
3Q24

Long Island Industrial Market Overview



NEWMARK

Market Observations

Economy

- The Long Island unemployment rate continued to track below the national average despite experiencing an uptick during the third quarter of 2024. Meanwhile, at 1.2%, employment growth on Long Island remained positive during the third quarter of 2024.
- The construction sector led all industries in year over year job growth, with a 4.9% annual increase. Meanwhile, the other industrial-using industries varied in growth, as manufacturing marginally increased and trade, transportation, and utilities experienced negative job growth.
- During the third quarter of 2024, the trade, transportation, and utility sector continued its gradual decline, falling 0.9% year-over-year and 6.2% from pre-pandemic levels. Meanwhile, the manufacturing sector experienced a modest 0.1% year-over-year growth as employment levels have returned to pre-pandemic rates.

Major Transactions

- Long Island industrial leasing recorded 683,177 square feet of activity in the third quarter of 2024.
- Suffolk County accounted for 66.4% of the leasing activity during the quarter, signing 453,550 square feet of space.
- Time-Cap Labs, Inc. signed the largest deal of the quarter, renewing 93,847 square feet at 235 Pinelawn Road.

Leasing Market Fundamentals

- In 2024, Long Island total vacancy increased to 5.5% due to the delivery of ten properties totaling 1,620,469 square feet.
- Although Long Island leasing activity increased 3.3% from the previous quarter to 683,177 square feet, it still recorded its second lowest quarterly level in the past five years.
- Despite a marginal year-over-year decrease, average asking rents remain elevated at \$16.80/SF in the third quarter of 2024. The third quarter recorded a 39.1% increase in asking rents compared to the onset of the pandemic.
- Through the first three quarters of the year, 2024 outpaces 2023 class A leasing activity by 11.2%. Class A's share of total industrial leasing remains heightened at 12.1%, the second highest rate over the past 15 years.

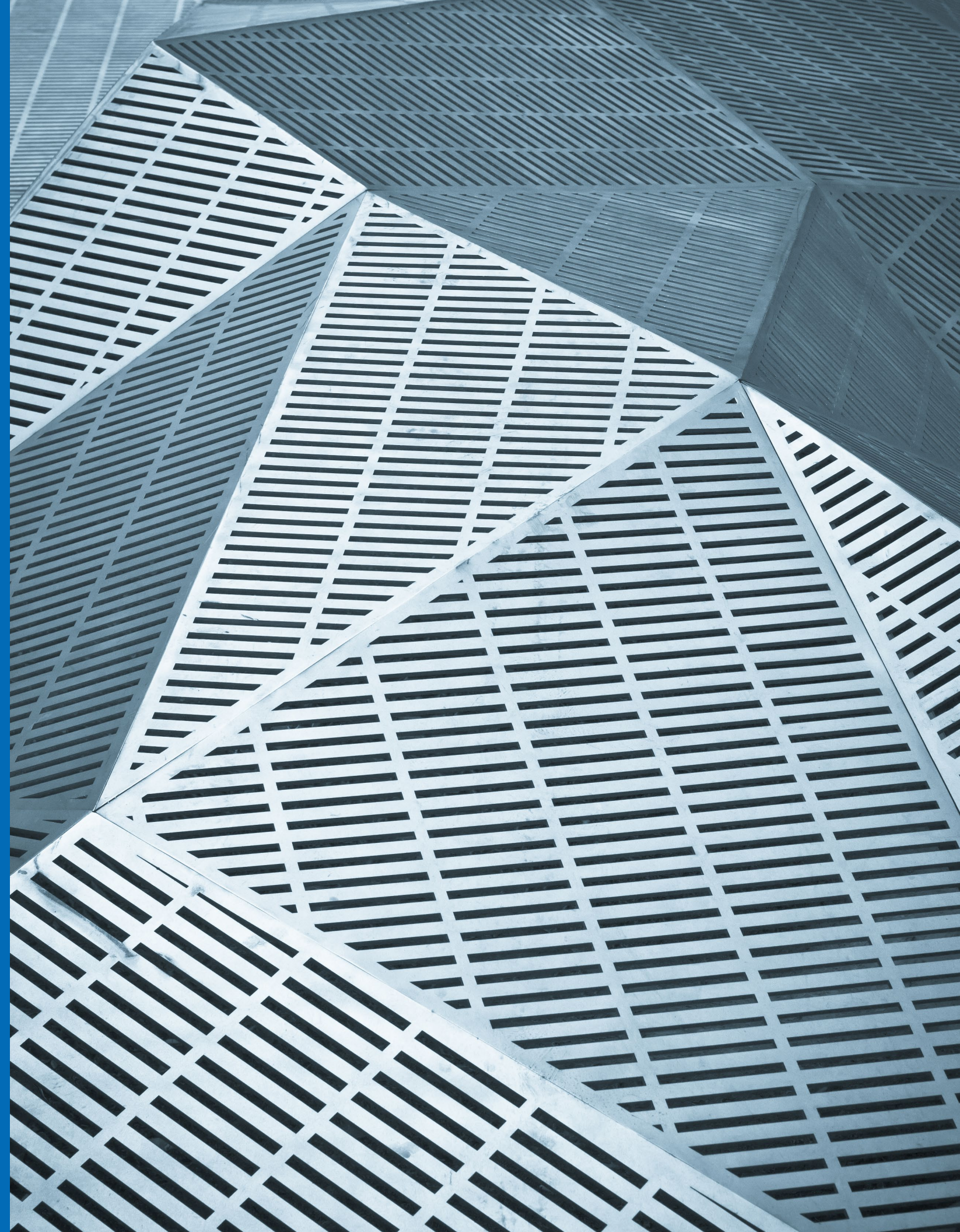
Outlook

- As construction deliveries continue to outpace net absorption, heightened vacancy rates are expected to persist.
- Following a quarter with 1.1 million square feet of delivered industrial space, Long Island did not experience any deliveries during the third quarter of 2024. Despite this, the pipeline remains active, with 1.2 million square feet under construction.

1. Economy
2. Leasing Market Fundamentals

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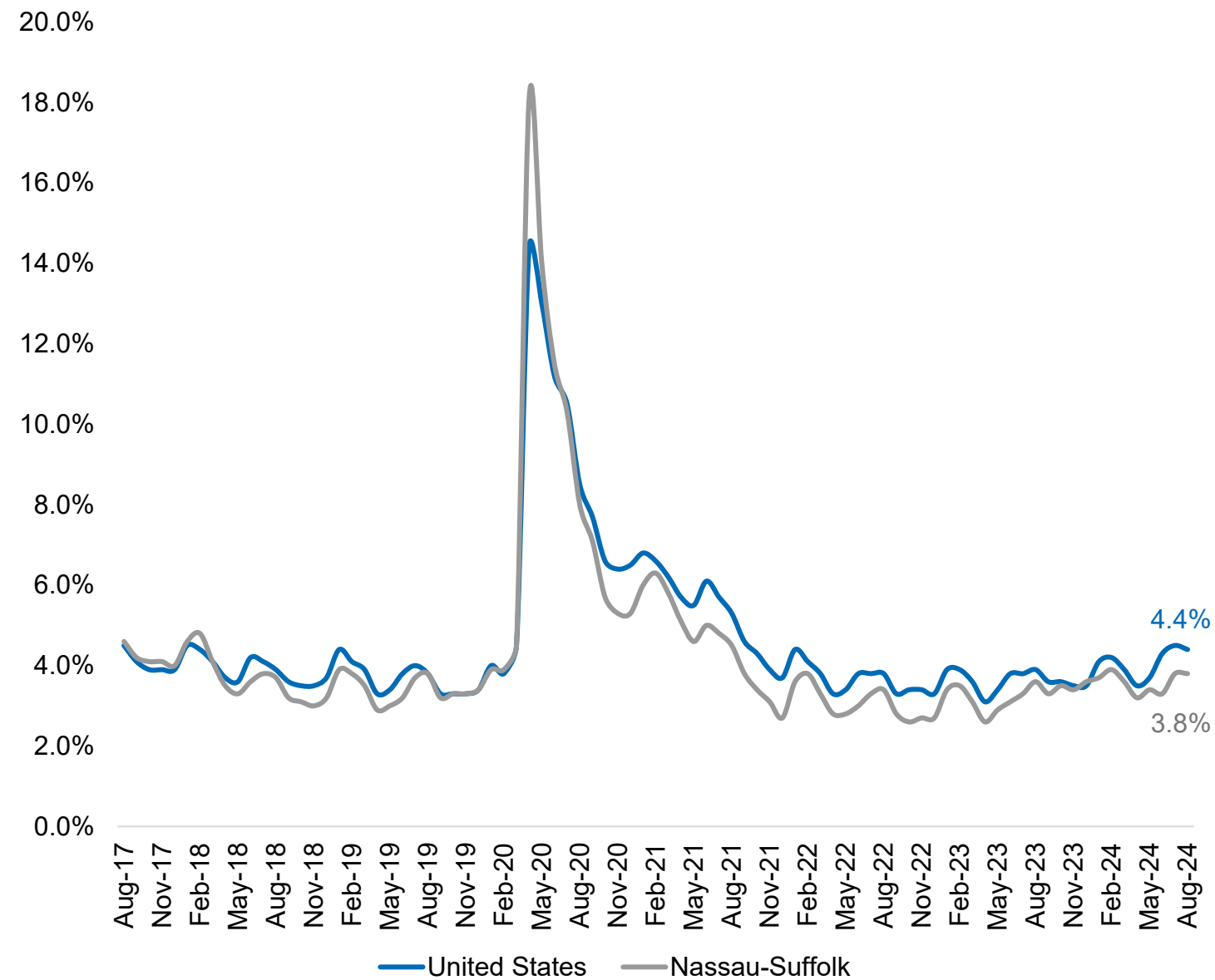
Economy



