

FIGURES | BROOKLYN | Q1 2025

# Absorption was negative despite robust leasing

 0.51M

Leasing Activity

 (0.32)M

Net Absorption

 20.8%

Availability Rate

 18.0%

Vacancy Rate

 \$54.08

Average Asking Rent

Note: Arrows indicate change from previous quarter.

## QUICK FACTS

- Leasing activity totaled 509,000 sq. ft. in Q1 2025, up 83% from the prior quarter and up 136% from the five-year quarterly average.
- The availability rate increased 110 basis points (bps) from the previous quarter to 20.8% and was up 40 bps year-over-year.
- Absorption totaled negative 322,000 sq. ft. in Q1 2025.
- The average asking rent was \$54.08 per sq. ft., down 1% from the prior quarter but flat year-over-year.
- The sublease availability rate fell 10 bps from the prior quarter to 1.7% and represented 8% of all available space.

## Market Overview

Brooklyn experienced a surge of leasing in Q1. The quarter's 509,000 sq. ft. of leasing activity was an 83% increase quarter-over-quarter and 136% above the five-year quarterly average. The robust leasing activity did not outpace the new availabilities that came onto the market, leading to negative absorption for Q1. As a result, the availability rate increased 110 bps from the prior quarter to 20.8%. Asking rents remained elevated compared to pre-2020 levels at \$54.08 per sq. ft. due to the increased volume of higher priced space available on the market.

## Economic Overview

Nationally, policy speculation and announcements are driving macro expectations and financial markets. Softer economic data and trade conflicts have led CBRE to revise its GDP growth outlook to just below 2%. Despite policy uncertainty, credit markets are accommodative, but sales volume remains stagnant due to institutional owners and dry powder capital waiting on the sidelines.

In New York City, the labor market cooled in early 2025. Office-using employment (OUE) dipped to 1.86 million jobs in February 2025 (the latest month of data available), after reaching a record high of 1.87 million at year-end 2024. Financial services shed the most jobs, but other sectors like legal services and information sustained momentum. The NYC unemployment rate fell to 5.3% in February 2025, a healthy level but higher than the national rate of 4.1%. The dip in OUE and policy uncertainty may impact the deployment of dry powder capital.

## Leasing Activity

Brooklyn’s 509,000 sq. ft. of new leases and expansions in Q1 was the strongest quarter of leasing activity since Q1 2020—83% higher than the previous quarter and 136% above the five-year quarterly average. It was the second consecutive quarter of leasing activity that surpassed the five-year benchmark. Additionally, all submarkets, except for Williamsburg/Greenpoint, saw quarter-over-quarter increases in leasing activity.

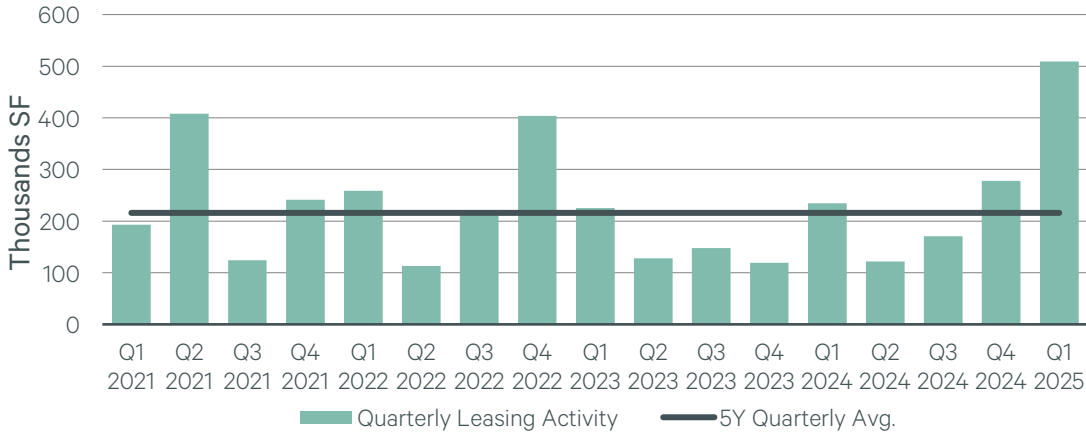
Brooklyn’s huge improvement in leasing this quarter was fueled by multiple large deals. When analyzing all transactions, Q1 saw five greater than 30,000 sq. ft., already matching the total amount of deals greater than 30,000 sq. ft. during the entirety of 2024. The quarter also saw an average deal size of 31,000 sq. ft, compared to an average deal size of 19,000 sq. ft. from 2021 to 2024.

