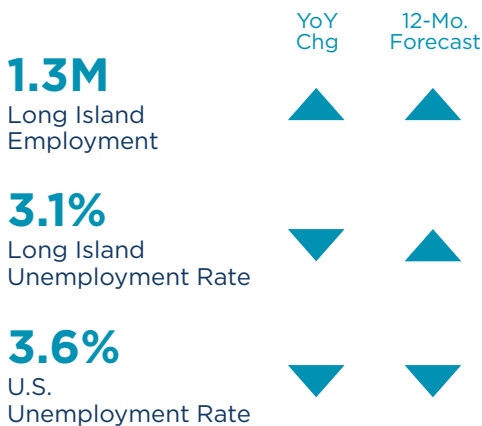


Overall, Net Asking Rent

ECONOMIC INDICATORS Q2 2022



Source: BLS

ECONOMY: Long Island Unemployment Rate Hits Lowest Point Since 2000

Long Island's unemployment rate hit its lowest point in 22 years, just two years after peaking at 18.6% during the start of the pandemic. The rate decreased by 50 basis points (bps) from the previous quarter to 3.1%. Quarterly increases in total nonfarm employment were predominantly due to growth in the trade, transportation, and utilities, and manufacturing industries. These sectors added 3,616 occupations, fueling industrial job expansion.

SUPPLY & DEMAND: Quality Space Enters the Market as Rental Rates Soar

The industrial vacancy rate for Long Island increased by 20 bps to 2.5%, still maintaining the second-lowest point in the market's history. At quarter-end, the Western Suffolk submarket boasted a 1.6% rate—the only submarket under 2.0%—while Central Nassau had the greatest quarter-over-quarter (QOQ) climb by 230 bps to 3.4%. Overall increases were recorded in both counties and can be attributed to four availabilities greater than 100,000 square feet (sf) hitting the market, including 300,000 sf at 250 Creative Drive in Central Islip. Despite quarterly supply growth outpacing tenant demand, the year-to-date (YTD) net absorption stayed positive at 167,000 sf.

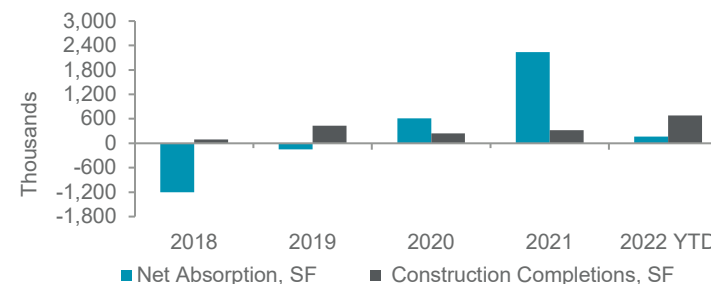
Leasing activity remained robust as YTD deal volume exceeded 2.0 million square feet (msf), up 55.9% year-over-year (YOY). This was the result of seven leases inked above 50,000 sf this quarter with 79.0% of total volume occurring in Suffolk County. Two key transactions include Lindenmeyr Munroe's 115,000-sf lease at 158 Candlewood Road in Bay Shore and The Brink's Company's 76,000-sf lease at 1 Brooklyn Road in Hempstead.

Rental rates soared higher as the overall average asking rent surpassed \$14.00 per square foot (psf) for the first time in the market's history, jumping \$0.80 psf QOQ to \$14.59 psf. This signifies a 33.5% increase since the pandemic began and can be attributed to increases across all building types. Most notably, Central Nassau's warehouse/distribution average rent of \$18.58 psf yielded a 42.6% quarterly increase due to several Class A spaces entering the market.

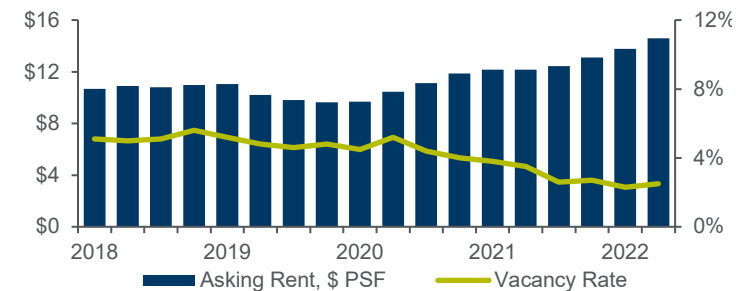
CONSTRUCTION: Tremendous Development Pipeline to Alleviate Supply Shortage