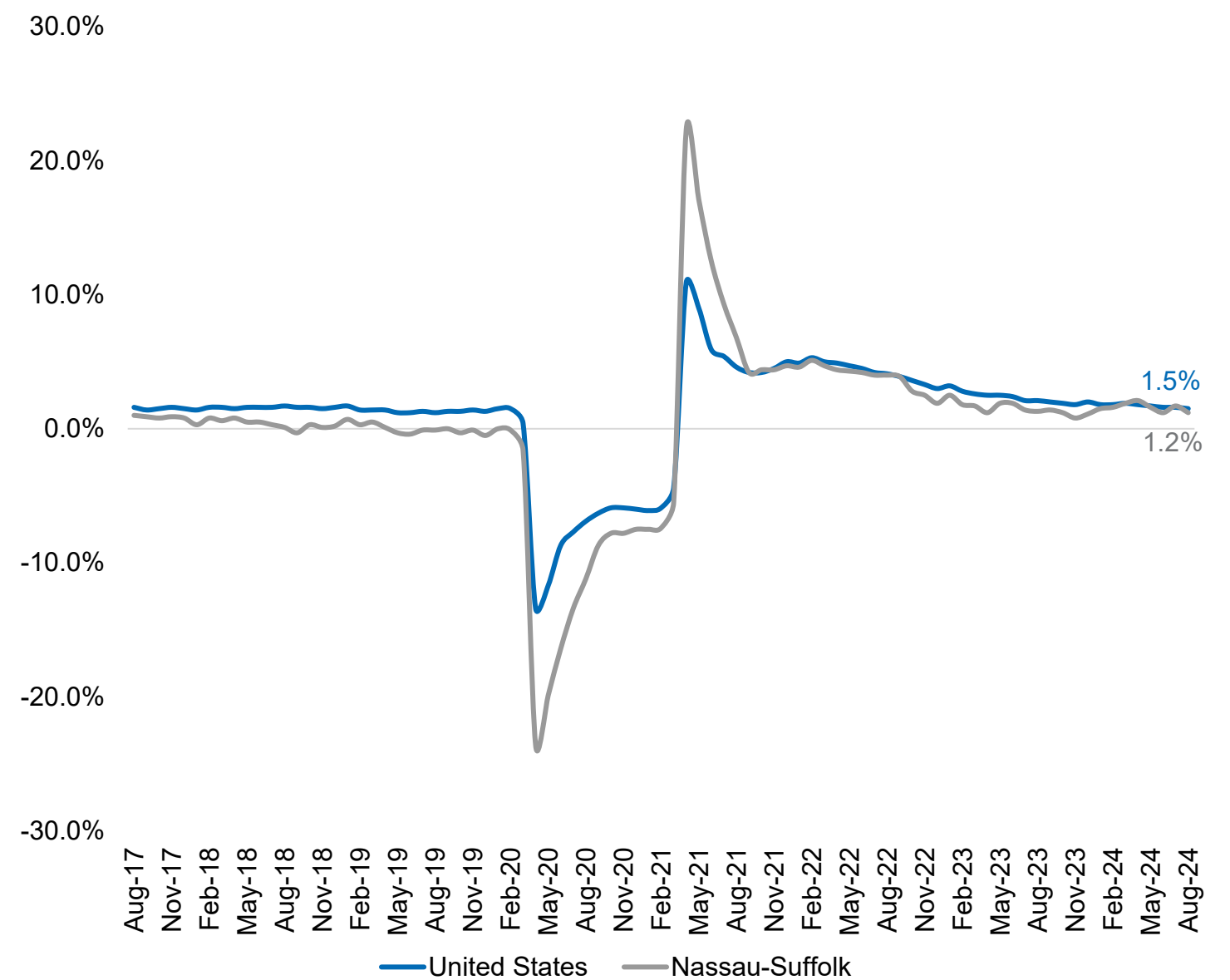
Employment Trends Return to Pre-Pandemic Levels

The Long Island labor market unemployment rate continued to track below the national average despite experiencing an uptick during the third quarter of 2024. Meanwhile, at 1.2%, employment growth on Long Island remained positive during the third quarter of 2024.

