

MARKET FUNDAMENTALS

| | YOY Chg | 12-Month Forecast |
|---|---------|-------------------|
| 4.7% Vacancy Rate | ▲ | ▲ |
| -358K YTD Net Absorption, SF | ▼ | ▲ |
| \$18.14 Asking Rent, PSF <i>(Overall, Net Asking Rent)</i> | ▲ | ▲ |

ECONOMIC INDICATORS

| | YOY Chg | 12-Month Forecast |
|--|---------|-------------------|
| 1.4M Long Island Employment | ▲ | ▲ |
| 3.2% Long Island Unemployment Rate | ▼ | ▲ |
| 4.1% U.S. Unemployment Rate | ▲ | ▲ |

Source: BLS

ECONOMY: Unemployment Rate Edged Lower as Industrial Employment Grew

Long Island's unemployment rate concluded Q3 2024 at 3.2%, down 20 basis points (bps) from the previous quarter and below the national average of 4.1%. Total nonfarm employment rose 1.7% year-over-year to 1.4 million jobs, reaching its highest level since mid-year 2019. Overall industrial employment increased, with the manufacturing, trade, transportation, and utilities sectors gaining nearly 1,400 jobs quarter-over-quarter (QOQ).

SUPPLY AND DEMAND: Deal Volume Accelerated as Demand for Class A Buildings Increased

The overall industrial vacancy rate for Long Island remained unchanged at 4.7%, with Nassau and Suffolk County at 3.9% and 5.1%, respectively. The Central Suffolk submarket recorded the biggest QOQ drop, decreasing by 40 bps to 5.9%, while Eastern Nassau maintained its status as the only submarket with a sub-3.0% vacancy rate. Year-to-date (YTD) net absorption remained negative despite robust occupancy gains of 132,158 square feet (sf) in Suffolk County.

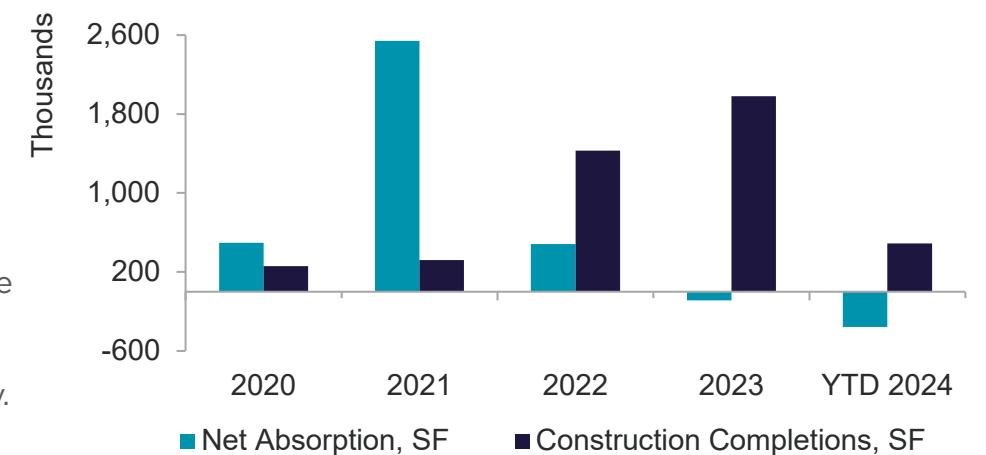
New leasing activity remained steady YTD, totaling 2.7 million square feet (msf). Tenant demand accelerated as Q3 2024 deal volume totaled 902,000 sf, a 9.8% increase QOQ. The Central and Western Suffolk submarkets accounted for nearly 60.0% of all deals, including four out of the top five leases signed this quarter. Notably, Global Freight signed a 124,182-sf lease at 49 Mall Drive in Commack, which is now fully occupied, and Time Cap Labs expanded its footprint by 93,847 sf to 189,000 sf at 235 Pinelawn Road in Melville. Additionally, food & beverage, manufacturing and logistics companies constituted 71.7% of all deals signed so far this year based on square footage.

Overall rental rates dipped by \$0.23 per square foot (psf) since the previous quarter to \$18.14 as high-priced new construction buildings continued to lease across the market. However, the Western Nassau submarket exhibited the only QOQ growth, rising by 2.6% to \$21.07 psf as several new availabilities near JFK Airport exerted upward pressure on pricing. As a result, Western Nassau dethroned Central Nassau as the most expensive submarket on Long Island.

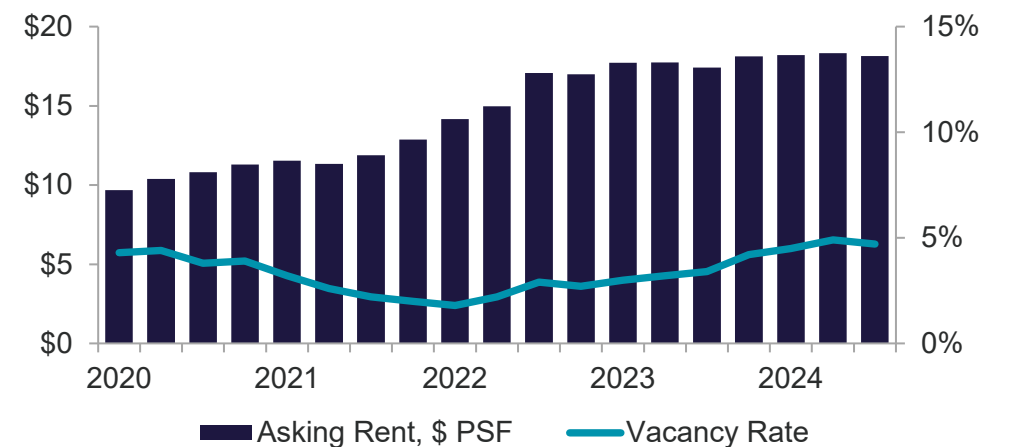
CONSTRUCTION: Construction Starts Declined as the Development Pipeline Begins to Normalize