Two fully-leased buildings were finished this quarter, increasing YTD construction completions to 685,000 sf. Since 2020, all new construction has been 100% pre-leased, a promising sign as 1.4 msf of under construction space is slated for delivery by first quarter of 2023. This historically high figure should alleviate the Class A supply shortage that the market has faced since before the pandemic began. With the majority of development occurring in Suffolk County, developers and investors alike are confident that tenant demand will continue pushing east as new construction rental rates rise above \$20.00 psf.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	YTD LEASING ACTIVITY (SF)**	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	UNDER CNSTR (SF)	NEW CNSTR (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	16,528,198	470,782	43,665	2.9%	63,355	48,772	0	235,234	\$15.74	\$16.07	\$16.42	\$16.24
Central Nassau	7,639,848	262,176	106,098	3.4%	43,053	-3,447	101,930	0	\$23.00	N/A	\$18.58	\$18.92
Eastern Nassau	21,290,159	550,263	272,643	2.6%	170,355	306,555	0	204,000	\$11.47	\$15.54	\$18.69	\$16.64
NASSAU TOTALS	45,458,205	1,283,221	422,406	2.8%	276,763	351,880	101,930	439,234	\$14.90	\$15.73	\$18.03	\$17.10
Western Suffolk	30,302,387	487,976	675,963	1.6%	-100,096	223,076	599,983	246,500	N/A	\$10.88	\$13.99	\$13.18
Central Suffolk	43,586,819	1,009,985	864,186	2.3%	-293,330	-212,772	178,134	0	\$10.94	\$15.59	\$12.15	\$13.66
Eastern Suffolk	14,181,032	529,225	119,962	3.7%	-95,065	-195,065	500,483	0	N/A	N/A	\$12.13	\$12.13
SUFFOLK TOTALS	88,070,238	2,027,186	1,660,111	2.3%	-488,491	-184,761	1,278,600	246,500	\$10.94	\$14.45	\$12.64	\$13.13
LONG ISLAND TOTALS	133,528,443	3,310,407	2,082,517	2.5%	-211,728	167,119	1,380,530	685,734	\$13.90	\$14.87	\$14.52	\$14.59

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

**Leasing activity does not include renewals

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

KEY LEASE TRANSACTIONS Q2 2022

PROPERTY	SF	TENANT	PROPERTY TYPE	SUBMARKET	LEASE TYPE
158 Candlewood Road, Bay Shore	115,184	Lindenmeyr Munroe	Warehouse/Distribution	Central Suffolk	New Lease
225-229 Robbins Lane, Syosset	80,000	Innovel Solutions	Warehouse/Distribution	Eastern Nassau	Renewal*
1 Brooklyn Road, Hempstead	76,028	The Brink's Company	Manufacturing	Central Nassau	New Lease

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q2 2022

PROPERTY	SF	SELLER/BUYER	PROPERTY TYPE	PRICE/\$PSF	SUBMARKET
2100 Pacific Street, Hauppauge	140,000	Vincenzo Denardo / Link Logistics	Warehouse/Distribution	\$38.5M / \$275	Central Suffolk
355 Crooked Hill Road, Brentwood	83,020	Giapreat, LLC / Bridge Logistics	Warehouse/Distribution	\$18.2M / \$219	Central Suffolk
5 Park Drive, Melville	50,000	Ferraro Foods / Bridge Logistics	Manufacturing	\$14.5M / \$290	Western Nassau

NOTABLE PROJECTS UNDER CONSTRUCTION

PROPERTY	SF	DEVELOPER	MAJOR TENANT	SUBMARKET
235 Pinelawn Road, Melville	599,983	Hartz Mountain Industries	Speculative	Western Suffolk
Precision Innovation Park - Buildings 1 & 2	400,000	Scannell Properties	Speculative	Eastern Suffolk
49 Mall Drive, Commack	178,134	Bristol Group	Speculative	Central Suffolk

DIMITRI MASTROGIANNIS

Senior Research Analyst

dimitri.mastrogiannis@cushwake.com

JOSEPH CARIDI

Managing Principal, Long Island & Connecticut

joseph.Caridi@cushwake.com

A CUSHMAN & WAKEFIELD
RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in 400 offices and 60 countries. In 2021, the firm had revenue of \$9.4 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2022 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.