FIGURE 1: Top Lease Transactions for Q1 2025

Size (Sq. Ft.)	Deal Type	Direct/ Sublet	Tenant	Address
150,805	L	D	Brooklyn Prospect Charter School	181 Livingston
70,000	L	D	Lafayette 148	141 Flushing Avenue #77
57,500	E	D	Gersh Academy	25 Chapel Street
41,769	L	D	Confidential Consulting Company	55 Water Street
37,924	RE	D	LEEP Dual Language Academy Charter School	5313 Fifth Avenue

Source: CBRE Research, Q1 2025. Lease (L), Renewal (R), Expansion (E), Renewal and Expansion (RE), Direct (D), Sublet (S).

FIGURE 2: Leasing Activity | Quarterly Historical



Source: CBRE Research, Q1 2025.

Q1 2025 was DUMBO's strongest quarter of leasing activity since Q1 2017. DUMBO led all submarkets with 203,000 sq. ft. of leasing activity. This surge reflected a 272% increase quarter-over-quarter and well above the five-year quarterly average of 43,000 sq. ft. The two largest deals transacted in the quarter were Gersh Academy's 58,000-sq.-ft. lease at 25 Chapel Street and a Confidential Consulting Company's 42,000-sq.-ft. lease at 55 Water Street.

Downtown Brooklyn achieved 175,000 sq. ft. of leasing activity, representing an 87% increase from the previous quarter and a 155% increase above the five-year quarterly average. This marks the first quarter since Q4 2022 where quarterly leasing has surpassed the five-year benchmark. The most significant transaction of the quarter was Brooklyn Prospect Charter School's 151,000-sq.-ft. lease at 181 Livingston Street. Education tenants continue to contribute to Brooklyn's office ecosystem making up 20% of leasing activity over the past 3 years.

Brooklyn Navy Yards also experienced considerable leasing activity in Q1, recording 75,000 sq. ft. This total, the third highest leasing total among Brooklyn's submarkets in Q1, represented a substantial increase from Q4 2024's 2,300 sq. ft. and was 242% above the five-year quarterly average. Most of this leasing activity was attributed to Lafayette 148, which completed a 70,000-sq.-ft. deal at 141 Flushing - Building #77.

FIGURE 3: Leasing Activity | By Submarket

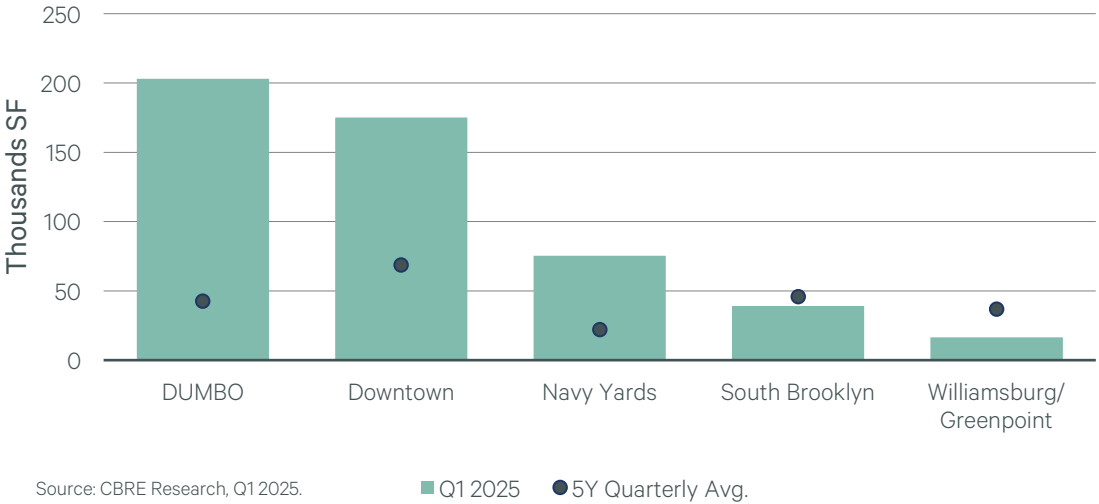
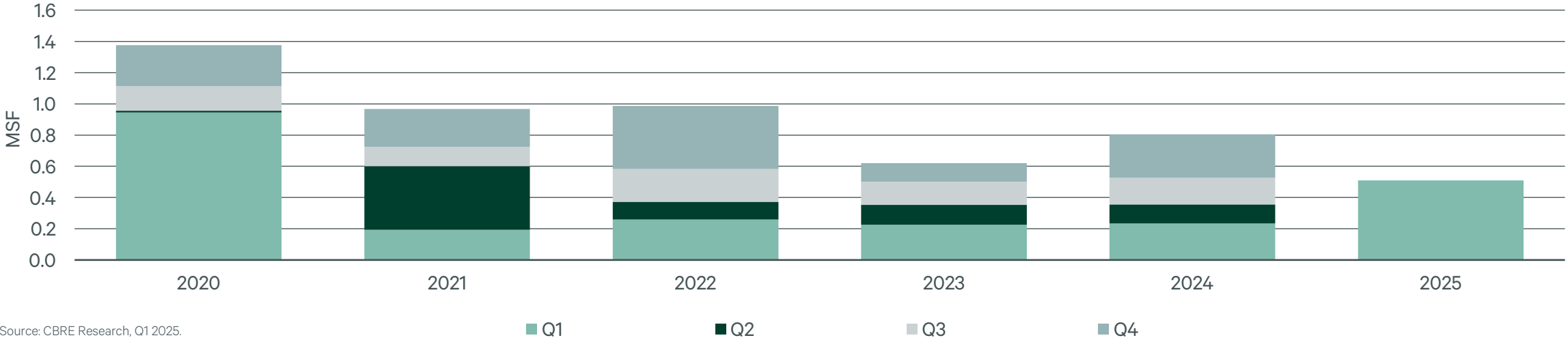