Unemployment Rate, Non-Seasonally Adjusted



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

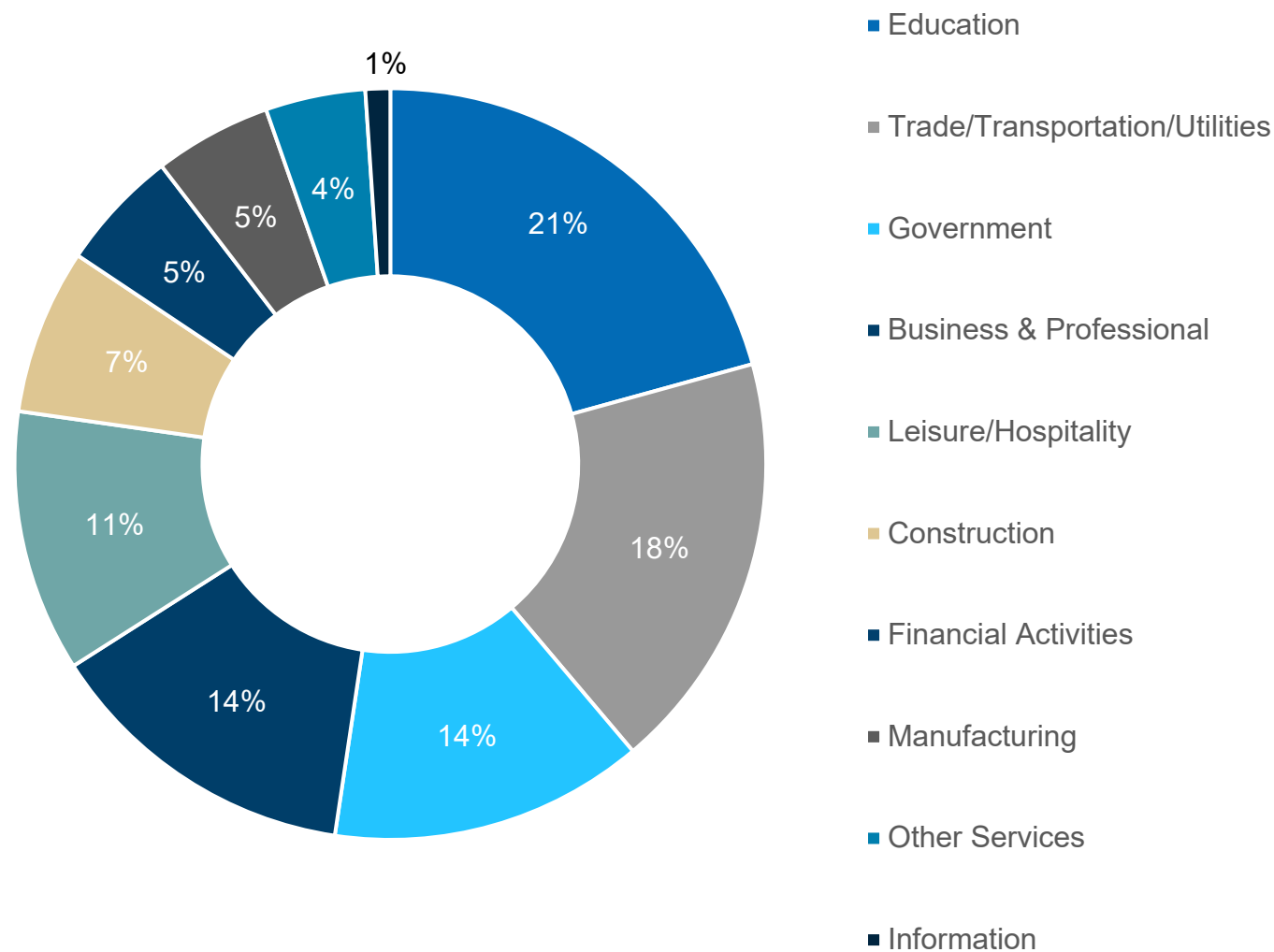


Source: U.S. Bureau of Labor Statistics, Nassau-Suffolk

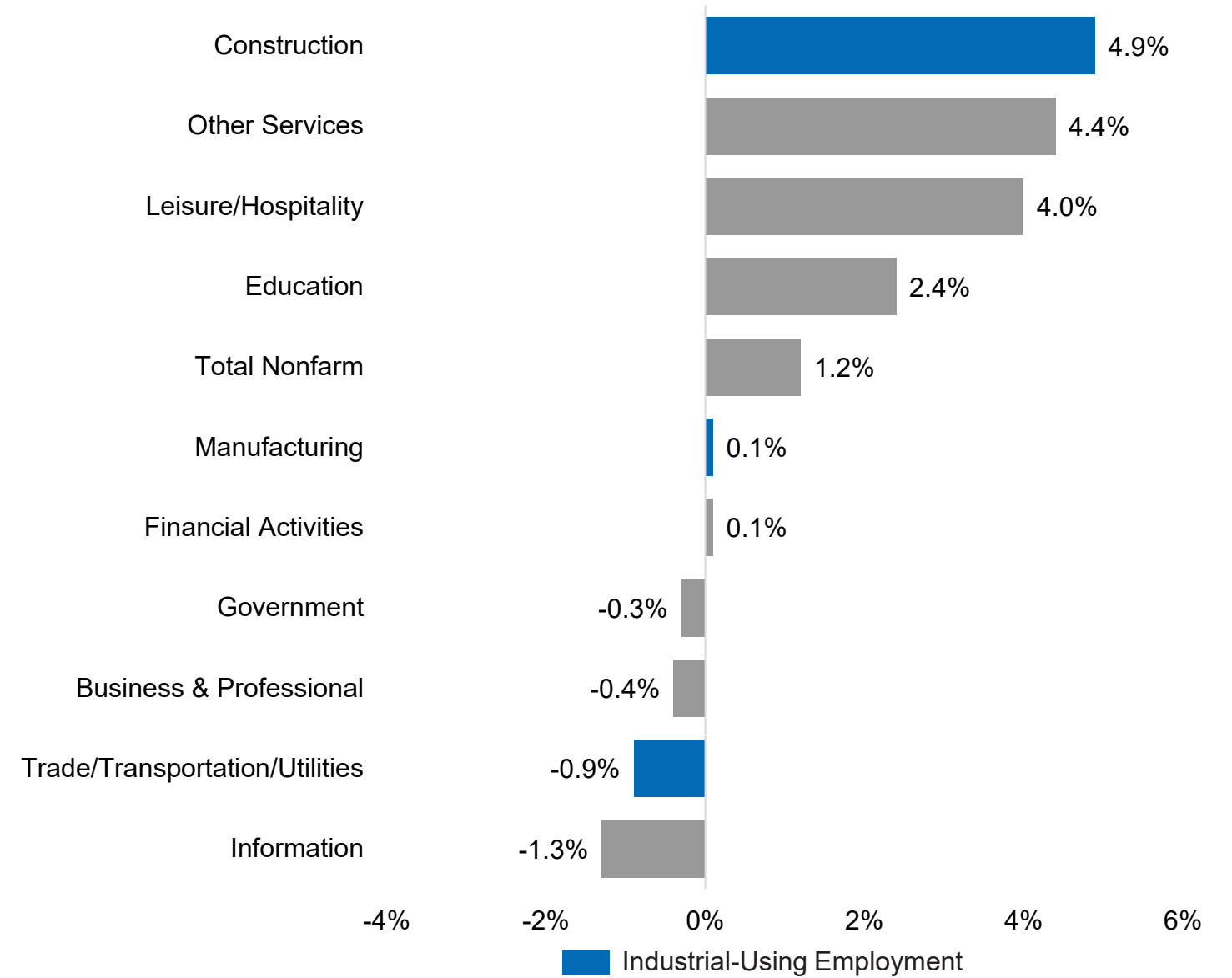
Varying Job Growth for Industrial Sector

In the third quarter of 2024, construction led all industries in year over year job growth, with a 4.9% annual increase. Meanwhile, the other industrial-using industries varied in growth as manufacturing marginally increased and trade, transportation, and utilities experienced annual job growth of -0.9%.