Since 2019, nearly 5.0 msf of new construction has been completed, marking the market's largest expansion cycle since the late 1980s. With 490,000 sf delivered so far this year and 616,000 sf expected by year's end, 2024 will represent the third consecutive year of completions surpassing 1.0 msf. However, with only one new project breaking ground YTD, the pipeline is expected to normalize to pre-pandemic levels due to several municipalities delaying site plan approvals and implementing moratoriums. Despite these challenges, developers continue to adapt as existing projects lease up and the economy strengthens heading toward 2025.

SPACE DEMAND / DELIVERIES



OVERALL VACANCY & ASKING RENT



| 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 | 6,843,021 | 359,506 | 66,257 | 5.3% | -8,700 | -24,071 | 0 | 0 | \$22.87 | N/A | \$20.18 | \$20.59 |
| Central Nassau | 21,745,297 | 613,393 | 354,894 | 2.8% | -336 | -66,819 | 207,237 | 0 | \$22.60 | \$17.67 | \$18.46 | \$18.72 |
| Eastern Nassau | 16,117,246 | 768,579 | 309,245 | 4.8% | -104,321 | -112,595 | 0 | 42,650 | \$23.43 | \$21.88 | \$20.63 | \$21.07 |
| NASSAU TOTALS | 44,705,564 | 1,741,478 | 730,396 | 3.9% | -113,357 | -203,485 | 207,237 | 42,650 | \$23.06 | \$18.64 | \$19.94 | \$20.21 |
| Western Suffolk | 44,125,938 | 2,496,110 | 1,042,540 | 5.7% | 179,789 | 98,575 | 160,000 | 343,848 | \$17.18 | \$15.12 | \$18.24 | \$17.84 |
| Central Suffolk | 16,867,229 | 1,118,733 | 425,703 | 6.6% | -56,216 | -127,109 | 327,165 | 0 | N/A | \$21.25 | \$16.79 | \$16.88 |
| Central Suffolk | 29,760,866 | 1,047,092 | 461,937 | 3.5% | 8,585 | -126,223 | 0 | 103,500 | \$18.87 | \$13.81 | \$16.66 | \$16.43 |
| SUFFOLK TOTALS | 90,754,033 | 4,661,935 | 1,930,180 | 5.1% | 132,158 | -154,757 | 487,165 | 447,348 | \$17.58 | \$15.09 | \$17.53 | \$17.33 |
| LONG ISLAND TOTALS | 135,459,597 | 6,403,413 | 2,660,576 | 4.7% | 18,801 | -358,242 | 694,402 | 489,998 | \$20.05 | \$16.23 | \$18.17 | \$18.14 |

*Rental rates reflect weighted net asking \$psf/year
**Leasing activity does not include renewals

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

KEY LEASE TRANSACTIONS Q3 2024

| PROPERTY | SUBMARKET | TENANT | SF | TYPE |
|-----------------------------|-----------------|--------------------|---------|-----------|
| 49 Mall Drive, Commack | Central Suffolk | Global Freight | 124,182 | New Lease |
| 235 Pinelawn Road, Melville | Western Suffolk | Time Cap Labs Inc. | 93,847 | Expansion |
| 15 Enter Lane, Islandia | Central Suffolk | Century Direct | 82,000 | Renewal* |

*Renewals not included in leasing statistics

KEY SALES TRANSACTIONS Q3 2024

| PROPERTY | SUBMARKET | SELLER / BUYER | SF | PRICE / \$ PSF |
|--|-----------------|---------------------------------------|---------|-----------------|
| MRA & TPG Angelo Gordon Industrial Portfolio (5) | Central Suffolk | MRA & TPG Angelo Gordon / Investcorp | 435,030 | \$95.8M / \$220 |
| 120-200 Adams Boulevard, Farmingdale | Western Suffolk | Engel Burman Group / Faropoint | 200,000 | \$31.5M / \$158 |
| 135 Baylis Road, Melville | Western Suffolk | Keurig Dr Pepper / Imperial Sales Inc | 91,428 | \$20.0M / \$219 |

NOTABLE PROJECTS UNDER CONSTRUCTION

| PROPERTY | SUBMARKET | MAJOR TENANT | SF | OWNER / DEVELOPER |
|----------------------------------|-----------------|---------------|---------|-----------------------|
| 125 New South Road, Hicksville | Eastern Nassau | N/A | 207,237 | Brookfield Properties |
| 90 Wilshire Boulevard, Brentwood | Central Suffolk | N/A | 160,000 | Heartland Development |
| 10 Donald's Way, Medford | Eastern Suffolk | National Grid | 140,875 | Rechler Equity |

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