

	YoY Chg	12-Mo. Forecast
<b>13.5%</b> Vacancy Rate	▲	▲
<b>-360K</b> Net Abs. YTD, SF	▲	▲
<b>\$32.39</b> Asking Rent, PSF	▲	▲

(Overall, All Property Classes)

## ECONOMIC INDICATORS Q4 2021

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

Source: BLS

## ECONOMY: Overall Employment Levels Trend Towards Pre-Pandemic Levels

Total nonfarm employment on Long Island posted promising growth during the fourth quarter, increasing by 3,300 jobs since the previous quarter. Office using employment, the key driver of the office market, hit its highest point since the pandemic began in April 2020, and has climbed by 5.1% year-over-year (YOY). This growth was propelled by quarterly increases in the professional and business services sector, which gained 6,420 jobs during this period. Long Island's unemployment rate continued its trend towards pre-pandemic levels, decreasing by 50 basis points (bps) to 4.8%

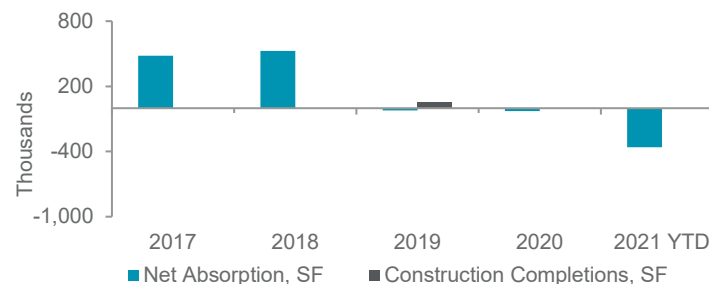
## SUPPLY AND PRICING: Asking Rents Edge Higher as Available Quality Space Climbs

The overall vacancy rate edged higher by 40 bps from the third quarter to 13.5%. This increase was caused by more than 155,000 square feet (sf) of new direct and sublease supply added to the market. Vacant sublease space has risen by 36.0% YOY; however, the rate at which new subleases have come online recently started to slow. While overall net absorption significantly decreased this quarter, Nassau County yielded occupancy gains. This was mainly due to four leases accounting for almost 133,000 sf of activity, including Morgan Stanley's lease at 1200 Franklin Avenue for 63,024 sf. Overall asking rents increased for the third consecutive quarter, up \$0.45 per square foot (psf) to \$32.39 psf, marking the largest quarterly increase since the third quarter of 2020. Central Suffolk's Class A rate recorded the most significant surge, up \$3.17 psf to \$32.48 psf. Pricing for Class A space on Long Island remained stable and continued to hover near historical highs at the close of 2021.

## DEMAND: Quarterly Leasing Improves, Positive Momentum Heading into 2022

Leasing activity significantly surged throughout the fourth quarter with more than 530,000 sf of new deals inked, 41.7% more than the previous quarter. Propelled by the strong quarter of recorded deal volume, 2021 leasing activity ended at 1.5 million square feet (msf), 18.8% higher than the total recorded for 2020. This increase can be attributed to several sizable deals inked throughout Long Island. Most notably, GEICO's 200,000-sf relocation from its former headquarters in Woodbury to 1 Huntington Quadrangle in Melville was the largest new lease on record since 2005 for the market. Similar to other suburban markets, there is a flight to quality for many tenants, resulting in the repurposing of vacant, older office products. On Long Island, this was evidenced by the sale of 560 Broadhollow Road in Melville, which the purchaser plans to redevelop into a more competitive building. This trend should help improve the market's vacancy rate and quality of product.

## SPACE DEMAND / DELIVERIES



## OVERALL VACANCY & ASKING RENT



### MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET 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	7,106,035	426,877	162,962	8.3%	24,316	55,812	207,619	0	\$39.20	\$39.92
Central Nassau	9,145,119	1,199,577	148,347	14.7%	-23,148	-4,858	341,876	0	\$34.27	\$35.96
Eastern Nassau	6,448,349	506,906	211,313	11.1%	-14,557	131,875	182,429	0	\$29.86	\$37.63
<b>NASSAU TOTALS</b>	<b>22,699,503</b>	<b>2,133,360</b>	<b>522,622</b>	<b>11.7%</b>	<b>-13,389</b>	<b>182,829</b>	<b>731,924</b>	<b>0</b>	<b>\$34.34</b>	<b>\$37.23</b>
Western Suffolk	8,653,087	1,094,646	272,092	15.8%	-188,105	-338,998	650,355	0	\$30.52	\$33.61
Central Suffolk	5,589,466	784,514	187,055	17.4%	-61,150	-204,296	162,512	360,000	\$26.72	\$32.48
<b>SUFFOLK TOTALS</b>	<b>14,242,553</b>	<b>1,879,160</b>	<b>459,147</b>	<b>16.4%</b>	<b>-249,255</b>	<b>-543,294</b>	<b>812,867</b>	<b>360,000</b>	<b>\$29.34</b>	<b>\$33.52</b>
<b>LONG ISLAND TOTALS</b>	<b>36,942,056</b>	<b>4,012,520</b>	<b>981,769</b>	<b>13.5%</b>	<b>-262,644</b>	<b>-360,465</b>	<b>1,544,791</b>	<b>360,000</b>	<b>\$32.39</b>	<b>\$36.13</b>

\*Rental rates reflect gross asking \$psf/year

\*\*Does not include renewals

	INVENTORY (SF)	DIRECT VACANT (SF)	SUBLET 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	18,213,858	1,727,846	666,387	13.2%	-104,515	-221,158	760,842	360,000	\$36.13	\$36.26
Class B	18,728,198	2,284,674	315,382	13.9%	-158,129	-139,307	783,949	0	\$29.64	\$29.65

### KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	TENANT	SIZE	LEASE TYPE	SUBMARKET
1 Huntington Quadrangle	GEICO	199,821	New Lease	Western Suffolk
1200 Franklin Avenue	Morgan Stanley	63,024	New Lease	Central Nassau
1305 Walt Whitman Road	Undisclosed Tenant	44,791	New Lease	Western Suffolk
901 Franklin Avenue	Summit City MD	30,710	New Lease	Central Nassau

### KEY SALES TRANSACTIONS Q4 2021

PROPERTY	SELLER/BUYER	SIZE	PRICE / \$ PSF	SUBMARKET
1 CA Plaza, Hauppauge	CRIC Capital / Axonic Properties JV Taconic Capital	778,370	\$165.5M / \$213	Central Suffolk
150 Motor Parkway, Hauppauge	UNS Management Associates Ltd. / Damianos Realty Group	195,000	\$24.5M / \$126	Central Suffolk
255 Executive Drive, Plainview	Holiday Mgmt Organization / Valley East Building Management	93,182	\$14.9M / \$160	Eastern Nassau
400 Post Avenue, Westbury	Holiday Mgmt Organization / Valley East Building Management	62,821	\$10.1M / \$160	Central Nassau

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