Employment by Industry, August 2024



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

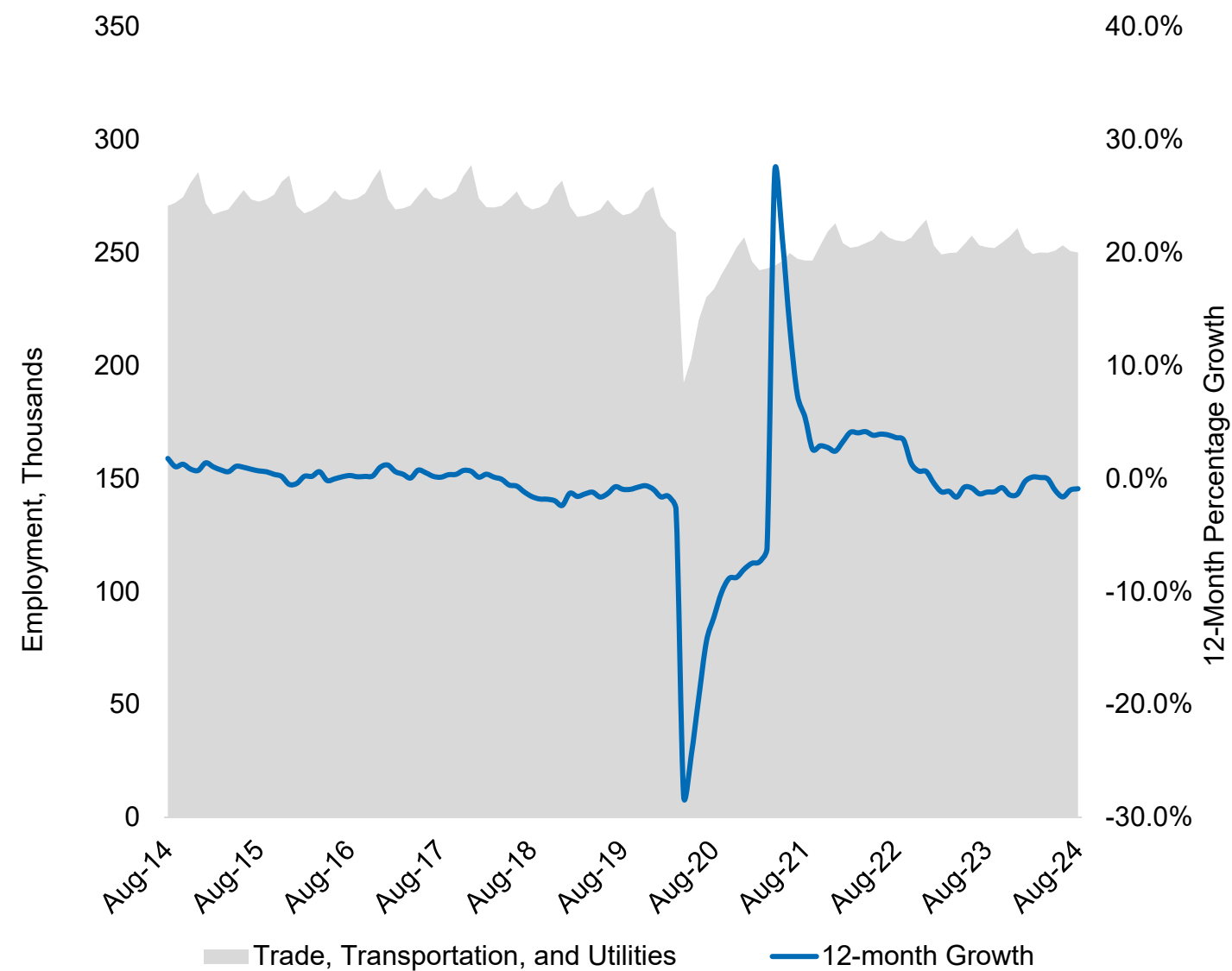


Source: U.S. Bureau of Labor Statistics, Nassau-Suffolk

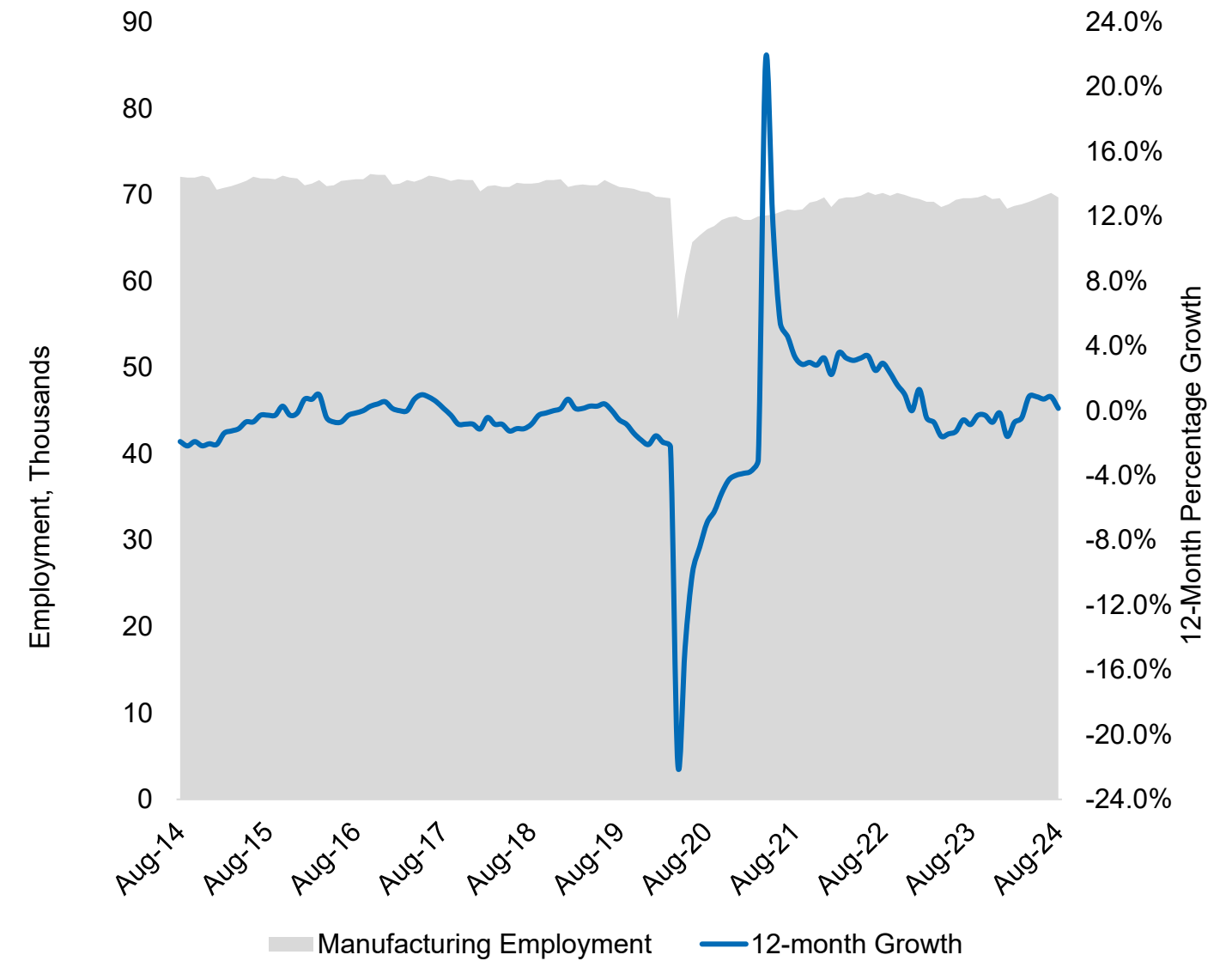
Industrial Employment Sectors Differ

During the third quarter of 2024, the trade, transportation, and utility sector continued its gradual decline, falling 0.9% year-over-year and 6.2% from pre-pandemic levels. Meanwhile, the manufacturing sector experienced a modest 0.1% year-over-year growth as employment levels have returned to pre-pandemic rates.

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



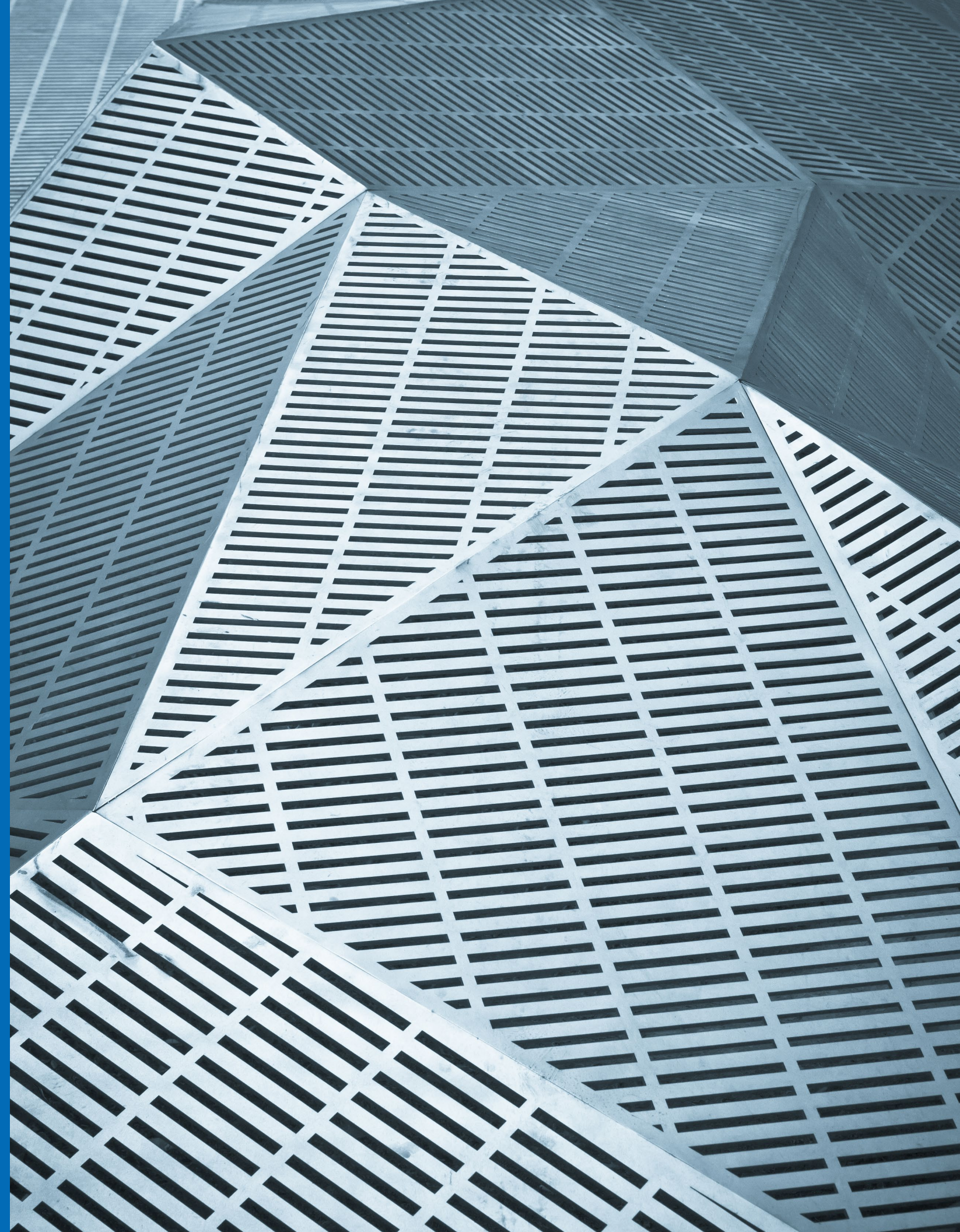
Total Employment and 12-Month Growth Rate, Manufacturing



