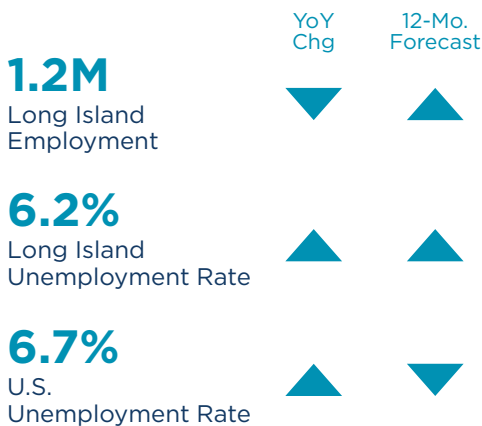


ECONOMIC INDICATORS Q4 2020



Source: BLS

ECONOMY: Employment Totals Trends Positive During the Second Half

The Long Island economy slightly rebounded during the final quarter of 2020. Total nonfarm employment improved by 41,000 jobs from the prior quarter, finishing the year with 1.2 million workers and an unemployment rate of 6.2%. Trade, transportation and utilities occupations logged a quarterly uptick up by 12,238 to 253,865 jobs. However, the pervasive impact caused by the COVID-19 pandemic hindered annual job growth and pushed employment within the industrial sector down by 6.9% year-over-year.

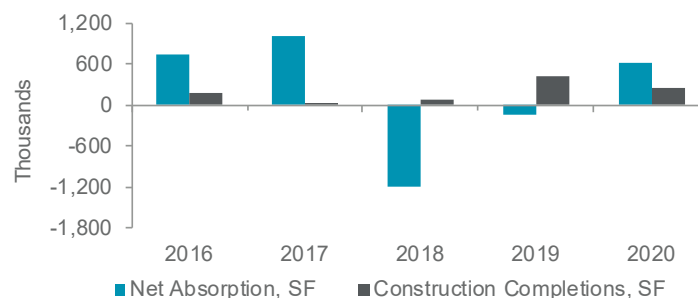
SUPPLY & DEMAND: Vacancy Hits Record Low as Rental Rates Push Higher

Long Island's industrial market concluded the fourth quarter with tempered market fundamentals. Total available space fell to 5.2 million square feet (msf) and the overall vacancy rate fell 40 basis points (bps) to a new historical low of 4.0%. However, tenant demand retracted 42.8% from the previous quarter, posting 697,411 square feet (sf) of new deals—a 10.5% decrease in total transactional volume recorded from one year ago. Despite the slight lag in annual demand, there were 14 lease transaction greater than 20,000 sf signed throughout the quarter, helping to fuel overall momentum. Nearly half of market's quarterly leasing activity was attributed to the Central Suffolk submarket where WLF Founders Corporation signed a 156,000-sf lease at 1724 Fifth Avenue in Bayshore. The lack of quality inventory and robust industrial demand has consistently put upward pressure on asking rents. The average rental rate recorded consecutive increases throughout the entire year and was predominantly fueled by double-digit year-over-year growth in all three of the Suffolk County submarkets. In turn, Long Island's overall industrial asking rents registered a 23.0% yearly increase from \$9.65 per square foot (psf) to \$11.87.

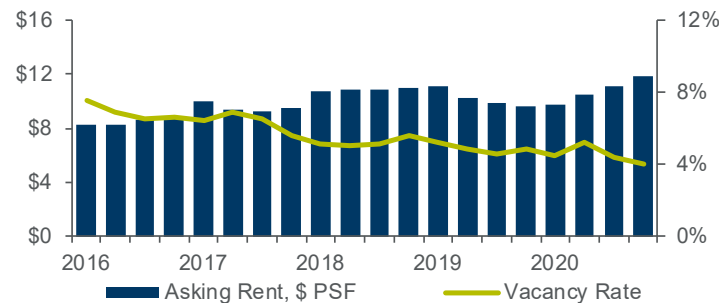
OUTLOOK: Healthy Industrial Market Performance Persists Through the Pandemic

Despite the vast economic impact triggered by the COVID-19 pandemic, heightened demand from e-commerce fulfillment, logistical warehousing and last-mile distribution helped keep the industrial market resilient and healthy. While few construction projects were completed in 2020, more than 1.4 msf of proposed developments are expected to deliver throughout 2021 and should help alleviate supply constraints. With market conditions anticipated to remain tight, expect landlords to continue to push rents higher amid healthy tenant demand in the market.

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	16,447,878	694,945	4.2%	-1,699	61,909	235,234	\$11.74	\$10.08	\$10.59	\$10.58
Central Nassau	7,329,239	216,574	3.0%	20,202	-45,298	0	N/A	N/A	\$12.54	\$12.54
Eastern Nassau	21,185,512	1,106,716	5.2%	18,953	5,355	0	\$11.47	\$13.14	\$10.95	\$11.52
NASSAU TOTALS	44,962,629	2,018,235	4.5%	37,456	21,966	235,234	\$11.55	\$12.30	\$10.87	\$11.16
Western Suffolk	30,195,525	915,430	3.0%	-14,818	-279,392	846,483	\$13.57	\$13.95	\$11.60	\$12.79
Central Suffolk	42,428,522	1,700,896	4.0%	144,934	307,462	260,000	\$12.12	\$8.43	\$13.16	\$12.67
Eastern Suffolk	13,596,514	584,541	4.3%	27,975	564,152	122,345	N/A	\$16.75	\$10.32	\$10.40
SUFFOLK TOTALS	86,220,561	3,200,867	3.7%	158,091	592,222	1,228,828	\$13.20	\$9.49	\$12.30	\$12.34
LONG ISLAND TOTALS	131,183,190	5,219,102	4.0%	195,547	614,188	1,464,062	\$12.93	\$11.32	\$11.71	\$11.87

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

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

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
1724 5th Avenue, Bay Shore	156,000	WLF Founders Corporation	Warehouse/Distribution	Central Suffolk
225-255 E 2nd Street, Mineola	85,000	Lasership, Inc.	Warehouse/Distribution	Central Nassau

KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SF	SELLER/BUYER	PROPERTY TYPE	PRICE/\$PSF	SUBMARKET
49 Mall Drive, Commack	103,530	Capitol Services, Inc. / Undisclosed	High Technology	\$10.0M / \$97	Eastern Suffolk
335 Sills Road, Yaphank	58,710	Valerie Realty Ventures, LLC / Interstate Mechanical Services Inc.	Warehouse/Distribution	\$4.3M / \$72	Eastern Nassau
485 Smith Street, Farmingdale	40,520	La Mar Lighting Co., Inc. /	Manufacturing	\$6.1M / \$150	Western Nassau

NOTABLE PROJECTS UNDER CONSTRUCTION

PROPERTY	SF	DEVELOPER	MAJOR TENANT	SUBMARKET
235 Pinelawn Road, Melville	599,983	Hartz Mountain Industries	Speculative	Western Suffolk
90 Ruland Road, Melville	246,500	Hartz Mountain Industries	Speculative	Western Suffolk
253-51 Rockaway Boulevard/	235,234	Wildflower LTD	Confidential	Western Nassau

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