

**12.7%**  
Vacancy Rate



**-436K**  
Net Abs. YTD, SF



**\$31.80**  
Asking Rent, PSF



(Overall, All Property Classes)

## ECONOMIC INDICATORS Q1 2022

**1.3M**  
Long Island  
Employment



**3.6%**  
Long Island  
Unemployment Rate



**3.6%**  
U.S.  
Unemployment Rate



Source: BLS

## ECONOMY: Overall Unemployment Rate Declines as Business Services Sector Soars

Total nonfarm employment on Long Island posted promising growth during the first quarter, increasing by 11,500 jobs since year-end 2021. Office-using employment, the key driver of the office market, hit its highest point since the start of the pandemic, and has climbed by 4.8% year-over-year (YOY). Quarterly increases in the professional and business services sector propelled this growth, gaining 10,370 jobs. Long Island's unemployment rate continued its trend towards pre-pandemic levels, decreasing by 120 basis points (bps) to 3.6%.

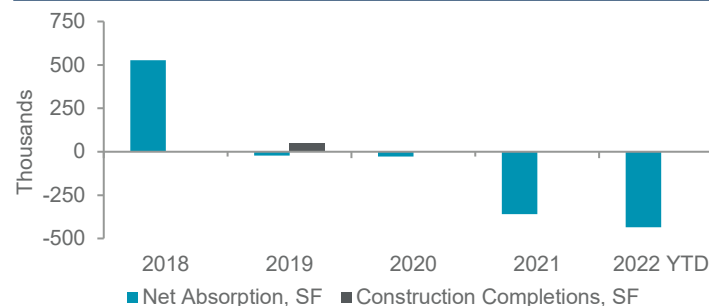
## SUPPLY AND PRICING: Asking Rents Drop as Tenants Take Back Sublease Space

The overall vacancy rate edged lower by 80 bps from the fourth quarter to 12.7%. This decrease was caused by more than 161,000 square feet (sf) of direct and sublease space taken off the market. Vacant sublease space has risen by 24.1% YOY; however, the rate at which new subleases have come online recently started to slow down. Nearly 115,000 sf of sublease space was taken off the market since the fourth quarter of 2021, signaling a push to return to office as many tenants reevaluate their needs. This quarter, net absorption significantly decreased due to three blocks of space over 50,000 sf hitting the market at 1 Jericho Plaza, 201 Old Country Road, and 999 Stewart Avenue. Overall asking rents recorded no change YOY, while Class A asking rents in the Western Nassau Submarket decreased by 6.0% quarter-over-quarter (QOQ). Many landlords are amending their pricing as market conditions continue to favor the tenant.

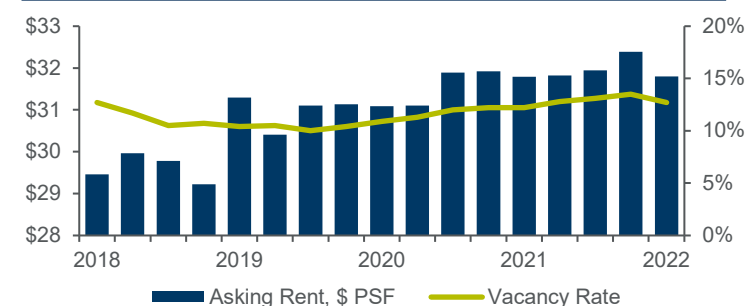
## DEMAND: Flight-to-Quality holds as Majority of Leases Occur in Class A Buildings

Historically, first-quarter leasing activity across America tends to dip when compared to the fourth quarter of the previous year. This trend held true on Long Island as leasing activity decreased by 45.3% QOQ. However, Class A leasing activity accounted for 62.3% of all deals inked this quarter at more than 180,000 sf. Most notably, WellLife Network Inc. signed a new 17,500-sf lease at 1985 Marcus Avenue in Lake Success, and Planet Home Lending signed a new 11,000-sf lease at 265 Broadhollow Road in Melville. When reconsidering office use, tenants prioritize more collaboration space and building amenities to lure their employees back to the office, even if they are on a hybrid schedule. Subsequently, several antiquated office buildings in prime areas on large sites are under review for redevelopment to more productive use—primarily multifamily or industrial. This has spurred sales activity within the market and should help improve the vacancy rate and quality of the 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	7,107,263	358,797	121,184	6.8%	-35,178	-35,178	70,767	0	\$37.98	\$37.53
Central Nassau	9,060,037	1,125,007	176,232	14.4%	-86,514	-86,514	54,747	0	\$33.52	\$36.07
Eastern Nassau	6,583,349	473,229	111,914	8.9%	-102,329	-102,329	22,495	0	\$29.49	\$37.96
<b>NASSAU TOTALS</b>	<b>22,750,649</b>	<b>1,957,033</b>	<b>409,330</b>	<b>10.4%</b>	<b>-224,021</b>	<b>-224,021</b>	<b>148,009</b>	<b>0</b>	<b>\$33.53</b>	<b>\$36.58</b>
Western Suffolk	8,668,087	1,192,434	266,174	16.8%	-187,634	-187,634	55,764	0	\$30.73	\$33.65
Central Suffolk	5,630,724	701,330	190,585	15.8%	-24,073	-24,073	88,260	0	\$26.15	\$32.77
<b>SUFFOLK TOTALS</b>	<b>14,298,811</b>	<b>1,893,764</b>	<b>456,759</b>	<b>16.4%</b>	<b>-211,707</b>	<b>-211,707</b>	<b>144,024</b>	<b>0</b>	<b>\$29.44</b>	<b>\$33.57</b>
<b>LONG ISLAND TOTALS</b>	<b>37,049,460</b>	<b>3,850,797</b>	<b>866,089</b>	<b>12.7%</b>	<b>-435,728</b>	<b>-435,728</b>	<b>292,033</b>	<b>0</b>	<b>\$31.80</b>	<b>\$35.57</b>

	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	18,268,207	1,653,117	590,380	12.3%	-192,902	-192,902	181,967	0	\$35.65	\$35.57
Class B	18,781,253	2,197,680	275,709	13.2%	-242,826	-242,826	110,066	0	\$29.15	\$29.13

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

\*\*Does not include renewals

### KEY LEASE TRANSACTIONS Q1 2022

PROPERTY	TENANT	SIZE	LEASE TYPE	SUBMARKET
1985 Marcus Avenue	WellLife Network Inc.	17,500	New Lease	Western Nassau
11 Oval Drive	ThyssenKrupp Elevator	12,500	New Lease	Central Suffolk
40 Marcus Drive	Quest Diagnostics	11,509	Renewal*	Western Suffolk
265 Broadhollow Road	Planet Home Lending	11,111	New Lease	Western Suffolk

\*Renewals not included in leasing statistics

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### KEY SALES TRANSACTIONS Q1 2022

PROPERTY	SELLER/BUYER	SIZE	PRICE / \$ PSF	SUBMARKET
160 Oser Avenue, Hauppauge	Vicenza Properties LLC / Undisclosed	31,500	\$6.6M / \$210	Central Suffolk
1180 Veterans Memorial Hwy, Hauppauge	Frank W. Cuiffo / Undisclosed	43,246	\$6.5M / \$150	Central Suffolk
50 Glen Street, Glen Cove	Equishares Real Estate Company / Edward Khalily	21,000	\$6.1M / \$290	Western Nassau

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