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

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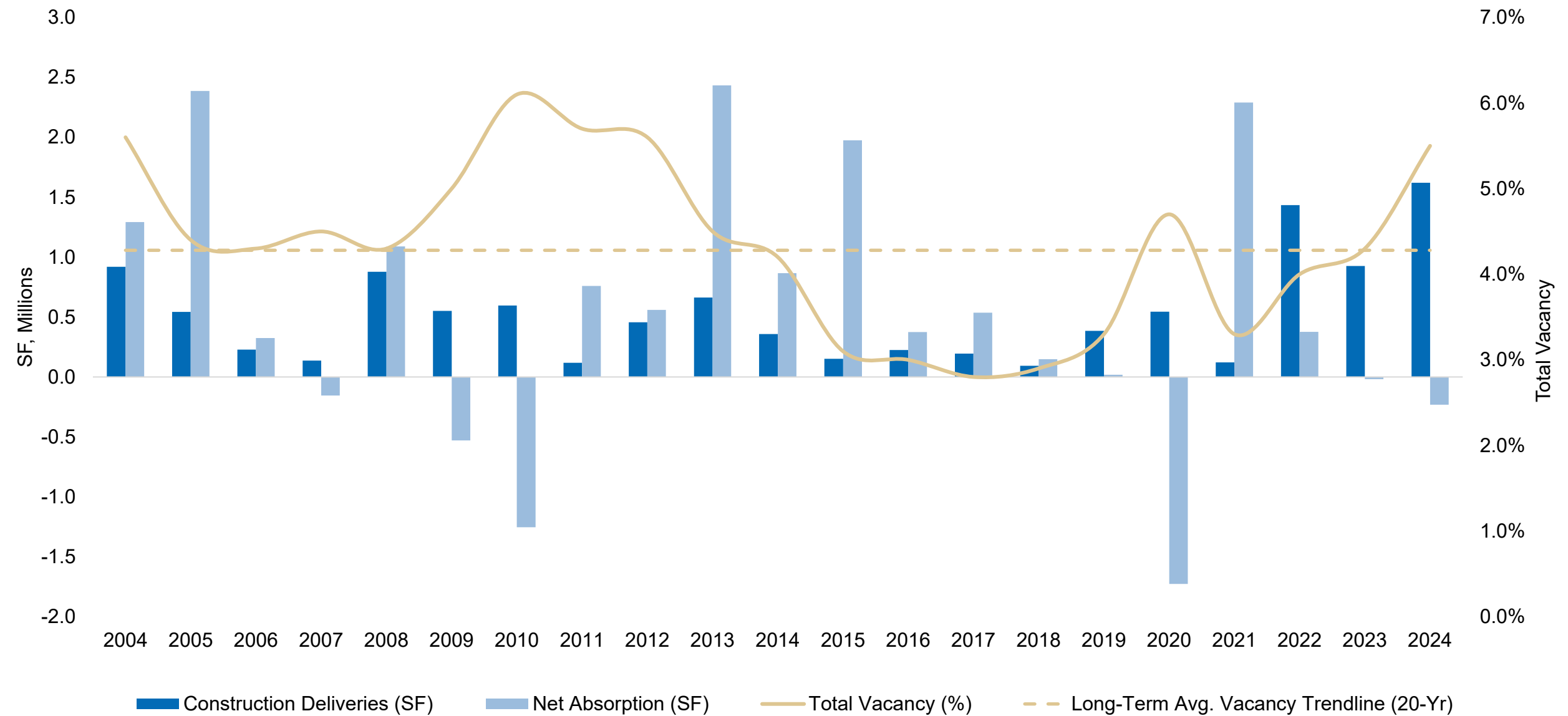
Leasing Market Fundamentals



Vacancy Rises as Construction Deliveries Outpace Net Absorption

In 2024, Long Island total vacancy has increased to 5.5% due to the delivery of ten properties totaling 1,620,469 square feet. As construction deliveries continue to outpace net absorption, heightened vacancy rates are expected to persist.