FIGURE 4: Annual Leasing Activity | Annual Historical



## Net Absorption and Availability

Brooklyn recorded 322,000 sq. ft. of negative absorption in Q1 2025—only the second time in the past fourteen quarters absorption was negative. The availability rate increased 110 bps quarter-over-quarter to 20.8%. Downtown Brooklyn and Williamsburg/Greenpoint experienced significant negative absorption in Q1.

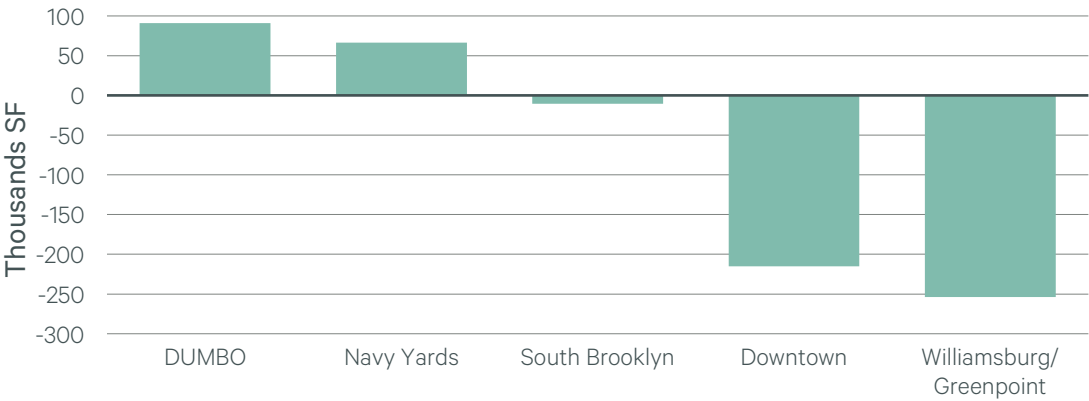
DUMBO had the highest absorption in Q1 of the Brooklyn submarkets, recording 91,000 sq. ft. of absorption. The availability rate was at 35.2%, reflecting a decline of 180 bps in Q1. A key factor was the 33% reduction in available sublease space within the submarket, coming from a combination of sublease withdrawals and strong leasing activity.

Navy Yards was the only other submarket to experience positive absorption during Q1, recording 66,000 sq. ft. The availability rate decreased by 250 bps quarter-over-quarter, largely driven by the 70,000-square-foot lease at 141 Flushing Avenue.

