

	YoY Chg	12-Mo. Forecast
11.3% Vacancy Rate	▲	▼
-196K Net Abs. YTD, SF	▼	▲
\$31.10 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

**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. Noteworthy negative job growth 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 AND PRICING: Rents Remain Relatively Stable Despite Occupancy Losses

Central Nassau and Western Suffolk counties documented vacancy rate reductions from the previous quarter, though the remaining three submarkets did not fare as well. Additional supply shifted Western Nassau County's availability rate higher by 150 basis points (bps) to 7.1% quarter-over-quarter, while Eastern Nassau County was impacted by a 150,000-square-foot (-sf) block of new sublease space. As a result, the county's vacancy rate surged by 100 bps to 10.2%. Despite the stagnancy over the first two quarters of 2020, rental rates recorded improvements throughout most of the region's submarkets from this time last year. In Western and Central Nassau, higher-priced Class B offerings within those submarkets boosted asking rents \$2.28 psf to \$36.62 and \$1.04 psf to \$32.55, respectively. As a result, Long Island's overall asking rent increased \$0.69 psf year-over-year and solidified the midyear mark at \$31.10 psf, despite remaining flat since the start of 2020. Quarterly overall net absorption fell deeper into the red and four of the five submarkets recorded year-to-date net occupancy losses, fueled largely by Class A space coming online.

DEMAND: Modest Demand Persists Throughout the First Half of The Year

Leasing activity trended downward compared to the beginning of the year but fell behind last year's total by only 2.1%. Three lease transactions exceeding 30,000 sf helped bolster the quarterly total, as 1-800-Flowers.com, Inc. signed a 96,867-sf lease at 2 Jericho Plaza, Jericho. In addition, Western Suffolk County was the only submarket that recorded a slowdown in leasing activity since the first quarter. Nonetheless, it remained the most active submarket, yielding 196,479 sf of newly inked deals year-to-date, accounting for 25.9% of Long Island's total volume.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	OVERALL AVG ASKING RENT (CLASS A)*
Western Nassau	7,155,749	59,574	448,777	7.1%	-28,580	-63,175	145,922	0	\$36.62	\$36.57
Central Nassau	9,023,108	105,070	1,003,018	12.3%	55,647	122,976	189,343	0	\$32.55	\$34.34
Eastern Nassau	6,379,426	159,024	525,655	10.7%	-170,342	-166,170	161,755	0	\$30.23	\$38.80
NASSAU TOTALS	22,558,283	323,668	1,977,450	10.2%	-143,275	-106,369	497,020	0	\$32.53	\$35.38
Western Suffolk	8,413,264	72,443	895,746	11.5%	71,654	-71,525	196,479	0	\$31.35	\$34.63
Central Suffolk	5,514,429	121,456	737,984	15.6%	-8,666	-18,204	64,703	0	\$25.99	\$28.97
SUFFOLK TOTALS	13,927,693	193,899	1,633,730	13.1%	62,988	-89,729	261,182	0	\$29.36	\$33.29
LONG ISLAND TOTALS	36,485,976	517,567	3,611,180	11.3%	-80,287	-196,098	758,202	0	\$31.10	\$34.44

*Rental rates reflect gross asking \$psf/year
**Does not include renewals

	INVENTORY (SF)	SUBLET VACANT (SF)	DIRECT VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	OVERALL AVG ASKING RENT (ALL CLASSES)*	DIRECT AVG ASKING RENT
Class A	18,141,241	434,785	1,552,147	11.0%	-124,122	-154,909	406,486	0	\$34.44	\$34.50
Class B	18,344,735	82,782	2,059,033	11.7%	43,835	-41,189	351,716	0	\$28.78	\$28.85

*Rental rates reflect gross asking \$psf/year
**Does not include renewals

KEY LEASE TRANSACTIONS Q2 2020

PROPERTY	TENANT	SIZE	LEASE TYPE	SUBMARKET
2 Jericho Plaza, Jericho	1-800-Flowers.com, Inc.	96,867	New Lease	Eastern Nassau
1010 Northern Boulevard, Great Neck	Iovino Enterprises, LLC	33,533	New Lease	Western Nassau
805 Northern Boulevard, Great Neck	Bank of America Corporation	30,993	New Lease	Western Nassau

JASON PRICE

Research Director
jason.price@cushwake.com

AUSTIN MANDELL

Senior Research Analyst
austin.mandell@cushwake.com

KEY SALES TRANSACTIONS Q2 2020

PROPERTY	SELLER/BUYER	SIZE	PRICE / \$ PSF	SUBMARKET
225 Old Country Road, Melville	Melville Law Center, LLC / Platinum Properties, LLC	37,618	\$6.1M / \$161	Western Suffolk

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