Historical Construction Deliveries, Net Absorption, and Vacancy

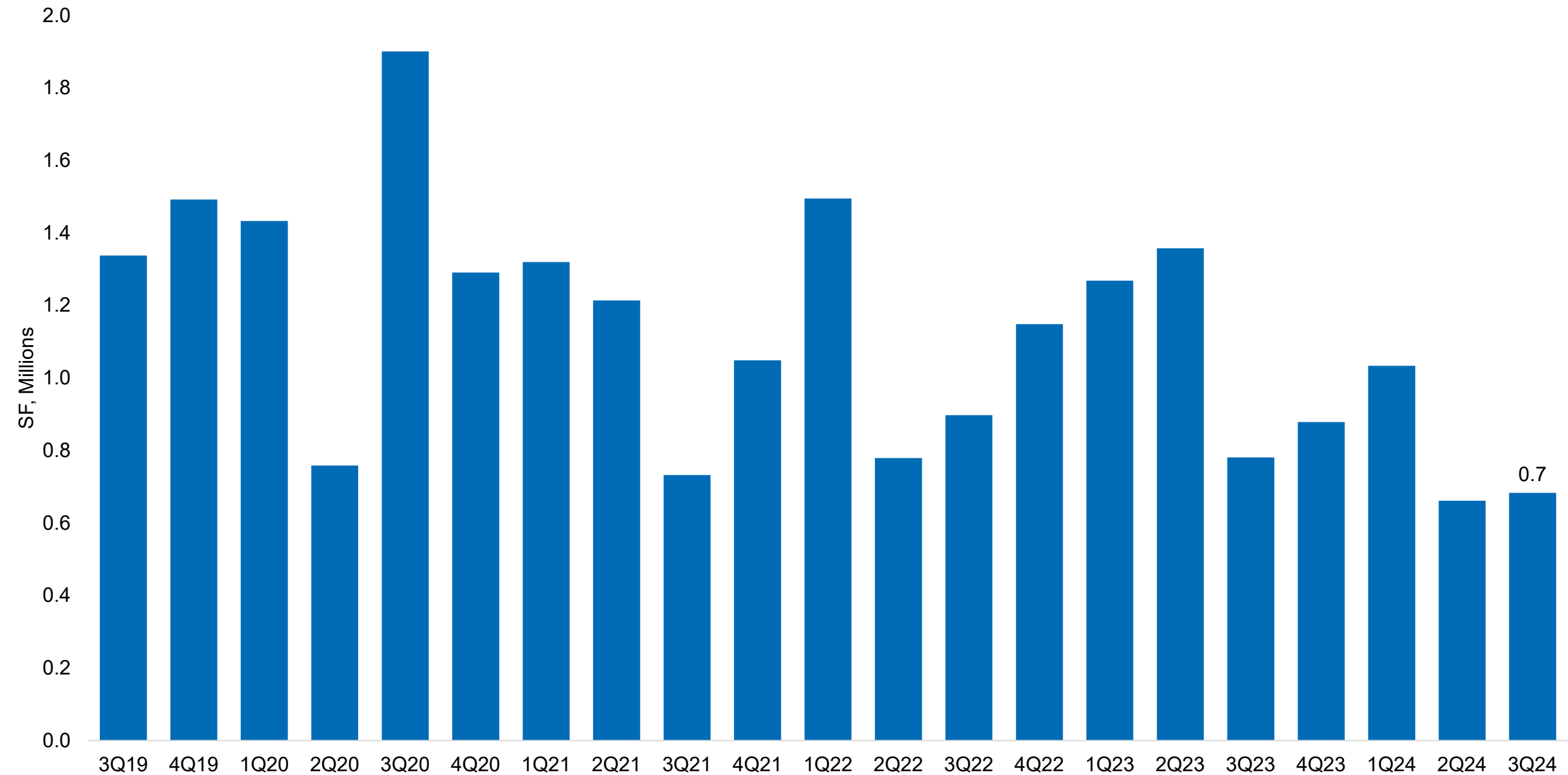


Source: Newmark Research, CoStar

Industrial Leasing Slight Growth

In the third quarter of 2024, industrial leasing activity increased 3.3% from the previous quarter to 683,177 square feet. Despite this increase, leasing activity remains 12.5% lower than levels one year ago and 41.6% lower than the long-term average of 1.2 million square feet.

Total Leasing Activity (SF)

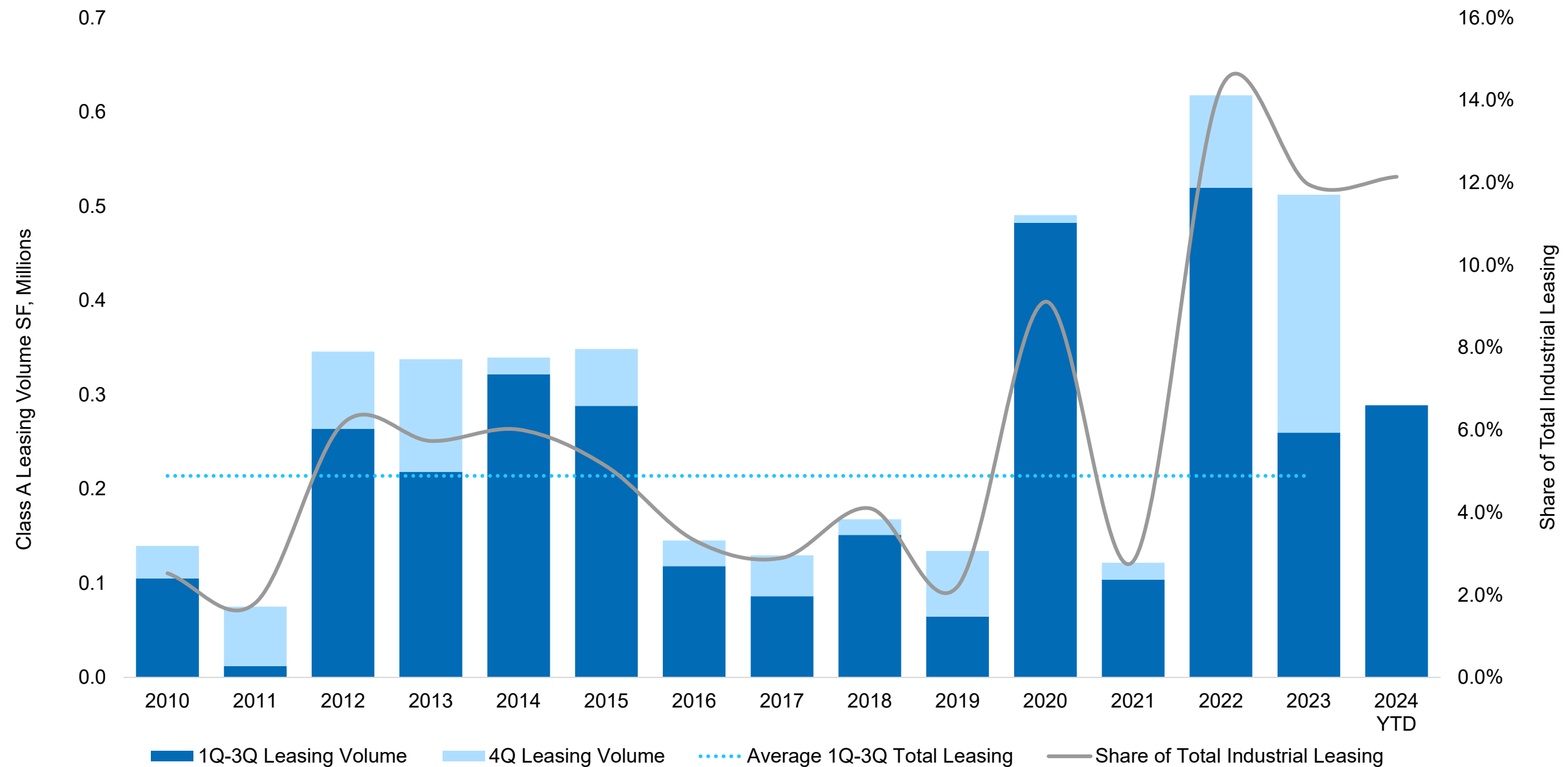


Source: Newmark Research, CoStar

Class A Industrial Leasing Percentage Rises

Through the first three quarters of the year, 2024 outpaces 2023 class A leasing activity by 11.2%. Class A's share of total industrial leasing remains heightened at 12.1%, the second highest rate over the past 15 years.

