

12.2%
Vacancy Rate



-541K
Net Abs. YTD, SF



\$31.92
Asking Rent, PSF



(Overall, All Property Classes)

ECONOMIC INDICATORS Q4 2020

1.2M
Long Island
Employment



6.2%
Long Island
Unemployment Rate



6.7%
U.S.
Unemployment Rate



Source: BLS

ECONOMY: Employment Levels Edged Higher Amid Pandemic-driven Volatility

The COVID-19 pandemic continued to affect the performance of the Long Island economy as 2020 drew to a close. While nearly 181,800 jobs have been recovered since March, employment levels concluded the year 444 basis points (bps) below the 10-year historical average of 1.3 million people. However, the labor market trended positively at the close of the fourth quarter, adding 41,000 jobs—8,530 of which were comprised of office-using employment.

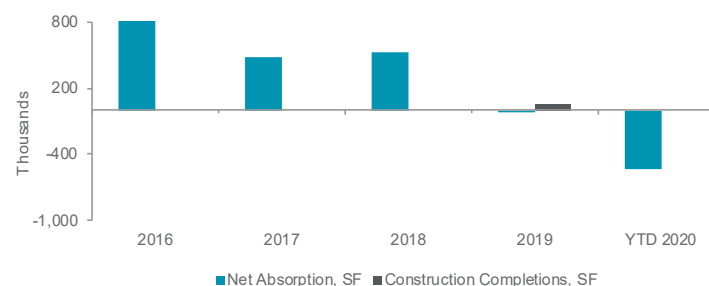
SUPPLY AND PRICING: Asking Rents Remain Flat Despite Increase in Sublease Supply

The Long Island office market ended 2020 with fundamentals further softening. Moderate performance resulted in an overall vacancy rate increase of 20 bps to 12.2%—its highest level since the start of 2018. The uptick was propelled by 14 new availabilities greater than 20,000 square feet (sf), of which six were sublease offerings. The influx of more than 193,000 sf of sublet vacancies from the previous quarter pushed the percentage of overall sublease space 60 bps higher to 2.0%, a level not recorded since the beginning of 2019. Overall asking rents remained virtually unchanged quarter-over-quarter, edging \$0.03 per square foot (psf) higher to \$31.92. The most notable change was documented in Western Nassau County, where higher-priced premium space shifted the county’s rental rate up \$0.63 psf to \$39.38. Conversely, asking rents trended downward in Suffolk County. Market dynamics coupled with new, lower-priced space caused rate modifications amongst Class A product across the Western and Central Suffolk County submarkets. In turn, the county’s average rental rate fell \$0.31 psf to \$29.48.

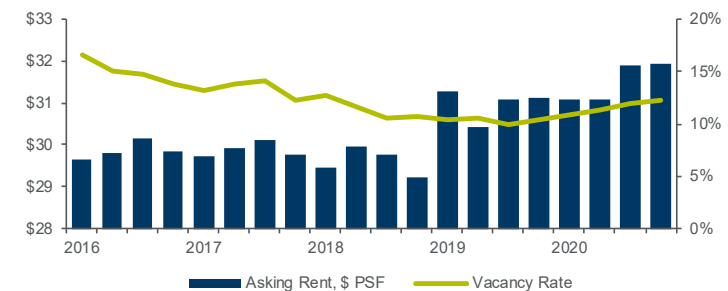
DEMAND: Demand for Office Space Decelerates at Year-End

With the persistent headwinds brought on by the pandemic, tenant demand for office space fell markedly as just 205,448 sf of quarterly leasing activity was recorded. This tempered demand pushed absorption into the red, which led to year-ending occupancy losses of negative 541,124 sf. Meanwhile, year-to-date leasing measured just 1.3 million square feet (msf), as annual leasing volume fell 8.6% behind the total accrued in 2019. Deals ranging from 5,000 to 10,000 sf drove quarterly leasing totals, and only two new leases greater than 20,000 sf were executed during the quarter. ADI Global Corporation signed a 32,151-sf lease at 275 Broadhollow Road, Melville, while King Kullen Grocery Co., Inc. moved its operation to 102 Motor Parkway, Hauppauge.

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	7,159,141	142,319	374,780	7.2%	-91,822	-175,937	200,682	0	\$39.38	\$40.27
Central Nassau	9,028,281	118,214	1,076,890	13.2%	-14,330	33,335	283,326	0	\$33.07	\$35.31
Eastern Nassau	6,406,176	167,139	658,759	12.9%	-33,374	-237,090	272,425	0	\$30.32	\$38.08
NASSAU TOTALS	22,593,598	427,672	2,110,429	11.2%	-139,526	-379,692	756,433	0	\$33.65	\$37.13
Western Suffolk	8,407,488	170,730	874,105	12.4%	-60,278	-122,130	406,143	0	\$31.40	\$34.79
Central Suffolk	5,540,723	123,217	766,329	16.1%	8,865	-39,302	138,096	0	\$26.28	\$29.30
SUFFOLK TOTALS	13,948,211	293,947	1,640,434	13.9%	-51,413	-161,432	544,239	0	\$29.48	\$33.49
LONG ISLAND TOTALS	36,541,809	721,619	3,750,863	12.2%	-190,939	-541,124	1,300,672	0	\$31.92	\$35.72

*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	532,468	1,504,830	11.2%	-60,335	-274,133	640,054	0	\$35.72	\$35.76
Class B	18,400,568	189,151	2,246,033	13.2%	-130,604	-266,991	660,618	0	\$29.41	\$29.49

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

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	TENANT	SIZE	LEASE TYPE	SUBMARKET
275 Broadhollow Road, Melville	ADI Global Corporation	32,151	New Lease	Western Suffolk
102 Motor Parkway, Hauppauge	King Kullen Grocery Co., Inc.	24,586	New Lease	Central Suffolk
2929 Expressway Drive N, Hauppauge	P C Bohler Engineering	20,683	Renewal	Central Suffolk

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KEY SALES TRANSACTIONS Q4 2020

PROPERTY	SELLER/BUYER	SIZE	PRICE / \$ PSF	SUBMARKET
1979 Marcus Avenue, Lake Success	Lincoln Equities Group LLC JV Willet Companies / The Birch Group	351,000	\$62M / \$177	Western Nassau
600 & 1010 Northern Boulevard, Great Neck	Schmergel Enterprises Corp. / Hammes Company	239,925	\$105M / \$438	Western Nassau

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