

	YoY Chg	12-Mo. Forecast
2.7% Vacancy Rate	▼	▲
2.2M YTD Net Abs., SF	▲	▼
\$13.11 Asking Rent, PSF	▲	▲

Overall, Net Asking Rent

ECONOMIC INDICATORS Q4 2021

	YoY Chg	12-Mo. Forecast
1.2M Long Island Employment	▲	▲
4.8% Long Island Unemployment Rate	▼	▼
4.2% U.S. Unemployment Rate	▼	▼

Source: BLS

ECONOMY: Overall Employment Levels Trend Towards Pre-Pandemic Levels

Long Island economic conditions continued to trend upward during the fourth quarter, as total nonfarm employment grew by 3,300 jobs since the previous quarter. Despite the slight reduction of manufacturing workers, the addition of 1,443 trade, transportation & utilities occupations salvaged industrial job sector growth. The regional economy also benefited from the higher employment levels, as the unemployment rate fell by 50 basis points (bps) to 4.8%.

SUPPLY & DEMAND: Market Fundamentals Promote Growth Amidst Supply Shortage

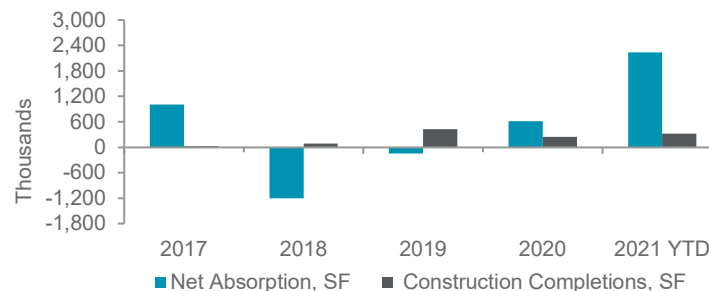
The industrial vacancy rate for Long Island ended the year at historically low levels, posting a year-over-year (YOY) decrease of 140 bps to 2.7%. At year-end, the Western Suffolk submarket boasted a 1.2% rate, the lowest in the region. Surging demand continued to outpace supply, resulting in record year-to-date (YTD) net absorption of 2.2 million square feet (msf)—more than triple that of 2020. Supply shortages continued to impede leasing activity for 2021 as annual recorded deal volume ended at 2.6 msf, 29.0% lower than year-end 2020. Ten deals above 50,000 sf were inked throughout the year, propelled in large part by logistics and e-commerce occupiers. Suffolk County led the charge in overall leasing activity with nearly 1.7 msf for the year, driven by Wenner Bread Product's 75,000-sf lease at 33 Rajon Road in Bayport.

Overall asking rents increased by \$0.66 per square foot (psf) to \$13.11 psf since the previous quarter—the market's highest rent on record. This can be attributed to increases across the board for warehouse/distribution buildings amid significantly tight market conditions. Most notably, Eastern Nassau's warehouse average asking rental rate yielded a 22.0% quarterly increase, the highest growth rate on Long Island in that time. The market's average rate has now surged by 35.9% over the last three years.

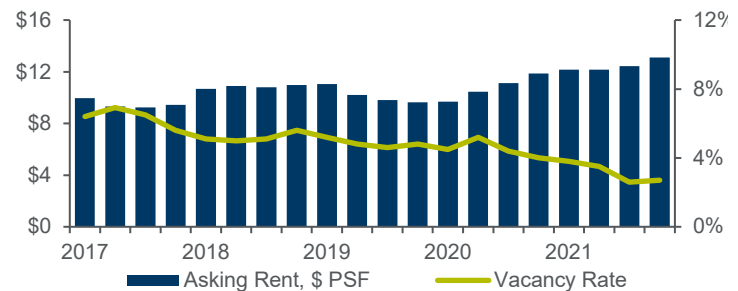
OUTLOOK: Long Island's Shift from a Secondary to a Primary Market

The market continued to strengthen with several key factors contributing to its shift towards becoming a primary market in the region, including improved labor trends and a robust pipeline of more than 4.0 msf slated to deliver by the end of 2022. Additionally, substantial investment activity has poured in from institutional firms such as Blackstone & Brookfield Asset Management, creating a more competitive atmosphere among the metropolitan market's resilient assets and sparse vacant land. While many investors are hesitant to move further east into Long Island, historically low vacancy rates and record-high asking rents are giving them little to no choice.

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	16,434,573	418,922	2.6%	25,142	239,059	235,234	\$10.66	\$14.89	\$13.13	\$13.65
Central Nassau	7,495,978	166,325	2.3%	15,827	141,827	0	N/A	\$13.00	\$11.95	\$12.63
Eastern Nassau	21,146,581	887,604	4.2%	37,500	298,967	204,000	\$12.56	\$15.32	\$14.67	\$14.55
NASSAU TOTALS	45,077,132	1,472,851	3.3%	78,469	679,853	439,234	\$12.27	\$14.71	\$14.17	\$14.15
Western Suffolk	30,424,500	348,612	1.2%	0	681,305	846,483	\$10.07	\$11.39	\$11.67	\$11.53
Central Suffolk	43,180,568	1,279,175	3.0%	101,801	907,102	206,134	\$11.08	\$11.76	\$13.70	\$13.30
Eastern Suffolk	14,190,032	414,369	2.9%	-117,978	-31,056	160,828	N/A	N/A	\$10.85	\$10.85
SUFFOLK TOTALS	87,795,100	2,042,156	2.3%	-16,177	1,557,351	1,213,445	\$10.97	\$11.62	\$12.71	\$12.50
LONG ISLAND TOTALS	132,872,232	3,515,007	2.7%	62,292	2,237,204	1,652,679	\$11.79	\$13.18	\$13.17	\$13.11

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

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

KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET	LEASE TYPE
91 Heartland Boulevard, Edgewood	171,360	CPI Aerostructures	Warehouse/ Distribution	Central Suffolk	Renewal*
33 Rajon Road, Bayport	75,000	Wenner Bread Products Inc	Manufacturing	Eastern Suffolk	New Lease
301 Winding Road, Old Bethpage	22,000	Power REIT	Warehouse/ Distribution	Eastern Nassau	Renewal*

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SF	SELLER/BUYER	PROPERTY TYPE	PRICE/\$PSF	SUBMARKET
145 & 158 Candlewood Road, Bay Shore	437,020	Rubie's Costume Company / Rockefeller Group	Warehouse/ Distribution	\$96.0M / \$220	Eastern Suffolk
500 Prime Place, Hauppauge	120,000	Cabot Properties / Blackstone Capital Partners V L.P.	Warehouse/ Distribution	\$20.5M / \$171	Central Suffolk
40 Enter Lane, Islandia	106,876	Aresco Management Ltd. / Black Creek Group	Warehouse/ Distribution	\$19.5M / \$182	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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