

	YoY Chg	12-Mo. Forecast
3.5% Vacancy Rate	▼	▲
846K YTD Net Abs., SF	▲	▼
\$12.18 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2021

	YoY Chg	12-Mo. Forecast
1.2M Long Island Employment	▲	▲
5.6% Long Island Unemployment Rate	▼	▼
5.9% U.S. Unemployment Rate	▼	▼

Source: BLS

ECONOMY: Occupational Growth Drops Unemployment Rate to Post-Pandemic Low

The Long Island economy continued to grow as a result of industries benefitting from pandemic-driven demand. Trade, transportation & utilities employment dipped by 3,969 jobs quarter-over-quarter but has added more than 37,000 since one year ago. Manufacturing occupations also recorded positive annual job growth, improving by 5,900 during the same period. These sectors contributed to the region's net gain of 2,900 workers, helping lower the region's unemployment rate to 5.6%.

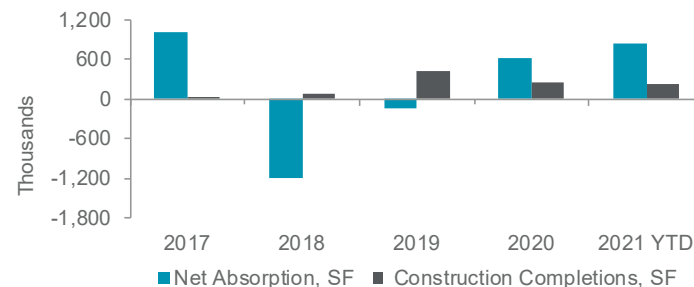
SUPPLY & DEMAND: Overall Vacancy Dips to New Low as Leasing Velocity Slows

Long Island's industrial market recorded steady performance during the second quarter. After 10 consecutive quarters of at least 650,000 square feet (sf) of leasing activity, overall momentum slightly decelerated from the beginning of the year due in part to a lack of space options. Despite the modest decline, the nearly 482,000 sf of leasing activity helped push the year-to-date total to 1.3 million square feet (msf). Most of the tenant demand was driven by mid-sized deals, as 48.0% of transactions ranged between 10,000 and 40,000 sf. Peloton Interactive, Inc. signed a 100,000-sf lease at 85 Harbor Road in Port Washington—the largest lease transaction of the quarter and the second-largest deal in Western Nassau in three years. Industrial rents have documented sizeable growth since 2020. Over the past 18 months, asking rents have spiked \$2.48 per square foot (psf) to an all-time high of \$12.18 psf. However, rental rate growth has progressively slowed over the past few quarters, which was evidenced by the nominal \$0.02-psf rental rate increase this quarter.

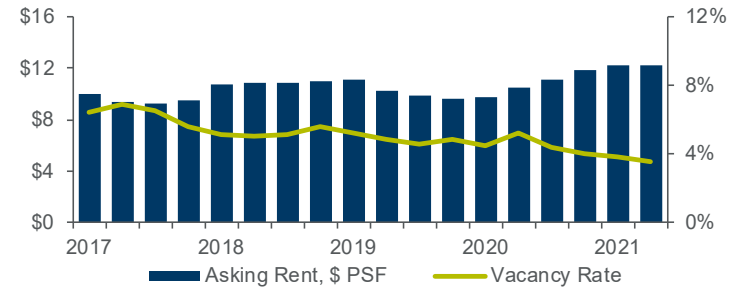
OUTLOOK: Further Industrial Market Durability Projected for Second Half

Healthy tenant demand, limited supply and a robust trade industry continue to support the resilience of Long Island's industrial market. Strong underlying market fundamentals have fueled investment sales activity and the development pipeline. Acquisitions through mid-year reached 1.1 msf—up 56.6% from one year ago, while completed projects have improved more than nine-fold year-over-year in terms of completed square feet. Anticipate comparable performance for the remainder of the year with elevated asking rents and historically low vacancy rates amid the backdrop of healthy leasing totals.

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	513,085	3.1%	188,948	162,096	235,234	\$11.74	\$11.07	\$11.80	\$11.64
Central Nassau	7,329,239	123,074	1.7%	46,650	125,000	0	N/A	N/A	\$11.94	\$11.94
Eastern Nassau	21,149,166	1,010,357	4.8%	68,349	95,359	0	\$11.47	\$13.42	\$11.79	\$12.12
NASSAU TOTALS	44,926,283	1,646,516	3.7%	303,947	382,455	235,234	\$11.55	\$12.65	\$11.80	\$11.96
Western Suffolk	30,420,654	1,049,486	3.5%	-5,264	-19,569	846,483	\$13.79	\$11.58	\$9.08	\$10.25
Central Suffolk	42,867,000	1,463,430	3.4%	15,661	480,617	28,000	\$12.12	\$11.25	\$13.20	\$12.92
Eastern Suffolk	14,235,926	434,094	3.1%	0	2,181	122,345	N/A	\$16.75	\$11.00	\$11.10
SUFFOLK TOTALS	87,523,580	2,947,010	3.4%	10,397	463,229	996,828	\$12.41	\$11.49	\$12.42	\$12.33
LONG ISLAND TOTALS	132,449,863	4,593,526	3.5%	314,344	845,684	1,232,062	\$12.07	\$12.10	\$12.19	\$12.18

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

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

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
85 Harbor Road, Port Washington	100,000	Peloton Interactive, Inc.	Warehouse/Distribution	Western Nassau
70 Marcus Drive, Melville	78,487	J. B. Hunt Transport Services, Inc.	Warehouse/Distribution	Western Suffolk
70 Corporate Drive, Hauppauge	75,000	Sterling Digital Print	High Technology	Central Suffolk

KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SF	SELLER/BUYER	PROPERTY TYPE	PRICE/\$PSF	SUBMARKET
50 Horseblock Road, Yaphank	472,278	Tarsadia Hotels/ New Mountain Capital, LLC	Warehouse/ Distribution	\$89.3M / \$189	Eastern Suffolk
400 Rabro Drive, Hauppauge	122,805	Trophy Depot/ Regent Baby Products Corp	Warehouse/ Distribution	\$18.5M / \$151	Central Suffolk
275-280 Oak Drive, Syosset	52,050	Palm Bay International, Inc./ Realterm Logistics Fund, L.P.	Warehouse/ Distribution	\$17.5M / \$336	Eastern 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, Woodmere	235,234	Wildflower LTD	Confidential	Western Nassau

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