

12.0%
Vacancy Rate



-424K
Net Abs. YTD, SF



\$31.89
Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q3 2020

1.2M
Long Island
Employment



13.7%
Long Island
Unemployment Rate



8.8%
U.S.
Unemployment Rate



Source: BLS

ECONOMY: Unemployment Remains High; Labor Market Still Impacted by Jobless Claims

Upon the arrival of COVID-19 in the U.S., the economy entered a recession in March 2020, recording the worst decline in post-war history in Q2 2020. Mounting evidence indicates that the recovery began in May or June with Q3 2020 data likely reflecting that. But, until there is a public health resolution to the pandemic, the recovery is likely to remain uncertain and gradual. Only then can households and businesses become more confident. Access the most recent research on CRE and the state of economy [here](#).

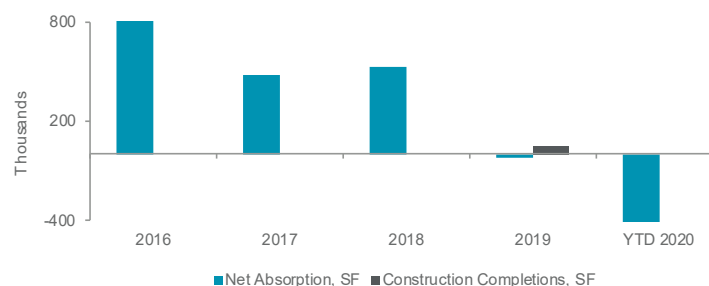
SUPPLY AND PRICING: Asking Rents Edge Higher as More Space Enters the Market

Long Island's office market continued to soften given the repercussions imposed by the pandemic. Nearly all submarkets logged a quarterly rise in vacancy, which caused the overall rate to shift 70 basis points (bps) higher to 12.0%. After five consecutive quarters of vacancy increases, the total supply reached a level not recorded since the start of 2018. The Eastern Nassau submarket posted the largest amount of quarterly space additions on Long Island. Newly added space throughout Class B product in this submarket triggered the vacancy rate to surge by 150 bps to 12.2% and, helping fuel the more than 260,000 square feet (sf) of additional space placed on the market. More modest fluctuations in Suffolk County helped the county's availability rate to remain stable, rising only 30 bps quarter-over-quarter. After a relatively flat first half of the year, overall asking rents improved \$0.79 per square foot (psf) to \$31.89 during the quarter. Even with weaker market conditions, some landlords of Class B assets have continued to push their asking rents higher. Subsequently, mid-tier office property rental rates improved by \$0.82 psf this quarter. Class A and B assets across all five submarkets registered quarterly rental rate improvements, the largest being amongst premium product in Western Nassau where asking rents spiked by \$2.87 psf.

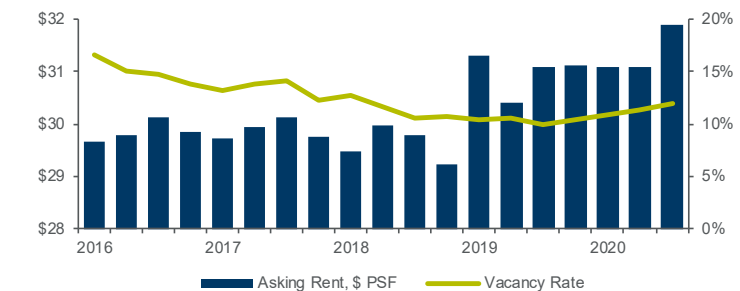
DEMAND: Demand Fails to Gain Traction Throughout the Third Quarter

Leasing velocity concluded the third quarter with the demand down 37.1% since midyear 2020. Deficient market momentum impacted net occupancy gains, which caused overall absorption to remain negative. Despite the slowdown, year-to-date leasing surpassed the 1.0 million square foot (msf) threshold and remained on par from the demand set one year ago. Smaller leases less than 5,000 sf accounted for the majority of the 220,971 sf of deals signed during the quarter. However, New York Langone Hospital's 56,250-sf lease at 185 Central Avenue in Bethpage highlighted the quarter. The healthcare system plans to occupy the entire office property which once served as a corporate office location for King Kullen.

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	65,966	494,462	7.8%	32,112	-133,370	186,786	0	\$38.75	\$39.44
Central Nassau	9,028,281	114,573	1,069,405	13.1%	-73,435	45,741	234,852	0	\$32.93	\$34.71
Eastern Nassau	6,406,176	160,531	617,950	12.2%	-27,102	-205,337	261,086	0	\$30.70	\$38.80
NASSAU TOTALS	22,590,206	341,070	2,181,817	11.2%	-68,425	-292,966	682,724	0	\$33.56	\$36.45
Western Suffolk	8,407,488	66,731	888,174	11.4%	-16,492	-60,374	238,697	0	\$31.76	\$34.86
Central Suffolk	5,540,723	120,121	801,659	16.6%	-58,695	-70,770	86,739	0	\$26.75	\$29.91
SUFFOLK TOTALS	13,948,211	186,852	1,689,833	13.5%	-75,187	-131,144	325,436	0	\$29.79	\$33.52
LONG ISLAND TOTALS	36,538,417	527,922	3,871,650	12.0%	-143,612	-424,110	1,008,160	0	\$31.89	\$35.14

*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	424,248	1,631,189	11.3%	-46,601	-246,503	487,919	0	\$35.14	\$35.21
Class B	18,397,176	103,674	2,240,461	12.7%	-97,011	-177,607	520,241	0	\$29.60	\$29.67

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

KEY LEASE TRANSACTIONS Q3 2020

PROPERTY	TENANT	SIZE	LEASE TYPE	SUBMARKET
185 Central Avenue, Bethpage	NYU Langone Hospitals	56,250	New Lease	Eastern Nassau
990 Stewart Avenue, Garden City	Meyer, Suozzi, English & Klein, P.C.	31,000	Renewal	Central Nassau
395 North Service Road, Melville	True Capital	17,080	Sublease	Western Suffolk

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KEY SALES TRANSACTIONS Q3 2020

PROPERTY	SELLER/BUYER	SIZE	PRICE / \$ PSF	SUBMARKET
185 Central Avenue, Bethpage	King Kullen Grocery Co., Inc. / Seavest Inc.	56,250	\$12.3M / \$218	Eastern Nassau
135 Maxess Road, Melville	The Money Source Inc. / Spectronics Corporation	29,224	\$4.8M / \$196	Western Suffolk
4875 Sunrise Highway, Bohemia	Romaz Properties Ltd. / Eriter Management LLC	26,294	\$4.2M / \$158	Central Suffolk

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