

	YoY Chg	12-Mo. Forecast
5.2% Vacancy Rate	▲	■
-892K YTD Net Abs., SF	▼	▲
\$10.47 Asking Rent, PSF	▲	■

Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2020

	YoY Chg	12-Mo. Forecast
1.1M Long Island Employment	▼	▲
14.3% Long Island Unemployment Rate	▲	▼
13.0% U.S. Unemployment Rate	▲	▼

Source: BLS

ECONOMY: Labor Market Softens; Record-High Unemployment

Long Island's labor market weakened due to the impact of COVID-19. Significant job loss led to the highest unemployment rate in the region's history at 14.3%. The COVID-19 pandemic struck the U.S. in March 2020, late in the quarter but with enough time to have a notable impact on first quarter market fundamentals. In the second quarter of 2020, the U.S. economy felt its effects more fully, as government-mandated shutdowns along with shelter-in-place ordinances pushed the country deeper into recession. The situation remains very fluid. Access Cushman & Wakefield's most recent information specific to COVID-19 [here](#).

SUPPLY & DEMAND: Overall Demand Records Moderate Leasing and Occupancy Losses

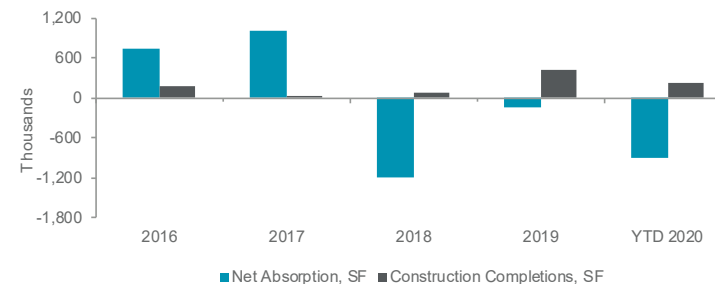
Long Island's industrial market performance was tempered by influential market constraints during the second quarter. For the first time since year-end 2018, quarterly volume failed to reach the 750,000-square-foot (-sf) mark, with approximately 722,000 sf of deals signed. Overall industrial demand was predominantly driven by eCommerce tenants, including the two largest leases of the quarter. At more than 360,000 sf, both deals accounted for 50.2% of the quarterly total and were two of the top five largest transactions so far in 2020.

Overall absorption was considerably impacted and fell into the red. Driving the occupancy losses was a four-building industrial portfolio comprised of 747,000 sf of warehouse/distribution space which became available throughout Western and Central Suffolk Counties. As a result, quarterly absorption sharply declined, heavily contributing to the region's 958,271 sf of negative absorption. The newly added high-end space also caused rental rate hikes in both submarkets, pushing Suffolk County's overall asking rent higher by \$1.09 per square foot (psf) quarter-over-quarter to \$10.20. In turn, the overall average rental rate finished 7.9% higher than the previous quarter and \$0.26 psf greater than the market rate from one year ago.

OUTLOOK: Development Progress Leads to an Uptick in Preleasing

New industrial construction has drawn attention from prospective tenants looking to occupy facilities that satisfy their last-mile distribution requirements. A few large tenants have preleased properties prior to their completion date this year, indicating the strong demand for speculative product. In turn, supplemental advanced lease negotiations are likely to occur over the next 18 months as nearly 680,000 sf of projects under development are expected to deliver.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION	YTD OVERALL NET ABSORPTION	UNDER CONSTRUCTION (SF)	OVERALL WEIGHTED AVG NET RENT (HT)*	OVERALL WEIGHTED AVG NET RENT (MF)*	OVERALL WEIGHTED AVG NET RENT (W/D)*	OVERALL WEIGHTED AVG NET RENT*
Western Nassau	16,398,820	872,042	5.3%	-17,197	-39,512	235,234	N/A	\$9.94	\$10.43	\$10.40
Central Nassau	7,329,239	319,776	4.4%	-73,500	-148,500	0	\$12.54	\$10.89	\$12.31	\$12.15
Eastern Nassau	21,224,767	1,273,754	6.0%	-48,822	-161,683	0	\$11.00	\$13.42	\$11.37	\$11.80
NASSAU TOTALS	44,952,826	2,465,572	5.5%	-139,519	-349,695	235,234	\$11.32	\$12.28	\$10.88	\$11.15
Western Suffolk	30,688,611	1,007,881	3.3%	-278,296	-371,843	0	\$13.43	\$13.08	\$9.01	\$10.59
Central Suffolk	42,363,457	2,472,223	5.8%	-517,994	-442,530	320,000	\$8.89	\$8.94	\$10.66	\$10.33
Eastern Suffolk	13,544,764	926,386	6.8%	-22,462	272,257	122,345	N/A	\$16.75	\$8.93	\$9.09
SUFFOLK TOTALS	86,596,832	4,406,490	5.1%	-818,752	-542,116	442,345	\$11.56	\$9.82	\$9.92	\$10.20
LONG ISLAND TOTALS	131,549,658	6,872,062	5.2%	-958,271	-891,811	677,579	\$11.52	\$11.07	\$10.19	\$10.47

*Rental rates reflect weighted net asking \$psf/year

HT = High Technology/Flex MF = Manufacturing W/D = Warehouse/Distribution

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
80 Wilshire Boulevard, Brentwood	232,000	Pharmapacks, LLC	Warehouse/Distribution	Central Suffolk
100 Precision Drive, Shirley	130,565	Confidential Tenant	High Technology	Eastern Suffolk
51 Charles Lindbergh Boulevard, Uniondale	65,000	Chem Rx Pharmacy Services, LLC	High Technology	Central Nassau

KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SF	SELLER/BUYER	PROPERTY TYPE	PRICE/\$PSF	SUBMARKET
250 Wireless Boulevard, Hauppauge	75,620	M H Barron Realty Corp. / Teri Nichols Institutional Food Merchants, LLC	Warehouse/Distribution	\$13M/\$169	Western Suffolk
14-18 Neil Court, Oceanside	20,000	Imperial Bag and Paper Company, LLC / NPM Real Operating Inc.	Warehouse/Distribution	\$2M/\$75	Western Nassau

NOTABLE PROJECTS UNDER CONSTRUCTION

PROPERTY	SF	DEVELOPER	MAJOR TENANT	SUBMARKET
253-51 Rockaway Boulevard/JFK Logistics Center, Woodmere	235,234	Wildflower LTD	Confidential	Western Nassau
80 Wilshire Boulevard, Brentwood	232,000	Heartland Development Company	Speculative	Central Suffolk
230 Roger's Way, Westhampton Beach	100,000	Rechler Equity Partners, LLC	Speculative	Eastern Suffolk

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