Despite Downtown Brooklyn's strongest quarter of leasing activity in more than two years, the submarket still experienced 215,000 sq. ft. of negative absorption. The availability rate increased by 140 bps quarter-over-quarter to 17.6%, propelled by the 354,000 sq. ft. availability added at 250 Livingston Street which was previously occupied by the NYC Department of Citywide Administrative Services.

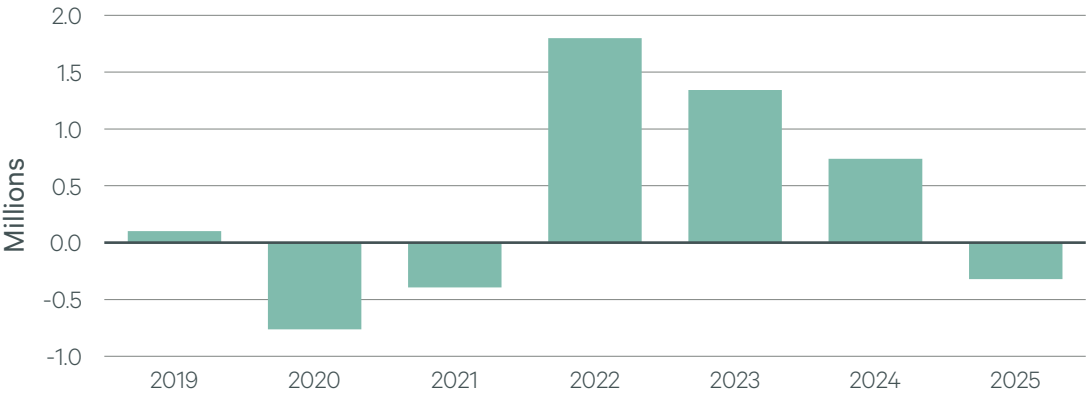
Williamsburg/Greenpoint saw the least absorption of any submarket due to multiple large blocks of space coming to the market during Q1—the largest of which was 108,000 sq. ft. at 455 Jefferson Street. As a result, the availability rate increased by 480 bps during Q1 to 23.3%.

FIGURE 5: Quarterly Net Absorption | By Submarket



Source: CBRE Research, Q1 2025.

FIGURE 6: Net Absorption | Annual Historical



Source: CBRE Research, Q1 2025.

## Average Asking Rent

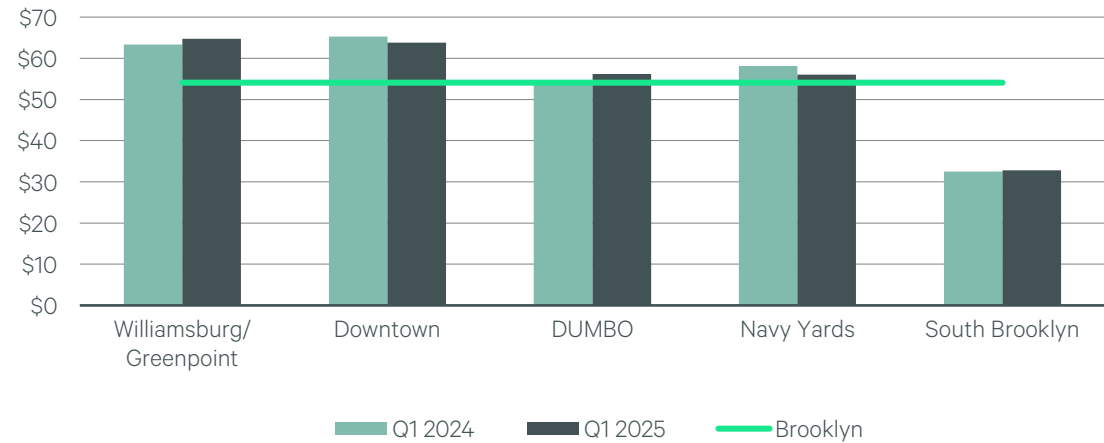
Brooklyn's average asking rent was \$54.08 per sq. ft. in Q1, down 1% from Q4 2024, but stable from one year ago. Most submarkets experienced virtually no change in rents quarter-over-quarter. The exceptions were Williamsburg/Greenpoint, which saw a 2% decrease, and Downtown Brooklyn, which experienced a 4% decrease.

Downtown Brooklyn's significant decrease in quarter-over-quarter rents can largely be attributed to Brooklyn Prospect Charter School's lease at 181 Livingston Street, which removed a 151,000-sq.-ft. block from the market that had asking rents above the submarket average.

