clothing manufacturer Top Hat Imagewear signed a 31,400 square foot renewal on the first floor of 230 Duffy Avenue.</i>				
I. Janvey and Sons	91 Colin Drive	Suffolk County	Sublease	21,450
<i>Equipment provider I. Janvey and Sons subleased 21,450 square foot at 91 Colin Drive.</i>				

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