

	YoY Chg	12-Mo. Forecast
2.6% Vacancy Rate	▼	▲
2.1M YTD Net Abs., SF	▲	▼
\$12.45 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q3 2021

	YoY Chg	12-Mo. Forecast
1.2M Long Island Employment	▲	▲
5.3% Long Island Unemployment Rate	▼	▼
5.2% U.S. Unemployment Rate	▼	▼

Source: BLS

ECONOMY: Regional Labor Conditions Remain Stable, Record Annual Job Gains

Long Island economic conditions continued to trend upward during the third quarter, as total nonfarm employment grew 321 basis points (bps) year-over-year, concluding at 1.2 million jobs. Despite the slight reduction of trade, transportation & utilities workers during the quarter, the addition of 883 manufacturing occupations salvaged industrial job sector growth. The regional economy also benefited from the higher occupation levels, lowering the unemployment rate by 25 bps to 5.3%.

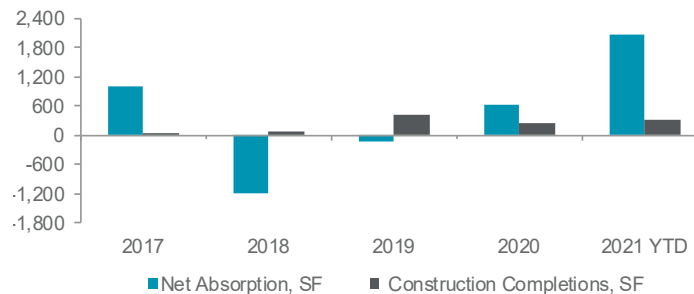
SUPPLY & DEMAND: Market Imbalance Perpetuates as Demand Outpaces Supply

The industrial vacancy rate for Long Island fell to its lowest level in recent history, decreasing 80 bps quarter-over-quarter to 2.6%. Overall vacancies fell 30.5% below the pre-pandemic total recorded in Q1 2020 to 3.5 million square feet (msf). Supply shortages continued to impede leasing velocity, as quarterly demand has slowed each successive quarter since the beginning of the year. In turn, third quarter leasing activity declined to 401,744 square feet (sf)—the lowest quarterly total since mid-year 2017. Western Suffolk county was the most active submarket in terms of transacted square feet as a result of two mid-sized deals at 10 Hub Drive, Melville totaling 54,345 sf. Heightened demand throughout the region has also generated significant absorption totals, triggering 2.1 msf of occupancy gains this year. The overall average asking rent trended higher for the seventh consecutive quarter, reaching \$12.45 per square foot (psf)—a new high watermark for Long Island industrial product. Asking rents among warehouse/distribution properties have primarily fueled that surge, improving \$3.07 psf during that time.

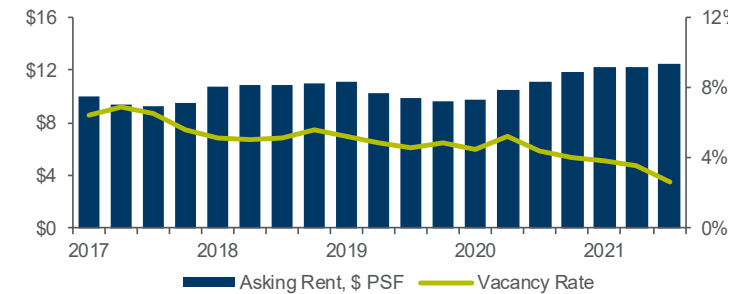
OUTLOOK: Key Performance Indicators Bode Well for Industrial Sector

The Long Island industrial market is poised for further strengthening as the metropolitan area continues to demonstrate improving labor trends, durable fundamentals and strong investment activity. Additional market performance can be expected by way of pipeline projects, as more than 1.6 msf is currently under construction, while another 2.4 msf of proposed product is slated to deliver by the end of 2022. This will surely add much needed Class A supply to the marketplace as tenant requirements outweigh quality space options. As a result, asking rents will remain on their upwards trajectory at a brisk pace.

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	16,419,158	389,157	2.4%	-40,840	281,324	235,234	\$11.74	\$14.39	\$12.46	\$13.64
Central Nassau	7,329,239	122,074	1.7%	1,000	126,000	0	N/A	N/A	\$11.97	\$11.97
Eastern Nassau	21,146,581	831,446	3.9%	22,830	248,575	204,000	\$12.56	\$13.69	\$12.03	\$12.59
NASSAU TOTALS	44,894,978	1,342,677	3.0%	-17,010	655,899	439,234	\$12.43	\$14.06	\$12.11	\$12.88
Western Suffolk	30,356,492	326,950	1.1%	526,337	702,967	846,483	\$10.07	\$13.95	\$10.77	\$11.04
Central Suffolk	42,905,977	1,382,381	3.2%	107,500	642,857	206,134	\$11.17	\$11.25	\$13.26	\$13.00
Eastern Suffolk	14,235,926	422,852	3.0%	90	80,461	122,345	N/A	N/A	\$9.01	\$9.01
SUFFOLK TOTALS	87,498,395	2,132,183	2.4%	633,927	1,426,285	1,174,962	\$10.88	\$11.54	\$12.26	\$12.19
LONG ISLAND TOTALS	132,393,373	3,474,860	2.6%	616,917	2,082,184	1,614,196	\$12.04	\$13.30	\$12.22	\$12.45

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

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

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET
1650 Old Country Road, Plainview	45,000	Undisclosed	Warehouse/Distribution	Eastern Nassau
325 S Technology Drive, Central Islip	45,000	Red Rover, LLC	Warehouse/Distribution	Central Suffolk
725 Summa Avenue, Westbury	36,800	Nassau Candy Distributors, Inc.	Warehouse/Distribution	Central Nassau

KEY SALES TRANSACTIONS Q3 2021

PROPERTY	SF	SELLER/BUYER	PROPERTY TYPE	PRICE/\$PSF	SUBMARKET
4320 Veterans Memorial Highway, Holbrook	230,000	Drake Real Estate Partners / Invesco, Ltd.	Warehouse/Distribution	\$50.0M / \$217	Eastern Suffolk
100 Marcus Boulevard, Hauppauge	150,843	100 Marcus, LLC / BEB Capital, LLC	Warehouse/Distribution	\$24.3M / \$161	Central Suffolk
5 Inez Drive, Bay Shore	94,000	Prestigeline, Inc. / Metropolitan Realty Associates JV Angelo, Gordon & Co.	Warehouse/Distribution	\$14.0M / \$149	Central Suffolk

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/ JFK Logistics Center, Woodmere	235,234	Wildflower LTD	Confidential	Western Nassau

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