## Development Pipeline

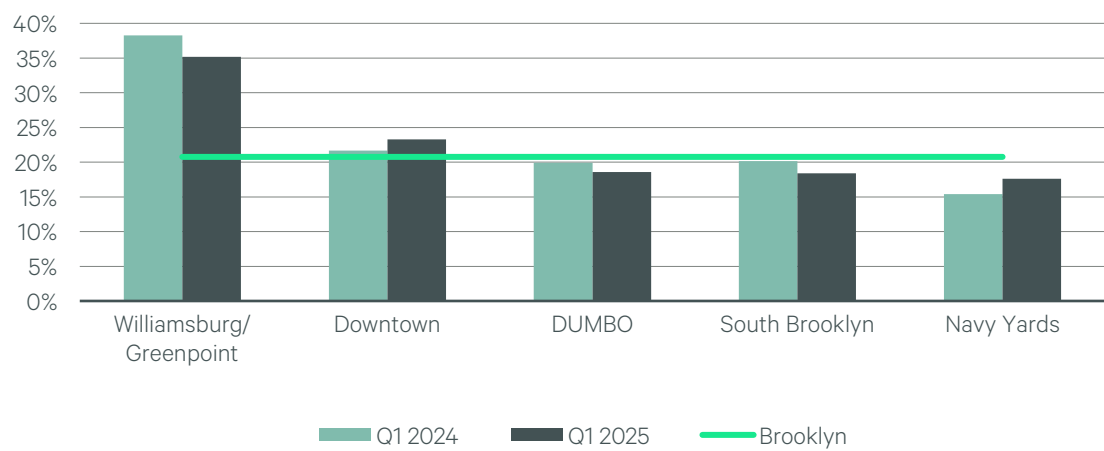
Brooklyn's office supply pipeline includes two new construction projects set to be completed in 2025: 1 Wythe Avenue and 121 Morgan Avenue. 1 Wythe Avenue, encompassing 102,000 square feet, is anticipated to be ready by the third quarter of 2025. 121 Morgan Avenue, encompassing 58,000 square feet, is expected to be ready by the second quarter of 2025. Both 1 Wythe Avenue and 121 Morgan Avenue are within 12 months of tenant occupancy and therefore included in the statistical set.

FIGURE 7: Average Asking Rent | by Submarket



Source: CBRE Research, Q1 2025.

FIGURE 8: Availability Rate | By Submarket



Source: CBRE Research, Q1 2025.

Market Area Overview

Definitions

- Availability: Space that is being actively marketed and is available for tenant build-out within 12 months. Includes space available for sublease as well as space in buildings under construction.
- Asking Rent: Weighted average asking rent.
- Concession Values: The combination of rent abatement and T.I. allowance. The graph is for new leases for raw space of 25,000 sq. ft. or greater consummated year-to-date, this excludes expansion and renewal deals.
- Leasing Activity: Total amount of sq. ft. leased within a specified period of time, including new deals, expansions, and pre-leasing, but excluding renewals.
- Leasing Velocity: Total amount of sq. ft. leased within a specified period of time, including new deals, expansions, and pre-leasing and renewals.
- Net Absorption: The change in the amount of committed sq. ft. within a specified period of time, as measured by the change in available sq. ft.
- Rent Abatement: The time between lease commencement and rent commencement.
- Taking Rent: Actual, initial base rent in a lease agreement.
- Taking Rent Index: Initial taking rents as a percentage of asking rents.

Definitions

- T.I.: Tenant improvements.
- Vacancy: Unoccupied space available for lease.
- Percentage of Leasing by Industry: The percentage of sq. ft. leased by an industry based on transactions where a tenant and industry have been confirmed.

Survey Criteria

CBRE’s market report analyzes fully modernized office buildings that total 25,000+ sq. ft. in Brooklyn, including owner-occupied buildings (except those owned and occupied by a government or government agency). New construction must be available for tenant build-out within 12 months. CBRE assembles all information through telephone canvassing and listings received from owners, tenants and members of the commercial real estate brokerage community.

Market Area Overview



Submarket	Total Size (Mill. Sq. Ft.)	No. of Buildings
Brooklyn Navy Yard	2.59	11
Downtown Brooklyn	16.79	57
DUMBO	4.51	21
South Brooklyn	8.27	26
Williamsburg/Greenpoint	5.11	42
Total Inventory	37.28	157

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