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

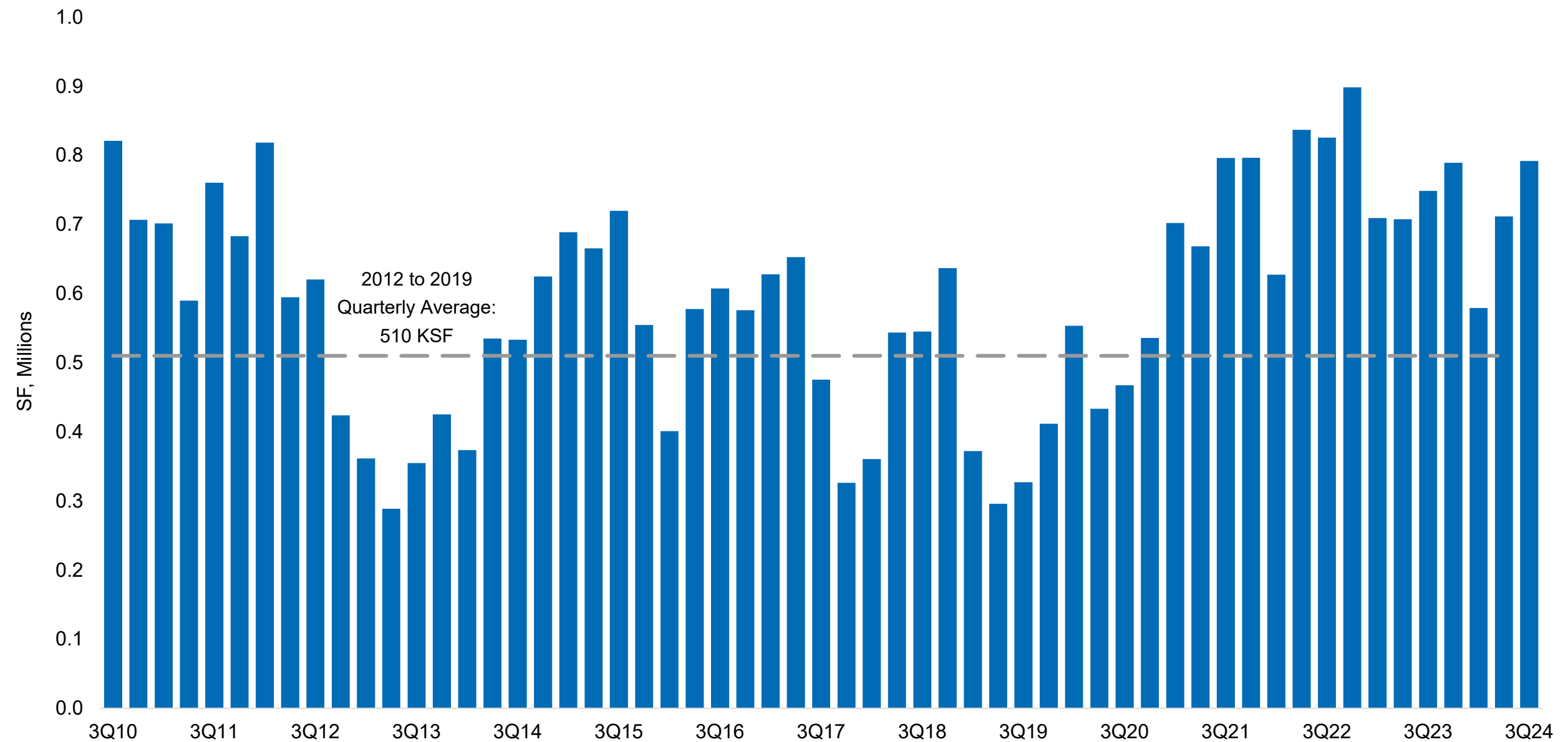


Source: Newmark Research, CoStar

Industrial Sublease Availability Surges

In the third quarter of 2024, the Long Island available sublease space increased 11.3% from the previous quarter to 791,988 square feet. This increase was largely driven by the addition of 85,000 square feet of sublease space at 30 Crossways East and a combined 80,000 square feet of space at 60 Executive Boulevard and 86 Industrial Road.

Available Industrial Sublease Volume (msf)

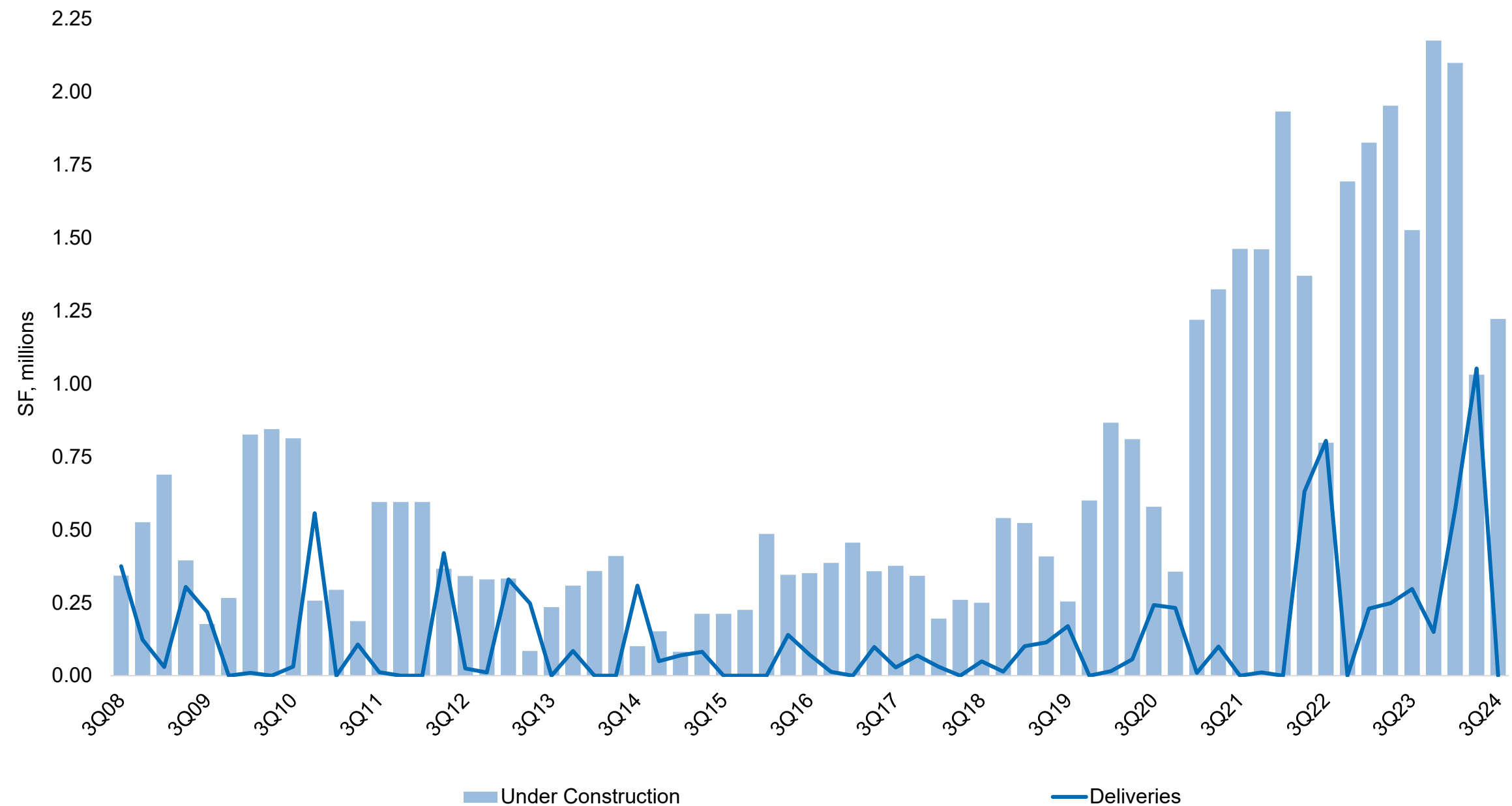


Source: Newmark Research, CoStar

Under Construction Space Increases With No Quarterly Deliveries

Following a quarter with 1.1 million square feet of delivered industrial space, Long Island did not experience any deliveries during the third quarter of 2024. Despite this, the pipeline remains active, with 1.2 million square feet under construction.

