

	YoY Chg	12-Mo. Forecast
12.8% Vacancy Rate	▲	▲
-361K Net Abs. YTD, SF	▼	▲
\$31.82 Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

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: Employment Gains Support Labor Market Rebound

Long Island's labor market posted positive job growth of 2,900 jobs, expanding total nonfarm employment to 1.23 million. Dissimilarly, private sector occupations shed 1,408 workers this quarter due to the depletion of 944 jobs amongst office-using employment. The loss of 1,104 financial services jobs drew down workforce totals, as it was the only private industry to post negative quarterly growth. Although the labor force has leveled off since September of 2020, Long Island has recouped nearly 200,000 total jobs over the past 13 months.

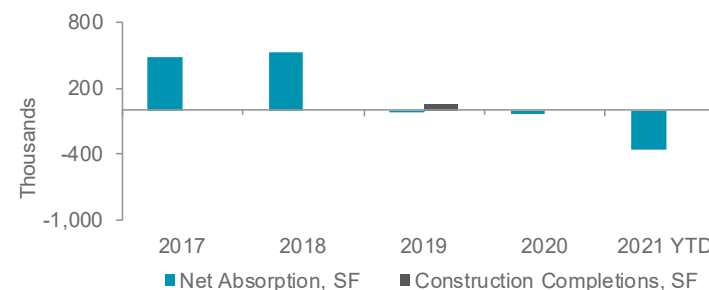
SUPPLY AND PRICING: Rental Rents Plateau, Indicate Potential Near-Term Dip

Long Island closed the second quarter with moderate momentum. The overall vacancy rate increased 60 basis points (bps) to 12.8%—the highest quarterly level since 2018. Rising sublease space continued to weigh on overall supply, as new availabilities such as Allstate Insurance Company's 81,316-square-foot (-sf) full-building offering at 878 Veteran's Memorial Highway, Hauppauge helped push Long Island's sublease supply to a three-year high of 850,527 sf. Overall asking rents remained virtually unchanged quarter-over-quarter, moving up \$0.03 per square foot (psf) to \$31.82. Price improvements were recorded amongst Class A product in Suffolk County while rental rate declines throughout similar product in Nassau caused a \$0.17-psf net reduction in premium assets island-wide. Moreover, Class B rents underwent fewer quarterly pricing adjustments and edged higher by \$0.06 psf to \$29.48. Sublease offerings amongst this asset type have more than quadrupled in square footage since the beginning of 2020, which has helped push Class B overall asking rents to near-peak historical levels.

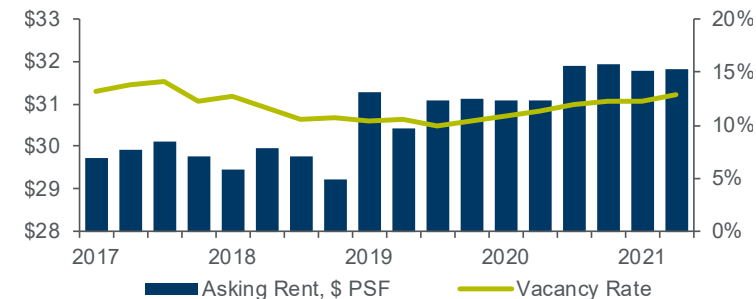
DEMAND: Quarterly Leasing Falls to Lowest Level Since Year-End 2018

Long Island recorded 286,889 sf of new deals during the second quarter. Tempered leasing activity impacted velocity, and in turn, caused a 20.7% drop in year-over-year activity. As a result, absorption totals finished up the second quarter posting 182,219 sf of negative absorption. Despite the modest momentum, 424,188 sf of lease renewals signed year-to-date significantly outpaced the 84,745 sf recorded during the same period in 2020. In fact, three out of the seven largest leases during the quarter were tenant recommitments, led by Dreyfus Strategic Municipals Inc.'s 33,000-sf lease renewal at One RXR Plaza in Uniondale. Additional finance and insurance-related firms fueled demand through mid-year, accounting for nearly 18.0% of all leasing activity.

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	7,106,318	197,793	473,886	9.5%	-46,920	-39,241	133,011	0	\$38.97	\$39.52
Central Nassau	9,028,281	87,398	1,211,000	14.4%	-132,647	-115,071	151,414	0	\$33.56	\$35.19
Eastern Nassau	6,406,176	183,143	514,500	10.9%	120,641	99,379	53,938	0	\$29.62	\$37.87
NASSAU TOTALS	22,540,775	468,334	2,199,386	11.8%	-58,926	-54,933	338,363	0	\$33.79	\$36.76
Western Suffolk	8,603,087	183,058	994,634	13.7%	-88,028	-194,438	182,034	0	\$30.31	\$33.67
Central Suffolk	5,638,353	199,135	667,875	15.4%	-35,265	-111,867	81,234	0	\$26.43	\$29.29
SUFFOLK TOTALS	14,241,440	382,193	1,662,509	14.4%	-123,293	-306,305	263,268	0	\$29.06	\$32.73
LONG ISLAND TOTALS	36,782,215	850,527	3,861,895	12.8%	-182,219	-361,238	601,631	0	\$31.82	\$35.25

*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	18,140,124	548,682	1,629,972	12.0%	-52,546	-126,000	355,654	0	\$35.25	\$35.34
Class B	18,642,091	301,845	2,231,923	13.6%	-129,673	-235,238	245,977	0	\$29.46	\$29.48

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

KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	TENANT	SIZE	LEASE TYPE	SUBMARKET
1 RXR Plaza, Uniondale	Dreyfus Strategic Municipals Inc. (BNY Mellon)	33,000	Renewal*	Central Nassau
333 Earle Ovington Blvd, Uniondale	Corporate Suites, LLC	20,085	New Lease	Central Nassau
1377 Motor Parkway, Islandia	Lewis Johs Avallone Aviles, LLP	19,251	New Lease	Central Suffolk

*Renewals not included in leasing statistics

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KEY SALES TRANSACTIONS Q2 2021

PROPERTY	SELLER/BUYER	SIZE	PRICE / \$ PSF	SUBMARKET
2 Corporate Center Drive, Melville	Lone Star Funds / Princeton International Properties Corp.	291,230	\$23.5M / \$81	Western Suffolk
2150 Joshuas Path, Hauppauge	T. Weiss Realty Corp. / Fairfield Properties	48,500	\$2.5M / \$51	Central Suffolk

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