Industrial Under Construction and % of Inventory

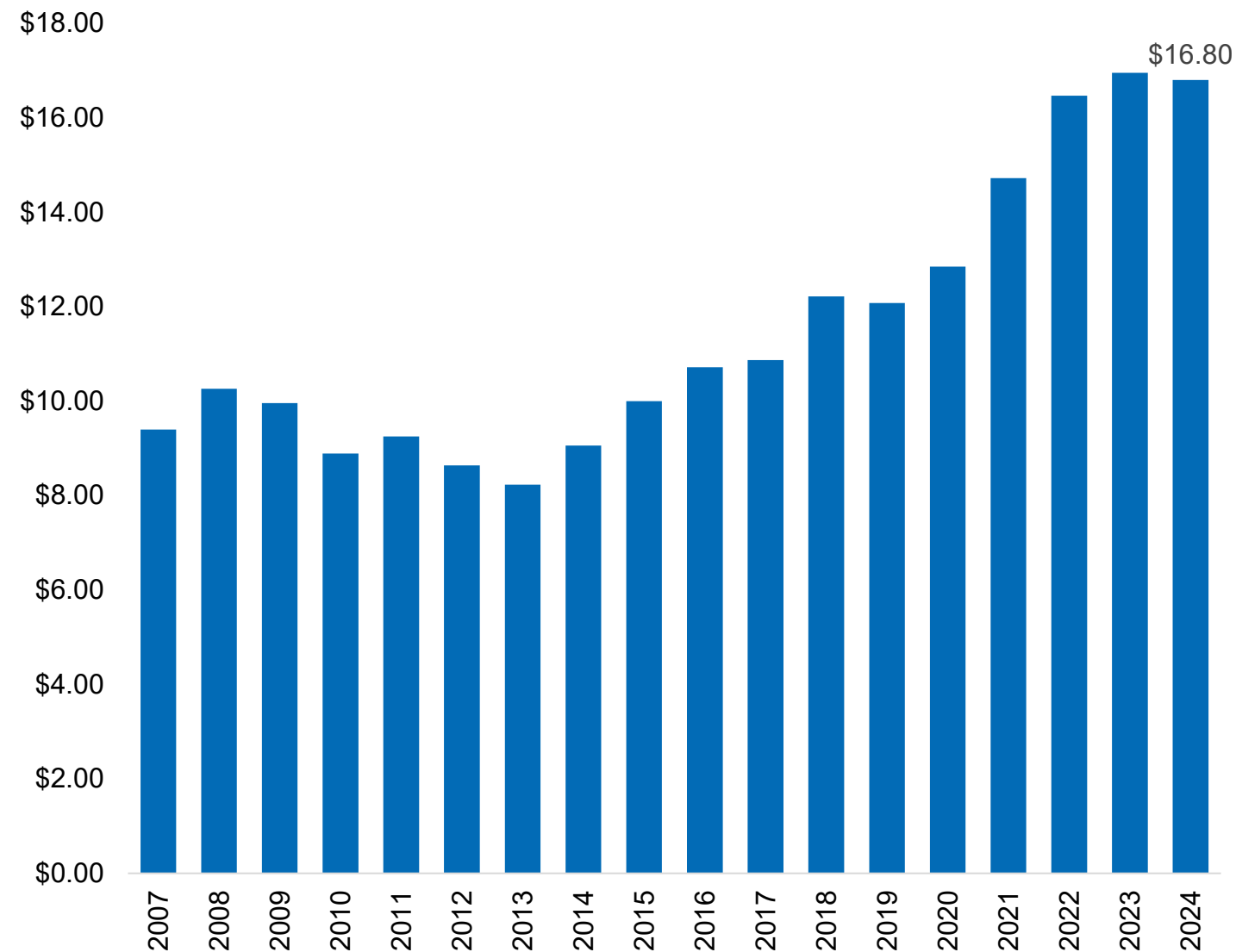


Source: Newmark Research, CoStar

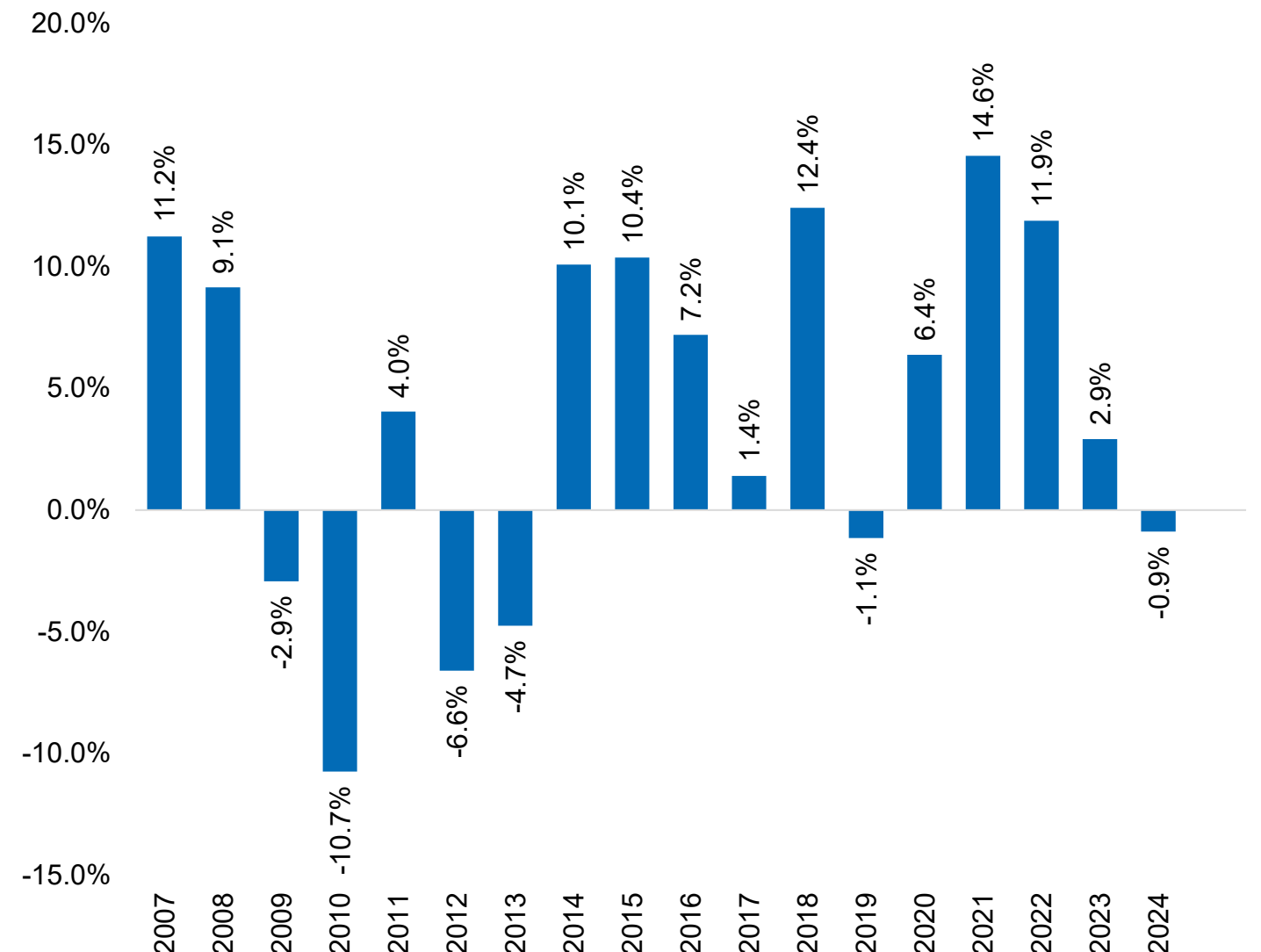
Heightened Industrial Asking Rent Continues

Despite a marginal year-over-year decrease, average asking rents remain elevated at \$16.80/SF in the third quarter of 2024. The third quarter recorded a 39.1% 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 683,177 square feet of activity in the third quarter of 2024, a 3.3% increase from the previous quarter. Suffolk County accounted for 66.4% of the leasing activity during the quarter, signing 453,550 square feet of space.

Notable 3Q24 Lease Transactions

Tenants	Building(s)	Submarket	Type	Square Feet
Time-Cap Labs, Inc.	235 Pinelawn Road	Suffolk County	Direct Renewal	93,847
<i>Pharmaceutical company Time-Cap Labs, Inc. signed the largest deal of the quarter, renewing 93,847 square feet at 235 Pinelawn Road.</i>				
Wilsonart	999 South Oyster Bay Road	Nassau County	Direct Renewal	69,000
<i>Building material supplier Wilsonart renewed 69,000 square feet on the first floor at 999 South Oyster Bay Road.</i>				
Premier Care Industries Inc.	100 Marcus Boulevard	Suffolk County	Direct Lease	56,406
<i>Premier Care Industries Inc. signed 56,406 square feet for part of the first floor at 100 Marcus Boulevard.</i>				
Cookies United	5005 Veterans Memorial Highway	Suffolk County	Direct Lease	40,000
<i>Baked good company Cookies United signed 40,000 square feet for part of the first floor at 5005 Veterans Memorial Highway.</i>				
Healthy Basement Systems	1165 Station Road	Suffolk County	Direct Lease	22,259
<i>Healthy Basement Systems signed 22,259 square feet for two years on the first floor at 1165 Station Road.</i>				

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